

ALL
Services
For ALL
Customers

Fiscal 2020/2021 Annual Report

Fiscal year 2020/2021

INCOME STATEMENT, CASH FLOW STATEMENT, BALANCE SHEET, SHARE, EMPLOYEES

IFRS	2020/2021	Changes in %	2019/2020	2018/2019	2017/2018	2016/2017
Income statement						
Total revenues (EUR million)	848.592	-7.4	916.582	1.059.870	1.021.020	992.276
EBIT (EUR million)	20.040	32.2	15.161	60.322	72.141	62.870
Profit from ordinary activities (EUR million)	14.140	42.4	9.930	57.477	69.158	60.689
Post-tax earnings (EUR million)	6.909	85.0	3.735	39.014	47.385	43.866
Cash flow statement						
Cash flow from operating activities (EUR million)	73.662	-40.4	123.521	72.284	27.208	42.182
Cash flow from investing activities (EUR million)	-37.760	-26.5	-51.341	-47.695	-50.935	-35.669
Free cash flow (EUR million)	35.902	-50.3	72.180	24.589	-23.727	6.513
Capital spending (EUR million)	38.299	-25.8	51.638	65.219	52.500	38.302
Balance sheet						
Equity (EUR million)	408.828	1.3	403.431	416.692	398.876	376.360
Equity ratio (%)	44.6	4.6	42.7	51.5	50.6	48.3
Total assets (EUR million)	916.389	-3.1	945.489	808.662	788.395	778.800
Share						
Earnings per share (EUR)	0.68	83.8	0.37	3.86	4.69	4.35
Dividend per share (EUR)	0.27 ³	80.0	0.15	1.60	2.00	2.50
Share price on 30 September (EUR) ¹	50.30	56.2	32.30	41.35	79.55	85.18
Share price, high (EUR) ²	63.20	10.7	57.10	78.80	109.30	107.00
Share price, low (EUR) ²	28.80	15.2	25.00	40.80	76.40	67.28
Shares outstanding on 30 September (number)	10,143,240	-	10,143,240	10,143,240	10,143,240	10,143,240
Market capitalisation on 30 September (EUR million)	510.2	56.2	327.6	419.4	806.9	864.0
Employees						
Number of employees at Bertrandt Group on 30 September	12,030	-2.5	12,335	13,664	13,229	12,970

¹ Closing price in Xetra trading on 30 September or the last trading day of the fiscal year.

² In Xetra trading.

³ Dividend proposed by the Management Board and Supervisory Board.

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We launched the redesigned organisational structure of our automotive units in 2020. With our new structure we will be focusing more intensely than ever on trends in mobility. This will enable us to consolidate and expand our position in a dynamic market setting. In this annual report we show that, even under the challenging conditions presented by the coronavirus pandemic, we are on the road to success. Bertrandt's consistent ongoing development would be unthinkable without the huge commitment and initiative of our employees. We owe them a big THANK YOU.

HANS-GERD CLAUS, MICHAEL LÜCKE, MARKUS RUF
Members of the Management Board

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The roadmap to sustainable mobility

We support the innovative work of OEMs with our development services, and we are an important partner for manufacturers of commercial and off-road vehicles and the aerospace sector.

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Our high-voltage battery test centre in operation

Our contribution to developing sustainable mobility

We are distinguished by almost 50 years of experience in the automotive industry. We now not only support the innovative work of OEMs with our development services, in recent years we have also established ourselves as an important partner for manufacturers of commercial and off-road vehicles and the aerospace sector. We also support numerous customers in industries such as medical technology, energy, and mechanical and plant engineering.

How do we fulfil these diverse requirements? With a well-defined organisational structure that makes all our services equally accessible to all our customers. Our expert organisation focuses on and drives trend topics forward. Our teams are at the heart of our success and engage in interdisciplinary work in all fields of business. With their know-how and their passion we are able to develop the best solutions for each and every one of our customers.



Investments in the validation of current and future drives

VALIDATION, CERTIFICATION AND HOMOLOGATION OF ALL DRIVE SYSTEMS AT A SINGLE LOCATION

We have made wide-ranging investments in our Bertrandt Powertrain Solution Center (BPSC for short) in the last two years. Work on both BPSC sites, in Tappenbeck and Freising near Munich, has now been nearly completed. At these two sites we offer comprehensive testing for every kind of drive system, for example battery-electric vehicles, conventional internal combustion engine powered passenger cars or hydrogen cars.

The BPSC has six all-wheel-drive climatic chassis dynamometers for tests carried out at temperatures of between -7 °C and +40 °C. The test chambers replicate conditions in snowy or desert regions. Two other test benches with height chambers are able to simulate altitudes of up to 5,000 m. The centre is equipped as a high-performance system with rated power of 550 kW and a maximum speed of up to 300 km/h. The center also houses a sunlight simulation system that can reproduce different types of sunlight and simulate special driving situations, such as mountain roads and hot/cold climate testing at temperatures ranging from -25 °C to +45 °C. Two 'SHED' (= Sealed Housing for Evaporative Determination) chambers measure the evaporative hydrocarbon emitted from stationary vehicles when their engines are turned off and carry out evaporative emission measurements that are mandatory in several countries. Every kind of drive system, from electric vehicle technology through to internal combustion engines and hydrogen vehicles, can be tested in the chambers.



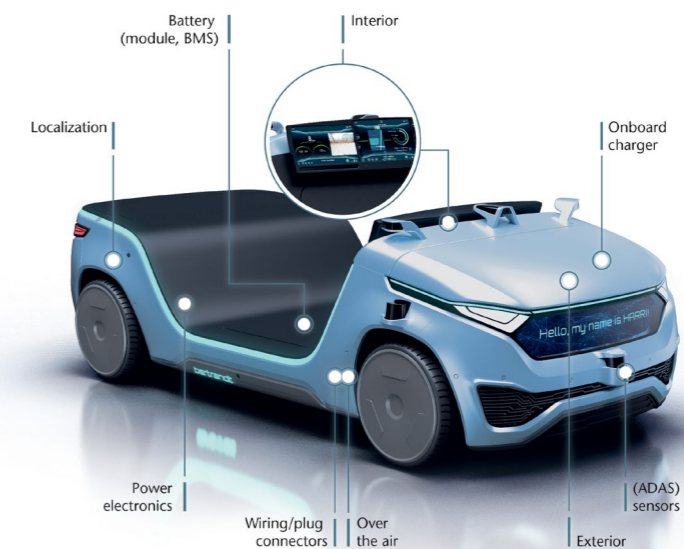
More information about the BPSC is available on our website at
→ <https://www.bertrandt.com/en/bpsc>

The roadmap to safe, fully automated driving

WE UNDERSTAND KEY TECHNOLOGIES

Our aspiration is to be a player in shaping trends such as automated and autonomous driving. Safety comes first. With this in mind we develop algorithms for complex driving functions, are expanding our expertise in sensors for environment recognition and demonstrate our mastery in data analysis – including with the help of machine learning.

We are constantly growing our expertise in high-precision localisation to enable objects to be detected and localised in indoor and outdoor environments and especially on the threshold between the two, for example, when driving into a car park. The sensors used in automated driving produce vast quantities of data, much of which needs to be processed in real time. This requires storage of large volumes of data and high-performance computing to which, for example, we have added features such as an analytic solution in the Microsoft Azure Cloud. Data is then available for continued use anywhere and any time. We also use OEM-independent modern cloud technologies for this purpose as well as to shorten lead times and to deliver new features on demand directly to vehicles. An important building block for the future world of mobility!



More information is available on our website at
→ <https://www.bertrandt.com/en/autonomous-mobility>

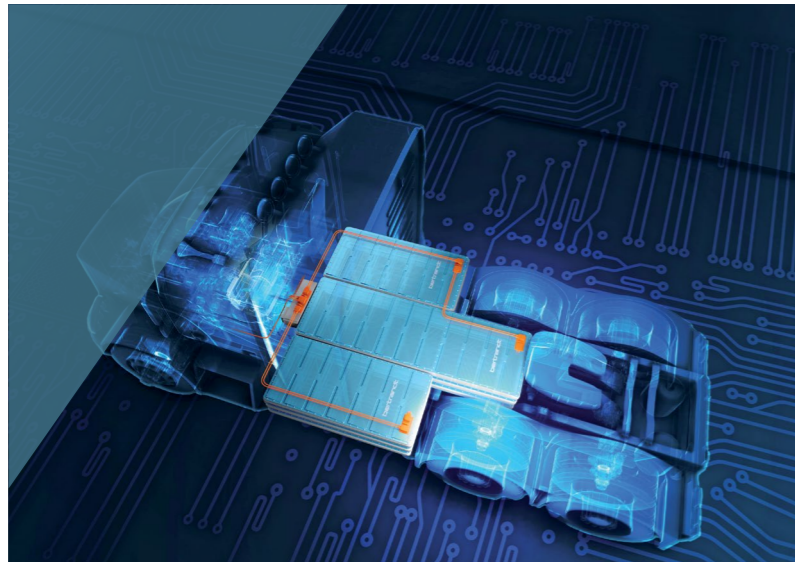
Sustainable electrification in all industries

INTERDISCIPLINARY EXPERT TEAMS FOR EFFICIENCY AND SPEED

Our experts work in interdisciplinary teams to develop customised components or complete electric powertrains for automotive applications, commercial vehicles, aviation and rail. Our services extend from the initial idea through to simulation and numerical analysis, design and validation. A current example illustrates how we transfer our expertise to other industries: high-voltage batteries are not only built into electric cars, they are now also being used in the electric drives of commercial vehicles. In this field we are an important engineering and validation partner for well-known OEMs. This has obvious advantages: local emission-free driving, lower noise level and greater efficiency. We also develop re-usability and recycling solutions for the sustainable operation of our customers' high-voltage batteries.

This is part of our contribution to shaping sustainable mobility.

It is not only our innovations that are sustainable. The Group itself aspires to all-round sustainability. In this respect, MSCI ESG Research has just awarded us its second best AA rating.



Holistic solutions for the aerospace industry

OUR TEAMS SPEED UP THE DEVELOPMENT PROCESS

We are the preferred engineering partner for manufacturers and system suppliers from the aerospace industry. Our interdisciplinary and multi-site collaboration, including at the international level, is a significant factor in our success. This was also apparent in a complex project designed to manage and control the customer's product creation process and all of the customer's product data centrally and consistently. Our software, testing solutions and aerospace experts very quickly made the data available on a product life cycle management platform. The outcome was a customised solution that lays the foundations for optimising the cost and development cycles of future developments.

We are now using the expertise acquired in the context of this project to good effect in projects in other industries, such as automotive development.



More information is available on our website at
→ <https://www.bertrandt.com/en/electric-mobility>



More information about the project is available on our website at
→ <https://www.bertrandt.com/en/industries/aerospace/3dexperience>



After Sales services for a complete portfolio

OUR TEAM PROVIDES SUPPORT ALONG THE ENTIRE CUSTOMER JOURNEY

Our After Sales and Next Media Solutions units provide support along the entire customer journey. We produce customised sales and marketing concepts for product launches and entry into new markets. Our innovative and professional next-reality applications bring customers closer to realising their objectives.

In After Sales, we are convinced that there will be a major transformation in the next few years from the existing world to digitalisation and connectivity. Our aim is to make the work of our customers easier by providing custom-tailored and forward-looking solutions for the ongoing development of their business models. Our innovative service chain serves our customers, from the entire product life cycle through to warranty analyses and predictive maintenance.

Our Next Media Solutions specialists advise and support our customers on how to travel successfully from their initial idea through to concrete technology setups. They offer the full spectrum of professional app and web design, classic production and editing services, and innovative augmented and virtual reality applications.



More information is available on our website at

→ <https://www.bertrandt.com/en/after-sales-and-next-media-solutions>

Growth sectors: medical technology and industry

WE CREATE SYNERGIES FOR INDUSTRY, MEDICAL TECHNOLOGY AND THE ENERGY SECTOR

Our comprehensive ISO 13485-certified know-how creates synergies. This also benefits customers in other sectors, such as medical technology and the electrical and electronic industry, mechanical and plant engineering or the energy sector. We advise customers who wish to introduce the new European Medical Device Directive (MDR) and support the development of products, such as the insulin pen. We also offer all-round acoustic measurements for small devices, such as dental drills and complex equipment for operating theatres or prosthetics. We test the systems, components and software of one of the biggest manufacturers of hemodialysis machines, and our specialists draw up the requirements catalogues and test cases needed for licences in the US market.

We transfer know-how and make use of synergies in medical technology and other industries. Our interdisciplinary test automation teams are able to use experience from the automotive industry in their project work. Our specialists provide consulting and conceptualisation input as well as implementation and documentation for automated testing. Our customers benefit in many ways: considerably larger and more complex test scopes are possible and can be reliably reproduced to consistent levels of quality. Test automation also saves time and cuts costs.



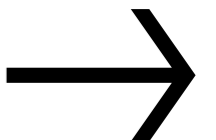
More information is available on our website at

→ <https://www.bertrandt.com/en/industry/test-automation>



A letter to the shareholders

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Management Board report



Members of the Management Board of Bertrandt AG (from left to right):

MARKUS RUF
Member of the Management Board Finance

MICHAEL LÜCKE
Member of the Management Board Sales

HANS-GERD CLAUS
Member of the Management Board Engineering

Dear shareholders,

as in the preceding year, the coronavirus pandemic and government-mandated restrictions continued to be defining influences in the fiscal year ending 2020/2021. New waves of infection and the related restrictions and lockdowns had a huge impact on business and private life in the first months of the fiscal year in particular. Bertrandt quickly responded to this situation and many colleagues again used our certified and secure IT infrastructure during the fiscal year to work remotely. This meant that we were able to enhance the safety of our employees whilst maintaining our operational capacity. We thank all our employees for their commitment during these pandemic times. The pandemic committee, which we had set up at an early stage, continued to coordinate all the specific action taken in each country in response to the pandemic. In the 2020/2021 fiscal year we continued to systematically implement countermeasures such as short-time working and cost optimisation in order to safeguard our business performance under the impact of the pandemic. As well as short-term savings, such as on marketing or business travel, the initial impact of lower infrastructure costs, which will make a noticeable contribution to earnings in the medium and long term, also began to be felt. We also made the most of potential market opportunities by stepping up our sales activities as far as was possible under pandemic conditions.

The automotive industry currently finds itself in an unusual situation in which it faces the simultaneous challenges of the coronavirus pandemic and the industry's own transformation process. In this connection, the industry is absolutely committed to pressing ahead with the development of electromobility. Political emphasis is also increasingly being given to bringing about a fundamental shift toward alternative drives. The European Commission, for example, proposes effectively banning the licensing of greenhouse gas-emitting vehicles in the EU from 2035 as part of the so-called European Green Deal. The relevant target is for a 55% fleet-wide cut in average CO₂ emissions from newly registered motor vehicles by 2030 down from the current threshold of 95 grams per kilometre.

This target will escalate to 100 % by the year 2035, which means that from 2035 on, newly registered vehicles would not be permitted to produce any CO₂ emissions at all. This transformation depends on the kind of innovative developments we, as an engineering service provider, are committed to producing in collaboration with our customers.

ALL SERVICES FOR ALL CUSTOMERS

The most important maxim relating to our service orientation and the title of this Annual Report is: 'All services for all customers'. This implies enabling all our customers to tap into all of our Group's expertise and competences, and at the same time focusing emphatically on and serving the market as a whole. Bertrandt offers its customers comprehensive solutions in all the disciplines for which there is customer demand and combines services from different industries as part of this process. In a dynamic market environment, which is changing along with the needs of our customer industries, we anticipate increasing demand on us as an expert organisation that is able to integrate strategic partners and sub-contractors to secure competitive advantages and best practices.

We are an international technology company with a clear focus on specific services and offer our customers attractive project solutions. We continue to support our existing customers whilst opening up new markets and industries and using investments to expand our overall customer base.

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We offer our customers comprehensive solutions in all the disciplines for which there is customer demand.

PANDEMIC IMPACTS BUSINESS PERFORMANCE

The pandemic has brought challenges that are also reflected in our Company's financial figures for fiscal 2020/2021. The Bertrandt Group reported total revenues of EUR 848.592 million and an EBIT of EUR 20.040 million. Thanks to our rock-solid balance sheet we are able to confront the crisis from a position of strength and continue to be a reliable partner for our customers, employees and shareholders.

GREEN DEAL DRIVES MEGATRENDS

Measures derived from the European 'Green Deal' are driving the megatrends in the mobility sectors. During the course of the fiscal year ended, a number of OEMs have announced their intentions to phase out internal combustion engines within the next ten to twenty years. This creates market potential for e-mobility in particular. The trend towards the outsourcing of whole project packages comprehensively managed by engineering service providers is unbroken. There is also potential available in the pairing of our digitalisation expertise and the experience we have accumulated in the product development process across various mobility sectors, such as the automotive or aerospace industries. Since the beginning of the past fiscal year 2020/2021, our automotive competences have been pooled at our locations. We successfully pressed ahead with the ongoing development of our organisation throughout the last fiscal year and

we can now therefore provide all our customers access to the full range of our Group's services and expertise. Provided that the megatrends remain intact and the overall situation normalises, the fiscal year 2021/2022 offers growth prospects for revenues and EBIT. External market analyses confirm this assessment: the consulting firm Berylls, for example, expects an increase in the volume of research and development projects outsourced to engineering service providers from EUR 10.9 billion (2020) to EUR 20.5 billion in 2030.

SUSTAINABLE CORPORATE MANAGEMENT

We are working with our customers from the mobility sector and other industries, such as medical or energy technology, to develop environmentally friendly solutions for tomorrow. We not only manage the Company in line with principles of sustainability and corporate responsibility on a day-to-day basis, we have also enshrined these principles at the heart of our corporate strategy. All the work we do and the social responsibility we take are based on the values summarised in Bertrandt's mission statement. This mission statement guides our interactions with each other within the Group, as well as our relationships with our customers and shareholders, and is constantly being scrutinised and updated.

We aim to fulfil our commitment to wider society by being a long-term and reliable partner for our customers, shareholders and employees. Above all, however, sustainable business practices based on the diverse ESG criteria will become increasingly important in the future. We will also continue to focus on securing and further expanding the market share we have so far acquired. We constantly endeavour to maintain an optimum balance between customer benefits and business efficiency. Additional information is available in our new 2020/2021 Corporate Social Responsibility Report, which is included for the first time as an integral part of our Annual Report.

12,030 COMPETENT EMPLOYEES

As at the reporting date of 30 September 2021, Bertrandt employed 12,030 worldwide. As capacity utilisation improved in the last quarter of fiscal 2020/21 compared to the preceding quarter, 131 staff members were newly hired. At the same time,

our workforce has also been noticeably expanded in our industry-related units, at our sites in Romania and in the USA. Demand for electronics and software services is very high and we are consequently seeking specialists to work in these fields. This development reflects the growth potential of the megatrends in all customer industries.

As well as exciting and challenging development projects for almost all well-known OEMs and industrial customers, we offer our employees team spirit, flat hierarchies and an employee friendly environment. We are an engineering service provider that operates on an international scale and people from many different cultures and backgrounds consequently come together every day in our Company. Our cooperative leadership style and an open door culture support constructive interactions between employees and managers and create space for individual development.

BERTRANDT SHARES

Bertrandt shares started the reporting period at a price of EUR 32.60. The share price fell to its low for the reporting period of EUR 28.80 on 29 October 2020 before rallying on the hopes that the

pandemic would subside as more people were successfully vaccinated. The shares' highest stock market price in the reporting period was quoted on 23 June 2021 at EUR 63.20. Share prices rose somewhat as economic restrictions were lifted later in the year. The impact of the coronavirus pandemic is still being felt at the end of the fiscal year 2020/2021, however. Bertrandt's shares closed at EUR 50.30 on 30 September 2021.

Our solid balance sheet and result nevertheless allow the Management Board and Supervisory Board to propose a dividend of EUR 0.27 per share to the annual general meeting. This means that, even this year, our shareholders can rely on a consistent dividend policy for a payout ratio of around 40%.

ACKNOWLEDGEMENT

Especially at times as challenging as the present, Bertrandt needs committed and competent employees capable of advancing a wide range of topics in all their breadth and depth. We are therefore especially grateful to all our employees. We also thank our customers, business partners and shareholders for the confidence they have shown in us.

Yours sincerely



HANS-GERD CLAUS
Member of the
Management Board
Engineering



MICHAEL LÜCKE
Member of the
Management Board
Sales



MARKUS RUF
Member of the
Management Board
Finance

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Sustainable business practices and the growth they engender will become increasingly important in the future.

Supervisory Board report

Members of the Supervisory Board of Bertrandt AG (from left to right):

MICHAEL SCHMIDT
Employee representative

MARIANNE WEISS
Employee representative

HORST BINNIG

DIETMAR BICHLER
Chairman of the Supervisory Board

PROF. DR.-ING. WILFRIED SIHN

UDO BÄDER



Activities of the Supervisory Board during the 2020/2021 fiscal year

The ongoing pandemic situation in 2020/2021 not only shaped the underlying economic conditions for the Bertrandt Group but also the work of the Supervisory Board and its committees.

Bertrandt AG's Supervisory Board diligently performed its duties also in fiscal 2020/2021 in accordance with the law, the Company's Articles of Association and the Board's Rules of Procedure. The Board was consulted on all the decisions of fundamental importance in a direct and timely manner. Regular briefings by the Management

Board in written and oral reports formed the principal basis for fulfilling the statutory supervisory tasks. These reports provided comprehensive and up-to-date information on a regular basis on the strategy, business performance, planning and the risk situation. In the context of its activity the Board ensured that applicable statutory provisions, the Company's Articles of Association and the Rules of Procedure of the Supervisory Board and Management Board were complied with.

Collaboration between the Supervisory Board and the Management Board was and is characterised by open and ongoing dialogue. In particular, the consultations between the Chairman of the Supervisory Board and the Management Board, which were held in addition to scheduled meetings as

necessary, were in-depth and solutions-oriented discussions.

The Chairman of the Supervisory Board passed key findings and information obtained from these consultations to the members of the Supervisory Board, thereby ensuring that they were up to date on all pertinent matters and enabling them to contribute their counsel.

FOCAL POINTS OF THE SUPERVISORY BOARD'S DELIBERATIONS

Throughout the fiscal year, the Supervisory Board monitored the Management Board's actions and provided it with advice. For this purpose, the Supervisory Board was given regular reports on Bertrandt's business performance as well as the current market situation and its impact on Bertrandt. In addition to monitoring the business performance of Bertrandt AG and the Bertrandt Group, the Supervisory Board also concerned itself with the performance of individual subsidiaries in and outside Germany. The topics of discussion also included fundamental issues relating to business policy and strategic direction, its implementation in short and medium-term planning as well as risk management and the Company's financing strategy.

The Supervisory Board examined the internal control system and compliance management and satisfied itself of their proper functioning. In addition, the members of the Supervisory Board were provided with detailed information on the Company's business and financial position, its market and competitive situation as well as the personnel situation.

In the fiscal year 2020/2021 the Supervisory Board convened for four scheduled meetings. The scheduled meetings were held on 7 December 2020, 25 February 2021, 18 May 2021 and 20 September 2021.

The fiscal year's first scheduled meeting on 7 December 2020 was held by video conference. All Supervisory Board and Management Board members attended the meeting. The deliberations in the meeting particularly related to the financial statements of Bertrandt AG and the Group for fiscal 2019/2020 and to the Corporate Social Responsibility report (CSR report for short). The Supervisory Board also adopted the proposals for resolutions to be submitted to the ordinary annual general meeting 2021, and gave its prior agreement to holding a virtual annual general meeting, the details of which were also decided in the meeting. Upon the Audit Committee's proposal, the Board

also deliberated the proposal for the appointment of the auditor for fiscal year 2020/2021. The auditor submitted a written statement of independence. In line with the recommendations of the German Corporate Governance Code, the Supervisory Board also examined the efficiency of its activities and adopted the corporate governance report and the corporate governance declaration pursuant to Sections 289f and 315d of the German Commercial Code (HGB).

The second scheduled Supervisory Board meeting was held on 25 February 2021, again as a virtual meeting, and was attended by all members of the Supervisory Board and the Management Board. Topics discussed included the status of the strategy and organisation development work. An additional item on the agenda was the presentation of the foreign subsidiaries' compliance report and the status report of the internal audit department.

The third scheduled meeting on 18 May 2021, which was held as a face-to-face meeting, was also attended by all Supervisory Board and Management Board members. The status of the strategy and organisation development was a special topic; the members also analysed the business development of the Group, the compliance status report and the Group's risk management. More detailed information was provided on the status of the tax audits and the rotational audit by the Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung, DPR), and decisions were made with respect to the Act on the equal participation of women and men in leadership positions.

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We thank all our employees for their commitment during these pandemic times.

The last scheduled meeting in the fiscal year was held on 20 September 2021. All Supervisory Board and Management Board members attended the meeting in person. Special topics included training on sustainability issues. The Board also discussed the business scenarios for fiscal 2020/2021 and adopted the Declaration of conformity to the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG).

The meeting also deliberated on the internal audit status report, amendments to the Supervisory Board's Rules of Procedure, and the CSR report.

In January 2021, the Supervisory Board passed a circular resolution with respect to the virtual annual general meeting planned for 26 February 2021.

ORGANISATION AND BUSINESS OF THE COMMITTEES

To perform its duties the Supervisory Board has formed a Human Resources and an Audit Committee. Since 20 February 2019, the HR Committee has consisted of the members Dietmar Bichler (chairman), Horst Binnig and Prof. Wilfried Sihl. To raise efficiency, the Human Resources Committee also performs the duties of the Nomination Committee. The members of the Audit Committee are Udo Bäder, Dietmar Bichler and Horst Binnig. All Audit Committee members are familiar with the industry in which the Company operates. Udo Bäder is chairman of the Audit Committee and acts as Financial Expert with accounting and auditing expertise according to Section 100 (5) AktG in conjunction with Section 12 (6) of the Introductory Act to the Stock Corporation Act (EgAktG). In its meeting of 20 September 2021 the Supervisory Board stated that Udo Bäder is independent from the Company and the Management Board in his capacity as chairman of the Audit Committee within the meaning of C.10 of the German Corporate Governance Code, and substantiated this statement.

The Audit Committee held six meetings in the 2020/2021 fiscal year. The meetings and conference calls were held on 7 December 2020, 11 February 2021, 4 May 2021, 18 May 2021, 3 August 2021 and 20 September 2021.

The Audit Committee's first meeting on 7 December 2020 was held as a videoconference. In the meeting, the annual financial statements and consolidated financial statements for fiscal 2019/2020 were audited together with all Audit Committee members. This meeting was attended by Management Board members Michael Lücke and Markus Ruf, and, for discussion of the annual financial statements, by the auditor's representatives. The Committee also adopted a resolution to submit to the Supervisory Board a draft resolution for submission to the annual general meeting on 26 February 2021 on the appointment of the auditor for fiscal year 2020/2021.

In the conference call meetings on 11 February 2021, 4 May 2021 and 3 August 2021, in which all Audit Committee members and Management Board member Michael Lücke participated, the Committee discussed the financial reports to be published soon after these dates with regard to revenues, earnings and cash flow development.

On 18 May 2021 a face-to-face meeting was held with all Audit Committee members and the Management Board members Michael Lücke and Markus Ruf. On this occasion, the concept of the internal control system and the CSR report were deliberated. In addition, the members of the meeting received information on the content of the rotational DPR audit and on the internal audits in connection with the 'related parties transactions'.

The Committee's last meeting on 20 September 2021, which was attended by all members of the Audit Committee and by Management Board members Michael Lücke and Markus Ruf in person, dealt with company-specific matters of particular importance (so-called key audit matters) and the independence of PwC in fiscal year 2020/2021. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft provided additional explanations on the focal areas previously determined by the Supervisory Board for the audit of fiscal 2020/2021. The CSR report for fiscal 2020/2021 was also included in the agenda.

In the fiscal year 2020/2021 the Human Resources Committee met on two occasions. The first scheduled meeting on 7 December 2020 was held as a video conference and was attended by all Human Resources Committee members and by Management Board member Michael Lücke. Topics included the adoption of the minutes taken in fiscal year 2019/2020 and the preparation of the resolutions to be submitted to the ordinary annual general meeting on 26 February 2021. Following previous consultations, the Committee adopted a resolution

to submit to the Supervisory Board a draft resolution on the system for the remuneration of Management Board members pursuant to Section 87a (1) AktG as amended.

The Human Resources Committee met for a second time on 18 May 2021 with all Committee members being present in person. Deliberations related to female representation on the Management Board and Supervisory Board, for which the Committee stipulated a target to be proposed to the plenary meeting.

AUDIT OF THE FINANCIAL STATEMENTS

On 26 February 2021, the ordinary annual general meeting of Bertrandt AG appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Stuttgart branch, as the auditor for the financial statements of fiscal year 2020/2021. The auditors have audited the annual financial statements and the management report of Bertrandt AG as well as the consolidated financial statements and the management report of the Group for fiscal year 2020/2021 including the accounting and have issued an unqualified auditor's report

Following their preparation, and in good time before the meeting, all Supervisory Board members received the financial statements and management reports for fiscal year 2020/2021, the reports by the auditor and the proposal of the Management Board for the appropriation of profits. After the Audit Committee had dealt with and prepared the topics, the Supervisory Board discussed the process of the preparation of the financial statements and the accounting results in its meeting on 6 December 2021. The external auditors entrusted with the auditor's report for the annual financial statements and the consolidated financial statements attended the meeting for the related deliberations. They reported on the audit as a whole, the defined focal areas of the audit, so-called key audit matters, and other relevant audit results. In addition, they answered questions from the members of the Supervisory Board. The Supervisory Board raised no objections to the audit. After conducting its own review, including of the CSR report, which did not give rise to any objections, the Supervisory Board noted the annual financial statements prepared by the Management Board, the consolidated financial statements of the Group, the management reports of Bertrandt AG and the Group and the auditors' report with consent, and approved the annual financial statements and the consolidated financial statements. Thus, the annual financial statements

were adopted and the consolidated financial statements approved at the same time. The Supervisory Board followed the Management Board's proposal in its proposal for the use of the distributable profit of Bertrandt. In the meeting, the chairman of the Audit Committee reported on the preparatory work done in connection with the audit of the CSR report and recommended approval of the report to the Supervisory Board. After having conducted its own review, the Supervisory Board followed the committee's recommendation and approved the CSR report including the non-financial report pursuant to Sections 289b (3) and 315 b (3) HGB.

ACKNOWLEDGEMENT

The Supervisory Board sincerely thanks all members of the Management Board and all employees of the Bertrandt Group in Germany and abroad for their work in the year under review.

Ehningen, 6 December 2021

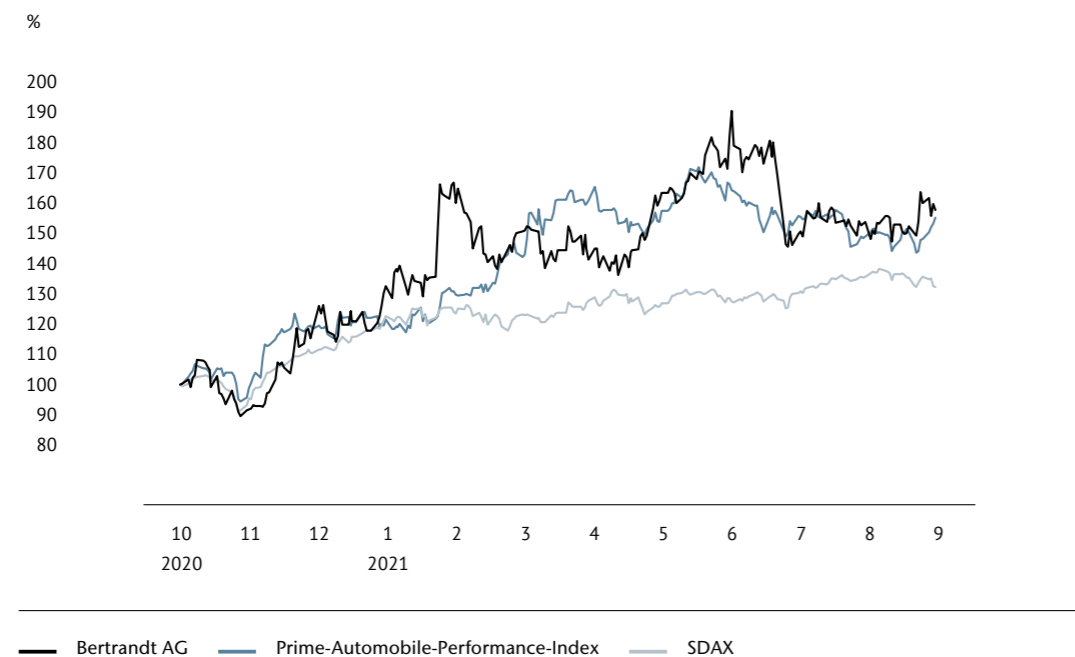


DIETMAR BICHLER
Chairman of the Supervisory Board

INFORMATION ON THE SHARE

First trading day	1 October 1996
Ticker symbol	BDT
ISIN	DE0005232805
WKN	523280
Issued share capital (EUR)	10.143.240 EUR
Number of shares	10,143,240 number
Market segment	Prime Standard
Stock exchanges	Xetra, Frankfurt, Stuttgart, Berlin, Hamburg, Düsseldorf, Munich
Index	SDAX

SHARE PERFORMANCE COMPARED TO BENCHMARK INDICES¹



¹ For an optimal comparison of the different share price developments, the presentation is normalised to 100.

Bertrandt on the capital market

The underlying mood on the capital market through much of the past fiscal year 2020/2021 has been constructive. Confidence regarding the rapid success of vaccinations and the prospect of a general economic recovery after the end of the lockdown phases were the key drivers of overwhelmingly positive share price developments. In

fact, experts from M.M. Warburg reported retrospectively in their capital market perspective of October 2021 that the global economy was steadily recovering from the short, dramatic recession of early last year.

However, logistics bottlenecks/chip shortages followed by a resurgence in new coronavirus infections in September 2021 had a negative impact on the economic development of certain countries and regions. However, according to M.M. Warburg, the primary country driving economic development at the present time is the USA,

KEY FIGURES OF THE BERTRANDT SHARE

	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
Earnings per share (EUR)	0.68	0.37	3.86	4.69	4.35
Dividend per share (EUR)	0.27 ³	0.15	1.60	2.00	2.50
Share price on 30 September (EUR) ¹	50.30	32.30	41.35	79.55	85.18
Share price, high (EUR) ²	63.20	57.10	80.65	109.30	107.00
Share price, low (EUR) ²	28.80	25.00	40.80	76.40	67.28
Shares outstanding on 30 September (number)	10,143,240	10,143,240	10,143,240	10,143,240	10,143,240
Market capitalisation on 30 September (EUR million)	510.2	327.6	419.4	806.9	864.0
Book value per share on 30 September (EUR)	40.31	39.77	41.08	39.32	37.10
Cashflow from operating activities per share (EUR)	7.26	12.18	7.13	2.68	4.16
Average daily trading volume (number)	7,375	10,557	7,716	14,843	31,201
Total payout (EUR million) ³	2.7	1.5	16.2	20.3	25.4
P/E ratio ⁴	73.97	87.30	11.24	17.0	19.6

¹ Closing price in Xetra trading on 30 September or the last trading day of the fiscal year.

² In Xetra trading.

³ Dividend proposed by the Management Board and Supervisory Board.

⁴ On 30 September 2021.

while economic development in China has recently tailed off. The economic setting has improved significantly in the eurozone since the spring. In contrast to the industrialised countries, many emerging economies are suffering from the slow pace of vaccination and persistently high levels of COVID-19 infections.

The German blue-chip stock market index DAX started Bertrandt's 2019/2021 fiscal year at 12,812 points. October 2020 was marked by growing fears of a second lockdown and the attendant burden that would be imposed on the economy. The DAX consequently fell to its lowest level in our fiscal year 2020/2021 and was at 11,450 points on 30 October 2020. Hopes of the pandemic dying down with the increasing success of vaccination campaigns pushed the DAX up strongly from November 2020 onwards. The index reached its high for the reporting period of 16,030 points on 13 August 2021. From August 2021 onwards, shareholders and investors have once again shifted their attention to specific stress factors impacting the capital market and putting a brake on economic recovery. These include high rates of inflation, fear of rising interest rates and, since September 2021, shortage of many of the primary and input materials. The International Monetary Fund reported in its World Economic Outlook for October 2021 that global recovery was continuing, but that momentum had weakened. Compared to its August high, the DAX had consolidated by the end of the fiscal year on 30 September 2021 at 15,261 points.

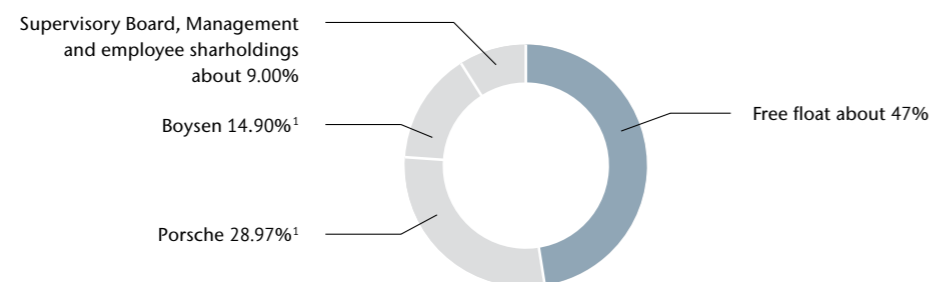
0.68

EUR of earnings per share were reported for fiscal year 2020/2021.

The SDAX started Bertrandt's reporting period at 12,545 points and fell to its low of 11,369 points for the fiscal year 2020/2021 on 28 October 2020. Gradual economic recovery pushed the SDAX up to its high of 17,312 points on 3 September 2021. At the end of Bertrandt's fiscal year on 30 September 2021, the SDAX closed at 16,509 points.

The Prime Automobile Performance Index opened the first trading day of the fiscal year 2020/2021 at 1,241 points. After falling to its low for the period of 1,165 points on 30 October 2020, it had risen to a high of 2,133 points by 7 June 2021. On 30 September 2021, the index closed at 1,887 points.

SHAREHOLDER STRUCTURE



¹ All data is based on disclosures made to the Company pursuant to Sections 21 et seq. WpHG. As of: 21 February 2020

ANALYST RECOMMENDATIONS*

Bank	Target for the share in EUR	Recommendation
B. Metzler seel. Sohn & Co. KGaA	55€	Hold
Joh. Berenberg, Gossler & Co. KG	50€	Hold
Deutsche Bank AG	40€	Hold
DZ Bank AG	53€	Hold
Hauck & Aufhäuser Institutional Research AG	85€	Buy
Kepler Cheuvreux	26€	Reduce
M.M.Warburg & CO KGaA	58€	Hold

* As of: 9 November 2021

BERTRANDT AG SHARE PERFORMANCE

On 1 October 2020, our shares opened the fiscal year 2020/2021 at EUR 32.60. Bertrandt shares fell to their lowest price in the reporting period of EUR 28.80 on 29 October 2020 as a result of the enduring coronavirus pandemic and the prospect of a second lockdown. The shares reached their highest price in the reporting period of EUR 63.20 on 23 June 2021. On 30 September 2021, Bertrandt shares were trading at a price of EUR 50.30. The average daily trading volume fell year on year to 7,375 shares (previous year 10,557 shares).

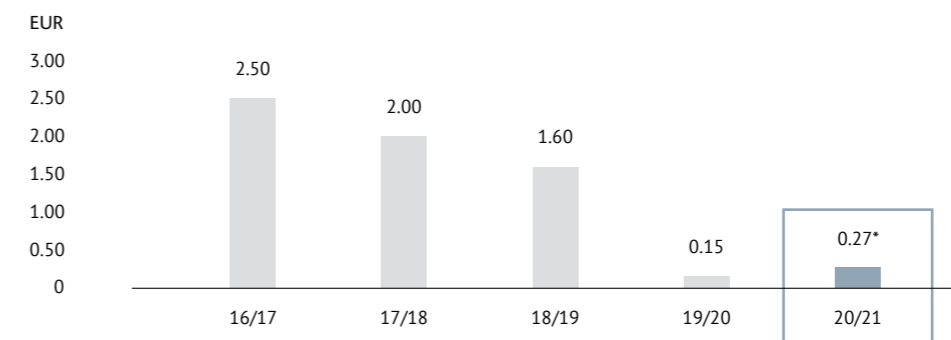
47

% is the free float.

STABLE SHAREHOLDER STRUCTURE

As at the date when these consolidated financial statements were prepared, shareholdings in Bertrandt AG broke down as follows: Porsche AG in Stuttgart continued to hold 28.97% of the shares. Another 14.9% were held by Friedrich Boysen Holding GmbH, with its registered offices in Al-

DEVELOPMENT OF THE DIVIDEND



* Dividend proposed by the Management Board and Supervisory Board

tensteig, a subsidiary of Friedrich Boysen Unternehmensstiftung. The Supervisory Board and the Management/staff held around 9% of the shares in Bertrandt AG while free float amounted to around 47%. Notifications of voting rights pursuant to the German Securities Trading Act are published in the Investor Relations section of Bertrandt's website.

BROAD COVERAGE BY ANALYSTS

Bertrandt shares have been observed and evaluated by well-known banks and analysts for many years. Bertrandt's business performance is currently evaluated by seven analysts who issue recommendations and targets for Bertrandt shares. Analysts' assessments are published in the Investor Relations section of Bertrandt's website.

CAPITAL MARKET DAY AGAIN CALLED OFF OWING TO CORONAVIRUS PANDEMIC

Bertrandt invites representatives from banks, analysts and journalists to its annual Capital Market Day. However, owing to government-mandated general and contact restrictions, the Capital Market Day, which had been planned by the Company for 20 May 2021, was called off. The next Capital Market Day is planned to be held on 19 May 2022.

0.27

EUR was the dividend proposed to the annual general meeting by the Management Board and Supervisory Board

DIVIDEND PROPOSAL TO ANNUAL GENERAL MEETING

The Bertrandt Group's policy has always been to distribute a dividend equivalent to a payout ratio of around 40%. Based on the Company's dividend policy in the past and earnings developments in fiscal 2020/2021, the Management Board and Supervisory Board will propose a dividend of EUR 0.27 per share to the annual general meeting on 23 February 2022. In this way we would like to thank our shareholders for their investment in our Company and the confidence they place in us.



Detailed and up-to-date information on our shares is always available on our website.

→ **INVESTOR
RELATIONS**

INTENSIVE DIALOGUE WITH INVESTORS

A key component of Bertrandt's corporate policy involves transparent, comprehensive and timely capital markets communication with institutional and private investors, analysts as well as the media. In so doing, the Group seeks to position its shares as a long-term investment and, to this end, complies with the high transparency requirements of the Prime Standard of Deutsche Börse as well as nearly all of the recommendations of the German Corporate Governance Code.

In the fiscal year 2020/2021 Bertrandt kept institutional and private investors as well as analysts up to date and informed them about the Group's business performance at the annual general meeting and at several conferences and road shows in major finance centres. Bertrandt presented itself to potential and existing institutional and private investors at a total of 11 roadshows and conferences. Owing to the ongoing pandemic and contact restrictions, most investor events and the annual general meeting were held as video conferences in this fiscal year. The Management Board was closely involved in the investor relations activities.

Unfortunately, in view of COVID-19, Bertrandt was unable in fiscal 2020/2021 to organise the visits to its location in Ehningen, which are usually possible at any time. The first annual press and analyst virtual conference on 10 December 2020 provided information about the Company's business performance to journalists and representatives of financial institutions. The Company's communication focuses on presenting Bertrandt's business model, the Company's strategic orientation as well as explaining the technical and business management background.

BERTRANDT'S WEBSITE

Information on the Group is published in due time in the Investor Relations section of Bertrandt's website in both German and English. Bertrandt uses the internet as a communication platform to provide all interested parties with comprehensive information on the Company. In addition to information on Bertrandt shares, basic information, current analysts' recommendations and the financial calendar are published on the website.

Corporate Governance

DECLARATION OF CONFORMITY TO THE GERMAN GOVERNANCE CODEX PURSUANT TO SECTION 161 AKTG

The declaration of conformity required according to Section 161 of the German Stock Corporation Act (AktG) and dated 20 September 2021 is available on the Company's website at <https://www.bertrandt.com/unternehmen/investor-relations/corporate-governance> in the section 'Financial year 2020/2021' and has been published since the first release indicated.

- > Bertrandt on the capital market
- > Corporate Governance

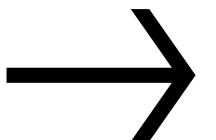
MSCI
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CCC B BB BBB A AA AAA

Corporate Responsibility Report

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Editorial

Members of the Management Board of Bertrandt AG (from left to right):

MARKUS RUF
Members of the Management Board Finance

MICHAEL LÜCKE
Members of the Management Board Sales

HANS-GERD CLAUS
Member of the Management Board Engineering



In our Corporate Responsibility Report for the fiscal year 2020/2021 we inform you about Bertrandt's economic, ecological and social performance and share with you our values and ambitions. This report provides detailed insights into the following six areas: responsible corporate governance, employees, environment, business partners, society, and non-financial performance indicators. Sustainability is a core element of Bertrandt's corporate philosophy and strategy. The logical consequence is therefore to include corporate social responsibility reporting as an integral part of our annual report. This means we meet the requirements of new legislation several years before it comes into effect.

RESPONSIBLE CORPORATE GOVERNANCE

As one of the world's leading engineering service providers, Bertrandt offers a comprehensive range of customised and all-in solutions. In collaboration with our business partners we are guided by the clearly defined values underlying our mission statement. Sustainable and responsible corporate governance is integral to our corporate strategy; our guiding principles are honesty, credibility, dependability, respect and trust. In fiscal 2017/2018 the Bertrandt Group already incorporated these values in its updated mission statement, which guides our corporate strategy, our day-to-day conduct and our social responsibility. The mission statement governs not only our relationships with customers and shareholders but also the way in which we treat each other and the rules we adhere to within the Group. The key issues – trust, fairness, esteem, respect for people and the

environment – are stated clearly in our mission statement and form the cornerstones of our corporate culture.

EMPLOYEES

Qualified people are at the heart of our success. It is above all the knowledge and many years of experience of our employees that ensure Bertrandt's progress. For this reason, the recruitment of dedicated and competent staff and their retention are firmly anchored in our HR strategy. We offer numerous personnel development schemes for young and experienced professionals alike. Read this section to find out more about what we do at Bertrandt to maintain our good working atmosphere, further our employees' careers and ensure our attractiveness as an employer.

ENVIRONMENT

We attach great importance to environmental protection, climate action and waste avoidance. When working on a customer project, we always look at the complete product life cycle, from project planning via production and delivery through to disposal. In this section we report on the measures we implement in our company to protect the environment and on how we support our business partners in this field. We also present our climate action and waste avoidance goals in this part of the report.

BUSINESS PARTNERS

Trust is an important cornerstone for long-term business relationships. Our relationships with business partners reflect the high level of dependability we provide and the strict confidentiality with which we approach project work. We always comply with legal requirements and expect the same from our suppliers. Read this chapter to learn more about how we collaborate with our customers, ensure their satisfaction with our services, and how we manage data security.

SOCIETY

Our corporate social initiatives focus on education. We are involved in numerous projects in the areas of our subsidiaries. More information on social, local and mobile projects and our aims are provided in this chapter.

NON-FINANCIAL PERFORMANCE INDICATORS AT BERTRANDT

Non-financial performance indicators play an important role in the management of our business model. Bertrandt has identified five particularly important assessment areas and has installed a comprehensive management system to measure and evaluate non-financial performance indicators on a regular basis. Read this chapter to learn more about our management system and the results of this year's survey.

The Management Board

HANS-GERD CLAUS
Member of the Management Board Engineering

MICHAEL LÜCKE
Member of the Management Board Sales

MARKUS RUF
Member of the Management Board Finance

1. Responsible corporate management

1.1 BUSINESS MODEL AND RANGE OF SERVICES

As one of Europe's leading engineering service providers, Bertrandt has been a reliable partner to projects in all areas of research and development for more than 45 years and will continue to play this role in the future.

We operate at 50 locations in Europe as well as in Asia and the USA. Bertrandt offers a comprehensive range of customised and all-in solutions along the entire product engineering process, from conceptual design and development right through to vehicle construction, simulation and testing.

Almost 90%, and thus by far the largest share, of our revenues are accounted for by the automotive sector. The most important drivers of the Bertrandt business model are innovations such as environmentally friendly individual mobility, automated and connected driving, and an increasing variety of models and variants of battery electric vehicles. Digitalisation and resource efficiency are cross-industry megatrends. We are an active contributor to innovations both in the mobility and non-mobility sectors and never lose sight of customer needs and changing market conditions. We share our know-how and expertise with newcomers in the industry and experts from other companies: our model 'Sharing experience from practice' provides a framework for training events and seminars, where theory and practice are combined in exercises on site.

Outside the mobility industries, we provide services in such forward-looking sectors as energy, medical technology, electrical engineering as well as machinery and plant engineering.

We are a reliable partner committed to getting things done when it comes to meeting current and future challenges across all engineering project stages. Qualified people are at the heart of our business success. We owe our position as one of the leading technology partners to their expertise and commitment. As at the reporting date of 30 September 2021, Bertrandt employed 12,030 people worldwide.

50

locations worldwide belong to the Bertrandt Group.

Corporate values

Bertrandt is guided by clearly defined values: honesty, credibility, dependability, transparency and trust. On the basis of these values, we have developed a mission statement, which is updated on an ongoing basis. The mission statement guides our corporate strategy, day-to-day conduct and social responsibility. It governs not only the way in which we treat each other within the Group but also our relationships with customers and shareholders. It also identifies the roots of our success: being a reliable partner over many years for our customers, shareholders and employees, and our lasting commitment to wider society. The latter ambition is reflected in our Corporate Social Responsibility (CSR).

1.2 COMPLIANCE

To ensure long-term market success, we have to keep on convincing our customers of our quality, reliability and fairness, and by being innovative. This means that we have to comply with statutory provisions and with our own guidelines and ethical principles at all times. Our entire corporate culture is aligned to these principles; they provide the structure for our day-to-day work and the decisions we make. The focus is on

- the integrity of our business dealings;
- protecting our leading-edge knowledge;
- adhering to antitrust law and all foreign trade related regulations;
- proper record keeping and financial communications;
- equal opportunities and the principle of sustainability.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) at Bertrandt means that we are aware of our responsibility to contribute to society and take actions to play our part. This applies to all our locations. While the Management Board is responsible for the process, the responsibility for implementing CSR measures lies with all employees. Bertrandt's Code of Conduct and 'Compliance Policy' are the foundation of our corporate social responsibility provisions.

Bertrandt's Code of Conduct

Our Code of Conduct is an important basis for responsible corporate governance. The Code summarises the principles and policies that govern both teamwork within the Company and the way we work with external partners. All staff must comply with the Code of Conduct. Superiors act as role models in every respect. They play a monitoring function regarding legal conduct, and promote professionalism, ethical behaviour and compliance as part of Bertrandt's corporate culture.

Non-conforming conduct or work processes can be anonymously reported to a compliance officer. The problems reported are then evaluated by the compliance department. Internal audit examines the issues, if necessary; proposes adequate measures, as required; and checks their implementation. Quality management (TQM) organises compliance audits on an annual basis. These audits are announced beforehand and are conducted alternately by TQM staff members and by external auditors. Processes are certified according to ISO standards.

Respect for human rights

We require our employees, suppliers and sub-contractors to respect applicable laws, rules and regulations. We respect and uphold human rights within our sphere of influence and are expressly committed to the abolition of all forms of forced and child labour. Again, we expect the same from our suppliers: all our supplier contracts are made on the basis of our sustainability requirements.

Compliance Policy ('15 Golden Rules')

We have a zero tolerance approach to any form of corruption, bribery, acceptance or offering of advantages, and we do not engage in any such action. The high level of transparency in our business processes allows no room for such offences. The corresponding conduct guidelines to be observed by all Bertrandt employees are defined in our '15 Golden Rules'. Additional explanations are provided in the accompanying Q&A. All new employees will be provided with a copy of the rules and receive orientation when entering the Company. There is a prominent link to the Compliance Policy document on our intranet site that is easy for employees to find. In the 2020/2021 fiscal year, the compliance officers were notified of 18 violations of our compliance policy or other legal and/or operational requirements. However, further investigations into Bertrandt's actions as a business showed that the violations were not severe. The compliance officers also dealt with numerous questions about compliance not related to any suspicion of wrongdoing.

15

Golden Rules are contained in our Compliance Policy.

1.3 CORPORATE GOVERNANCE

Bertrandt AG is the parent company within the Bertrandt Group, which operates with independent legal entities or permanent establishments in Germany, Austria, China, the Czech Republic, France, Italy, Romania, Spain, Turkey, the United Kingdom and the United States of America. As a joint stock company (Aktiengesellschaft) incorporated under the law of the Federal Republic of Germany, Bertrandt AG has a dual management structure consisting of a Management Board and a Supervisory Board. The three members of the Management Board are responsible for managing the Company and are its legal representatives. One of the key tasks of the Management Board is to ensure that statutory provisions are complied with and also that internal guidelines and ethical principles are followed (compliance).

The Supervisory Board comprises six members, one of whom is a woman. The Supervisory Board appoints, supervises and advises the members of the Management Board. The shareholder representatives are elected at the annual general meeting; the last election was in 2019. The employee representatives are elected by the employees; the last election was in 2018. To perform its duties, the Supervisory Board has formed a Human Resources and an Audit Committee.

The Management Board meets every two weeks and ad hoc if needed; the Supervisory Board usually meets four times a year and as required. The Supervisory Board and the Management Board maintain an intensive and ongoing dialogue. The Management Board provides the Supervisory Board in a timely manner and on a regular basis with comprehensive information on the strategy, the course of business and the Group's situation (including risk situation, risk management, and compliance) and also on the corporate forecast and direction. It also presents to the Supervisory Board the Group's capital expenditure and financial planning as well as earnings projections for the upcoming fiscal year. The Chairman of the Management Board advises the Chairman of the Supervisory Board without delay of any events that might be of material significance in judging the Company's situation and performance and for its management. Transactions and measures that require the Supervisory Board's approval are submitted to the Board in good time.

The members of the Management Board are obliged to immediately disclose to the Supervisory Board any conflicts of interest and also to notify the other Management Board members. No side-line activities, in particular as supervisory board

members outside the Group, may be exercised by members of the Management Board unless they have been approved by the Supervisory Board. The Management Board has not set up any specific committees. The remuneration structures for the members of the Management Board and the Supervisory Board are comprehensively described in our annual report.

The subsidiaries of Bertrandt AG are run independently by their own management. The interests of the Management Board and of the respective subsidiaries' management are coordinated at regular meetings.

The recommendations of the Government Commission on the German Corporate Governance Code (GCGC) as amended on 16 December 2019 and published in the electronic Federal Gazette on 20 March 2020 have been and are being fundamentally complied with. The Company has refrained and continues to refrain from applying a small number of recommendations. These deviations are specified and explained in the Company's declaration of conformity of 20 September 2021.

Risk management

Dealing proactively with potential risks to the Company has high priority and is part of the process we have defined for living up to our corporate social responsibility. Our risk management system aims to identify risks as early as possible, to avoid them or, at the very least, minimise them as far as possible. This system is continuously adapted to changing circumstances. The Audit Committee set up by the Supervisory Board deals above all with matters involving accounting, risk management (including the internal control system and compliance), and also with the required independence of the statutory auditor.

The Management Board, management and group controlling work closely together in identifying risks and devising corrective action plans. Both regular and ad-hoc risk reviews are carried out to assess all the identified risks that could affect our business performance with regard to amount of loss, probability of occurrence and importance. Possible risks include or relate to financial risks; project risks; pricing; IT security; staff fluctuation; environmental risks or technological developments. For the purpose of risk assessment, similar or identical risks affecting all domestic and foreign operating units and the central units at the level of the holding are aggregated to make their importance to the Group transparent. Appropriate corrective action plans are devised and compared with best practices. Corrective action plans are implemented without delay by the responsible exec-

utives in collaboration with the relevant corporate functions.

In addition, management (e.g. division or site management or the respective Vice President Operations) regularly evaluates the legal requirements regarding social, ethical, remuneration-related and labour law aspects; decides on actions; and informs the Management Board and the Supervisory Board in the risk management report. Any ad-hoc notifications are passed on to external groups and interested parties, as stipulated by law.

1.4 SUSTAINABLE CORPORATE GOVERNANCE

We attach overwhelming importance at Bertrandt to sustainable and responsible corporate governance. We are aware that our business will only be successful in the long-term if our business actions are in harmony with the needs of the environment and wider society. This also includes looking at which issues matter most to our stakeholders, whether our employees, business partners and shareholders or, above all, our customers.

We ensure that the services we provide to them meet high quality standards; to this end, we are continuously improving our corporate processes and

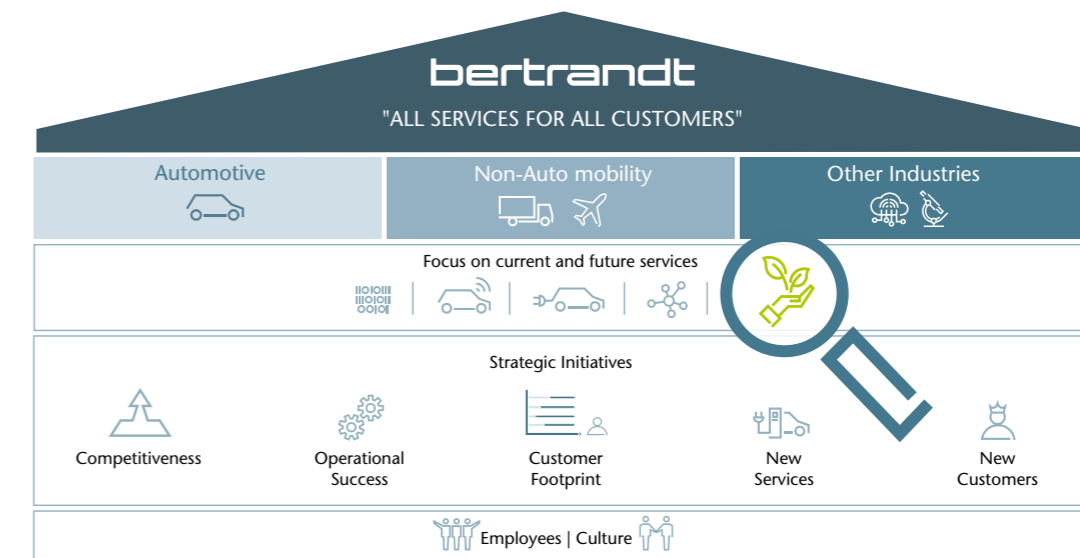
service portfolio. Our suppliers are involved in all matters of quality and environmental management, occupational safety and economic efficiency. As a result of this ongoing innovation process, we can ensure a consistently high level of customer benefit.

A crucial factor in this is our commitment to developing our employees' competences and promoting their individual development on an ongoing basis. Bertrandt's corporate culture provides the setting for this with its focus on team spirit, flat hierarchies, an employee friendly work environment, flexible and dynamic approach, and performance orientation. The growth and progress thus achieved far exceed what can be measured in numbers.

1.5 SUSTAINABILITY MANAGEMENT AND ORGANISATION

Sustainability management at Bertrandt is organised in a decentralised manner; there is no sustainability officer at group level. Instead, each functional area, such as human resources, purchasing, TQM, is responsible for implementing sustainability goals in its own sphere. In contrast, responsibility for certifications of, for example, the environmental management or quality management system, is exercised at a higher level and lies primarily with the Board Member Finance.

BERTRANDT STRATEGY HOUSE



In line with our corporate culture we rely on flat hierarchies and an open door policy so that the managing directors of our subsidiaries can be approached at all times. The Management Board pays regular visits to subsidiaries. This enables a direct exchange of opinions, also and especially where challenging topics are concerned.

1.6 STAKEHOLDER DIALOGUE

We maintain an open dialogue with our stakeholders. There is an ongoing exchange with our employees, customers, suppliers and investors, and also with representatives from the respective local community and potential job candidates. We are a member of different (industrial) associations and in this capacity represent our interests in political and societal contexts.

Important memberships

- German Association of the Automotive Industry (VDA)
- German Electrical and Electronic Manufacturers' Association (ZVEI)
- German Association for Human Resource Management (DGFP)
- Society for the Promotion of Engineering Studies (Gesellschaft zur Förderung des Ingenieurstudiums, GFI)
- The Association of German Engineers (VDI)
- German Institute for Standardization (DIN)
- German Investor Relations Association (Deutscher Investor Relations Verband e.V., DIRK)

We cooperate in an open and constructive manner with various authorities, external circles and interest groups, and believe this is a vital element of our corporate policy. We regularly review our requirements in the area of social, ethical, remuneration-related and labour law topics and coordinate in this respect with the parties concerned. If critical events arise, we collaborate as closely as possible with the parties affected to ensure that such issues are resolved. The Company is also in ongoing contact with its partners.

Dialogue with our employees

Regular dialogue with our employees keeps them up to date with all major developments concerning the Company. We use print and online media such as our staff magazine 'Bertrandt-Insight', the Bertrandt Magazine and our intranet. The subsidiaries organise events on a regular basis to enable direct communication with the staff on site. Additionally, we conduct regular employee surveys to learn about our employees' satisfaction with their work situation and our company.

At the onset of the coronavirus pandemic, Bertrandt set up a Risk Assessment Committee. This committee evaluates ongoing developments and works closely with the Management Board to implement measures designed to get our employees and the Company safely through the crisis. In times of crisis, communication is vital. We have set up a dedicated intranet page where we share the most important information.

Potential employees are mainly approached through our homepage and social media. We attend recruiting events where we answer the questions of interested young people, and we use videos in addition to print publications such as Bertrandt Magazine, our HR brochure and various image brochures to provide information on the Company.

Dialogue with our customers

It is essential for an engineering specialist like Bertrandt to cater to the demands and requirements of its customers. We utilise our homepage, social media and especially our own events, which we organised in a digital format during the pandemic, to maintain contact with our customer base. Our communication tools also include newsletters and mailings. Additionally, we continuously evaluate our customers' satisfaction with our services.

To this end we also use our customer newsletter to conduct surveys. However, the feedback most important to us is from our employees, who are in direct contact with the customers.

We inform potential new customers about the range of our services through our homepage, social media or in newsletters, brochures and product sheets. By offering digital presentations and events, we can provide answers to their questions directly and personally.

Communication with investors

We attach great importance to transparent, comprehensive and timely capital markets communications. A key component of Bertrandt's corporate policy is the exchange with institutional and private investors, analysts, as well as the media. Engaging in these activities, we aim to position Bertrandt's shares as a long-term investment. Our company complies with the high transparency requirements of the Prime Standard of Frankfurt Stock Exchange.

Our investors can choose from a wide range of dialogue opportunities: in addition to our annual press and analyst conferences, we are present at capital market conferences, we organise roadshows across Europe and invite investors to visit our subsidiaries. We also facilitate conference calls at any time to discuss current issues. Video conferences were used especially during the coronavirus pandemic.

1.7 MAIN FIELDS OF ACTION AND GOALS

An engineering service provider like Bertrandt is expected to act sustainably. This expectation becomes apparent time and again, especially in dialogue with our most important stakeholders: our existing and potential employees, our customers and our investors. Hence, we have defined the following areas as fields of action material to our company: human resources, customers and natural resources. In these fields of actions we have set ourselves major goals:

Human resources

- Improving our attractiveness as an employer to gain new employees
- Strengthening employee satisfaction and retention
- Increasing the proportion of women
- Developing our employees' know-how and providing individual support so as to enable them to meet the high requirements of responsible corporate management

Customers

- Continuing to increase customer satisfaction
- Strict observance of our compliance policy and keeping the ratio of zero severe violations per year

Natural resources

- Resource efficient use of materials
- Energy and resource efficient operation of plants
- Observance of our purchasing and compliance policies

1.8 TAX STRATEGY

This document as approved by the Management Board of Bertrandt AG sets out the Company's approach of how to treat tax matters and, in particular, tax risks. Bertrandt AG and all entities belonging to the Bertrandt Group conduct their business in compliance with the laws of the jurisdictions in which these entities have their registered offices. Our tax strategy is designed to ensure that local activities are in compliance with local laws, rules and regulations. We do not pursue a tax avoidance strategy.

Long-term market success is only possible where a company is able to convince its customers in the long term through innovation, quality, dependability and fairness. In our view, an essential aspect of this is to comply with statutory provisions as well as with the Company's own policies and ethical principles (compliance). Such internal rules and policies at Bertrandt are founded on factors such as integrity in business dealings, protecting our leading-edge knowledge, adhering to anti-trust law and all foreign trade related regulations, proper accounting and financial communication as well as equal opportunities and the principle of sustainability.

Responsible conduct in tax matters

The Bertrandt Group is managed based on business KPIs; taxes to be paid in the corresponding tax jurisdiction are derived from the Group's tax accounting in accordance with local regulations. Bertrandt is aware that paying public levies and taxes is a matter of social responsibility and necessity. The relationships we maintain with our business partners, e.g. customers and local tax authorities, are open and respectful. Bertrandt focuses on filing tax returns in time and paying related taxes and levies when they are due. As the parent company of the Bertrandt Group, Bertrandt AG submits a Country-by-Country Report ('CbCR') as required under OECD rules to the Federal Central Tax Office (BZSt) for the entire Bertrandt Group. Bertrandt does not generally publish the CbCR because the transparency requirement is satisfied as the tax authorities receiving the report are able to judge its contents.

Functioning of the governance bodies of Bertrandt AG

The managements of the domestic and foreign subsidiaries in which Bertrandt AG holds 100% of the shares report directly and indirectly to the Management Board of Bertrandt AG. The Management Board comprehensively informs the Supervisory Board as the highest governance body in a timely manner and on a regular basis of all key matters concerning corporate strategy, planning, business performance, the financial position and earnings situation, the risk situation and risk management activities as well as compliance. It submits to the Supervisory Board the capital expenditure and financial planning of the Group as well as earnings projections for the upcoming fiscal year.

The Bertrandt Group's subsidiaries in Germany and in the other countries where locations are maintained may, apart from their own qualified staff, use external consultants who keep records of daily activities and prepare tax returns according to local requirements. The corporate tax department, adhering to the 4-eyes principle, prepares the tax returns for the domestic subsidiaries and ensures that local laws are complied with.

Opportunities of tax risk management

Dealing carefully with potential risks to the Company is accorded high priority in our day-to-day work. We have set up a risk management system that helps us to detect risks and to minimise risk positions. This system is constantly being developed and adapted to changing circumstances. The Audit Committee set up by the Supervisory Board deals in particular with matters involving accounting, risk management (including the internal control system), compliance as well as the selection and required independence of the auditor. At Bertrandt, the accounting and controlling functions maintain an internal control and risk management system that ensures complete, accurate and timely provision of information.

12,030

Bertrandt people fulfil our promise of performance to the customer, day in, day out.

2. Employees

2.1 OUR HR STRATEGY

Qualified and committed people are at the heart of our business success. It is to their expertise and commitment that Bertrandt AG owes its position as one of the leading technology partners.

Apart from the guiding principles of our corporate culture – team spirit, a flexible, dynamic and performance-orientated approach and an employee friendly work environment – it is the know-how and experience of our employees that is driving our business forward. We explicitly encourage constructive communication across all hierarchies in the interest of achieving our common aim: delivering the best possible solution to every customer.

The recruitment of dedicated and competent staff and their retention are key elements of our HR strategy. We have set up a multitude of programmes geared towards young and experienced professionals alike, which help us find the right number of employees. As at the reporting date of 30 September 2021, the Bertrandt Group employed 12.030 people worldwide.

AVERAGE NUMBER OF EMPLOYEES

Number	2020/2021	2019/2020	2018/2019
Technical employees	750	854	927
Office employees	10,787	10,790	11,278
Trainees/undergraduates	213	277	318
Interns/post-graduates	61	128	200
Temporary staff	184	250	346
Total	11,996	13,052	13,068

- > 1. Responsible corporate management
- > 2. Employees

It is important to integrate new recruits with the existing teams. Ultimately, this process has an influence on our corporate culture too. Our onboarding portal enables newcomers to make themselves familiar with Bertrandt before actually joining our company. This helps them to settle in more easily. To ensure that all our employees – the ,old' as well as the ,new' ones – perceive constant further development as a positive experience, we continuously develop measures that are oriented towards the wishes and needs of all of them.

We are convinced that a good working atmosphere can only be achieved if each individual contributes their know-how as well as their individual strengths, and if values such as openness, trust and respect are lived. Each of us in the Company is responsible for this, every day and from the very beginning. This philosophy bears fruit, as can be seen in the length of service of our employees, for example. The average length of employment has increased in recent years, especially in the engineering areas. In the current fiscal year it has again increased year on year. Fluctuation at Bertrandt is at the level customary in the industry.

2.2 RECRUITING NEW STAFF

In view of the increasing competition for skilled professionals, recruiting staff has a high priority for Bertrandt. We are tackling this task by a number of measures, such as presenting our company at job fairs, expanding our social media activities and collaborating with international universities. This enables us to approach young and experienced professionals alike and excite their interest in our company. The career section on our website and the 'Employees recruit colleagues' programme are additional elements of our recruitment strategy. It is very important to us that we not only attract the interest of potential candidates but that we encourage them to contribute their knowledge and personality to our company.

184

employees were participating in a training programme at Bertrandt or in a study programme in technical or commercial disciplines as at 30 September 2021.

Higher education support and cooperation

Many of our locations collaborate closely with local higher education institutions. We support teachers and students by providing opportunities to gain practical experience, from application training and attendance at colloquia right through to special seminars. We contribute to current curricula, for example by delivering presentations.

Internships

We offer students the opportunity to participate for several months in an internship in a technical or commercial area at Bertrandt. From calculation/simulation to infotainment, interior development, finances and human resources management – the areas of deployment are diverse. Students can apply their theoretical knowledge and benefit from the experience of our staff. We also offer technical internships for prospective students. All our interns can expect adequate pay. Moreover, we ensure they receive helpful counselling about their future professional orientation. Extensive information about all internships offered to university and school students is available on our website.

TRAINING AT BERTRANDT

The diagram below shows all the recognised trades offered by the Bertrandt Group.

■ Start of the apprenticeship in 2021

Bertrandt AG
 Bertrandt Ing.-Büro GmbH München
 Bertrandt Ing.-Büro GmbH Tappenbeck
 Bertrandt Ing.-Büro GmbH Ingolstadt
 Bertrandt Technologie GmbH Sassenburg
 Bertrandt Technologie GmbH Regensburg

	Bertrandt AG	Bertrandt Ing.-Büro GmbH München	Bertrandt Ing.-Büro GmbH Tappenbeck	Bertrandt Ing.-Büro GmbH Ingolstadt	Bertrandt Technologie GmbH Sassenburg	Bertrandt Technologie GmbH Regensburg
Commercial						
Industrial clerk		■	■			
Clerk for office management		■				
Human resources services consultant						
Technical						
Computer science expert, systems integration	■					
Computer science expert, digital networking					■	
Vehicle mechatronics technician		■	■	■		
Mechatronics technician			■	■		
Technical product designer			■			

Final thesis

Students nearing graduation are offered opportunities for practical experience aligned with the subject of their final thesis. A supervisor supports them in finding a subject; the supervisor is also their contact person while they are working on the thesis. The intern student is integrated with a Bertrandt team during this time and engaged in practical work in a commercial or technical area in our company. Possible subjects for a thesis are published on our website. Once a thesis has been successfully completed, the graduate student usually receives an offer to start a career at Bertrandt based on the thesis subject, as in most cases the latter is linked to a specific customer need.

Career section

The comprehensive career section on our website provides information for young and experienced professionals:

- Potential candidates can directly apply for job vacancies via the job search function.
- They can also enter their profile in our ‘Candidate Pool’ so that we can contact them when a suitable position is available. In addition, these candidates regularly receive information about our company and our corporate culture.
- The candidate profile can be created and managed via the applicant login.

‘Employees recruit colleagues’: this is our most successful recruitment tool. Our staff members can actively shape Bertrandt’s future by recruiting new colleagues. If a recruiting recommendation results in a new employment relationship, we will thank them with a bonus.

> 2. Employees

DUAL COURSE OF STUDIES AT BERTRANDT

The diagram below shows all the dual courses of studies by the Bertrandt Group.

■ Start of study course in 2021

	Bertrandt AG
Commercial	
Study at cooperative university, Business Administration Industry: Industrial service management	■
Study at cooperative university, Accounting & Controlling	■
Technical	
Study at cooperative university, Business Informatics	■

Around 90%

of our apprentices are offered permanent employment after they have successfully completed their apprenticeships.

Training

Training at Bertrandt means work-integrated learning combined with the continuous support of seasoned professionals, and attractive career prospects. This includes regular talks between trainees and trainers, and Group-wide apprentice days in order to promote the idea of networking. As at 30 September 2021, we were training 184 apprentices and university students in 14 technical, commercial and industrial professions. Thanks to our cooperation with higher education institutions, students can combine theory and practice right from the beginning.

We offer permanent employment to almost 90 percent of our apprentices after they have successfully completed their apprenticeship. Initially, they are assigned to various projects. Together with their more experienced colleagues they can thus find out which field of work they want to focus on.

2.3 EDUCATION AND TRAINING

The training and development of young talent has always been of key significance at Bertrandt, as has continuous further education in the sense of life-long learning. We support our qualified employees and executives by offering them a large number of internal and external training programmes and further education schemes. They also benefit from our close cooperation with higher education institutions. These activities start at the earliest stage possible. For example, school students are invited to learn about training opportunities at Bertrandt during special internships, which also enable them to gather some initial hands-on experience.

Employee development and advancement

Our employees and their knowledge play a critically important role in the success of our company. They provide the basis for the high quality demanded by our customers. Hence, our HR development focuses on qualification; learning needs vary greatly from person to person, so learning opportunities today need to be much more flexible and individualised. Consequently, we support our staff in their development according to their individual needs with measures in the fields of learning & qualification, development consulting, people diagnostics and coaching & team consulting. Actions offered include coaching, team building facilitation, 360 degree feedbacks, soft skill trainings, a modular 'Leadership Development Programme' and multi-level development counselling. We also provide consultancy for specialist and project-related training. The employees who use the training programmes are supported by a modern learning management system which facilitates the management of the knowledge resources offered. In the fiscal year 2020/2021 Bertrandt AG's total investment in further training was EUR 3.5 million (2019/2020: EUR 6.2 million).

Also, the intranet offers networking opportunities within the Group. Employees can post contributions on their personal intranet page at any time, follow other employees, open a forum for focal topics, or rate contributions from colleagues, thus underlining their reputation in specific areas of expertise. Moreover, the Bertrandt Community, an internal forum, facilitates communication between subsidiaries.

PERSONNEL EXPENSES

Euro million	2020/2021	2019/2020
Wages and salaries	535.358	572.340
Expenditure on social security	115.310	124.489
of which employer contribution to social security	108.142	67.086
of which expenditure on post-employment benefits	7.168	57.403
Total	650.668	696.829

Performance reviews

Our executives conduct one documented appraisal interview per year with each employee. Executives receive support on a regular basis in conducting these interviews. To standardise and structure the appraisal of our employees' strengths and potentials, we have developed a competence model which originates in the guiding principles in our mission statement. These principles refer to the categories customer, best performance, growth, values, team, free space, and respect. Twenty-eight competences are allocated to these seven categories. The appraisal interview is based on a questionnaire which takes the competence model into consideration and covers the following topics:

- Feedback to the employee regarding the competence model qualifications
- Feedback to the supervisor
- Retrospective and new target agreement

2.4 AN ATTRACTIVE EMPLOYER

Our employees' competence, motivation and performance have an impact on our business success. Paying them adequate and fair remuneration is a matter of course for us. Remuneration depends exclusively on an employee's qualifications and performance, not on their gender.

Our employment contract model includes twelve monthly salaries. In addition, employees are entitled to holiday and Christmas bonuses. Part-time employees receive these benefits on a pro-rata basis. In addition, our employees receive performance-related bonus payments based on individual target agreements and Group results.

The contractual working week is 40 hours, with 30 days annual leave. We expressly recognise and respect our workers' constitutionally guaranteed fundamental right to freedom of association and collective bargaining.

Bertrandt's reputation as a competitive employer was confirmed once again in the period under review by an independent source: in the 2020/2021 fiscal year Bertrandt was ranked as a company offering 'Germany's best jobs with a future'. In addition, the Group was named one of 'Germany's best MINT employers' in a study by Heise.

Management Board remuneration

The remuneration system for the Management Board is oriented towards the sustainable growth of the Company within the meaning of Section 87 (1) sentence 2 German Stock Corporation Act (AktG). The variable component consists of a performance-related bonus paid to the members of the Management Board, which is linked to the Group's EBIT as determined in the financial statements in conformity with IFRS. The basis for the assessment of the bonus is the EBIT generated in two consecutive financial years. The smaller portion of the variable component is determined based on the fiscal year under review while the major share is determined at a later point in time depending on the performance of the business in the following fiscal year (bonus/malus system). The total bonus paid for one fiscal year is capped so that it can only be six times the fixed basic annual salary in the fiscal year concerned. Remuneration for Management Board members paid in one fiscal year is capped at an amount of eight times their fixed basic annual salary in the fiscal year concerned. The remuneration structure implemented by the Supervisory Board does not generally provide for pension commitments to members of the Management Board. Such commitments, which date back to the time before the Company adopted the legal form of a stock corporation, only exist for two former members of the Management Board.

Additional benefits

In addition to the basic salary, we offer our employees attractive additional benefits. These include:

- Employee loans, contingent on length of service;
- Use of a voucher card for special occasions such as marriage, birth, anniversary and birthday. As a special highlight in 2021, we granted our employees a top-up to the voucher card every second month, which corresponded to around EUR 2.4 million in total. The credit on the card can be used throughout Germany at participating partners, either on site or online.
- Employee discounts, for example for mobile telephony, travel and fitness courses.

Employee benefits

Modern employee benefits ensure that our employees can look forward to a secure future. Benefits include employer-funded company pension schemes, a salary conversion scheme with tax and social security benefits and advantageous group contract terms. The employee's monthly contribution is paid gross for net into the pension plan. Bertrandt pays the employer contribution from the beginning of employment with the Company.

In the context of provision for the future, Bertrandt AG has also negotiated particularly good terms for disability insurance. As a result, our employees enjoy simplified acceptance procedures and better terms under a group contract. The premium is exempt from tax and social security, and Bertrandt pays an employer subsidy. The range of insurance cover we offer is completed by accident and health insurance schemes which provide financial protection in the event of job-related injuries worldwide.

An additional employee benefit offered by Bertrandt in the framework of salary conversion is the 'JobBike', for which the Company covers the cost of fully comprehensive insurance. This means that Bertrandt's employees in Germany may order their preferred bike from one of more than 5,500 dealers. This not only promotes our staff's health, it also contributes to improving our ecological footprint.

2.5 EMPLOYEE RETENTION

It is important for us to make our employees feel comfortable at their workplace. Apart from good work conditions, fair remuneration and a broad range of educational opportunities for their professional and personal development and career, we offer special employee retention programmes. These help us to assess and increase employees' satisfaction and their identification with the organisation.

Feedback from our colleagues

We conduct regular employee surveys and separate executive surveys to obtain feedback from our workforce. Depending on current issues, the focus of the survey varies; often it relates to employee satisfaction and organisational identification. The topics covered can refer to collaboration, communication, employees' advancement or our company's future. Surveys may also look into specific issues such as dealing with remote working or progress with internal change processes. We take the results very seriously, and to ensure that they are used on a long-term basis and that we can jointly decide which measures need to be taken, we embed the surveys in processes.

As well as surveys, we also offer our workforce numerous additional opportunities for sharing feedback, such as 360 degree feedbacks and tools for leadership reflection.

Mentorship

Experienced team members act as mentors and contact persons for new recruits, helping the newcomers to settle in. Especially in the first few months, the mentors take the time to provide assistance and answer all organisational questions. Specialised topics are discussed in the team. At the end of the mentorship period, i.e. normally after six months, the parties involved take stock and consider any changes that may be desired.

Staff magazine

The staff magazine discusses current topics relevant to the Group or the subsidiaries. Teams and competence centres present their ongoing projects in the magazine. There are also special employee sections, for example interviews, surveys or anniversaries. At the majority request of the workforce, the staff magazine was changed from a print version to a web-based publication in order to reduce paper consumption.

Events

With our numerous staff events we want to thank our employees for their commitment and give them the opportunity to meet each other in a relaxed atmosphere beyond the daily work routine. Whether company outings, summer parties, team or department events, after-work parties or our annual Christmas party: we regularly find occasions on which to relax together and recharge our batteries for our work together. We also promote team cohesion with sporting activities. For instance, we organise various running clubs, company runs and the annual football match for the 'Bertrandt Challenge Cup'. There are also many sports groups within our company which keep our colleagues fit and active. Due to the pandemic, many events had to be called off in the past fiscal year. However, we also tried to organise virtual sports events: we registered for the virtual company run, for example, where each employee could do a run in the name of our company.

Since the summer of 2021, team events have taken place again at our different locations. This enables us to show our gratitude to our employees for working from home, which was challenging at times. On the other hand, these team events are also an opportunity to welcome our employees back to the workplace. As our experience of remote working has been positive at Bertrandt, we are now striving to offer a combination of physical presence and remote working in the future wherever the respective activity allows this.

2.6 DIVERSITY AT THE WORKPLACE

We are an internationally operating company where people from many different cultures meet every day. This diversity creates a lively collaborative environment and ensures that we are continuously broadening our horizons. We promote equal opportunities and do not tolerate any form of discrimination. These principles are firmly anchored in our corporate policy. We treat all employees equally, regardless of gender, race, age, skin colour, religion, marital status, sexual orientation, origin, physical or mental impairment. Everybody respects the personal dignity, privacy and personal rights of other people. All colleagues treat each other with honesty and openness, and are guided by respect and responsibility.

Women

Women are less represented in our industry. This is particularly due to the fact that girls and young women still seem to be less interested in technical domains, such as electronics, engineering sciences or IT. Presently, only around 20% of the students attending a technical degree programme at a university are female.

In the Bertrandt Group, female proportion was around 22% in the year under review (previous year: 21%). We strive to raise women's interest in our industry to increase this proportion. For instance, we organise information days specifically for women, which aim to demonstrate the diversity of technical and scientific professions in practice.

We use non-biased job descriptions in our job advertisements. We are also attempting to increase the female proportion in our Management and Supervisory Boards. Of the 591 leadership positions worldwide 55 were held by women as at 30 September 2020; this corresponds to a female proportion of 9.3% [(2020: 9.7%, 2019: 9.4%, 2018: 59 (9.6%)].

Work-life balance

We support our employees with various programmes so that they can combine work, family and leisure time. In addition to a flexitime scheme, we also offer part-time jobs and remote working to promote a family friendly working environment. This includes different schemes for parental leave and partial retirement, in accordance with statutory rules. Our employees have the opportunity, moreover, to take sabbatical leave as agreed individually.

2.7 OCCUPATIONAL HEALTH AND SAFETY

We assign high priority to maintaining the health of our employees and ensuring their safety at work. We do everything we can to ensure that our employees are well and motivated – and stay that way. In addition to numerous insurance policies that help in the event of accident, illness or occupational disability, our company doctors offer preventive medical check-ups to all employees as part of their job. We have our own health management, 'Health 4Bertrandt', which comprises prevention and health promotion. These initiatives are especially geared to older staff members with the aim of helping them continue working in our company.

HEALTH4BERTRANDT

**Health4Bertrandt**

Occupational health management consists of the building blocks of prevention for senior executives, general and individual prevention measures, workplace health promotion and consultations with employees on long-term sick leave, all of which contribute to health. We also provide digital knowledge modules on our intranet where our employees can find comprehensive information on health issues. Finally, we offer health management events, which are very well received. These include health days, flu vaccinations, nutrition tips, workshops on stress management, dealing with mental stress and relaxation, nutrition weeks, anti-stress workshops, company runs, Health4Bertrandt at the workplace, golf taster sessions, and many more.

Occupational safety

All employees are responsible for their own safety and health at work, and for the safety and health of work colleagues. On their first day of work, all new employees are given a workplace safety induction, comprising our general safety rules, rules on VDU workplace safety and ergonomics, and the fire protection and first aid chain.

All employees also receive workplace safety training once a year and, in hazardous areas, additional safety training related to their specific activity. The sites are supervised by safety specialists and safety officers in line with statutory provisions. This is to ensure that all the measures for the prevention of occupational accidents and diseases are complied with. All the relevant safety provisions are reviewed by means of regularly scheduled audits and inspections.

At test rigs, plant supervisors ensure that the pertinent safety requirements are met. Where necessary, employees are equipped with special protective clothing, for example safety shoes, work trousers and jackets, protective goggles or hearing protection. The Company's executives are responsible for the employees' occupational safety and provide instruction as part of safety training courses.

Occupational safety is an important point in our Corporate Social Responsibility (CSR) declaration. In the declaration, we commit ourselves, for instance, to the implementation and continuous monitoring of all requirements for safe workplaces throughout the Company, so as to ensure the highest possible level of occupational safety, and to safeguard our goal of a low occupational accident rate. We achieve this through our comprehensive occupational health and safety organisation, and our integrated occupational safety management system. We also conduct hazard assessments to identify possible residual hazards. To minimise these, we determine safeguards which are then implemented and monitored for efficiency. Employees are informed by our executives of any safety training taking place.

- > 2. Employees
- > 3. Environment

3. Environment

3.1 ENVIRONMENTAL PERFORMANCE IN CUSTOMER PROJECTS

When working on a customer project we always look the complete life cycle of products and services, from project planning via production and delivery through to disposal. Furthermore, the controlled use of raw materials, operating materials and supplies is of particular importance in the implementation of the concepts that we develop. Our customers face multifaceted challenges in their efforts to meet environmental requirements, in particular. The ambitious climate targets of many governments, for example, necessitate the development of even more fuel-efficient vehicles with even lower emissions. In response to requirements such as these, we are constantly extending our range of services, designing new powertrain technologies for e-mobility and developing lightweight structures in order to reduce vehicle weight, fuel consumption and CO₂ emissions.

In our engineering work for automotive customers we develop reuse and recovery concepts to support sustainable end-of-life strategies. For example, OEMs are required by law to prove that at least 95% of an end-of-life vehicle can be reused and recovered. This target is equally integral to the development process as the requirement for vehicle parts to be remanufactured as easily as possible. We also advise our customers on how best to organise the return of parts for remanufacturing or of vehicles for reuse and recovery, as well as on the dismantling and disposal of prototypes in an environmentally friendly manner. The latter are frequently manufactured from materials that Bertrandt receives directly from the customer. For security reasons these must be completely destroyed at the end of each project.

95

% of a vehicle must be recoverable.

3.2 ENVIRONMENTAL PROTECTION WITHIN THE ORGANISATION

At Bertrandt, we are mindful of the need to make sustainable use of natural resources such as energy, water, soil and air. We are actively committed to environmental protection and climate change mitigation, and we are always aware of the environmental impacts of our business activities. Environmental protection is included in our Corporate Social Responsibility declaration. We conduct audits of our company processes every year to verify our compliance with environmental legislation as currently applicable and take action as required. We ensure that we always act in accordance with the law. We also expect our suppliers to protect the environment and comply with environmental legislation, regulations and standards as applicable at any time.

Everywhere at Bertrandt – at the administrative level, in our technology labs or at test rigs – we measure our power, energy and water consumption in order to analyse and improve the environmental impacts of our business activities on an ongoing basis. Compared with the previous year, water consumption in fiscal year 2020/2021 declined by 11.8% to 45.257 m³.

The wastewater from our operations is household-type waste water from toilets, kitchenettes and technical facilities, which is pre-treated by means of grease and light-liquid separators. The wastewater is discharged to the public sewage system via defined outlets. The wastewater quality meets the minimum standards according to the wastewater regulations of the municipalities we operate in. These values are determined by means of statistics. In our endeavour to save resources, we have installed water fountains extensively at all our sites and, as a result, bottled water is now rarely used by our staff. Water taps in the sanitary rooms as well as toilet flushes are in most cases sensor-controlled and switch off automatically after a short period of time. Our toilet flushes possess a dual flush system.

WATER AND EFFLUENTS

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Water consumption (m ³) as a function of m ²	0.3	0.3	0.2	0.2	0.2	0.2

Water consumption was reduced by 11.8% compared with the previous year. The reduction continues to be a consequence of an increased implementation of the 'new world of work' of the future as well as of the pandemic.

ENERGY

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
CO ₂ emissions – total in kg CO ₂ (power, oil, gas)	31,610,115	27,987,440	26,435,931	28,178,992	23,497,152	26,673,093
Total ground area in m ²	222,855	230,172	251,039	249,281	311,535	275,059
CO ₂ emissions in kg – total per m ²	142	122	105	113	75	97

Across the Group, our total ground area decreases. Replacing fossil fuels with district heating, we were able to considerably reduce our consumption of primary energy, whereby the pandemic-related low level of the previous year was exceeded.

PAPER CONSUMPTION

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Paper consumption (kg)	59,032	65,852	41,693	36,892	21,160	12,496
Paper consumption (kg) as a function of m ²	0.26	0.29	0.16	0.15	0.07	0.05

The reduction in paper consumption by 40.9% is very conclusive: it is clearly attributable to the success of the implementation of paperless work processes and the 'world of work of the future'.

Bertrandt maintains an environmental aspects matrix, including an assessment of opportunities and risks, based on which we evaluate process water impacts. Completing our e-learning programme on the sustainable use of water is mandatory for each employee.

Over the last few years, the ground area we use for our operations and buildings has been expanding. Before buying or using the land, we always examine such properties for their geology as well as for possible previous pollution, to ensure the greatest possible sustainability. When planning the energy supply for new buildings, we always opt for cogeneration in order to use energy more efficiently and sparingly. It is always our goal to clearly undercut, wherever possible, the savings target set by the German energy savings decree (EnEV). This effort

was successful for our new buildings at the Tappenbeck and Freising sites. Both dynamometer test centres are operated by means of advanced heating and refrigeration plants with waste heat recovery and using outside air for free cooling as well as the latest control system. The test hall recently inaugurated in Tappenbeck uses energy generated by another combined heat and power plant. Further measures through which Bertrandt has been able to reduce its ecological footprint over the last few years are, for example, the use of wells for cooling at our branch in Ingolstadt.

WASTE

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Waste (kg) as a function of m ²	10.2	9.6	8.0	7.7	8.2	20

Our waste volume rose by +133%, due to the increase in the disposal volumes of recyclable materials from car scrap and the construction waste resulting from the dismantling of buildings.

The ecological footprint of CO₂ emissions from the Company's energy consumption (energies: power, oil, gas, district heating) rose by 13.5% in the 2020/2021 fiscal year.

In addition, we encourage our employees to make sparing use of consumables such as paper and other office supplies. We only use recycled paper or FSC-labelled paper. Also, when we have publications printed, such as the annual report, we ask the printing shop to use certified environmentally friendly paper.

In order to increase energy efficiency, all our lighting fixtures are equipped with energy-saving lamps. All our IT hardware at our offices goes to power-saving mode after a short time. Moreover, we replace all our PCs, laptops, monitors and printers after three years at the latest with more energy-efficient equipment. This, however, is not the end of the lifecycle of these products. All IT and mobile devices that have become obsolete at Bertrandt go to AfB social&green IT, where they are reconditioned and sold on. Thanks to this cooperation, we help the environment and save resources while creating jobs for people with disabilities.

Our building services include programmes for energy optimisation focusing on air conditioning, heat pump systems, compressed air generation and IT.

3.3 WASTE

One aspect of being mindful of the environment is producing as little waste as possible. We encourage our employees to avoid waste wherever possible and, where they produce waste, to separate and sort it for recycling. Batteries and toner cartridges are collected and disposed of separately. Component parts and operating fluids from test rigs, such as, for example, lubricant and cooling fluids, are recycled in line with statutory requirements.

We have defined a detailed process chain describing how to handle different types of waste. The process first requires the separation of all hazardous waste. Any hazardous waste is then disposed of appropriately and professionally as specified in our waste disposal manual and applicable branch-specific rules and regulations. Written records are kept and archived on the disposal of hazardous waste. At the end of the fiscal year, we prepare a waste balance sheet, which is based on the relevant environmental KPIs. In the 2020/2021 fiscal year, the ratio of waste to ground area grew by 133%, owing to construction work such as conversions and additions of new office space and the resulting construction waste, as well as to an increase in disposal volumes for car scrap. Total waste amounted to 5,770 tonnes of which 5,609 tonnes were non-hazardous waste and 161 tonnes were categorised as hazardous. Despite this, we continue to insist on the strict and responsible handling of waste. One example of this is the pragmatic approach of using less packaging material, and deposit systems.

VEHICLES

Number of fleet vehicles in fiscal year 2020/2021						Approx 769 vehicles
Ø-CO ₂ emissions (g/km) fiscal 2020/2021 of all vehicles ICE powered						
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Mileage (km)	21,049,776	20,336,187	19,870,362	22,916,961	15,637,031	12,370,221
Ø mileage per vehicle (km)	26,116 (806 vehicles)	24,740 (822 vehicles)	23,543 (844 vehicles)	25,323 (905 vehicles)	19,000 (823 vehicles)	16,089 (769 vehicles)
Ø CO ₂ emissions (g/km) per Ø mileage of all vehicles	3,368,900 kg CO ₂ /vehicle	3,191,460 kg CO ₂ /vehicle	3,265,410 kg CO ₂ /vehicle	3,443,920 kg CO ₂ /vehicle	3,675,309 kg CO ₂ /vehicle	2,851,431 kg CO ₂ /vehicle

Der Ø In fiscal year 2020/21, Ø fuel consumption per vehicle is 230g CO₂ per kilometre. As we collect better data regarding the actual type of fuel used (Diesel, petrol) we can make more accurate statements on the Ø CO₂ emissions per Ø mileage of all vehicles.

This allows us to better define future objectives designed to help us reduce CO₂ emissions. For example, we intend to make a shift towards e-mobility and other alternative modes of transport.

3.4 CLIMATE PROTECTION

As an engineering company active in the automotive industry, Bertrandt is constantly working on technologies to reduce vehicle fuel consumption and CO₂ emissions even further. At Bertrandt we strive to set a good example by using particularly fuel-efficient company cars and by updating our fleet every three years.

We examined the emissions of our own fleet of around 769 vehicles and determined an average value of 230g/km/CO₂ per vehicle. Moreover, at many of our sites we operate e-powered vehicles, which produce zero emissions locally. As a function of the average mileage of all vehicles, CO₂ emissions increased slightly in comparison with fiscal year 2020/2021. As we collect better data regarding the actual type of fuel used (Diesel, petrol) we will be able to make more accurate statements on the Ø CO₂ emissions per Ø mileage of all vehicles.

This will allow us to define better targets in the future to help us reduce CO₂ emissions. In order to bring down this value, we educate our employees on e-mobility and on other available modes of transport; in addition, we strongly encourage the use of videoconferencing.

In fiscal year 2020/2021 the mileage of our fleet vehicles decreased by 20.9% compared with the previous year. The SARS-Cov2 pandemic forced us to reduce our contacts with customers outside our sites in order to protect the health and safety of our employees. Instead, we used more digital means of communication, such as Skype for Business or Microsoft Teams, thanks to which CO₂ emissions (g/km) can be improved considerably.

- > 3. Environment
- > 4. Business partner

4. Business partner

4.1 OUR CUSTOMERS

At Bertrandt, we regard our customers and suppliers as partners that we value and trust. We feel a special responsibility towards our customers because their satisfaction is paramount for us. In order to fulfil their needs, we strive to ensure – together with our people and suppliers – the consistently high quality standard of our products, services and processes. This is confirmed by customer-specific audits, among others.

As a technology partner Bertrandt maintains close relations with customers. We have supported manufacturers and suppliers in the international automotive and aerospace industry, machinery and plant engineering, power engineering, medical technology and energy sectors in the development of their products for over 45 years. Our activities are driven equally by the needs of the present and those of the future. It is our aim to be a competent partner with a can-do attitude for our customers, supporting them with our know-how, our expertise, as well as with a high degree of flexibility in the processes of engineering.

For us, trust is a mainstay of continued fruitful customer relationships. Our customer relationships are shaped by a high level of dependability and strict confidentiality. Our solid financial standing and the transparency of our reporting are additional important prerequisites for partnerships based on trust.

Focus on automotive

We generate some 90% of our revenues with customers in the automotive industry. Together we work on the development of the 'automobile of the future', focusing in particular on environmental sustainability, safety, comfort and connectivity. The capabilities of our engineers and technical specialists comprise conceptual design and development for the series production of components, modules and vehicle derivatives in all vehicle-related disciplines. We also provide services for production, such as plant engineering or in-series support. We take on the entire project management, coordinate suppliers and make sure quality requirements are met.

Whereas 10 years ago our focus was on the design of individual parts and modules, we are today proactively helping our clients in the development of complete model variants or model series. As a result, the boundaries between different disciplines are becoming increasingly fluid and permeable. For example, the integration of a battery into an electric vehicle always involves several disciplines. Our engineers from the powertrain team work on the dimensioning of the battery and its configuration in the actual vehicle. The electronics specialists contribute their expertise in energy management. Then our testing experts put the system through its paces in different testing cycles, for example to test the discharge behaviour or energy consumption. During the entire production process, we review system suppliers for their ability to manufacture the required components to the best quality and at optimum cost. All this requires seamless interface management between our company, the customer and the system suppliers, but also between the different disciplines in our engineering team.

All services for all customers.

Bertrandt invests in the expansion of its range of services in a targeted manner and with a strong customer focus. Our strategy to make all services available to all customers also applies to the services provided by our validation and testing facilities. With the high-voltage battery test centre inaugurated in Ehningen in 2019, Bertrandt has expanded its range to include validation tasks for e-mobility. We are able to offer functional validation of high-voltage batteries under various climate and load conditions, covering the whole range from modules through to hybrid batteries and batteries for all-electric vehicles. The scope of services also includes a special high-voltage workshop for the assembly of battery prototypes. The investment in high-voltage battery testing capabilities represents an optimal fit with the existing activities of the Group in the field of e-mobility.

Our sites in Munich and Mönshheim work on charging infrastructures. At the Mönshheim site and the Tappenbeck site, our experts focus on the electric machine. In Flechtdorf near Tappenbeck, our team is able to cover all workshop tasks at one site. We are even able to control access to our labs there in such a way that it is possible to cater to several different customers professionally and confidentially at the same time. We have also added a site in Koblenz where our engineers work on driver assistance and braking systems. The range

of services here covers electronics, validation, process management, the vehicle structure and driving tests. At our site in Silicon Valley, the focus is on validating technologies in conjunction with autonomous driving.

Customer Satisfaction

In our quality management we are guided by our customers' needs, and in particular customer satisfaction. In the spirit of our corporate strategy 'all services for all customers' our customer focus is closely aligned with the value chain. In order to determine the degree to which we live up to this promise, we continuously evaluate our customers' satisfaction. These evaluations are based on various KPIs, which allow us to assess the satisfaction levels we achieve with our customers in the run-up to, during and after the completion of a project. The customer satisfaction KPIs are measured and assessed regularly under the processes of our integrated management system, which is certified, among others, to DIN EN ISO 9001.

At a strategic level, we also monitor our market share as an additional key indicator of customer satisfaction. For example, we determine on a regular basis the number of vehicle models that are launched to the market and the proportion in which Bertrandt was involved. However, our most important gauge has always been our people and the immediate feedback they receive from the customers they work with on a daily basis.

Corporate Security and Data Privacy

We attach highest priority to non-disclosure and the confidential treatment of customers' data. Our internal Compliance and Security Circle was established to define and enforce corporate security and IT security as well as data privacy requirements. We comply as a matter of course with all statutory rules and regulations. Security and data privacy are the responsibility of every individual – whether inside our company or externally. This is why not only our employees, but also our customers and business partners are part and parcel of our security and privacy concept. We disclose the purpose and consequences of data processing and storage and demonstrate how important it is to treat collected data with the highest levels of care. In this way, we ensure that our employees process all data according to a defined purpose and adhere to our security policies. We protect ourselves against threats and risks by investing in effective technologies which are implemented in accordance with technical and organisational standards. Under our corporate security policies, most of our sites have been audited to the VDA's TISAX standard, which is based on ISO 27001. Our employees receive dedicated training on security matters upon joining Bertrandt, and after that once a year. All Bertrandt employees must sign an NDA. The NDA also lays down the sanctions to be expected in the case of a severe breach of our rules. Detailed documentation, such as on the confidentiality of documents, the handling and categorisation of information as well as on the use of mobile communication devices and assets, is available to our staff on the intranet. In order to prevent vulnerabilities, we have developed our IT security processes in particular in the last few years, which we also coordinate with our customers. The development of our security processes has been intensified especially due to the coronavirus pandemic as we needed to ensure business continuity through enabling remote work for our workforce. Thanks to well-prepared processes, we managed quickly to provide the required IT infrastructure to enable the highest possible degree of remote work with the highest possible security for all those employees for whom working away from the office was feasible.

- > 4. Business partner
- > 5. Society

In the period under review, there were no breaches arising from the wilful violation of a statutory or contractual provision or that would have triggered a sanction involving a customer or supplier.

Information and Communication

Bertrandt publishes the 'Bertrandt Magazine' where we present practical examples from our entire range of services for customers. We cover completed projects that customers have released for publication, provide background insights and reveal behind-the-scenes infos to our readers.

4.2 OUR SUPPLIERS AND SERVICE PROVIDERS

It is a matter of course for Bertrandt to respect and act in accordance with the law. We expect our suppliers to do the same and consequently involve them in all matters relating to quality and environmental management, occupational safety and health, information security and the sustainable use of resources. Bertrandt's mission statement and the Code of Conduct for our suppliers set out our sustainability, compliance and social responsibility goals that must be met by our suppliers and that form an integral part of our supplier contracts. Our supplier agreements allow us to verify adherence to relevant standards and their implementation by means of supplier audits, as appropriate. All our service providers are bound by our Code of Conduct, which forms part of their contracts. No distinctions are made in this respect between external professionals who we hire for specific projects or service providers such as cleaning companies, which help us with their services to do our business effectively.

5. Society

5.1 EDUCATION

Bertrandt AG maintains more than 50 sites worldwide. With this global footprint we are able to meet the needs of our customers directly and flexibly at any time. In addition, our decentralised structure allows us to hire young talent at locations with higher education institutions offering different programmes and major areas of study. Thanks to a robust IT infrastructure and project coordination it is no problem to collaborate remotely and across teams. Our worldwide activities also give rise to social responsibilities vis-a-vis our partners. Among these are all external individuals, groups or institutions which are affected in one or the other way by Bertrandt's local presence and/or activities. We take our local responsibility very seriously. We therefore strive to work closely with all our local partners and to be transparent with regard to any social matters. This is part and parcel of our corporate policy. We review all matters related to social responsibility with all stakeholders on a regular basis. In the awareness of our corporate social responsibility we also get involved in social projects.

One focus of our CSR activities is the field of education. We participate in job and vocational training fairs, support school events such as job application training or project days, and we support specialised programmes at universities.

5.2 MOBILITY AND SAFETY

Reduction in consumption and emissions in the field of individual mobility have become the buzzwords of our time. With its 'Green Deal' initiative, which mandates a substantial reduction in CO₂ emissions, the European Union once again set stricter framework conditions in fiscal year 2020/2021. The mobility sectors have consequently decided to step up their investment in alternative drive technologies. For instance, a number of passenger car manufacturers announced that they will phase out combustion engine production between 2030 and 2035. In the aerospace industry, research and development work is strongly focusing on hydrogen-powered aircraft. We support this innovative work of our customers.

Vision Zero

is a campaign that aims to eliminate all traffic fatalities by 2050

With our technical developments we aim to contribute together with our customers towards preventing accidents in road traffic as far as this is possible. Vehicle technology, including active and passive safety, is a core capability of our company.

Our customers task us with the development of driver assistance systems, thereby supporting the safe mobility campaign 'Vision Zero', which has already been mainstreamed into political programmes in several European countries, especially Sweden. Statistics prove that the traffic safety approach of 'Vision Zero' can reduce the number of traffic fatalities considerably. It is the aim of the campaign to eliminate all road deaths by 2050. In Germany, the German mobility club VCD drew up a related master plan in 2004, based on which they run lobby work, campaigns, activities and distribute information.

5.3 CHARITY PROJECTS

We regularly support people who need special attention and care. Our 2019 Christmas donation went to the German Children's Fund. The Fund supports many different projects with the aim of overcoming child poverty, encouraging children's play and physical workout, as well as creating equal opportunities in and access to education for disadvantaged children.

5.4 LOCAL INVOLVEMENT

In normal years, our branches support additional social projects, where our employees provide help locally. In fiscal 2019/2020, for example, our Mönshheim site organised a blood donation day where our employees supported the Red Cross, an organisation which relies on voluntary blood donation. Some 50 employees participated in the campaign.

Since 2020, Bertrandt employees have been active members of the local fire brigade of the town of Tappenbeck. As this branch has been growing continuously over the past years, there are employees who are volunteer firemen in their home towns and have also joined the Tappenbeck local fire brigade, so that they are members of both now. Bertrandt funded the necessary protective equipment for these employees as well as the installation of a changing room by donating some EUR 30,000.

During the coronavirus pandemic, Bertrandt has made use of its know-how to better protect our employees. In the spring of 2020, face masks were sewn for employees throughout Europe, which could be worn both at work and outside or at home. Professional seamstresses were manually producing around 300 face masks per day. To guarantee the optimum quality of the masks, different tests of the fabrics to be used were performed ahead of the sewing campaign.

We also support sheltered workshops for people with disabilities. For example, all our branches that have a sheltered workshop in their vicinity have their internal training material printed there.

300

face masks a day were sewn in the spring of 2020 at Bertrandt to protect our employees.

- > 5. Society
- > Non-financial report – non-financial performance indicators at Bertrandt

Non-financial report – non-financial performance indicators at Bertrandt*

* This part of the report is the condensed separate non-financial report (hereinafter referred to as non-financial report). All of the mandatory elements of the non-financial report are marked with a blue line next to the respective text. As one of Europe's leading engineering

As one of Europe's leading engineering partners, Bertrandt has been devising specific and tailored solutions for customers at 50 locations in Europe, Asia and the United States for over 45 years now. Our services for the automotive and aerospace industries include all process steps in the project phases of conceptual design, CAD, development, design modelling, tool production, vehicle construction and production planning right through to production launch and production support. In addition, individual development steps are validated by simulation, prototype building and testing. This means that we implement collaborative projects of different sizes at our technology centres. The technology centres provide dedicated design studios, electronics labs as well as testing facilities. Spurred by shorter lead times and new technologies, the complexity of individual mobility solutions in the automotive and aerospace sectors is constantly increasing. Trends towards environmentally friendly individual mobility, automated and connected driving, an increasing variety of models and variants, or Industry 4.0, for example, require detailed technical know-how and integrated thinking throughout product development. We consider ourselves an active contributor to the development of the mobility of the future and are therefore constantly adapting our range of services to customer needs and changing market conditions. By linking up disciplines and further developing our know-how we secure our position as one of the leading European partners on the market for engineering services. The engineering expertise Bertrandt has built up over many years of activity in the mobility industries provides a firm

foundation upon which the Company can realise and take forward customised development solutions in new sectors. Our customer base comprises nearly all European manufacturers as well as major system suppliers. We also provide technological services outside the mobility industry in such forward-looking sectors as energy, medical technology, electrical engineering as well as machinery and plant engineering throughout Germany.

Thanks to our consistency, reliability and sustainable management, in particular, customer relationships are thriving. Non-financial performance indicators, which are key factors for our success, therefore play an important role in the management of our business model. To evaluate and appraise these indicators on a regular basis, Bertrandt has identified 5 particularly important assessment areas, and has installed a comprehensive management system. The non-financial performance indicators of Bertrandt's subsidiaries are aggregated for purposes of the assessment within the internal management system of the Group.

Non-financial performance indicators are assessed along a 100 point scale with the values associated with the following findings:

- < 50 The analysed non-financial performance indicator deviates from the target process. The cause for the deviation must be determined and sustainable corrective action must be initiated. Effectiveness must be ensured.
- 50 – 75 The analysed non-financial performance indicator is stable and controlled. However, changes and potential deviations have to be expected. Preventive action must be initiated. Effectiveness must be ensured.
- > 75 The analysed non-financial performance indicator is stable and controlled, sustainability and effectiveness are ensured. Activities are focused on maintaining the process as is or on increasing efficiency and performance.

Bertrandt's key non-financial performance indicators	Components	Categorisation by aspects according to the consolidated non-financial statement (German Commercial Code)	Target value
Performance of the management system	<ul style="list-style-type: none"> – Target process of the management system and target achievement – Results of external and internal audits and reviews – Controlling of resources – Responding to a changing corporate environment 	<ul style="list-style-type: none"> – Environmental issues – Social issues 	> 75
Provision of services	<ul style="list-style-type: none"> – Feedback from customers – Complaint management – Supplier relationships – Project management 	<ul style="list-style-type: none"> – Respect for human rights – Combating corruption and bribery 	> 75
Continuous improvement	<ul style="list-style-type: none"> – Status of actions for sustainable correction of defects, for the prevention of potential future defects and for the response to predictable changes, for efficiency increase and innovation management 	<ul style="list-style-type: none"> – Environmental issues – Social issues 	> 75
Risk management	<ul style="list-style-type: none"> – Status of and dealing with process, security and environmental risks, particularly their prevention and avoidance – Corporate security as well as occupational health and safety 	<ul style="list-style-type: none"> – Environmental issues – Employee-related issues 	> 75
Personnel and human resources	<ul style="list-style-type: none"> – Evaluation of employee satisfaction – Fluctuation – Occupational health management 	<ul style="list-style-type: none"> – Employee-related issues 	> 75

The underlying management system is reviewed on an annual basis by external accredited bodies. Reviews are based on the requirements of the following standards:

Standard	
DIN EN ISO 9001	Quality management
DIN EN ISO 14001	Environmental management
DIN ISO/IEC 27001	Information security in conjunction with the TISAX industry standard / prototype protection as specified by the German Association of the Automotive Industry (VDA)
DIN EN ISO 45001	Occupational health and safety management in conjunction with the 'AMS' safety and health system as specified by the administrative employers' liability insurance (VBG)
DIN EN ISO/IEC 17025	For accredited test laboratories
EN 9100	Quality management requirements relating to design, development and software development services for the aviation industry
DIN EN ISO 13485	Quality management requirements relating to design and verification services for the manufacture of electromechanical medical devices and the development of medical device software
Energy audit pursuant to EDL-G	(German Act on Energy Services and Energy Efficiency Measures)

Bertrandt has installed a risk management system to identify risks resulting from a deviation from the target values described above as early as possible, as well as to minimise or completely avoid them. This is aimed at averting possible harm to the Company and any potential threat to it as a going concern. Bertrandt Group's four-tier internal control and risk management system identifies and documents risks to the Company's financial performance and continuing existence.

The risk management system is applicable to all Bertrandt Group entities, both domestic and foreign. The Management Board, the managing directors of the respective subsidiaries and corporate functions such as Group Controlling work closely together in identifying risks and devising corrective action plans. Both regular and ad-hoc risk reviews are carried out to assess all the identified risks that could affect our business performance with regard to amount of loss, probability of occurrence and importance. For this purpose, similar or identical risks affecting domestic and/or foreign Group companies are aggregated and their importance to the Group is analysed at Group level. Depending on the results, appropriate corrective action plans are devised with top priority and compared with best practices. The corresponding strategy is implemented without delay by the responsible managing directors in cooperation with supporting corporate functions.

The assessment and identification of risks for the subsidiaries are based on the maximum amount of loss and the probability of occurrence. The amount of loss describes the impact on the EBIT of the respective subsidiary. Amount of loss is described by the following categories:

Category	Amount of loss
Low	between EUR 0.050 and 0.250 million
Medium	between EUR 0.250 and 0.500 million
High	between EUR 0.500 and 1.500 million
Very high	exceeding EUR 1.500 million

Probability of occurrence is expressed in the following categories:

Category	Probability
Low	between zero and 25%
Medium	between 25 and 50%
High	between 50 and 75%
Very high	between 75 and 100%

Risks are assessed on this basis in gross and net terms. The gross assessment assesses the risk event without accounting for the effects of corrective action that may already have been taken. The net assessment accounts for corrective action already taken and thus enables an appraisal of its effectiveness. Amount of loss multiplied by the probability of occurrence equals risk magnitude. At group level, risks are assigned to one of the three categories A, B and C:

Risk	Corresponds to a risk magnitude of
A risk	≥ EUR 3.0 million
B risk	≥ EUR 1.5 – 3.0 million
C risk	< EUR 1.5 million

The identified risks are updated several times a year and an aggregated risk report is prepared to provide the Management Board with an overview of the exposure of the Group. New risks arising between regular updates are described in ad-hoc risk reports as required, and submitted to the Management Board.

Bertrandt's risk profile is updated constantly and shows the following potential individual risks. These identified risks are evaluated in order to determine whether they are substantial risks. Moreover, risks of lesser importance were checked for plausibility, but are not separately stated here because of their low probability of occurrence, expected amount of loss and lack of materiality.

Overall, Bertrandt considers the risk that the non-financial performance indicators fall below 75 points a category B risk with a low probability of occurrence.

The assessment procedure carried out to evaluate the business processes of the Bertrandt Group showed the following outcome for our non-financial performance indicators in fiscal year 2020/2021:

Assessment areas	Points
I. Performance of the management system	87
II. Provision of services	92
III. Continuous improvement	77
IV. Risk management	92
V. Personnel and human resources	86

The results can be regarded as indicators of the stability and sustainability of the business processes covered by our integrated management system. As in the previous year, the results for all assessment areas clearly exceed 75 points, the threshold which characterises the business processes as stable and controlled.

The changes and measures which were initiated in the last fiscal year – mainly through our organisation project ‘Strategy, People, Success’ – have not yet been fully completed and implemented. This is largely due to the SARS-Cov2 pandemic. The focus was still on remote working, which made it difficult to actively accompany and implement the change processes, and required greater coordination effort. As a result, we were out of our original time schedule. Delays in the original planning data result in a declining value in the risk assessment system.

This means that certain assessment values deteriorated year on year. On the other hand, completed measures improved the operational performance indicators, or sustained assessment values that were already stable. Despite the year-on-year fluctuations, Bertrandt’s management system can be considered to be stable and controlled. No unplanned activities or measures are therefore required.

In some areas, the management system along with its processes has already been adapted to the new group structure. This is the case with project audits, for example, which are now aligned with the specific requirements of the divisions. System audits have also been adapted to the new structure, and new methods were tried out in remote audits during the pandemic. Further adaptations were made to take account of the changed requirements, for example by adjusting the focus in TQM. The end of the fiscal year saw the beginning of organisational and process changes. These changes must now be put in place and completed.

We modified the key performance indicator surveys in the services area in order to allow evaluations and conclusions for individual customers as well as findings about the quality of service provision. We realigned the range of services provided by our newly organised units and expanded our activities in the field of e-mobility, for example. This means introducing new processes and re-designing procedures.

Increasing the number of mobile workplaces has boosted our employees’ work-life balance and at the same time helped to protect their health. In addition to the quantitative increase in remote working possibilities we have worked on qualitative improvements of mobile working based on the outcome of a staff survey, in order to better their working conditions and prevent any negative impacts. This led to an increase in the assessment area Personnel and Human Resources. CO₂ emissions were indirectly reduced by fewer trips to the workplace.

The organisational project ‘Strategy, People, Success’ has had a significant influence on the assessment area ‘III Continuous improvement’. All areas where changes or improvements are needed have been identified and are either being worked on or monitored. The declining values at the level of some assessment components are mainly due to the influencing factors described above.

Our risk management continues to identify risks and opportunities in good time, enabling us to implement the required actions or devise successful measures. Our pandemic management is only one of many examples in this respect.

- > Non-financial report – non-financial performance indicators at Bertrandt*
- > About this report



About this report

Our Corporate Responsibility Report informs you about the economic, ecological and social impacts of our business activities in fiscal year 2020/2021. The report is included in the Annual Report 2020/2021 and available as a navigable PDF. This allows you to search for topics and access information directly, just as on a website. Further online information supplements the PDF and offers additional options, such as a GRI Content Index.

The disclosures in the Corporate Responsibility Report refer to the entire Company and all business segments. The period under review corresponds to the fiscal year, which runs from 1 October 2020 to 30 September 2021.

The report has been prepared in accordance with the current GRI Standards: Core option; these are internationally accepted standards for corporate social reporting.

All of the disclosures taken from the Annual Report are supported by the report of the auditor PricewaterhouseCoopers (PwC). The data collected specifically for corporate social reporting have not been confirmed by an auditor’s report. In addition to the external audit of our annual report by PwC, we conduct our own analyses and continuously review our targets, the measures we have adopted and our fields of action.

Acting sustainably has always been an important element of our business activities. Our commitment to sustainability will continue to evolve as will our corporate social reporting. Our report is based on the principles of materiality, stakeholder inclusiveness and sustainability context.

Its thematic structure corresponds to the focal points resulting from the defined fields of action. In the analysis according to the GRI Standards: Core option, we have also focused on these key figures.

Reporting boundaries and collection of data

The business-related disclosures are identical to the information provided in the Annual Report 2020/2021. The relevant figures were taken from the notes to the consolidated financial statements in the Annual Report. All disclosures on risk management are based on the use of standardised processes in group controlling and TQM; the numbers are processed using Excel-based tools.

The chapters ‘Group Management Report’ and ‘Consolidated Financial Statements’ in the Annual Report 2020/2021 were audited by the auditing company PricewaterhouseCoopers who have issued an unqualified auditor’s report.

The figures disclosed in the chapter ‘Employees’ are consistent with the Annual Report 2020/2021 as well. The data on corporate environmental protection and the specific environmental and energy data were provided by the responsible staff.

To enhance readability, this text uses masculine forms only. It is used to address all genders equally.

Disclaimer

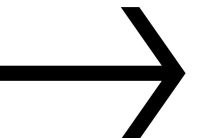
The information and data contained in this report have been collected with the utmost care. All of the report contents were reviewed by those responsible for them. Nevertheless, we cannot exclude the possibility of errors. Where we make assertions about the future development of our company, we rely on the information and forecasts available at the time of publication.

The current Corporate Responsibility Report was published on 9 December 2021 under the title ‘Corporate Responsibility Report 2020/2021’. The next report will be published on 15 December 2022.

Copy deadline of the next report: 13 December 2022.

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Overview

Fiscal year 2020/2021 continued to be impacted by the effects of the coronavirus pandemic. Just shortly into the reporting period, the so-called 'lockdown light' was superseded by a second hard shutdown which did not end until June 2021 when the so-called Federal 'emergency brake' (providing for restrictions defined by the Federal level to be applied when incidence rates exceed certain levels locally) was introduced. The growing success of the vaccine rollout allowed for an easing of government-mandated restrictions from summer 2021. A general recovery of the economies in Germany and Europe only came on in the course of the second calendar quarter of 2021, i.e. the third quarter of our fiscal year. With general market sentiment brightening, capacity utilisation picked up gradually at Bertrandt. The transformation in the automotive sector accelerated in the period under review owing to political developments. In particular, the megatrends in the mobility sectors are driven by the implications of the European 'Green Deal', as a number of OEMs have announced in the course of the current reporting period that they will be phasing out internal combustion engines within the next ten to twenty years. Engineering service providers can therefore expect increasing potential from electromobility while there is pressure to make conventional drive variants much more efficient. At the same time, the need for innovation in our customer industries is growing, driving the demand for solutions for autonomous driving, connectivity and digitalisation. The trend towards the outsourcing of whole project packages comprehensively managed by engineering service providers is unbroken. Our experience in the product development process across mobility sectors, such as the automotive or aerospace industries, paired with our digitalisation expertise offers a lot of potential.

The automotive industry is still in the midst of a fundamental transformation and Bertrandt is responding to the new market opportunities by implementing organisational changes. Since the beginning of fiscal year 2020/2021, our automotive competences have been pooled at our different locations. Thus, we can provide access to the full range of services and all experts in the Group to all customers – 'All services for all customers' is therefore not only the title of this Annual Report, but it is the strategy we live by at Bertrandt. With these organisational measures paving the way, our Group is set for a successful future.

Sustainability is a core element of Bertrandt's strategy. We not only work on sustainable, innovative solutions for tomorrow, we also apply the high standards of various ESG criteria to our internal processes. The rating agency MSCI awarded an AA rating to us for our achievements, only one level short of the best rating.

Against the general setting described above, the Company's key performance indicators developed as follows in the 2020/2021 fiscal year:

- Total revenues declined by 7.4% from EUR 916.582 million in the previous year to EUR 848.592 million.
- EBIT rose to EUR 20.040 million (previous year EUR 15.161 million).
- At the end of the fiscal year 2020/2021 the workforce consisted of 12,030 people (previous year 12,335).

The Group – General information

BUSINESS MODEL AND STRATEGY

Bertrandt has been devising solutions on behalf of its customers for close to 50 years. It is our aim is to help shape in particular the mobility of the future of cars, commercial vehicles and aerospace with our people at 50 locations around the world, while accounting for the challenges faced by society and the environment as well as for legal rules and regulations at all times. We are supporting customers throughout all phases of their product development from the initial idea through to series production, taking on comprehensive tasks such as conceptual design, development and simulation, start of production and in-series support. Throughout all development steps, we continuously validate the project by simulation and comprehensive testing. The project packages that we comprehensively manage for our customers are all about the megatrends of digitalisation, autonomous systems, connectivity, e-mobility and sustainability. Other fields of expertise in which we offer solutions to our customers throughout the development process and lifecycle of their products are mechanical and plant engineering, medical technology and electrical and electronic industry.

CORPORATE SOCIAL RESPONSIBILITY

Innovative and sustainable mobility is more than just a business concern for us. The sustainable management of the Company, also having regard to non-financial aspects, is an integral part of Bertrandt's business model. For the first time, this Annual Report comprises the Corporate Social Responsibility Report. It provides information on the economic, ecological and social impacts of the Bertrandt Group's business activities in fiscal 2020/2021. It covers the aspects of sustainability and corporate social responsibility, as well as non-financial aspects according to Sections 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (HGB).

BASIS OF THE BUSINESS MODEL

Shorter lead times and new technologies pose challenges for the industry. As an expert organisation able to pool the comprehensive knowledge of specialists across our multiple sites, we ensure that our customers are offered the most innovative technology solutions, and provide tailored assistance throughout the entire engineering process. Major mobility trends such as autonomous systems, digitalisation, connectivity, e-mobility and sustainability require technical know-how and a holistic approach. Our customers receive the best possible engineering services from interdisciplinary expert teams that collaborate across our multiple sites. Together with our customers we shape future-relevant topics and tailor our range of services to customer needs and market changes. It is our aim to devise the solutions for tomorrow's trends already today. The most significant market trends that drive Bertrandt's success are the following:

ENVIRONMENTALLY FRIENDLY AND INDIVIDUAL MOBILITY

'All electric' has become the maxim for many OEMs. The electrification of future vehicle models is currently the preferred solution in the automotive field to meet regulatory requirements with respect to local emissions reduction. The pace of this development has been even more rapid following the decision of the EU Commission to reduce CO2 emissions by 55% by the year 2035. A number of OEMs have already announced that they will be phasing out the production of combustion engine powered vehicles in the course of the 2030s. According to the German Association of the Automotive Industry VDA the proportion of e-cars already accounted for 27.6% of new car registrations in Germany in August 2021. This is an all-time high. The OEMs are not only pushing towards alternative powertrains in the field of passenger cars but also for commercial vehicles, e.g. the use of fuel cell technologies. Depending on the application, e-drives may also be considered, e.g. for smaller trucks for inner-city delivery tasks. Whenever larger distances are to be covered and an optimum payload is required, the fuel cell currently seems to be the technology of choice according to the VDA. According to general expectations, several different drive concepts will be further developed with the aim of achieving environmentally friendly mobility.

AUTONOMOUS AND CONNECTED DRIVING

In the past ten years, innovation has been a permanent and growing feature of vehicle technology in the field of connected and autonomous driving. According to a recent analysis published by the Center of Automotive Management (CAM), the number of innovations in the fields of connectivity, interfaces and autonomous driving has tripled over the last ten years. Connected services, in particular, play an important role for innovative OEMs, for example in the fields of infotainment, parking and charging. The study anticipates extremely dynamic advances in connected car applications in the coming ten years. New business models and competitors are likely to emerge from the world of big data. The fields of vehicle architecture, connectivity/infotainment and autonomous driving, in which Bertrandt has been highly active and which require specific expertise, are set to rapidly grow in importance in the near future. This includes services such as over-the-air services or the Bertrandt GUIDE. They not only make driving more comfortable, they also link up journeys efficiently and help save time. Ultimately, these developments help in making more sustainable use of resources. Automated driving functions and autonomous driving also require relevant technical know-how and exhaustive testing. Here, too, Bertrandt supports customers with consistent testing methods, combining scenario-based, virtual and real tests in the most economical and sustainable manner. Experts at Berylls Strategy Advisors expect OEMs and suppliers to make increasing use of the development competence offered by technology partners such as Bertrandt in order to meet market demand for autonomous and connected driving.

20%

by 2030 is the increase expected for new registrations of battery electric vehicles

DIVERSITY OF MODELS AND VARIANTS

Module and platform strategies and using common parts enable carmakers to offer a broad range of vehicle variants. Scale effects across several models and model series enable automotive manufacturers to produce variants that are profitable even in small numbers. The ultimate goal of this strategy is to serve major portions of the global market including smaller niches. In the wake of the EU Commission's decision to bring down CO₂ emissions even further, many OEMs are now focussing completely on e-mobility and have already announced the phase-out of internal combustion engines. Against this backdrop, medium-term model plans are in many cases being updated to develop models with alternative powertrains. According to a study published by the VDA in October 2020, German OEM brands are expected to have more than doubled their offering of e-models by 2023. E-mobility is clearly the focus of attention at present. According to the German motoring association ADAC, Audi has announced to launch 20 new e-models on the market by 2025. Mercedes plans to make battery electric vehicles available in all segments by 2022, and BMW has announced that at least one e-powered version will be available in each of its vehicle classes by 2023. A survey conducted by Strategy& in March 2020 showed that one in four responding companies expect new registration growth rates of battery electric vehicles to top 20% between 2025 and 2030. Experts at the VDA say that other alternative drive systems such as e-fuels and hydrogen remain on the roadmap as they may help to reach the now stricter climate targets.

C GROUP MANAGEMENT REPORT

- > The Group – General information
- > Range of services

SMART PRODUCTION PLANNING

Shorter lead times and competitive pressure require increasingly cost-efficient production planning, ideally throughout the entire industrial value chain. Nowadays, complete processes can be mapped and developed digitally, including production planning and plant design. Special tools are used to reproduce products, production facilities and factory halls virtually in the "Digital Factory" and to amalgamate data from different sources. The Digital Factory offers a number of benefits: Planning processes can be accelerated and errors can be reduced – even before building an actual factory hall, starting to manufacture an actual product or before investing heavily in machinery. This improves the reliability of planning and reduces costs.

In order to design the intelligent factory of tomorrow, planning experts will feed production planning processes into a digital process chain. Any optimisation or validation work that may be necessary can then be performed based on the digital image, using existing data from production as appropriate. This enables Bertrandt to offer holistic and smart solutions for production to all manufacturing operations, from initial consulting, suitable solutions and effective technologies to the actual implementation. The digitalisation of production promises great revenue potential. Artificial intelligence in particular is also likely to play a big role in this field by providing a better basis for operational decision-making.

RANGE OF SERVICES

Bertrandt's comprehensive range of services provides each customer with customised and all-in solutions along the entire product engineering process. We regard ourselves as a reliable partner when it comes to meeting current and future challenges across all engineering project stages. Customers benefit from the comprehensive expertise of our specialists whom we pool across multiple sites to support customer projects. This is how Bertrandt leverages synergies in order to provide our highest expertise to customers no matter which industry they are from for tailored developments in future-relevant fields such as digitalisation, autonomous systems, connectivity and electrification.

Our services include all process steps in the project phases of conceptual design, development, right through to start of series production and in-series support. Furthermore, the individual development steps are validated by simulation and testing.

Our special know-how and many years of experience in project and process management means we can efficiently advance entire processes and make us an expert partner to renowned OEMs, New OEMs and system suppliers. Our work is characterised by interconnected thinking and a high level of synergy efficiency. From the conceptual design through to steering complete projects, we offer our customers services that also structure, integrate and optimise processes upstream and downstream the development project.

Specialist know-how relating to every step of the development process is key to our ability to deliver the best possible solution to our customers. The high level of expertise of our specialists, their years of experience and the way we manage interfaces enable us to deliver optimum performance in a range of different customer projects. We are also constantly expanding our expertise in the fields of virtual and augmented reality, cloud solutions, artificial intelligence, machine learning and big data.

In parallel to the actual development process, many complementary tasks are managed along the development value chain. Whether project management, quality management, supply chain management, or the documentation of the entire project – Bertrandt offers a comprehensive range of services. Thus Bertrandt is able to support customers with broad expert knowledge. Our support does not stop with the end of the product design process, as we lend continued support, for example in projects relating to production planning, digital marketing or after sales.

We strive to align our range of services to changing demands from the market and our customers. As OEMs are increasingly focusing on their core business, development tasks are contracted out to external partners. Because of our many years of experience in the industry and the specialists we employ, we possess the know-how required for component and module development through to complete derivative development. Until the end of fiscal 2020/20201, project responsibility in development tasks, for example, comprised the management of all the interfaces between the customer, the system suppliers and Bertrandt, and the control of quality, costs and deadlines.



Find out here how we can help our customers to develop their products with a broad range of knowhow and enormous flexibility.

→ RANGE OF SERVICES

Group-wide competences

GROUP STRATEGY ALIGNMENT TO MOBILITY MEGATRENDS

The automotive industry is in the midst of probably the most profound transformation in the history of individual mobility. Technology progress and regulations such as the Green Deal, which mandates a substantial reduction in CO₂ emissions and virtually amounts to a ban on the registration of new vehicles with conventional internal combustion engines from 2035, as well as broader changes in society, are important factors driving this transformation. As a result, we have been responding to constantly changing requirements brought to us by our customers in recent years. Therefore, Bertrandt realigned its automotive units a year ago so that we can now pool our comprehensive expertise across multiple sites for customer projects – always with the aim of serving each and every one of our customers with the best solution. Bertrandt’s automotive organisation is now structured as divisions or units, as well as a sales organisation. Our four divisions are structured as follows:

ELECTRONICS

From the idea to series production: the Electronics Division benefits from interdisciplinary domain know-how and many years of experience. Bertrandt provides every service throughout the process of developing systems and components for autonomous mobility, pioneering information systems and smart electric drives. This division brings together future-proof and innovative solutions in the field of digitalisation.

Software Experts

We combine a keen appreciation of solutions with exceptional expert knowledge and quality standards. This applies not only to the automotive field but also to other sectors. The Software Experts Unit performs all the activities needed for software development, such as embedded software, application software, apps, web and IT solutions.

Autonomous Mobility & Information Systems

With our vast experience and an interdisciplinary team, we are your development partner for entire systems and components for autonomous mobility and sustainable information systems. The Autonomous Mobility & Information Systems Unit combines all services related to the development and integration of vehicle-supported and experiential functions as well as the manual and semi-automated testing of components and systems by means of test boxes or the complete vehicle, such as AD/ADAS, Connected Car, HMI, Infotainment and Connectivity, and Comfort.

eMobility Systems

Serial electric drive production – we are a one-stop shop for complete electric powertrain development. This means that we are a reliable partner for the successful implementation of projects. The eMobility Systems Unit supplies a comprehensive range of services for the development and integration of individual components as well as an understanding of the overall system, focusing in particular on storage systems, power electronics, e-machine, functional application, validation and commissioning.

Electronics & Virtual Testing Solutions

Bertrandt is a reliable partner for the functional testing of complex systems – scalable from complete virtualisation through to physical validation. The Electronics & Virtual Testing Solutions Unit is responsible for all issues in the realm of functional and automated validation of XiL test benches, virtual testing in the cloud, vehicle, sensor and environment simulations, security testing as well as connectivity and diagnosis testing.

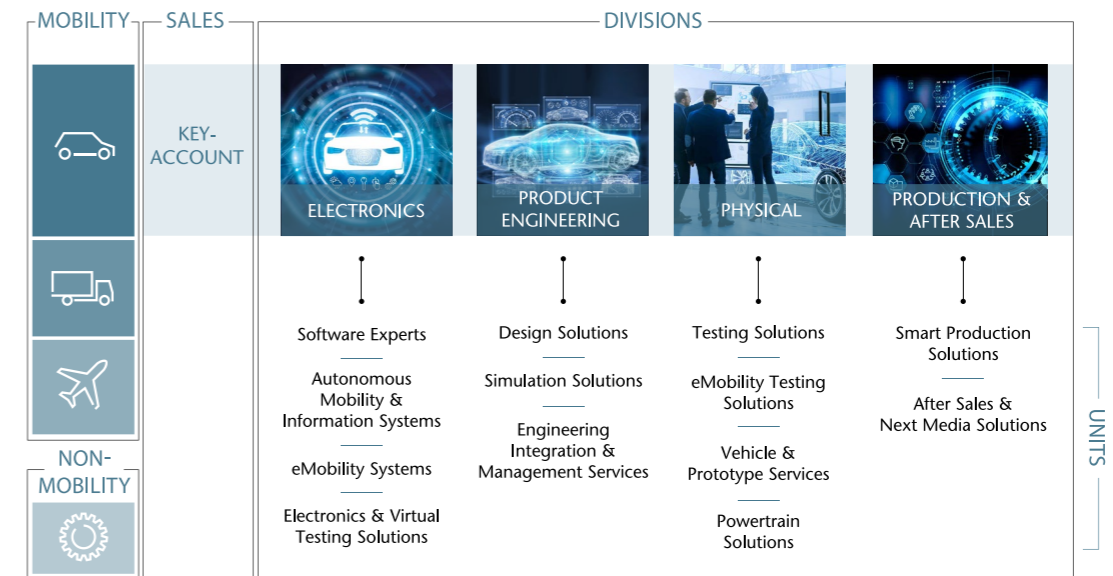
PRODUCT ENGINEERING

The Product Engineering Division manages all vehicle development at Bertrandt. In addition, the division is responsible for design, simulation and all relevant interdisciplinary topics.

Design Solutions

Our experts develop components, modules, derivatives and complete vehicles, focusing on geometric, mechanical and mechatronic functions for vehicle bodies/exterior, interiors, electronics, drives, chassis and overall vehicle development.

ORGANISATIONAL STRUCTURE OF OUR DOMESTIC AUTOMOTIVE UNITS



Simulation Solutions

We are masters in all the simulation fields, such as stiffness/strength, CFD, durability, short-term dynamics, crash and vehicle safety, robustness, multi-body systems and field simulation, which are required for complete vehicle development in the automobile industry and in product development in all other industries.

Engineering Integration & Management Services

The Engineering Integration & Management Services Unit is responsible for all cross-cutting functions, services and interface tasks in vehicle development. This includes product data management, quality management and weight management.

PHYSICAL

The Physical Division takes on all business activities related to the testing and validation on and with physical component parts, components, systems and the vehicle as a whole. Advanced drive concepts are validated to requirements using state-of-the-art test rigs. The range of services is rounded

off with road tests as well as the construction and modification of the entire vehicle, including the production of components.

Testing Solutions

We provide functional validation of physical components, systems and complete vehicles. Our range in this field encompasses stiffness, strength, durability and combined properties, such as seating comfort, overall vehicle acoustics and much more.

eMobility Testing Solutions

We offer a variety of solutions designed to provide deep insights into the maturity level of the e-drivetrain at an early stage of the development process – perfectly coordinated to match our customers’ needs. The eMobility Testing Solutions Unit provides functional validation as well as pre- and post-processing in the field of electromobility, focusing on energy storage, power electronics and e-machine.

Vehicle & Prototype Services

The Vehicle & Prototype Services Unit covers vehicle constructions and modifications and relevant associated work, such as pre- and post-processing, prototype parts production, parts disposal, vehicle recycling and complete vehicle test drives.

Powertrain Solutions

Bertrandt's Powertrain Solution Center develops, tests and validates conventional powertrains for various fuels as well as alternative drives with anything from hybrid and electric systems, through to fuel cell systems.

PRODUCTION & AFTER SALES

The Production & After Sales Division supports the digital transformation of processes in production and production planning. Our experts will advise on and develop our customers' entire production planning process, from the initial idea to serial production. We offer our customers a full range of supporting services and are responsible for the related business development.

Smart Production Solutions

The Smart Production Solutions Unit is a partner for advice and implementation for smart production solutions with broad know-how, from the design to the implementation of your project. We find smart and digitalised solutions to your challenges along the entire factory planning process.

After Sales & Next Media Solutions

As a full service partner, our After Sales & Next Media Solutions Unit supports clients with high quality standards and professional and bespoke offerings to help them retain and increase their market position and to increase their satisfaction with our services. With After Sales Solutions, we provide our customers with tailored and future-relevant solutions for the optimisation of their business models. Next Media Solutions comprises all our digital services. Here we pool specialists from our range of competences to provide interdisciplinary support to customers from a variety of industries.

Report on the economic position

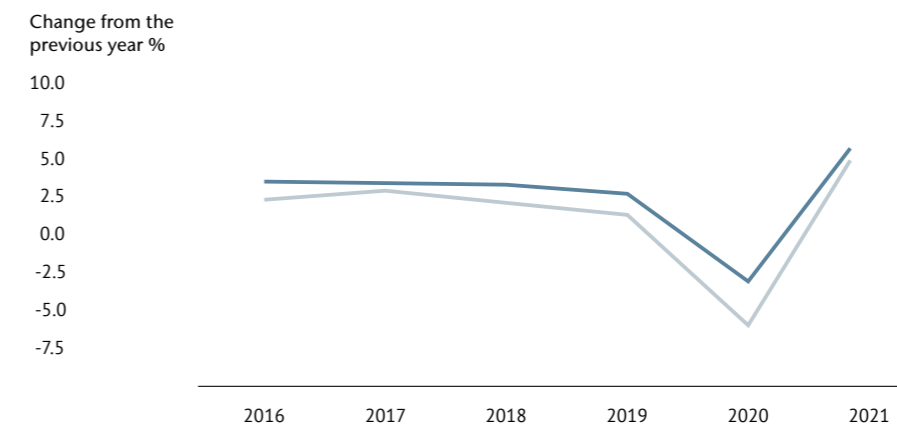
ECONOMIC DEVELOPMENT

Die makroökonomischen Rahmenbedingungen Macroeconomic conditions throughout the whole of fiscal year 2020/2021 were largely shaped by the impact of the coronavirus pandemic. While at the start of the reporting period in October 2020 it was initially assumed that the number of COVID-19 cases could be kept under control and there were hopes that vaccinations would soon prove successful, restrictive measures, such as business closures or bans on close contacts began to be imposed in many countries of the world once again from November 2020. Business and industry suffered under these restrictions into the spring of 2021. It was only with increasingly successful vaccination programmes and falling rates of infection that the overall economic picture also began to brighten in the summer of 2021. In the autumn report issued by the Joint Economic Forecast Project Group, the participating economic research institutes concluded that the global economy was heading for recovery in 2021. Nonetheless, expansion continued to be sluggish and the overall pace no more than moderate. The experts found that the pandemic was continuing to weigh on economic activity, particularly in places where less progress had been made with vaccination programmes.

According to the autumn report, overall global output fell in the calendar year 2020 by 3.2%. At the same time, US GDP declined by 3.4% and even China, which had managed to get the pandemic under control very early on, achieved GDP growth of just 2.3%. Government-mandated restrictions had the most dramatic impact on GDP growth in Europe (-6.0%) and economic output in Germany also dropped in the year 2020 by 4.6%. For the whole of 2021 the autumn report and the International Monetary Fund (IMF) are unanimous in projecting global economic recovery of between 5.7% and 5.9% (IMF). Under current economic conditions, the autumn report anticipates for the whole of 2021 gross domestic product growth of 5.6% in the USA, due also in part to a strong dose of fiscal stimulus. As early as 2020 total output in China had already recovered to just below pre-crisis levels. The autumn report projects further economic

- > Group-wide competences
- > Report on the economic position

REAL GROSS DOMESTIC PRODUCT



A challenging global economic environment.

— World — Europe

Source: Joint Economic Forecast for Autumn 2021 by the Joint Economic Forecast Project Group

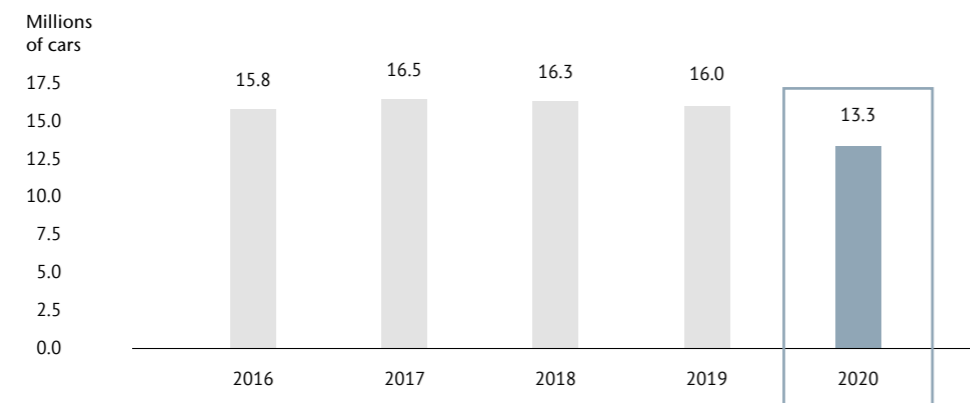
growth in 2021 of 7.8%. According to the autumn forecast, the European Union can look forward to growth of 4.9%. New waves of infections in Germany during the autumn and winter months hampered the rebound of the economy and growth for the year 2021 as a whole is not expected to exceed 2.4%. In spring, the Joint Economic Forecast had in fact anticipated growth of 3.7% in 2021.

DEVELOPMENT OF THE AUTOMOTIVE INDUSTRY

According to the German Association of the Automotive Industry (VDA), the impact of the pandemic has continued to have a determining influence on international automobile markets and some of them still have a long way to go to reach their pre-crisis levels. What is more, disruptions in automobile manufacturers' supply chains of raw materials and semiconductors posed considerable challenges for our business in the fiscal year up to the end of 30 September 2021. The market situation varied from country to country, however.

According to VDA figures, a total of 67.7 million passenger cars were newly registered worldwide in 2020, which is 14.8% down on the previous year. 14.5 million passenger cars were newly registered in the USA in the calendar year 2020, or around 14.7% fewer vehicles than in the previous year. In the first three quarters of the year 2021, sales of light vehicles in the USA rose by 14.2% to some 12 million units. New car registrations in China fell in 2020 by 19.8 million cars or 6.1%. A total of almost 19 million passenger cars, around 8.7% more than in the same period in the previous year were newly registered in China in the first nine months of the calendar year 2021. 14.3 million passenger cars were newly registered in the European Union in 2020, equivalent to a drop of 21.0%. By September 2021 the European market had also recovered by 6.6% from 7.1 million units to 7.5 million passenger cars.

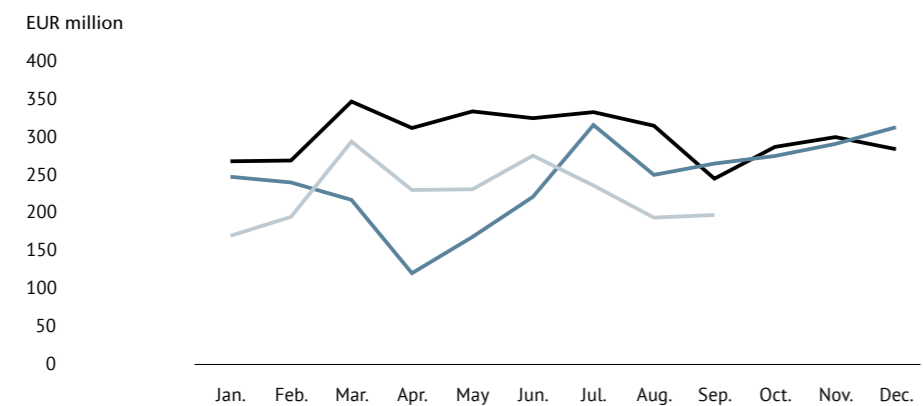
GLOBAL CAR PRODUCTION OF GERMAN MANUFACTURERS



In 2020, German car production output totalled 13.3 million vehicles (including JV production).

Source: Based on VDA figures.

DEVELOPMENT OF NEW CAR APPROVALS IN GERMANY SINCE 2019



— 2019 — 2020 — 2021

Federal Motor Transport Authority

2.9

million passenger cars were newly registered in 2020 according to Germany's Federal Motor Transport Authority

The situation in Germany looks very similar. According to the Federal Motor Transport Authority, the number of newly registered passenger vehicles fell in Germany in 2020 by 19.1% to 2.9 million units. The VDA reports that 2.0 million passenger cars were newly registered in the first nine months of the calendar year 2021. This was again 1% down on the figures for the previous year. Compared to 2019, a good 25% fewer passenger cars had in fact been newly registered up to September 2021. In September 2021, the share of newly registered electric vehicles exceeded by 17.1% the share of diesel vehicles (15.9%).

DEVELOPMENT OF THE AEROSPACE INDUSTRY

According to the German Aerospace Industries Association (BDLI), business in the German aerospace industry contracted significantly in the calendar year 2020 as a result of the pandemic. Sales revenues in the industry as a whole fell in 2020 to around EUR 31 billion (previous year EUR 41 billion). The number of employees in the industry dropped by 9,000 to 105,000, from a total of 114,000 in 2019. According to the BDLI, this contraction in sales revenues of around one quarter was due almost exclusively to the massive decline in sales in the civil aviation industry. Ongoing drastic restrictions on travel meant that sales revenues in this, the biggest segment of the aerospace industry as a whole, were just EUR 22 billion, compared to EUR 32 billion in the year 2019. However, robust order books meant that manufacturers of commercial aircraft were able to plan accurately and engage in capital spending. The situation of the aerospace industry has successively improved throughout the course of 2021. For the first nine months of 2021, for example, Airbus reported an increase in sales of 17%. Airbus is also planning to step up the monthly rate of production of aircraft, which was reduced in the crisis to around

40 units, back up to more than 60 units per month by the year 2023. Demand for flights is also going up again as travel restrictions are relaxed and rates of vaccination rise.

Order books for non-civil aviation business are filling up much more dynamically than in the civil aviation sector. Sales in this segment had already gone up slightly in the year 2020 as a whole from EUR 6.7 billion to EUR 7.1 billion in combination with a modest reduction in the number of employees of 2% from 23,300 to 22,900.

Despite the collapse in global air traffic, this strategic industry was rescued in 2020 and strengthened as a key industry using state funding. Part of this state support was made conditional on the development of alternative airplane propulsion systems. The industry itself spent around EUR 2.9 billion on research and development, which is equal to 9.3% of aggregate industry sales. As the aerospace industry, much as in other mobility sectors, is working on new technologies such as to reduce emissions and is stepping up digitalisation, the industry holds great promise for new products and innovations.

EUR 2.9

billion were invested by the German aerospace industry in 2020 in research and development.

DEVELOPMENTS IN OTHER SECTORS

According to the German Engineering Federation (VDMA), all the key industries, with the exception of the automotive and aerospace industries, recovered comparatively quickly from the impact of the coronavirus pandemic in the first half of 2021. Thanks to significant progress with vaccinations in the industrialised countries from the 2nd quarter of 2021 it was possible to wind down government-mandated restrictions in these countries.

According to the German Electrical and Electronic Manufacturers Association (ZVEI), the electrical and electronics industry is recovering from the pandemic. From January to August 2021, aggregate industry sales stood at EUR 128.6 billion, 11.9% higher than in the previous year. Price-adjusted production in August 2021 was 13.9% and between January and August 2021 12.3% higher than in the same period last year.

In 2020, according to German Industry Association for Optics, Photonics, Analytical and Medical Technology (SPECTARIS), Germany's 2,660 medical technology producers reported total sales of EUR 71.6 billion. Foreign sales in particular rose in the year 2020 from EUR 21.9 billion to EUR 46.1 billion. The number of people employed in the industry increased from 150,000 to 327,000.

BUSINESS PERFORMANCE

Bertrandt's business performance in fiscal 2020/2021 was very much determined by the wide-ranging impacts of the coronavirus pandemic. When Bertrandt started into the reporting period, infection rates were under control and there were growing hopes of a speedy and successful vaccine rollout and rather limited government restrictions. Then, however, a 'light' lockdown was imposed in November 2020, followed by a second hard shutdown with shop closures, travel restrictions and several other restrictive measures in December 2020. It was only in May 2021 that infection rates started to slow down enabling the so-called Federal 'emergency brake' to be phased out by the end of June 2021.

As a result, the first two quarters of fiscal 2020/2021 were particularly affected by the adverse economic effects of the pandemic. The economic environment also had an impact on project awards and our customers' investment decisions. Market sentiment only started to brighten late into the second fiscal quarter, clouding over again, however, in the late summer of 2021. Since this time the automotive industry in particular has suffered from a severe shortage of intermediate products such as semiconductor chips. As a result, temporary delays and interruptions in projects and development contracts were a burden also in the year under review, although the above-mentioned material shortages did not directly affect Bertrandt until the end of the reporting period.

At the same time, the transformation process in the automotive industry is progressing: during the reporting period, the EU has specified further measures designed to meet the requirements of the 'Green Deal 2050'. Strict emissions targets apply to all mobility sectors and create high pressure for innovation. As a result of persistent market volatility and the uncertainties regarding the pandemic, customers in our industries have continued to prioritise projects and their expenditure has remained likewise volatile for much of the last nine months.

- > Report on the economic position
- > Business performance

Since the end of the reporting period, our customer industries have benefitted to varying degrees from the gradual expansion of vaccine coverage, decreasing infection rates, the easing of government-mandated restrictions as well as the resulting recovery of the economy. As markets are optimistic that the recovery will continue, sentiment among our customers appears to be improving overall.

The measures we implemented in fiscal 2019/2022 to compensate for capacity under-utilisation in several areas were continued in the fiscal year 2020/2021. Our pandemic committee was set up at Group level in the past fiscal year and continues to coordinate all our pandemic-related action. Many employees took advantage of remote working opportunities in this fiscal year, too. This has enabled the Group to maintain its operational capacity while at the same time providing optimum protection to our staff. As our experience with remote working has been positive, we will take this concept into the future, so as to offer our employees a flexible work environment on the one hand, and achieve infrastructure-related savings as a result of reduced on-site presence on the other hand. This will also allow us to combine ecological and economic objectives, as we can realise savings related to space requirements as well as energy and fuel consumption. We were also able to reduce the cost of external sourcing and cut down other expenses. At the same time, we used opportunities available within our group and provided by the government to reduce hours accumulated on flexitime accounts, use up paid holidays and apply short-time working schemes. In doing so, we are able to generate sustainable potential for optimisation and at the same time promote the Group's prospects in a targeted manner.

TOTAL REVENUES

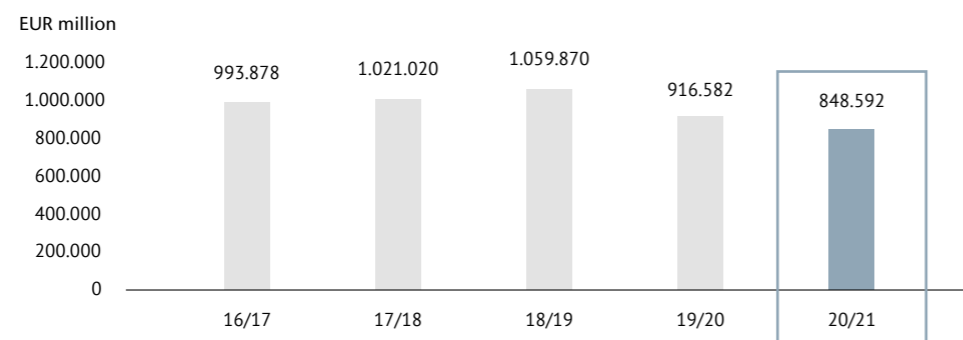
The economic environment and the impact of the pandemic described above are reflected in our business performance in the reporting period. In the first months of the reporting period in particular, total revenues and earnings were affected by the under-utilisation of capacity resulting from the pandemic situation. In contrast, total revenues and earnings early in the previous year were still largely unaffected by the impact of the pandemic. Market sentiment has been more buoyant overall since the spring and especially the summer of 2021, resulting in more projects awards and gradually rising capacity utilisation. The sequential development in each fiscal quarter also mapped the ordinary course of seasonality, which is significantly influenced by the number of working days and billable days.

Overall, total revenues declined by EUR 67.990 million from EUR 916.582 million in the previous year to EUR 848.592 million. This includes capitalised internally generated assets of EUR 3.019 million compared to EUR 1.391 million in the previous year, an increase which is mainly due to the construction progress and completion and commissioning of the Powertrain Solution Center. The business performance of Bertrandt's foreign subsidiaries varied strongly, depending on the specific pandemic situation and customers. Overall, total revenues of EUR 106.895 million (previous year EUR 123.815 million) were generated. Especially our major market abroad, France, used the instrument of short-time working to a large extent, whereas this type of countermeasure was not required at other foreign locations, or only to a minor degree.

KEY EXPENDITURE FIGURES

Key expenditure figures in fiscal 2020/2021 were also affected on the one hand by the coronavirus pandemic and, on the other hand, by our countermeasures specified below. Project-related cost of materials decreased as a result of reduced procurements from external service suppliers to EUR 72.222 million (previous year EUR 76.943 million).

TOTAL REVENUES



Bertrandt generated total revenues of EUR 848.592 million.

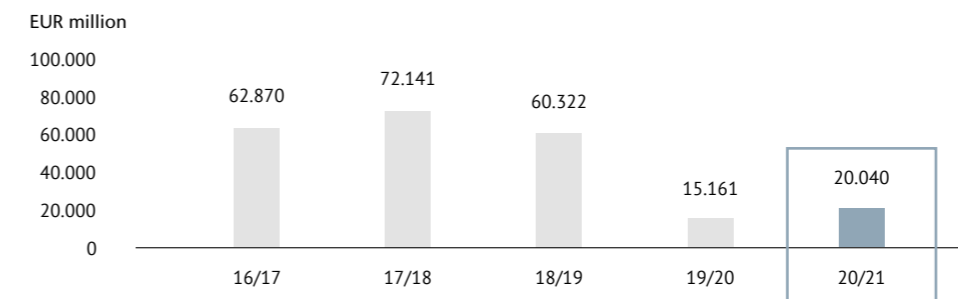
Personnel expenses were reduced in relation to lower total revenues to EUR 650.668 million (previous year EUR 696.829 million). This change was the result of various influencing factors, some of which counteracted each other. First, headcount decreased year on year from 12,335 employees (30 September 2020) to 12,030 people as at 30 September 2021. Owing to increasing capacity utilisation in the course of the reporting period, 131 colleagues were newly hired in the fourth quarter of fiscal 2020/2021 compared to the third quarter. Personnel expenses were also substantially influenced by the implementation of short-time working as a countermeasure to temporary under-utilisation of capacity during the pandemic; government grants of EUR 4.011 million (previous year EUR 3.994 million) in Germany and EUR 6.885 million (previous year EUR 5.023 million) in other countries are therefore included in personnel expenses. An additional extra day of paid leave factored into wages and salaries in 2021 affected personal expenses in the third quarter of fiscal 2020/2021 in the amount of EUR 1.877 million (previous year EUR 0). The staff cost ratio of 76.7% (previous year 76.0%) was much the same as in the previous year.

Depreciation/amortisation expense increased from EUR 54.356 million in the previous year to EUR 56.497 million as at the end of the reporting period, in conjunction with the commissioning of infrastructure in which the Company had invested in prior years. Other operating expenses were EUR 62.655 million in the reporting period. This renewed decline over the comparative period (EUR 82.064 million as at 30 September 2020) shows that cost discipline continued to be an important and successful instrument during the pandemic. Moreover, year on year there were no costs arising from structural capacity adjustments due to the discontinuation of businesses.

EBIT

Despite the decline in total revenues, the Bertrandt Group was able to increase EBIT in the 2020/2021 fiscal year, by means of consistent countermeasures at the cost level, to EUR 20.040 million (previous year EUR 15.161 million). The EBIT margin was 2.4% (previous year 1.7%). Earnings development in the reporting period was largely in line with total revenues, and was significantly influenced by the capacity utilisation rate in the different months.

EBIT



EBIT rose to EUR 20.040 million.

20.040

EUR million EBIT generated
in fiscal year 2020/2021.

Other operating income in the reporting period rose to EUR 13.490 million (previous year EUR 8.771 million) and includes exchange-rate effects, income from the reversal of provisions of EUR 1.277 million (previous year EUR 0.161 million) and a loan subsidy of EUR 1.683 million (previous year EUR 0) under a pandemic assistance programme abroad, which was recognised in the second quarter of fiscal 2020/2021. In addition, an amount of EUR 1.573 million (previous year EUR 0) for an investment property is allocated to this item. Refer to the Notes for further information. .

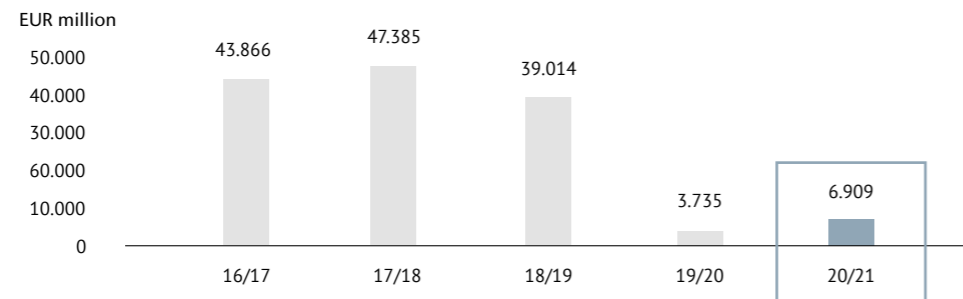
Bertrandt's foreign subsidiaries generated a cumulative EBIT of EUR 1.488 million (previous year EUR 2.423 million). Operating profit varied greatly between the individual foreign companies: the pandemic has evolved differently in the foreign markets and this is reflected in the way the operating profit of the individual foreign subsidiaries has developed.

In the forecast on page 79 of the annual report for fiscal 2019/2020, the expected development of the performance indicators used for internal management purposes for the Group were discussed in the context of two possible basic scenarios for the 2020/2021 fiscal year. While the actual development of total revenues and EBIT in the reporting period diverges from the scenarios described in as much as total revenues were regressive, an increase in EBIT was nevertheless achieved as countermeasures, one-off effects, and successful capacity adjustments in the previous year overcompensated temporary under-utilisation of capacity.

NET FINANCE INCOME

Net finance income in the reporting period was EUR -5.900 million (previous year EUR -5.231 million). This year-on-year increase is mainly explained by higher finance costs

POST-TAX EARNINGS



Post-tax earnings came to EUR 6.909 million.

POST-TAX EARNINGS

Profit from ordinary activities rose along with operating profit (EBIT) and totalled EUR 14.140 million (previous year EUR 9.930 million). With income tax expense amounting to EUR 5.251 million (previous year EUR 3.033 million), the tax rate for the reporting period rose slightly to 43.2% (previous year 44.8%). It was mainly influenced by the recognition of loss carry-forwards at the level of foreign subsidiaries. Post-tax earnings were EUR 6.909 million (previous year EUR 3.735 million). This works out at earnings per share of EUR 0.68 (previous year EUR 0.37).

PERFORMANCE BY SEGMENTS

Bertrandt continues to be managed on the basis of the same three segments. The divisional structure for the automotive units in Germany is an important element in our segment structure and gives us a sharper profile within the existing Digital Engineering, Physical Engineering and Electrical Systems/Electronics segments. The pooling of technological competences in the German automotive units and the corresponding clear allocation of former mixed fields of expertise result in adjustments between the existing segments in our automotive business. The effect on prior-year figures is shown in Bertrandt's segment reporting in the Notes. While the segments recorded heterogeneous revenues and earnings in fiscal 2020/2021, all of them were affected by the impact of the coronavirus pandemic.

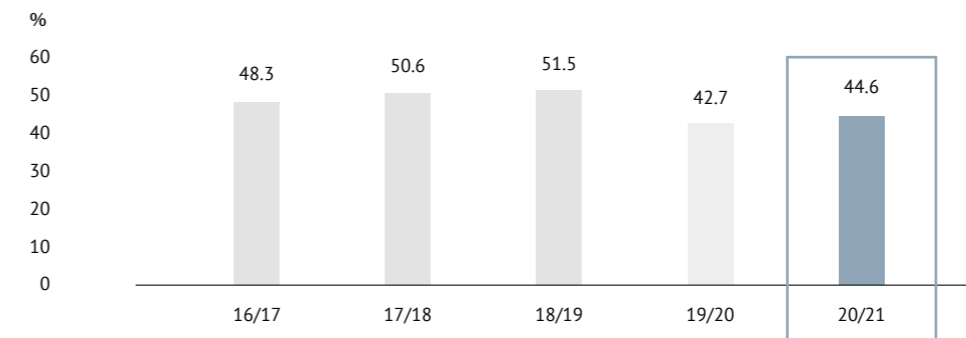
In the Digital Engineering segment, which mainly covers the design of modules and components, total revenues came to EUR 464.273 million (previous year EUR 463.959 million). In the reporting period, EBIT was EUR 6.643 million (previous year EUR -9.536 million). Compared to the previous year which was burdened by expenditure for structural adjustments operating profit turned positive again in the reporting period.

Design modelling, testing, vehicle construction, and rapid prototyping and testing activities are bundled in the Physical Engineering segment. Total revenues in fiscal year 2020/2021 amounted to EUR 199.390 million (previous year EUR 232.698 million). EBIT was down to EUR -1.356 million (previous year EUR 10.718 million), as the cost-revenue-ratio was temporarily disadvantageous, in particular during the start-up phase of the new Powertrain Solution Center.

The Electrical Systems/Electronics segment, which brings together many megatrends in the domains of software and electrification, generated total revenues of EUR 240.611 million (previous year EUR 219.611 million). This growth is a success that reflects the high demand for engineering services in the field of electrical and electronic development, particularly for software development and its validation. EBIT in this segment was EUR 14.753 million (previous year EUR 13.979 million).

The Digital Engineering segment in particular was noticeably affected by under-utilisation of capacity and temporary delays in the awarding of projects by customers, although the restructuring measures adopted in the previous year and the improvement in capacity utilisation in the course of the fiscal year had a positive effect. The segment Physical

EQUITY RATIO



44.6% equity ratio makes Bertrandt a financially strong company.

Engineering was impacted, among other factors, by the lockdown as well as travel warnings and bans, which meant that activities such as cross-border test drives were not possible. In addition, this segment incurred costs as a result of the start-up of new test centres.

NET ASSETS

The Group's balance sheet structure is based on the principle of matching maturities. Total assets decreased by EUR 29.070 million to EUR 916.389 million as at 30 September 2021 (previous year EUR 945.459 million), which was mainly due to the reduced business volume. Depreciation/amortisation and reduced investing activities caused non-current assets to decrease by EUR 24.122 million to EUR 440.675 million (previous year EUR 464.797 million). Current assets came to EUR 475.714 million (previous year EUR 480.662 million). While contract assets increased from EUR 90.493 million to EUR 92.962 million as at 30 September 2021, trade receivables were reduced to EUR 168.856 million (EUR 175.471 million as at 30 September 2020). Cash and cash equivalents were slightly higher at EUR 190.205 million, compared to EUR 187.233 million in the previous year.

Current liabilities were EUR 154.856 million (previous year EUR 197.430 million). The fall in current liabilities essentially results from the timely repayment of two tranches of the bonded loan of EUR 30.000 million recognised in current borrowings. Other influencing factors included reduced provisions for personnel expenses. As at the end of September 2021, non-current liabilities increased by EUR 8.108 million from EUR 344.598 million to EUR 352.706 million as at the end of September 2021.

This was essentially due to two counteracting effects. On the one hand, following the taking out of a loan, borrowings increased by EUR 22.941 million to EUR 257.854 million as at the end of September 2021 (previous year EUR 234.913 million). On the other hand, other financial liabilities were reduced by EUR 15.235 million to EUR 61.214 million (previous year EUR 76.449 million). This is above all explained by decreasing lease liabilities.

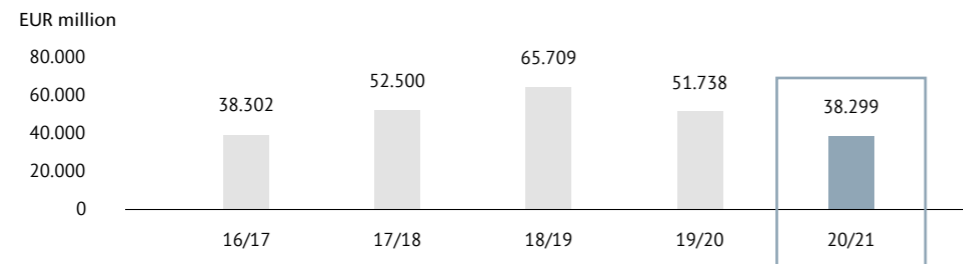
SOLID EQUITY BASE

The Group was able to further increase its equity. It grew by EUR 5.397 million to EUR 408.828 million (previous EUR 403.431 million). This change is largely due to post-tax earnings of EUR 6.909 million (previous year EUR 3.735 million) less the paid out dividend of EUR 1.514 million (previous year EUR 16.152 million) adopted by the annual general meeting. As a result of higher equity and the overall decrease in total assets, the equity ratio improved from 42.7% in the previous year to 44.6% as at the end of the reporting period.

FINANCIAL POSITION

The fundamental objective of Bertrandt's financial management policy is to safeguard the Company's liquidity at all times. The financial management activities cover capital structure management as well as cash and liquidity management.

CAPITAL EXPENDITURE



The approach to investment was very restrained in the fiscal year 2020/2021.

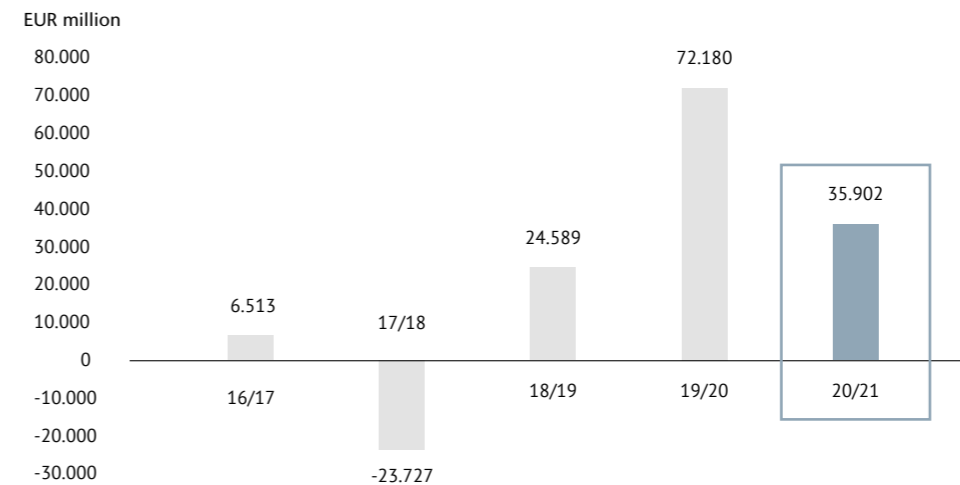
CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities was EUR 73.662 million in the year under review (previous year EUR 123.521 million). Working capital was again reduced, by EUR 13.711 million (previous year EUR 62.037 million), also due to the development of total revenues. The declining cash flow from operating activities is consistent with the two scenarios presented in the previous year's forecast.

CAPITAL EXPENDITURE

A very restrained investment policy was pursued in the fiscal year 2020/2021. Spending on property, plant and equipment was down compared with the previous year and the resulting cash outflow was EUR 35.676 million (previous year EUR 48.489 million). A major portion of this amount was invested in projects, some of which were under construction while others were already at a very advanced stage. Cash outflow for spending on intangible assets decreased to EUR 2.623 million (previous year EUR 3.149 million). Total cash outflow due to capital expenditure was EUR 38.299 million in the reporting period (previous year EUR 51.738 million). As at the balance sheet date of 30 September 2021 other financial obligations of EUR 12.189 million exist for property, plant and equipment (previous year EUR 19.206 million). The objective of our investments in infrastructure and facilities is to extend and round off the scope of our services to meet our customers' specific needs. State-of-the-art technical equipment will enhance the range of existing competences and make them available to

FREE CASH FLOW



Bertrandt's free cash flow was positive in the reporting period.

our customers. New capital expenditure is intended to promote innovation as well. Investment is concentrated on the dominant technology trends in the industry, such as environmentally friendly individual mobility and autonomous and connected driving. In fiscal 2020/2021 the investment focus was again on the Powertrain Solution Center in Wolfsburg (Tappenbeck) and Munich (Freising). In view of the spread of the coronavirus, we took a restrained approach to further investment projects in fiscal 2020/2021.

FINANCING AND LIQUIDITY

The matters explained here resulted in positive free cash flow of EUR 35.902 million (previous year EUR 72.180 million) in fiscal 2020/2021. The negative cash flow from financing activities was mainly due to the balance from the repayment of debt (EUR 41.364 million, previous year EUR 1.279 million) after repayment of the first two tranches of the bonded loan and to reduced new borrowings (EUR 37.519 million, previous year EUR 65.568 million). Additional major cash outflows resulted from the payment of a dividend of EUR 1.514 million (previous year EUR 16.152 million), the repayment of other financial liabilities in the amount EUR 21.195 million (previous year EUR 18.618 million) and interest payments (EUR 5.985 million, previous year EUR 5.360 million).

Cash and cash equivalents thus increased to EUR 190.205 million (previous EUR 187.233 million). With these financial resources, unused and committed credit lines and alternative financing instruments of more than EUR 252 million (previous year EUR 232 million) as well as its good internal financing capacity, Bertrandt has sufficient financial leeway and corresponding financial flexibility to expand and develop its range of products and services even further.

GENERAL STATEMENT ON BUSINESS PERFORMANCE

Our business performance was impacted throughout the whole of the 2020/2021 fiscal year by the pandemic and its effects on the economic environment. This meant that investment and development projects were rather held back at different times during the pandemic or that their priorities were changed. With the easing of government-mandated restrictions and overall economic recovery since the spring of 2021, sentiment in our customer industries also brightened. In the course of the fiscal year the utilisation of our capacity gradually improved, especially in Germany. Initially, our automotive and non-mobility units benefited from the upswing, when the aerospace industry, for example, was still affected by travel restrictions. Thanks to our strict cost discipline and the successful restructuring of our business in the previous year we were able to deliver a positive result at the end of each quarter.

Policy interventions in the fiscal year not only concerned coronavirus provisions but also the predominant topic of sustainability. Many countries around the globe have confirmed or even tightened existing regulations for future emissions reductions. The mobility industries are therefore facing a situation in which they must manage the transformation process while at the same time coping with the challenges of the pandemic. In this connection, the automotive industry is absolutely committed to pressing ahead with the development of electromobility while the aerospace sector is driving forward hydrogen mobility. The new organisational structure, which we successfully implemented for the Group in the year under review, is the basis on which our experts work on innovative engineering solutions together with our customers.

The Management Board thus judges the Company's development and especially its future prospects positively. The megatrends of digitalisation, autonomous mobility, connectivity and e-mobility offer potentials for the future. With an equity ratio of around 45%, a solid liquidity situation and unused credit facilities, Bertrandt is in a good position for future organic and external growth as well as successful future.

Human Resources Management

As at the balance sheet date, 12,030 employees (previous year 12,335) worked for Bertrandt worldwide. With market sentiment brightening and capacity utilisation increasing, Bertrandt took on 131 more employees in the final quarter as compared to the third quarter 2020/2021. On 30 September 2021, the Company had 9,577 employees (previous year 10,183) in Germany and 2,453 (previous year 2,152) employees in other countries. Headcount development varied depending on the business activities of the respective units. For instance, our Division Electronics, our non-mobility units and our branches at the US or Romania sites hired substantial numbers of new people.

All these employees are devising top-level customised development solutions for customers in Germany and abroad, and in this context sustainable and responsible corporate management plays a key role for Bertrandt. Our corporate strategy and day-to-day conduct are guided by our mission statement. To emphasize this, our guiding principles are printed on our employee identity cards.

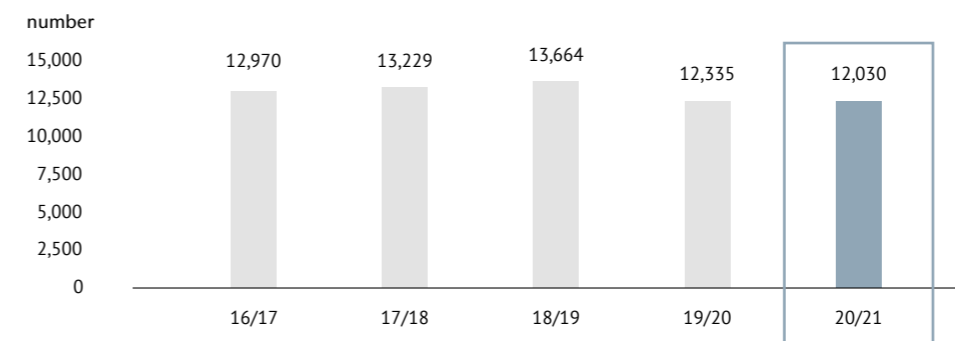
The mission statement serves as the foundation of the Group's competence model. When defining the requirement criteria for the roles and assessing current potentials based on up-to-date competences, we aim at ensuring the greatest possible transparency.

Almost all our personnel development schemes are therefore centred around the new competence model, which has been derived from our mission statement's guiding principles. These principles are categorised into: customer, best performance, growth, values, team, space for personal development, and respect. Twenty-eight competences are allocated to these seven categories. The modular scheme on which the competence model is based enables each function and position in the Company to be described using the requirement criteria (competences) – from the designer to the information system technician, and across all hierarchy levels up to first management level.

C GROUP MANAGEMENT REPORT

- > Business performance
- > Human Resources Management

DEVELOPMENT OF EMPLOYEES



As at the balance sheet date, 12,030 employees worked for Bertrandt worldwide.

Our group-wide 'workplace of the future' programme has proven its worth. Thanks to this programme, we have been able to put ideas such as remote working, new room concepts, sabbaticals and part-time work for managers into practice, all of which have demonstrably increased employee motivation. Bertrandt's reputation as a competitive employer was confirmed once again in the year under review by an independent source: in the 2020/2021 fiscal year Bertrandt was ranked among the companies offering 'Germany's best jobs with a future'. In addition, the Group was named one of 'Germany's best MINT employers' in a study by Heise (MINT is short for Maths, Information Science, Science and Technology).

RECRUITING

Recruiting and employer branding are regarded as increasingly important activities at Bertrandt, the aim of which is to enthuse and engage sought-after talent for Bertrandt. In order to best meet these challenges, Bertrandt visited a considerable number of career events despite the pandemic situation and maintained close ties with the most important higher education institutions. In addition, online marketing measures in particular were stepped up, such as the further development of Bertrandt's careers webpage, intensification of social media activities including the launching of ads tailored to relevant target groups, and the identification and use of niche channels to address very specif-

ic groups of potential applicants. Moreover, Bertrandt responded quickly to the challenges resulting from the pandemic by expanding the digital infrastructure associated with recruiting, including enabling virtual job interviews and visiting digital career events. Bertrandt's successful efforts in this field were acknowledged by 'Best Recruiters', a recruitment study conducted in German-speaking countries, reviewing the recruiting activities of the largest employers.

Dedicated and qualified applicants are offered a broad range of opportunities to join the Bertrandt Group. Above all, Bertrandt offers responsible roles in all disciplines relating to automotive engineering trends, highly interesting projects including varied career opportunities, and great team spirit.



Can you imagine working on innovative engineering projects with us? Here you will find information on vacancies at Bertrandt:

→ [CAREERS AT BERTRANDT](#)

FURTHER TRAINING

Contribute knowledge to technologies. Respond to market developments. Meet customer needs. And, at the same time, discover opportunities to develop one's own skills and expertise. Bertrandt is fully aware of the expectations that today's employees have of their work. In order to enable lifelong learning, our HR Development section sets great store by the continuing professional development of our people. Once an individual's personal starting point has been identified, a professional employee journey begins from there, enabled by very closely coordinated development processes. To this end, our HR Development's competence centres provide advanced, digital learning and CPD programmes, support the journey individually by means of systemic coaching or collectively by providing team consulting and facilitation, are available to the employee by providing development support and increasing the quality of leadership in the Company by applying aptitude diagnostics. This fosters cooperation across all the divisions, units and branches within the Group, supports leadership understanding and promotes an openness to change. All this is done with the aim of retaining Bertrandt staff for the long term. Despite a generally restrictive cost management, Bertrandt spent EUR 3.5 million (previous year EUR 6.2 million) in total on further training for staff and managers in the year under review.

TRAINING

Training young talent has always been of key significance at Bertrandt. The Company develops its own pool of talent by running and applying numerous training programmes and methods as well as by cooperating closely with universities. As at 30 September 2021, 184 Bertrandt Group employees were participating in a training or study programme in technical or commercial disciplines.

Group organisation and controlling

INTERNATIONAL GROUP STRUCTURE

Bertrandt AG is the parent company within the Bertrandt Group, which operates with domestic or foreign independent legal entities or permanent establishments in Germany, Austria, China, the Czech Republic, France, Italy, Romania, Spain, the United Kingdom and the United States of America. The Management Board of Bertrandt AG is responsible for managing the Company. The Supervisory Board appoints the members of the Management Board and supervises and advises them and, in particular, is consulted on decisions of fundamental importance for the Company. The subsidiaries of Bertrandt AG are run independently by their own management. The interests of the Group and of its subsidiaries are coordinated at regular management meetings between the Group Management Board and the management of the respective subsidiaries. Cyclical and sector-specific changes are constantly monitored and incorporated in the operative control of the business segments in a timely manner.

ENHANCING ENTERPRISE VALUE AS A PRIORITY

In all its actions Bertrandt focuses on enhancing enterprise value in a sustainable way while considering economic, social and ecological factors. New market and customer requirements call for new approaches. By pooling different competences, we are striving to meet the demand for greater depth of responsibility and know-how in the fields of digitalisation, electromobility and large-scale projects. Bertrandt's new controlling system is geared to increasing the value of the entire Group. On this basis, targets are defined for the different segments and subsidiaries. Bertrandt is managed on a pyramidal basis from the Group, via the segments and subsidiaries down to individual profit centre levels. The periodic management is conducted in the light of the recognition and measurement policies defined by international accounting standards. Along with total revenues, Bertrandt uses EBIT and cash flow from operating activities as key performance indicators for controlling purposes.

C GROUP MANAGEMENT REPORT

- > Human Resources Management
- > Group organisation and controlling
- > Corporate governance declaration pursuant to Sections 315d and 289f of the German Commercial Code (HGB), Article 83 (1) sentence 2 of the Introductory Law to the German Commercial Code (EGHGB), and Article 87 EGHGB.

Corporate governance declaration pursuant to Sections 315d and 289f of the German Commercial Code (HGB), Article 83 (1) sentence 2 of the Introductory Law to the German Commercial Code (EGHGB), and Article 87 EGHGB.

PERTINENT CORPORATE GOVERNANCE PRACTICES

Bertrandt conducts its business in line with the legal systems of the Federal Republic of Germany and of those countries in which the Company operates. In addition to the statutory provisions, the corporate governance practices described below are also adopted by the Group.

COMPLIANCE

Long-term market success is only possible if a company is able to enduringly convince its customers by its innovation, quality, reliability and fairness. In our view, an essential aspect of this is to comply with statutory provisions as well as with the Company's own guidelines and ethical principles (compliance). Bertrandt's corporate culture is geared to these rules and policies. Moreover, we have always felt bound by principles going beyond legal provisions. Ethical principles and obligations entered into voluntarily are also integral parts of our corporate culture and simultaneously the guide on which our decisions are based. All this is founded

on factors such as the integrity of business dealings, protecting our leading-edge knowledge, adhering to antitrust law and all foreign trade related regulations, proper record keeping and financial communication as well as equal opportunities and the principle of sustainability. Bertrandt continuously requires staff and business partners to adhere to these principles and monitors compliance.

OUR VALUE SYSTEM: BERTRANDT'S MISSION STATEMENT

Bertrandt is a forward-looking company defined by a clear and unambiguous system of values. Its cornerstones are honesty, credibility, dependability, transparency and trust in people. Based on this value system, Bertrandt's mission statement was developed as early as 1996. This mission statement, which was last updated in 2019, is the guide for our corporate strategy, for our daily conduct and our social responsibility. The mission statement's aim is not only to govern teamwork within the Company, but also what we do for our customers and shareholders. Commitment and trust are values that Bertrandt emphasises afresh every day. Openness, trust and mutual appreciation are what characterises our day-to-day collaboration. Our mission statement illustrates to our shareholders, customers, employees and the general public what makes our business successful. Bertrandt is a long-standing, dependable partner to its customers, shareholders and employees.

The mission statement is available at <https://www.bertrandt.com/en/career/why-bertrandt/corporate-culture>

RISK MANAGEMENT

Dealing carefully with potential risks to the Company is accorded high priority in our day-to-day work. We have set up a risk management system that helps us to detect risks and to optimise risk positions. This system is continuously adapted to changing circumstances. The Audit Committee set up by the Supervisory Board deals in particular with matters involving accounting, risk management, including the internal control system and compliance as well as the required independence and selection of the statutory auditor.

ACCOUNTING AND AUDIT OF THE FINANCIAL STATEMENTS

The financial statements of the Bertrandt Group are prepared in conformity with International Financial Reporting Standards (IFRS). The separate financial statements of Bertrandt AG are prepared according to the German Commercial Code (HGB). Pursuant to statutory provisions, the auditor is appointed by the annual general meeting. The Audit Committee prepares the Supervisory Board's proposal to the annual general meeting for the appointment of the auditor.

The auditor is independent and audits both the Group's consolidated financial statements and the separate financial statements of Bertrandt AG. The Supervisory Board has appointed Udo Bäder as an independent Supervisory Board member with accounting and auditing expertise (so-called 'financial expert') according to Section 100 (5) German Stock Corporation Act (AktG) in conjunction with Section 12 (6) Introductory Act to the Stock Corporation Act (EAGAktG).

TRANSPARENCY

The Company's shareholders, all participants in the capital market, financial analysts, investors, shareholders' associations and the media are regularly informed and kept up to date on the Company's situation and material changes in its business. The principal communication channel for this is the internet. All persons who work for the Company and have access to insider information as specified by the regulations are advised of their obligations arising from insider trading law. The situation and results of Bertrandt AG are reported in interim reports (quarterly and half-year) and annual reports, annual financial results conferences and the annual general meeting as well as conference calls and events involving international financial analysts and investors both in and outside Germany.

The financial calendar with the dates of the regular financial reporting is available on Bertrandt's website at <https://www.bertrandt.com/en/company>. In addition to regular reporting, information that concerns Bertrandt AG and that might have a considerable impact on the price of Bertrandt's shares, but is not publicly known, is disclosed by means of ad-hoc announcements pursuant to Article 17 Market Abuse Regulation (Regulation (EU) No. 596/2014).

WORKING PROCEDURES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management Board is responsible for managing the Company, acting in the interest of the latter and representing it in transactions with third parties. The Board's main tasks relate to Bertrandt's strategic direction and controlling the Company's activities; they also include maintaining and monitoring an effective risk management system. The Management Board consists of three members, without a single individual exercising a particular role as chairman or spokesman. Thus, the importance of overarching work for the development of the entire Group is consistently reflected in the forward-looking and networked leadership approach implemented at the Board level. Notwithstanding this overall responsibility, it is the duty of each Board member to independently manage the field of activity assigned to him. The Rules of Procedure set forth by the Supervisory Board govern the details of the Management Board's activities. The Management Board acts without any specific committees.

The members of the Management Board are obliged to immediately disclose to the Supervisory Board any conflicts of interest and also to notify the other Management Board members. No sideline activities, in particular as supervisory board members outside the Group, may be exercised by members of the Management Board unless they have been approved by the Supervisory Board.

The Management Board normally meets every two weeks and ad hoc if needed; the Supervisory Board usually meets four times a year and as required. The Management Board comprehensively informs the Supervisory Board in a timely manner and on a regular basis of all key matters concerning corporate strategy, planning, business performance, the financial position and earnings situation, the risk situation and risk management activities as well as compliance. It also presents to the Supervisory Board the Group's capital expenditure and financial planning as well as earnings projections for the upcoming fiscal year. The Management Board advises the Chairman of the Supervisory Board without delay of any key events that might be of material significance in judging the Company's situation and performance and for its management. Transactions and measures that require the Supervisory Board's approval are submitted to the Board in good time.

C GROUP MANAGEMENT REPORT

- > Corporate governance declaration pursuant to Sections 315d and 289f of the German Commercial Code (HGB), Article 83 (1) sentence 2 of the Introductory Law to the German Commercial Code (EGHGB), and Article 87 EGHGB.

The Supervisory Board appoints, supervises and advises the members of the Management Board. The size and composition of the Supervisory Board is as defined in Article 8 (1) of the Articles of Association.

The Supervisory Board comprises four shareholder representatives and two representatives voted by Bertrandt employees. A list of all members of the Supervisory Board and their CVs are available at <https://www.bertrandt.com/en/company/bertrandt-group/supervisory-board> Information on the professions of the Supervisory Board members and disclosures on other offices held in supervisory boards and other monitoring bodies are not only found in the CVs disclosed on the website but also in the Fiscal 2020/2021 Annual Report (section 'Consolidated Financial Statements/Notes') which is available at <https://www.bertrandt.com/en/company/investor-relations/financial-reports> upon its publication on 9 December 2021.

The Rules of Procedure set forth by the Supervisory Board govern the details of the activities of the Supervisory Board and its committees.

According to D.13 of the German Corporate Governance Code, the Supervisory Board assesses the effectiveness of its own actions and the committees' actions on a regular basis. In fiscal 2020/2021, the Supervisory Board conducted one such assessment. A questionnaire provided to the Board members on 26 November 2020 enabled them to prepare themselves individually for the subsequent debate. Thirty-five different areas were assessed in the questionnaire. The topics included the conducting of Supervisory Board meetings, actions of the Chairman of the Supervisory Board, the work performed by Board members and committees and their activities. The evaluation also covered topics related to strategy, personnel, monitoring and external reporting. In addition, the Chairman of the Supervisory Board commissioned a third party bound by professional secrecy. Board members may approach this third party with suggestions for improving the Board's work. The third party will report back to the Supervisory Board without mentioning the respective Board member's name, so that the Chairman can then introduce any suggestions made anonymously to the debate on the Supervisory Board's work. The debate in the Supervisory Board was held on 7 December 2020. No details of the Board's deliberations will be disclosed as it is in the Company's interest to ensure the greatest possible openness in the Board's internal discussions.

COMPOSITION AND WORKING PROCEDURES OF THE SUPERVISORY BOARD COMMITTEES

To perform its duties the Supervisory Board has formed a Human Resources and an Audit Committee. To raise efficiency, the Human Resources Committee also performs the duties of the Nomination Committee. These committees prepare specific subject areas for discussion and decision-making in plenary meetings. For certain subjects the decision-making powers have been delegated by the Supervisory Board to the committees that hold meetings as required.

The members of the Audit Committee are Udo Bäder, Dietmar Bichler and Horst Binnig. All Audit Committee members are familiar with the industry in which the Company operates. The Supervisory Board has appointed Udo Bäder as Supervisory Board member with accounting and auditing expertise (so-called 'Financial Expert') according to Section 100 (5) AktG in conjunction with Section 12(6) EAGAktG. Udo Bäder is also chairman of the Audit Committee.

The Human Resources Committee currently consists of Dietmar Bichler, Horst Binnig and Prof. Dr.-Ing. Wilfried Sihn. Dietmar Bichler chairs the Human Resources Committee. The Human Resources Committee simultaneously assumes the role of the Nomination Committee.

STIPULATIONS PURSUANT TO SECTION 76 (4) AND SECTION 111 (5) AKTG, EACH IN CONJUNCTION WITH SECTION 26L (2) EGAKTG

On 1 May 2015 the Act on the equal participation of women and men in leadership positions entered into force. According to said law, the supervisory board of a listed company or a company subject to codetermination must define a target for the proportion of women represented on supervisory and management boards. In addition, the management board of such company must define targets for female representation on the two management levels below the management board. Where the proportion of women is below 30% at the time when the supervisory and management boards stipulate the number of women to be appointed to the boards, the targets specified must not be set below the current proportion. At the same time, a deadline of no longer than five years must be specified for attaining the target number. The targets may be set with a deadline not exceeding 31 May 2025.

By a resolution adopted in May 2021, the Supervisory Board of the Company last stipulated, in accordance with Section 111 (5) AktG, a target of 0% female representation on the Management Board to be attained by 31 May 2025. This corresponded to the actual proportion at the time of stipulating the target.

By a resolution adopted in May 2021, the Management Board of the Company last stipulated, in accordance with Section 76 (4) AktG, a target of 0% for the proportion of women at the first management level below the Management Board and a target of 25% for the proportion of women at the second management level below the Management Board, both to be attained by 31 May 2025. Both management levels as referred to in Section 76 (4) AktG were defined based on the existing reporting lines in the Company below management board level.

By a resolution adopted in May 2021, the Supervisory Board of the Company last stipulated, in accordance with Section 111 (5) AktG, a target of 16.6% female representation on the Management Board to be attained by 31 May 2025.

The earlier targets defined in May and September 2017 were:

'By a resolution adopted in May 2017, the Supervisory Board of the Company stipulated, in accordance with Section 111 (5) AktG, a target of 0% female representation on the Management Board to be attained by 30 September 2021. This corresponded to the actual proportion at the time of stipulating the target. In its meeting on 5 November 2018, the Supervisory Board followed a proposal by the Human Resources Committee and reviewed the stipulated target on the occasion of the reappointment of three members. No resolution for changing the target was adopted.

By a resolution adopted in May 2017, the Management Board of the Company stipulated, in accordance with Section 76 (4) AktG, a target of 0% for the proportion of women at the first management level below the Management Board and a target of 0% for the proportion of women at the second management level below the Management Board, both to be attained by 30 September 2021. Both management levels as referred to in Section 76 (4) AktG were defined based on the existing reporting lines in the Company below management board level.

By a resolution adopted in September 2017, the Supervisory Board of the Company stipulated, in accordance with Section 111 (5) AktG, a target of 0% female representation on the Supervisory Board to be attained by 30 September 2021.'

During the period considered in this corporate governance declaration, and up until May 2021, when the new targets were defined, and (ignoring the new targets defined in the meantime) as at 30 September 2021, the targets were attained at the level of the Management Board and the first management level, but not at the second level below the Management Board and Supervisory Board. Female representation at the second level below the Management Board was 25%; in the Supervisory Board, it was 16.67%. This is due to the election of a female Supervisory Board member by the employees and the success in recruiting female executives for the Group and offering them development opportunities.

The targets defined in May 2021 were attained at the level of the Management Board and the first management level in the ensuing period, but not at the second level below the Management Board and Supervisory Board. Female representation at the second level below the Management Board was 25%; in the Supervisory Board, it was 16.67%. This is due to the election of a female Supervisory Board member by the employees and the success in recruiting female executives for the Group and offering them development opportunities.

C GROUP MANAGEMENT REPORT

- > Corporate governance declaration pursuant to Sections 315d and 289f of the German Commercial Code (HGB), Article 83 (1) sentence 2 of the Introductory Law to the German Commercial Code (EGHGB), and Article 87 EGHGB.

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG) DATED 20 SEPTEMBER 2021"

'Declaration of conformity to the German Corporate Governance Code pursuant to Section 161 AktG

The Management Board and Supervisory Board of Bertrandt AG declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the Government Commission on the German Corporate Governance Code (GCGC), as amended on 16 February 2019 and published in the electronic Federal Gazette on 20 March 2020 have been and are being complied with, with the exception of the recommendations in A.1; A.2 sentence 1 last clause; B.2 last clause; B.3; C.1 and C.4 to C.13; D.1; D.7; E.1 and E.2; G.1 to G.3; G.7 sentence 1; G.9 sentence 1; G.10; G.11 sentence 2; G.13 sentence 2; and G.16 GCGC. Until 7 December 2020 Bertrandt AG had also not complied with the other recommendations contained in G.1 to G.16 of the German Corporate Governance Code; to that extent, last year's declaration of conformity of 21 September 2020 was updated in the course of the fiscal year with the declaration made on 7 December 2020. Moreover, until 20 September 2021, the recommendations in F.2 and D.10 had not been complied with. Since 20 September 2021, the Company has complied with the recommendation in C.10 sentence 1, second alternative ('independence of the audit committee's chair').

The deviations from individual recommendations are or were based on the following considerations:

A.1 GCGC

The Company continues to deviate from the recommendations under A.1. It has always been in the interest of Bertrandt AG to give priority to the professional experience, capabilities and knowledge of the individual persons when appointing executives. In its own interest, the Company strives to ensure that its appointment process is free from discrimination and barriers in all countries where it operates so as to leverage the potential offered by applicants and candidates for leadership positions. The Supervisory Board's Rules of Procedure even explicitly require the Board's Human Resources Committee to take diversity in the composition of the Management Board into account when a proposal for an appointment is made to the Supervisory Board.

A.2 sentence 1 last clause GCGC

Bertrandt AG maintains an adequate compliance management system which is aligned to the Company's risk situation. The Company reports on this system in accordance with the provisions of the Act to Strengthen Non-financial Reporting by Companies in their Management Reports and Group Management Reports (CSR Directive Implementation Act). However, since the GCGC fails to define which are the individual requirements arising from A.2 sentence 1 last clause GCGC, the Company as a precautionary measure declares a deviation from A.2 sentence 1 last clause GCGC.

B.2 last clause GCGC

Together with the Management Board, the Supervisory Board ensures long-term succession planning. To safeguard effectiveness and ensure the confidentiality required in the Company's interest, no details are disclosed in this respect.

B.3 GCGC

There are currently no vacancies on the Management Board. Notwithstanding this, the Company as a precautionary measure declares a deviation from this recommendation. In case new appointments need to be made, high-calibre candidates in particular may demand employment contracts for the full statutory term. It is in Bertrandt's interest not to exclude these candidates per se.

C.1 and C.4 to C.13 GCGC

C.1 and C.4 to C.13 GCGC contain various recommendations for the composition of the Supervisory Board and the election of Supervisory Board members, for example regarding their independence.

In 2019 (i.e. before the new version of the GCGC), the members of the Supervisory Board were re-elected for a term lasting until the end of the annual general meeting voting on the discharge of the Supervisory Board from their responsibilities for the fourth fiscal year after the beginning of their terms. The fiscal year in which the term began is not included.

The recommendations of the German Corporate Governance Code pertaining to the new election or by-election of a Supervisory Board member by the annual general meeting should be evaluated and deliberated in good time before the election. In order not to anticipate these deliberations, the Company as a precautionary measure declares that it largely deviates from the recommendations in C.1 and C.4 to C.13 GCGC at present. Notwithstanding this deviation, the Company has complied with the recommendation in C.10 sentence 1, second alternative ('independence of the audit committee's chair') since 20 September 2021 in order to fulfil the new criteria for a listing in the DAX, MDAX, SDAX and TecDAX (cf. so-called 'Guide to the DAX Equity Indices', applicable since 30 August 2021 in the version 11.2.3, see section 4.1.1.1, p. 28 in the same document).

To date, the Company has given priority to the professional experience, capabilities and knowledge of the individual persons when appointing members to the Supervisory Board or filling other executive positions. Furthermore, Bertrandt AG's business model is founded, amongst other things, on reliable confidentiality regarding customers' development processes and innovation cycles, and on the reliable protection of their business secrets. Our customers' trust in these corporate processes is enhanced by the fact that no representatives of shareholders serve on the Supervisory Board who are at the same time customers of the Company.

D.1 last clause GCGC

The information provided in the Corporate Governance section of the Company's website has so far only consisted of the declaration of conformity and the Articles of Association. The Company will continue this proven practice.

D.7 GCGC

The Supervisory Board may hold meetings without the involvement of Management Board members as required (e.g. in the situations addressed by Section 109 (1) sentence 3 AktG as amended), but not regularly.

D.10 DCGK (until 20 September 2021)

According to statutory provisions, the auditor verifies whether a declaration pursuant to Section 161 AktG has been submitted without, however, auditing its content. Especially in view of the cost of enlarging the audit scope, the Company has until now declared a deviation from recommendation D.10; in future, however, the Company intends to follow this recommendation to fulfil market expectations.

E.1 and E.2 GCGC

In its Rules of Procedure, the Supervisory Board has provided for the handling of conflicts of interests independently and in deviation from the recommendations in E.1 and E.2 GCGC. The Rules of Procedure require each Supervisory Board member to disclose any conflicts of interest to the Chairman of the Supervisory Board; it is mandatory for the Chairman of the Supervisory Board to disclose this information to his or her deputy. These provisions exceed the recommendations of the GCGC by applying to all conflicts of interest and not distinguishing between matters of material significance and temporary conflicts. The right to waive public disclosure of such information enables the members of the Supervisory Board to discuss in confidence with the Chairman also cases which merely appear to be conflicts of interests.

F.2 DCGK (until 20 September 2021)

Bertrandt AG published its report on the first quarter on 24 February 2021, the report on the second quarter on 20 May 2021 and the report on the third quarter on 9 August 2021. As long as the German Corporate Governance Code was not synchronised with the provisions of the Prime Standard, Bertrandt AG reserved the right to deviate from F.2 GCGC. In light of the new criteria for a listing in the DAX, MDAX, SDAX and TecDAX (cf. so-called 'Guide to the DAX Equity Indices', applicable since 30 August 2021 in the version 11.2.3, see section 4.1.1.1, p. 26 in the same document), the Company intends to comply with the recommendations in F.2 in future.

G.1 GCGC (since 7 December 2020)

No target remuneration and no relative fixed and variable remuneration components are defined in Bertrandt's remuneration system, which was approved by the annual general meeting on 26 February 2021, and no non-financial performance criteria are determined. In the opinion of the Supervisory Board, linking remuneration to a key performance indicator for controlling the Group across its different levels is a rather important point to ensure the proper functioning of the remuneration system. Under the remuneration system, the incentive for the Management Board is based on the Bertrandt Group's EBIT as determined in the financial statements in conformity with IFRS, because apart from EBIT being an indicator of the respective strength of the core business, remuneration is linked to EBIT over several years; thus the remuneration system helps to safeguard the financial foundation needed to implement the corporate strategy for a long-term, sustainable development of the Company. This is also the reason why the Company links remuneration to a specific, fixed percentage of EBIT achieved rather than specifying a target EBIT denominated in euro in absolute terms each year. No fixed weighting is applied to the individual remuneration components; remuneration changes every year depending on the relation between the variable component on the one hand, and the fixed component and fringe and pension benefits on the other.

G.2 GCGC (since 7 December 2020)

The deviation described for G.1 automatically results in a deviation from G.2, as this recommendation implies target remuneration pursuant to G.1.

C GROUP MANAGEMENT REPORT

- > Corporate governance declaration pursuant to Sections 315d and 289f of the German Commercial Code (HGB), Article 83 (1) sentence 2 of the Introductory Law to the German Commercial Code (EGHGB), and Article 87 EGHGB.

G.3 GCGC (since 7 December 2020)

The Supervisory Board ensures that the remuneration paid to Management Board members is in line with benchmarks, and verifies this on an annual basis. To this end, the Board applies both horizontal and vertical benchmarking. In addition to the comparison of remuneration figures of stock corporations listed in the MDAX, TecDax and SDAX, horizontal benchmarking also includes other relevant market information. With vertical benchmarking, the Supervisory Board takes account of how Management Board remuneration has evolved compared to the remuneration paid to senior executives and the total workforce of the Bertrandt Group in Germany. No dedicated peer group comparison is made, as there is no sufficient number of listed companies that could be compared with the Bertrandt Group and would also offer engineering solutions for the international automotive, aerospace, mechanical and plant engineering, energy, medical engineering, and electrical and electronics industries.

G.7 sentence 1 GCGC (since 7 December 2020)

Under the remuneration system, incentives for the Management Board are based on the Bertrandt Group's EBIT as determined in the financial statements in conformity with IFRS, because apart from EBIT being an indicator of the respective strength of the core business, remuneration is linked to EBIT over several years; thus the remuneration system helps to safeguard the financial foundation needed to implement the corporate strategy for a long-term, sustainable development of the Company. This is also the reason why the Company links remuneration to a specific, fixed percentage of EBIT achieved rather than specifying a target EBIT denominated in euro in absolute terms each year.

G.9 sentence 1 GCGC (since 7 December 2020)

The variable performance-related remuneration generally consists exclusively of a performance-related bonus paid to the members of the Management Board, which is linked to the Group's EBIT as determined in the financial statements in conformity with IFRS. A separate specification of the target by the Supervisory Board is therefore superfluous.

G.10 GCGC (since 7 December 2020)

Share-based remuneration as a component of general remuneration is not provided under Bertrandt's remuneration system, and there is no obligation to invest in shares. As is widely known, stock market prices are also subject to a variety of influences that are not related to the Company's development and the performance of the Management Board. The variable performance-related remuneration consists exclusively of a performance-related bonus, which is linked to the Group's EBIT as determined in the financial statements in conformity with IFRS. The basis for the assessment of the bonus is the EBIT generated in two consecutive financial years. Thus, the work performed is remunerated in a transparent and performance-oriented manner.

G.11 sentence 2 GCGC (since 7 December 2020)

So-called 'clawback' provisions for the recovery of sums already paid, especially when a member of the Management Board breaches a duty, are not incorporated into the remuneration system. While such arrangements are common in other jurisdictions, it is the view of Bertrandt AG that there is no discernible need for such provisions as the statutory liability provisions according to Section 93 AktG (2) sentence 2 stipulate that the onus of proving that a board member exercised the due care of a prudent manager faithfully complying with his duties is on the board member.

G.13 sentence 2 GCGC (since 7 December 2020)

Where post-contractual non-compete clauses apply, the Company will decide in each case, taking the Company's interest into account, whether or not the severance payment is to be factored into the calculation of the compensation payment; there is no general decision applicable to all cases.

G.16 GCGC (since 7 December 2020)

According to this recommendation, the Supervisory Board decides whether and to what extent the remuneration paid for supervisory board mandates outside the Group is to be offset. The service contracts with Management Board members currently contain a provision according to which such mandates require approval; however, they do not lay down in detail how the remuneration from such mandates would have to be offset, and, as a result, the corresponding decision lies not with the Supervisory Board alone.

G.1 to G.16 GCGC (since 7 December 2020)

Until 7 December 2020, further deviations applied; at the time, they had been based on the following considerations: G.1 to G.16 GCGC as amended contain several recommendations for the remuneration paid to the Management Board. The recommendations are complemented by the new provisions of the Law for the implementation of the second Shareholder Rights Directive (ARUG II) of 12 December 2019, which was promulgated in the Federal Law Gazette I, pages 2637 et seq. on 19 December 2019. To ensure application of the law, the Company has already implemented transition rules and will continue to do so. The service contracts with the Company's former and current Management Board members were entered into before the new versions of the German Stock Corporation Act and Corporate Governance Code came into force and they remain unaffected as a result. The new recommendations for the remuneration system were to be deliberated when the first draft resolution to be submitted to the annual general meeting 2021 according to the new regulations was prepared. This also applied to the subsequent recommendations for calculating individual remuneration. It may be the case that these recommendations can only be implemented in connection with new appointments or amendments to existing agreements, for example as a result of negotiations on contract renewals. In order not to anticipate these deliberations, the Company had declared as a precautionary measure that it largely deviated from the recommendations in G.1 to G.16 GCGC as amended until 7 December 2020; the declaration of conformity was updated in the course of the fiscal year after the deliberations had taken place.

The Company continues to report on the existing remuneration system for Management Board members in its annual reports and its financial statements and consolidated financial statements according to the relevant statutory provisions.

Ehningen, 20 September 2021

The Supervisory Board	The Management Board
Dietmar Bichler Chairman	Hans-Gerd Claus Member of the Management Board
Horst Binnig Deputy Chairman	Michael Lücke Member of the Management Board
	Markus Ruf Member of the Management Board"

DIVERSITY POLICY

The Company does not pursue a diversity policy regarding the composition of the Supervisory Board and the body legally representing the Company. As has been set out in the declaration of conformity of 20 September 2021 pursuant to Section 161 AktG, it is in the interest of Bertrandt AG to give priority to the professional experience, capabilities and knowledge of the individual candidates when filling positions.

While the Supervisory Board's Rules of Procedure explicitly require the Board's Human Resources Committee to take diversity in the composition of the Management Board into account when a proposal for an appointment is made to the Supervisory Board, no comprehensive diversity concept according to Section 289f (2) no. 6 of the German Commercial Code (HGB) in conjunction with Article 83 (1) sentence 2 of the Introductory Law to the German Commercial Code (EGHGB), and Article 87 EGHGB was developed to lay down details, such as age, gender, educational or professional background and related targets. The reason for this is that it is in the interest of Bertrandt AG to give priority to the professional experience, capabilities and knowledge of the individual candidates when filling positions. As has been set out in the explanations given in the declaration of conformity of 20 September 2021 pursuant to Section 161 AktG for the deviation from A.1 GCGC, the Company strives to ensure that in the Group's own interest its appointment process is free from discrimination and barriers in all countries where it operates so as to leverage the potential offered by applicants and candidates for leadership positions.

Also with respect to the composition of the Supervisory Board, no comprehensive diversity concept according to Section 289f (2) no. 6 HGB in conjunction with Article 83 (1) sentence 2 and Article 87 EGHGB was developed in fiscal 2020/21 to lay down details, such as age, gender, educational or professional background and related targets. There were no vacancies on the Supervisory Board up for election in this period. However, in its explanation for the Company's deviation from recommendation C.1 sentence 2 GCGC provided in the declaration of conformity of 20 September 2021, the Supervisory Board announced that it will evaluate and deliberate the topic of diversity in good time before the new election or by-election of a Supervisory Board member by the annual general meeting. These deliberations might eventually result in the adoption of a diversity concept according to Section 289f (2) no. 6 HGB as amended.

C GROUP MANAGEMENT REPORT

- > Corporate governance declaration pursuant to Sections 315d and 289f of the German Commercial Code (HGB), Article 83 (1) sentence 2 of the Introductory Law to the German Commercial Code (EGHGB), and Article 87 EGHGB.

To date, the Company has always given priority to the professional experience, capabilities and knowledge of the individual persons when appointing members to the Supervisory Board or filling other executive positions. Furthermore, Bertrandt AG's business model is founded, amongst other things, on reliable confidentiality regarding customers' development processes and innovation cycles, and on the reliable protection of their business secrets. Our customers' trust in these corporate processes is enhanced by the fact that no representatives of shareholders serve on the Supervisory Board who are at the same time customers of the Company.

Other disclosures resulting from the recommendations of the German Corporate Governance Code:

An upper age limit has been set for members of the Management Board. The Human Resources Committee should not nominate any candidates for appointment to the Management Board who have reached the age of 64 when the nomination is made.

There is also an age limit for Supervisory Board members. Section 8 (1) of the Articles of Association stipulates: 'The Supervisory Board comprises six members. Four of these are elected by the shareholders and must not have reached the age of 75 at the time of the election.' Two members are elected based on the agreement pursuant to Section 22 of the German Act on Codetermination of Employees in Cross-Border Mergers (MgVG) of 9 May 2008 on employees' representation on the Supervisory Board of Bertrandt Aktiengesellschaft.'

In its meeting of 20 September 2021 the Supervisory Board stated that Udo Bäder is independent from the Company in his capacity as chairman of the Audit Committee within the meaning of C.10 GCGC, and substantiated this statement as follows:

'Udo Bäder withdrew as a partner of the Company's auditor with effect from the end of 30 June 2018. The auditor responsible for the audits of the financial statements for the years ending 30 September 2020, 30 September 2019 and 30 September 2018 was Jürgen Berghaus; the auditor's reports supporting the audits were issued by Jürgen Berghaus and Denis Etzel on 25 November 2020, 27 November 2019 and 29 November 2018 respectively. The auditor responsible for the audit of the financial statements for the year ending 30 September 2017 was Angelika Kraus; the auditor's report was issued by Angelika Kraus and Dagmar Liphardt. The audit last conducted by Udo Bäder related to the financial statements for the year ending 30 September 2016; the auditor's report was issued by Udo Bäder and Dagmar Liphardt on 29 November 2016. It is the subjective assessment of the shareholder representatives on the Supervisory Board that any personal activity of Udo Bäder in a capacity as consultant to the Company after his last audit assignment does not give rise to any doubts regarding his independence, albeit such activity qualifies as an indicator according to recommendation C.7 of the German Corporate Governance Code.'

Ehningen, 6 December 2021

The Supervisory Board	The Management Board
Dietmar Bichler Chairman	Hans-Gerd Claus Member of the Management Board
Horst Binnig Deputy Chairman	Michael Lücke Member of the Management Board
	Markus Ruf Member of the Management Board

REMUNERATION REPORT

REMUNERATION STRUCTURE FOR THE MEMBERS OF THE MANAGEMENT BOARD

Remuneration of Management Board members, to which Section 162 AktG is not yet applicable pursuant to Section 26j (2) EGAktG, comprises fixed/non-performance-related and variable components. The fixed/non-performance-related remuneration consists of a fixed remuneration, fringe benefits and benefits in kind. Each member of the Management Board is entitled to a fixed annual salary payable in twelve equal instalments at the end of each month. When comparing the remuneration of several fiscal years, the partial waiver of remuneration by the members of the Management Board in the previous year, which affected both the fixed and the variable component, has to be taken into account. In the fiscal year 2020/2021, fixed/non-performance-related remuneration without fringe benefits paid to the Management Board members was EUR 0.420 million (previous year EUR 0.374 million) for Hans-Gerd Claus; EUR 0.420 million (previous year EUR 0.374 million) for Michael Lücke and EUR 0.420 million (previous year EUR 0.374 million) for Markus Ruf.

The system for Management Board remuneration, which was approved by the annual general meeting in 2021, is oriented towards the sustainable growth of the Company within the meaning of Section 87 (1) sentence 2 AktG. The variable component consists of a performance-related bonus paid to the members of the Management Board, which is linked to the Group's EBIT as determined in the financial statements in conformity with IFRS. The basis for the assessment of the bonus is the EBIT generated in two consecutive financial years. The smaller portion of the variable component is determined based on the financial year under review while the major share is determined at a later point in time depending on the performance of the business (bonus/malus system) in the following fiscal year. The total bonus paid for one fiscal year is capped so that it can only be six times the fixed basic annual salary in the financial year concerned. Remuneration for Management Board members paid in one fiscal year is capped at an amount of eight times their fixed basic annual salary in the fiscal year concerned. The variable component is adjusted to the Bertrandt Group's earnings situation.

For the reporting period, the variable component paid was EUR 0.217 million (previous year

EUR 0.147 million) in total for Hans-Gerd Claus, thereof EUR 0.104 million as long-term incentive component for 2019/2020 (previous year EUR 0.104 million) and EUR 0.113 million as long-term incentive component for 2020/2021 (previous year EUR 0.043 million); EUR 0.217 million (previous year EUR 0.147 million) in total for Michael Lücke, thereof EUR 0.104 million as long-term incentive component for 2019/2020 (previous year EUR 0.104 million) and EUR 0.113 million as long-term incentive component for 2020/2021 (previous year EUR 0.043 million); and EUR 0.217 million (previous year EUR 0.147 million) in total for Markus Ruf, thereof EUR 0.104 million as long-term incentive component for 2019/2020 (previous year EUR 0.104 million) and EUR 0.113 million as long-term incentive component for 2020/2021 (previous year EUR 0.043 million).

According to the bonus/malus system, long-term incentive components for fiscal 2020/2021 comprised a minimum of EUR 0 million (previous year EUR 0 million) and a maximum of EUR 0.138 million (previous year EUR 0.104 million) for Hans-Gerd Claus; a minimum of EUR 0 million (previous year EUR 0 million) and a maximum of EUR 0.138 million (previous year EUR 0.104 million) for Michael Lücke; and a minimum of EUR 0 million (previous year EUR 0 million) and a maximum of EUR 0.138 million (previous year EUR 0.104 million) for Markus Ruf.

Bertrandt provides company cars to all members of the Management Board for business and private use. Furthermore, all Management Board members are insured under a group accident insurance policy. In the fiscal year 2020/2021, taxable non-cash fringe benefits were EUR 0.017 million (previous year EUR 0.017 million) in total for Hans-Gerd Claus; EUR 0.022 million (previous year EUR 0.022 million) in total for Michael Lücke; and EUR 0.015 million (previous year EUR 0.015 million) in total for Markus Ruf.

Individual remuneration paid to the active Management Board members in fiscal 2020/2021 was EUR 0.654 million (previous year EUR 0.538 million) in total for Hans-Gerd Claus; EUR 0.659 million (previous year EUR 0.543 million) in total for Michael Lücke; and EUR 0.652 million (previous year EUR 0.536 million) in total for Markus Ruf. In total, EUR 1.965 million (previous year EUR 1.617 million) was paid to the Management Board as a whole.

In addition to the fixed annual salaries paid on a monthly basis, variable components for several fiscal years in the aggregate amount of EUR 0.441 million (previous year EUR 2.262 million) were paid in fiscal 2020/2021. This aggregate amount is allocated as follows: EUR 0.147 million (previ-

- > Remuneration report
- > Issued share capital

ous year EUR 0.754 million) for Hans-Gerd Claus, thereof EUR 0.104 million as long-term incentive component for 2018/2019 (previous year EUR 0.415 million); EUR 0.147 million (previous year EUR 0.754 million) for Michael Lücke, thereof EUR 0.104 million as long-term incentive component for 2018/2019 (previous year EUR 0.415 million); and EUR 0.147 million (previous year EUR 0.754 million) for Markus Ruf, thereof EUR 0.104 million as long-term incentive component for 2018/2019 (previous year EUR 0.415 million). No share options have been granted to members of the Management Board, and there is currently no plan to do so. Generally, the remuneration structure implemented by the Supervisory Board does not provide for pension commitments to members of the Management Board.

REMUNERATION STRUCTURE FOR THE MEMBERS OF THE SUPERVISORY BOARD

The remuneration structure for the members of the Supervisory Board was amended by shareholder resolution during the annual general meeting on 19 February 2014. Compensation of Supervisory Board members is defined in Article 12 of the Articles of Association of Bertrandt AG whereby each member of the Supervisory Board is entitled to a fixed compensation of EUR 0.032 million paid after the end of the fiscal year in addition to the reimbursement of expenses. The Chairman of the Supervisory Board receives two and a half times the amount and his deputy one and a half times the amount. Supervisory Board members who are also members of a committee additionally receive an amount equal to 25 percent of their fixed remuneration while members acting as committee chairmen receive another 25 percent of their fixed remuneration. However, the maximum amount received by Supervisory Board members in total is four times the fixed remuneration. Payment is due after adoption by the annual general meeting of the resolution on the appropriation of profits. On 26 February 2021 the annual general meeting confirmed the Supervisory Board remuneration provisions set forth in Article 12 of the Company's Articles of Association. When comparing the remuneration of several fiscal years, the partial waiver of remuneration by the members of the Supervisory Board in the previous year has to be taken into account. In total, remuneration of the Supervisory Board members amounted to EUR 0.320 million in fiscal 2020/2021 (previous year EUR 0.269 million), thereof EUR 0.064 million (previous year EUR 0.064 million) for work on committees. The Company has ceased to pay performance-based compensation to Supervisory Board members since the 2013/2014 fiscal year.

ISSUED SHARE CAPITAL

DISCLOSURES ON ISSUED SHARE CAPITAL AND POSSIBLE TAKEOVER RESTRICTIONS (SECTION 315A GERMAN COMMERCIAL CODE)

The share capital is EUR 10,143,240.00 and is divided into 10,143,240 bearer shares. Each share has one vote. The Management Board is not aware of any restrictions concerning voting rights or the transfer of shares apart from Bertrandt's treasury shares and the shares issued under the employee share scheme, which are subject to a contractually defined lock-up period. The following shareholders hold more than 10% of the voting rights:

- Dr. Ing. h. c. F. Porsche Aktiengesellschaft, Stuttgart, Germany: 28.97% of voting rights as last reported on 15 June 2016
- Friedrich Boysen Holding GmbH, Altensteig, Germany: 14.90% of voting rights as last reported on 21 February 2011

Refer to Note [49] in the notes to the consolidated financial statements for further disclosure. The owners of shares do not have any special rights establishing a power of control. The appointment and removal of members of the Management Board is governed by Sections 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with Article 6 of the Articles of Association. Pursuant to Section 179 AktG in conjunction with Article 18 (1) of the Articles of Association, any amendments to the Articles of Association require a resolution by the annual general meeting adopted by a simple majority. At the annual general meeting on 20 February 2019, the shareholders authorised the Management Board to buy back the Company's own shares up to a proportion of share capital equivalent to the amount of EUR 1,000,000.00 until 31 January 2024. At the annual general meeting on 26 February 2021, the shareholders authorised the Management Board to increase the share capital of Bertrandt AG pursuant to the Articles of Association with the approval of the Supervisory Board, either once or several times, however by a maximum amount of EUR 4,000,000.00 (Authorised Capital 2021), by issuing, until 31 January 2026, new bearer shares on a cash or non-cash basis (including in the form of so-called mixed non-cash contributions). Bertrandt has entered into the following agreement of material significance which provides for the event of a change of control by the following provisions:

lending agreements provide for an extraordinary right of termination of the lender when credit facilities are not used. There are no agreements with either members of the Management Board or employees on compensation payments in the event of a change of control.

Opportunities and risks report

Bertrandt's accounting, internal audit and controlling functions maintain an internal control and risk management system that ensures complete, accurate and timely provision of information. This chapter first describes the internal control system and the risk management system. Thereafter it sets out both the relevant risks and the opportunities that may influence Bertrandt's operating activities.

DESCRIPTION OF THE PRINCIPAL CHARACTERISTICS OF THE INTERNAL CONTROL SYSTEM

The separate financial statements of Bertrandt AG and its subsidiaries are prepared according to the applicable law in the respective jurisdiction and are then reconciled to prepare the consolidated financial statements according to IFRS. The corporate policies contained in the accounting manual ensure consistent accounting and measurement. The separate financial statements of the subsidiaries are audited or subjected to an auditor's review. In addition, they are tested for plausibility based on the report submitted by the auditors. A clear delineation of areas of responsibility, the use of the four eyes principle, the use of numerous IT authorisation concepts, encrypted transmission of information and the performance of plausibility checks are also important control elements which are applied in the course of the preparation of the annual financial statements. Staff are continually advised and trained in all the relevant aspects and issues of accounting law.

DESCRIPTION OF THE PRINCIPAL CHARACTERISTICS OF THE RISK MANAGEMENT SYSTEM

Our risk management system seeks to identify risks as early as possible, as well as to minimise or completely avoid them. This is aimed at averting possible harm to the Company and any potential threat

to it as a going concern. Bertrandt Group's four-tier internal control and risk management system identifies and documents risks to the Company's financial performance and continuing existence. The risk management system is applicable to all Bertrandt Group entities, both domestic and foreign. The Management Board, the Vice Presidents, Key Account Managers and the management of the respective divisions, units or branches work closely together with corporate functions such as group controlling in identifying risks and devising corrective actions. Both regular and ad-hoc risk reviews are carried out to assess all the identified risks that could affect our business performance with regard to amount of loss, probability of occurrence and importance. For this purpose, similar or identical risks affecting domestic and foreign operating units are aggregated to make their importance to the Group transparent. Depending on the results, appropriate corrective action plans are devised with top priority and compared with best practices, and the corresponding strategy is implemented without delay by the responsible management in cooperation with the required corporate functions.

The assessment and identification of risks per division or operating unit are based on the maximum amount of loss and the probability of occurrence. The amount of loss describes the impact on the EBIT of the respective subsidiary.

Amount of loss is described by the following categories:

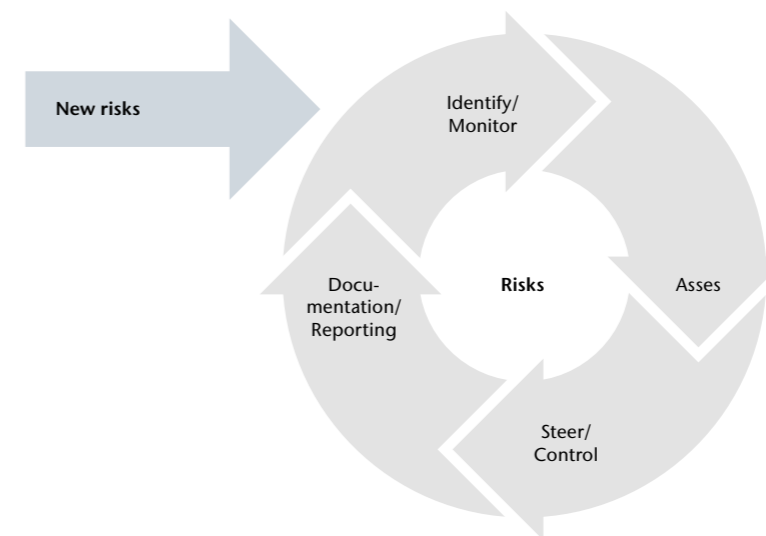
- Low is an amount of loss between EUR 0.050 and 0.250 million.
- Medium is an amount of loss between EUR 0.250 and 0.500 million.
- High is an amount of loss between EUR 0.500 and 1.500 million.
- Very high is an amount of loss exceeding EUR 1.500 million.

Probability of occurrence is described by the following categories:

- Low is a probability of between zero and 25%.
- Medium is a probability of between 25 and 50%.
- High is a probability of between 50 and 75%.
- Very high is a probability of between 75 and 100%.

- > Issued share capital
- > Opportunities and risks report

BERTRANDT'S RISK MANAGEMENT SYSTEM



Bertrandt's risk management system seeks to identify potential risks as early as possible, as well as to minimise or completely avoid them.

Risks are assessed on this basis in gross and net terms. The gross assessment assesses the risk event without accounting for the effects of corrective action that may already have been taken. The net assessment accounts for corrective action already taken and thus enables an appraisal of its effectiveness. Amount of loss multiplied by the probability of occurrence equals risk magnitude (gross and net). At Group level, the net risk magnitude is aggregated and the risk is assigned to one of the three categories A, B and C:

- A risk corresponds to a risk magnitude of > EUR 3 million.
- B risk corresponds to a risk magnitude of > EUR 1.5 million to EUR 3 million.
- C risk corresponds to a risk magnitude of < EUR 1.5 million.

The identified risks are updated several times a year and an aggregated risk report is prepared to provide the Management Board with an overview of the exposure of the Group. New risks arising between regular updates are described in ad-hoc risk reports as required, and submitted to the Management Board. Bertrandt's risk profile is updated constantly and shows the following potential individual risks. These identified risks are evaluated in order to determine whether they are substantial risks. Apart from this, risks of lesser importance were checked for plausibility, but are not separately stated here because of their low probability of occurrence, expected amount of loss and lack of materiality.

FINANCIAL RISKS

As an engineering service provider operating on an international scale, the Bertrandt Group is exposed to a variety of financial risks. They include default risks on trade receivables, risks from interest rate and currency fluctuation, liquidity risks, which are centrally hedged by corporate Treasury, as well as product liability risks and risks of additional claims, which are evaluated and hedged by Strategic Procurement. Based on a liquidity forecast covering a fixed period into the future and considering credit facilities available to the Bertrandt Group but not utilised as well as alternative financial instruments,

we regard supply of liquidity as secured at all times. We use derivative financial instruments as appropriate for managing individual fixed-interest periods and currency segments. In view of the additional risk of default due to the coronavirus pandemic, these financial risks are considered category A risks with a medium probability of occurrence. The risk of default is limited to the greatest possible extent by means of preventive credit rating checks. Since the impacts of the global coronavirus pandemic cannot be assessed conclusively, we have resolved a comprehensive package of countermeasures. The package comprises, among others, a short-time working scheme and the review and taking out of suitable low-interest loans provided by local coronavirus state aid programmes in other countries.

Individual risks are addressed by means of credit guarantee insurance cover as required in individual cases. Possible product liability risks are covered by corresponding insurance. Additional claims by customers are checked by stringent project management. This risk is classified as a B risk with a medium probability of occurrence.

CHANGE IN OEMS' OUTSOURCING STRATEGIES, NEW TECHNOLOGIES, PROJECT POSTPONEMENTS OR DISCONTINUATIONS

In recent years, the automotive industry has intensified the external sourcing of engineering services in response to the rising number of different drive technologies, increasing diversity of models and ever shorter model lifecycles. However, it is conceivable that OEMs will insource engineering services again in some areas. Cost saving efforts on the part of OEMs due to the coronavirus pandemic may additionally contribute to this trend. This would result in a reduction of Bertrandt's current and future business volume, which may adversely affect our revenue and earnings situation. Since external sourcing activities of customers have improved, the risk arising from a change in our customers' external sourcing strategies is considered a category B risk, in conjunction with a medium probability of occurrence. The discussion of the measurement of emission values in passenger cars which has been ongoing in the public since September 2015 and the debate about the possible adjustment of the measurement methodology by legislators continues to be of concern for all companies involved in the German automotive sector. As a consequence, e-mobility is becoming a stronger focus of the OEMs' technology development. The strategic change in the field of drive technologies is fully underway. Medium-term model roadmaps may now frequently be reviewed for this aspect

and possibly adapted, the result of which could be a reduction in the variety of models and variants. The attractiveness of and demand for some of our existing services may decline as a result. Development tasks in existing business segments may be reduced or no longer required. On the other hand, technology change offers additional opportunities and possibilities to tap into new markets. This may include the need for additional capital expenditure. In addition, new competitive situations may arise. Against the backdrop of the ongoing transformation of the automotive industry in general and in the field of e-mobility in particular, the risk associated with new technologies has become more relevant. At present, Bertrandt considers this risk a category B risk with a medium probability of occurrence. The coronavirus pandemic has become a major burden for businesses and the entire economy. Manufacturers are adversely affected by a shortage of raw materials and chips, which has a negative impact on production and supply chains and, as a result, on revenues and the awarding of development budgets. This may expose Bertrandt to an increased risk associated with stops or postponements of projects. Correspondingly, this risk is considered a category A risk with a medium probability of occurrence.

PRICING

Traditionally, the automotive industry is characterised by high price sensitivity while efficient process structures are taken for granted. Moreover, changes in the law have made matters considerably more complex in the field of contracts for work. Customers are requiring increasing scopes of engineering services to be sourced in low-wage countries. Forecast adjustments and cost-saving programmes of some OEMs may lead to pressure on prices and more restrictive external sourcing behaviour. We are responding to these challenges by optimising our cost structure, working to high levels of quality and, depending on the project in question, diversifying our locations outside Germany. Price will therefore continue to be subject to competitive pressures. Bertrandt classifies this risk as an A risk in conjunction with a medium probability of occurrence. New strategies must be devised to counteract the pressure on prices. Joint ventures or maintaining our own subsidiaries abroad are activities which are increasing in importance. This requires the identification of new target markets and, furthermore, the acquisition of suitable resources at attractive costs. The provision of services from across several countries will require corresponding efforts and expenses arising particularly during the start-up phase. New investments, which may be necessary due to the strategies pursued by the individual business segments, pose new challenges

for Bertrandt. If services are brought to a market with a delay resulting from the belated start-up of a business, this may result in the need for pre-financing. As of 30 September 2021, Bertrandt newly considers the risks associated with strategy as relevant risks of category B with a medium probability of occurrence.

IMPLEMENTATION OF NEW PROCESSES

The ongoing alignment with the technical demands of customers is an integral part of the business model of an engineering provider such as Bertrandt. This results in the continuous implementation of new processes, software tools and systems. Flawless introduction in each case is necessary in order to maintain the obligatory certifications. Moreover, flawed implementation of new processes may result in effectiveness and efficiency losses, and an increase in costs. In order to address this risk, Bertrandt installed a comprehensive management system which is applicable throughout the Group and which regularly measures and evaluates non-financial performance indicators. With this management system, we meet the requirements of customers, partners, authorities and the legislator as well as other stakeholders. The management system supports our employees' endeavours to work effectively and without making mistakes, to identify potential for optimisation and to actively contribute to the continued development of processes.

The management system is reviewed on an annual basis by external accredited bodies. Reviews are based on the requirements of the following standards:

- DIN EN ISO 9001 Quality Management
- DIN EN ISO 14001 Environmental Management
- DIN ISO/IEC 27001 information security in conjunction with the TISAX industry standard / prototype protection as specified by the German Association of the Automotive Industry (VDA)

- DIN ISO 45001 occupational health and safety management in conjunction with the 'AMS' safety and health system as specified by the administrative employers' liability insurance VBG
- DIN EN ISO/IEC 17025 for accredited test laboratories
- EN 9100 Quality management requirements relating to design, development and software development services for the aviation industry
- DIN EN ISO 13485 Quality management requirements relating to design and verification services for the manufacture of medical devices and the development of medical device software
- Energy audit pursuant to the German law on energy services and energy efficiency measures (EDL-G)

Business processes are assessed using the internal management system; to this end, the processes in the operating units and corporate functions at the Group's branches are aggregated. The aggregated assessment represents the status of the business processes in a total of five assessment areas, which are derived from the high level structure of the management system standards:

- I. **Performance of the management system** (for example: target process of the management system and its accomplishment, outcomes of external audits and reviews, controlling of resources)
- II. **Service delivery** (for example: feedback from customers, complaint management, supplier relationships, project management)
- III. **Continuous improvement** (for example: status of actions for sustainable correction of defects, for the prevention of potential future defects and for the response to predictable changes, for efficiency increase and innovation management)
- IV. **Risk management** (for example: status of and dealing with process, security and environmental risks, particularly their prevention and avoidance, corporate security as well as occupational health and safety)
- V. **Personnel and human resources** (for example: employee focus, fluctuation, occupational health management)

Business processes are assessed along a 100 point scale with the values associated with the following findings:

< 50	Deviations from the analysed target process were found. The cause for the deviation must be determined and sustainable corrective action must be initiated. Effectiveness must be ensured.
50–75	The analysed business process is stable and controlled. However, changes and potential deviations have to be expected. Preventive action must be initiated. Effectiveness must be ensured.
> 75	The analysed business process is stable and controlled, sustainability and effectiveness are ensured. Activities are focused on maintaining the process as is or on increasing efficiency and performance.

The assessment procedure was carried out for the Bertrandt Group’s business processes and the outcome for the fiscal year 2020/2021 is as follows for our non-financial performance indicators:

Assessment areas	Score
I. Performance of the management system	87 (previous year 86)
II. Service delivery	92 (previous year 82)
III. Continuous improvement	77 (previous year 79)
IV. Risk management	92 (previous year 93)
V. Personnel and human resources	86 (previous year 81)

The results can be regarded as indicators of the stability and sustainability of the business processes covered by our integrated management system. Like in the previous year, the results for all assessment areas clearly exceed 75 points, the threshold which characterises the business processes as stable and controlled.

Group-wide changes became necessary in addition to the package of actions already initiated in the last fiscal year. These actions were brought under way through the organisation project ‘Strategy, People, Success’. The project responds to the current market trends of digitalisation and electromobility and the changed customer and market environment. Thus, the performance of the management system and the stability of the processes were successfully kept at the previous year’s high level. The integrity of the management system is ensured. Despite a multitude of challenges, the value was also maintained in the service delivery assessment area. The level of customer satisfaction continues to be similarly positive. The set of tools for action management newly devised in the last fiscal year has been introduced. Numerous actions for improvement and optimisation have been initiated and recorded in the system. The resulting changes are, however, still underway and will only show their effect with a certain delay. Therefore, the value for continuous improvement has decreased slightly. As a result of adaptations in the areas of IT security and Corporate Security as well as the implementation of the VDA’s TISAX Information Security Standard, the value in the risk management assessment area has been improved over the previous year. The established management system proves to be very reliable and robust in dealing with the coronavirus pandemic. Despite reliable pandemic management, the impacts of the pandemic are noticeable: numerous tried and tested measures established in the Group for occupational health management had to be cut back for reasons of infection protection. Short-time working and the economic situation in the automotive industry have also adversely affected the personnel and human resources assessment area. This explains the slight decline. It is not least the now widespread and robust use of remote working that proves the fact that our ‘Workplace of the future’ package of actions was the right step to take. Therefore, Management’s activities are dedicated to maintaining and optimising the performance to the benefit of our customers. Bertrandt considers the risk involved in the implementation of new processes a category B risk with a medium probability of occurrence.

IT SECURITY

As an engineering service provider, Bertrandt is highly reliant on well-functioning and secure data processing. We must be ready at all times to provide solutions quickly to constantly changing business processes and cost pressure. The challenge here is to optimise overall IT costs and, at the same time, enhance functionality and security. Since 2005, internal Security Circles have been established that define and monitor uniform security standards. Since 2006, several of our locations have been certified to ISO 27001 and have implemented internal IT security procedures according to uniform specifications that exceed the standard and that are coordinated continuously with our customers. Bertrandt is continuously applying several different solutions for identifying vulnerabilities, such as the latest firewalls, intrusion detection systems or so-called content scanners. In order to enhance security even more, additional actions have also been taken such as 2-factor authentication or strong cryptography for transmissions from and to customers. In addition, Bertrandt created the position of a Chief Information Security Officer (CISO) in the fiscal year 2015/2016. Aggregated for the entire Group and in view of the comprehensive preventive action taken, in particular the upgrading of the access control systems, this risk is considered a category B risk and the probability of occurrence is assessed as low.

HUMAN RESOURCES

Inadequate availability as well as fluctuation of qualified staff could have an inhibiting effect on the business performance. This category therefore also includes the shortage of qualified personnel and the risk arising from this situation. Recruitment of qualified staff as well as ongoing further training for employees ensures that the Company has the necessary skills and is able to grow. Bertrandt consistently aims to offer its workforce attractive working conditions with interesting, varied and challenging activities. Still, it can never be ruled out completely that our staff leave Bertrandt, for example to join our customers, since they are able to offer attractive career prospects as well. An additional risk may arise from the recent rise in inflation, which could have second-round effects. The risk of a shortage of personnel has eased in view of the current situation in the automotive industry so that the retention of talent in the Electrical Systems/Electronics segment is coming to the foreground. The risk of fluctuation is becoming more significant and is now considered a category B risk, in conjunction with a high probability of occurrence.

CORPORATE SECURITY

Corporate security is a risk which can be categorised as B risk with a medium probability of occurrence. In order to meet future corporate requirements, the security risk management was restructured (taking into account ISO 31000). Guided by past experience, the present state but also future trends, previous risks were re-categorised, new areas of crime were added and combined to build a single score which can now be calculated using a more robust methodology. The score is an aggregated number which expresses the average risk of security incidents attributable to defined areas of crime in the corporate security risk category. Overall, corporate security means taking strategic and operational precautions and measures to protect the Company’s assets which are required to secure its continuing existence. Incidents in the context of corporate security could adversely affect Bertrandt’s operating activities. This category therefore covers, among others, crimes/incidents from the area of violent crime, non-violent and organised crime, industrial and economic espionage, sabotage, extremism, and threats originating from our own organisation. The aim of risk management in this area is to protect our employees and assets, but also the protection of the Company’s own information and reputation and the safeguarding of its capabilities and processes

OVERALL RISK

The early warning system described enables management to detect existing risks at an early stage and to initiate corrective action. As every year, the system of early risk detection and monitoring was subjected to a compulsory review as part of the audit of this year’s annual financial statements. The conclusion is that the risk analysis based on the information currently at hand produces a satisfactory result: The maximum risk magnitude after corrective actions declined considerably. There continues to be no evidence of any going-concern risks with a loss or hazard potential for the Bertrandt Group’s operating results or financial position.

OPPORTUNITIES

Bertrandt is a technology company which provides skilled support as a partner to its customers. The Company's objective is to manage its business sustainably, to position itself successfully on the market and to further build a leading position with a broad and integrated range of services. The most important drivers of the Bertrandt business model are the following three trends: growing model diversity, technology progress and the external sourcing of engineering services. In the following we describe the possible development of these three influencing factors from the point of view of Bertrandt AG and the opportunities that they offer to the Group.

The 'probability of occurrence' categories for these trends are as follows:

- Low is a probability of between zero and 25%.
- Medium is a probability of between 25 and 50%.
- High is a probability of between 50 and 75%.
- Very high is a probability of between 75 and 100%.

With regard to the possible financial impacts of the opportunities, Bertrandt applies the following categories:

- Insignificant corresponds to a positive influence on total revenues of up to 2%.
- Moderate corresponds to a positive influence on total revenues of 2 to 5%.
- Significant corresponds to a positive influence on total revenues of more than 5%.

MODEL VARIETY

The discussion of the measurement of emission values in passenger cars which has been ongoing in the public since September 2015 and the debate about the possible adjustment of the measurement methodology by legislators continues to be of concern for all companies involved in the German automotive sector. As a consequence, many OEMs are focusing more on e-mobility in their technology development. A strategic change is becoming apparent in the field of drive technologies. Medium term model roadmaps are now frequently reviewed and revised for this aspect, the result of which could be an increase in alternative drives. According to the expectations of the VDA, the range of available e-passenger car models will

grow in the coming years from a present 70 to 150 models in 2023. The VDA's forecast predicts that by 2024, companies will have invested EUR 50 billion in the development of new drive systems. This will result in a compelling model initiative. The adaptation of different drive and transmission variants offers business opportunities to engineering service providers in addition to vehicle development in its own right, according to a study conducted by experts at Berylls. Bertrandt assesses the probability of occurrence for this scenario to be high in conjunction with a significant influence on total revenues. Our assessment of this has not changed compared to the previous year.

TECHNOLOGY PROGRESS

According to the VDA, future growth in the automotive industry will be associated with fundamental structural change at the regional and economic level, and above all in the technological arena. In June 2021 the German Parliament, the Bundestag, adopted new CO₂ reduction targets for 2030 and brought the deadline for greenhouse gas neutrality forward to 2045 for Germany as an element of the new climate change mitigation law. To achieve this, the automotive industry will invest a record EUR 150 billion in new drive and battery technologies and digitalisation by 2025 alone.

In the aerospace sector, the coronavirus pandemic caused the worst crisis the industry ever experienced. Despite this, the BDLI expects that the worldwide demand for air transport will gradually be increasing again. The German government set climate change mitigation targets also in this respect: by 2030, CO₂ emissions of all transport activities taken together are to be reduced by 42% compared with 1990 levels in order to accomplish greenhouse gas neutrality by 2050. Additional projects such as unmanned flying as well as connectivity and digitalisation are other main areas of development in aerospace.

Increasing digitalisation of processes figures among the major influences also in the other key industries in which Bertrandt operates apart from the automotive and aerospace sectors. Establishing intelligent, digitally networked systems is the basis for implementing more efficient value chains – from the idea for a product through to its development, production, use, maintenance and, finally, recycling. Industry 4.0 offers huge opportunities for Germany as a leading international industry supplier. However, German companies' concern about the future economic development has grown considerably due to the coronavirus pandemic. This is also reflected in the business climate index published by the ifo Institute (Leibniz Institute for Economic Research) at the University of Munich. After slight increases in the last few months, business sentiment began to deteriorate again due to increasing infection numbers. Especially in the services sector the business climate worsened as concerns increased again in the German economy in October 2020.

Based on our current state of knowledge, the level of technology applied in the Bertrandt Group's target industries is very likely to continue rising and this will have a significant influence on total revenues. This assessment has not changed since last year.

EXTERNAL SOURCING OF ENGINEERING SERVICES

According to a study of the German Association of the Automotive Industry (VDA), an upward-pointing trend in the external sourcing of engineering services can be discerned for the long-term. Business opportunities for engineering service providers seem to emerge especially in vehicle series development and in the context of developing new technologies such as autonomous driving and software for use in vehicles. It will be necessary for engineering service providers to envisage new forms of cooperation and to upgrade their capabilities in order to meet increasing requirements of customers. The VDA therefore expects an order volume for engineering service providers for vehicles and vehicle technologies of quite probably EUR 29 billion for the year 2030. Whether this expectation materialises will decisively depend on the further course of the coronavirus pandemic. Based on our current state of knowledge, we assess the probability of occurrence of a basically upward trend in the external sourcing of engineering services in the core industry of the Bertrandt Group to be high in conjunction with a significant influence on total revenues. This assessment has not changed since the last fiscal year.

OVERALL OPPORTUNITIES

Apart from the further course of the coronavirus pandemic, the main factors influencing Bertrandt's business model remain intact from the point of view of the Company and continue to offer potentials for a successful business performance. Forecasts of the economic research institutes relating to the general economic environment for 2021 and beyond are clearly positive – always subject to the risk entailed in the further course of the pandemic. External experts also deem it probable that there will be a further increase in model diversity of electrified vehicles, that technological progress will continue and that external sourcing of engineering services will remain stable. In the light of the current overall situation resulting from the coronavirus pandemic and its impact on the economy and specifically our industry, any predictions for fiscal 2021/2022 are fraught with uncertainty. In conclusion, our analysis of opportunities, which is based on the studies currently at hand and on specific interviews that we conducted, produces a picture that is basically intact. The extent to which the further course of the pandemic will impact Bertrandt's opportunities overall cannot be conclusively predicted at this juncture.

CONCLUSION

The current outlook for the next fiscal year reflects developments in the sectors that are important for Bertrandt. Their ultimate outcomes cannot be wholly judged at present. Depending on the turn the influencing factors described here take, they may result in opportunities or risks for the Bertrandt Group in the next fiscal year. As long as the described risks do not materialise and the opportunities are still intact, Bertrandt expects to develop positively in the coming fiscal year.

Forecast

ECONOMIC ENVIRONMENT

In their Joint Economic Forecast for Autumn 2021, experts at the leading economic institutes in Germany anticipate a process of recovery, although the overall pace of global economic activity is expected to slow down. Rates of growth have for the most part been corrected downwards from the rates predicted in spring forecasts. The possibility of further waves of coronavirus infection in the autumn and winter as well as temporary supply bottlenecks for raw materials continue to act as a drag on economic activity. Global production is now forecast to grow by 5.7% in the year 2021 rather than the previously projected 6.3%. In 2022, global production is projected to grow by 4.2% (previously 4.1%). In 2021, US production is expected to grow by 5.6% (previously 6.9%), and in 2022 by 3.5% (previously 3.5%). With anticipated growth of 7.8% (2021) and 4.9% (2022) the China region has one of the highest rates of rebound growth. Nonetheless, the expectations stated in the Joint Economic Forecast have been significantly reduced compared to the reports produced in the spring (2021: 9.5%; 2022: 5.5%). The institutes are now more optimistic about the region Europe than they were in the spring of 2021. Real gross domestic product (GDP) in Europe is expected to increase by 5.1% (2021, previously 4.2%) and by 4.4% in 2022 (previously 4.2%). If these expectations are met, economic activity in Europe will have returned to its pre-crisis levels by early next year. The institutes have revised their GDP projections for Germany. While they anticipated growth of 3.7% in the spring of 2021, the most recent projection is now for 2.4% in the year 2021. However, the problems posed by the pandemic and supply bottlenecks are expected to ease in 2022 (GDP 4.8%, previously 3.9%) and enable a return to normal capacity utilisation.

The institutes stressed that the economic forecasts produced the previous year, in the autumn of 2020, were subject to an unusual degree of uncertainty and numerous risk factors. In retrospect it is apparent that last year's forecasts for 2021 were excessively optimistic as the pandemic in particular has continued to have negative effects for far longer than anticipated. This year's autumn forecasts also highlight several risk factors, even if these are less extensive than in the previous year. According to the International Monetary Fund (IMF) and the autumn forecasts, the two main uncertainties concern rising prices, particularly higher energy costs, and the future impact of the pandemic.

SITUATION IN THE INDUSTRY

Research and development programmes in industries which are important for Bertrandt have been curtailed at different times during the pandemic by budget restrictions. According to a study produced by management consultants Berylls in June 2021, global research and development spending (R&D budgets) in the automotive sector fell by 4.3% from EUR 163.8 billion in 2019 to EUR 156.7 billion in the year 2020. The volume of R&D sourced from external service providers fell in the same period by just under 13% from EUR 12.5 billion to EUR 10.9 billion. Berylls projects that global development budgets in the automotive sector will expand again over the next five to ten years to EUR 183.7 billion (2025) and EUR 214.9 billion (2030). The study finds that the R&D outsourcing budget for engineering service providers will rise even more dynamically up to EUR 16.0 billion (2025) and EUR 20.5 billion (2030).

Overall, customers, industries and service fields responded in a variety of ways to the crisis. In most cases strategic development work continued on megatrends in the automotive, aerospace and medical sectors and on projects for which production is scheduled for the near future. According to the Berylls study, R&D budgets focusing on electrical systems/electronics and software remained at almost the same level in 2020 (EUR 53.0 billion) as before the pandemic (2019: EUR 53.8 billion). With anticipated annual growth of around 7% between 2020 and 2030 up to EUR 104.2 billion, this development discipline is expected to produce the strongest rates of growth.

The key market trends promoting Bertrandt's business success remain intact: environmentally friendly individual mobility, digitalisation, connected and automated driving as well as a greater variety of models and variants of battery electric vehicles. According to the VDA, the focus is clearly shifting towards electromobility, in particular in the light of the Green Deal and tougher EU climate targets that are designed to make Europe the first climate-neutral continent by 2050. Advantage will have to be taken of all the available drive options in order to master this challenge. This includes, for example, using other alternative drive systems, such as e-fuels, hydrogen or regenerative fuels.

The VDA notes that German manufacturers and suppliers also aim to make travelling by road even safer and more comfortable in the future. Industry players are approaching this by adding automated driving functions to existing driver assistance systems. Lane holding assistants warn drivers and keep meandering vehicles in lane. These and other measures will protect vehicle occupants and other road users more effectively. In May 2021 legislation was introduced in Germany to permit Level 4 autonomous vehicles to be operated on certain specified roadways. At this penultimate level of driving automation vehicles assume all driving tasks without any driver attention. The driver becomes a passenger and cannot be held liable for traffic offences or accidents and can even go to sleep, for example.

According to the German Association of the Automotive Industry (VDA), information and communication systems in vehicles and connectivity between transport modes and road traffic, as well as infrastructure, are key issues for the automotive industry. The Association expects IT to be the essential feature and basis of future vehicle generations. Vehicle manufacturers and vehicles are destined to become service providers for connected mobility and will not only assist drivers' needs, but will also recognise their needs.

The aerospace industry stands on the threshold of climate neutral flying and has set itself some very ambitious goals. According to the German Aerospace Industries Association (BDLI), aircraft emissions and noise pollution have already been reduced by 80% per passenger kilometre in recent years. However, the goal is to ensure that growth in international air transport will be climate neutral in the future. Work on achieving this target is precisely the reason why 90% of research and development spending has for some time now been invested in reducing emissions. In the autumn of 2020 Airbus revealed its concepts for zero-emission commercial aircraft from 2035 onwards. This will be achieved by using hydrogen as the primary energy source. Airbus is building development centres for hydrogen tanks at its sites in Bremen and Nantes.

According to the BDLI, the aerospace industry has contracted significantly as a result of the pandemic as well as due to the need to meet environmental targets. The collapse of global air travel has also impacted suppliers right across Germany. All stakeholders, suppliers and airlines have received support from policy makers, public authorities and research with the aim of managing the transformation of the aviation system and saving this strategic industry.

The experts from the VDMA report that the machinery and plant engineering sectors are on the road to recovery. In the third quarter of 2021, 80% of companies rated their business situation as 'very good' or 'good'. The positive order position is only overshadowed by conspicuous material bottlenecks, above-average increases in material and energy prices as well as a renewed focus on shortages of skilled labour.

Experts at the German Electrical and Electronic Manufacturers' Association (ZVEI) report that 58% of companies in the industry rated their business situation as good in August 2021; 34% rated their situation as stable and 8% as poor. Looking ahead, 20% of electrical and electronic manufacturers expected business to expand in the final months of the year. 65% believed levels of activity would remain the same and 15% thought activity would drop off.

According to the German industry association SPECTARIS, manufacturers in the medical technology sector are positive about prospects in the next few years. The coronavirus pandemic has provided frightening evidence of the importance of society's health systems. Experts project that the global market for medical technologies will expand in the next few years by an annual average of around 5%. The market is expected to grow in value by 2023 to around USD 550 billion. German medical technology is set to benefit from these developments and to continue growing.

POTENTIALS

As a solutions-focused engineering partner, the Bertrandt is geared to market and customer requirements and consequently also invests in infrastructure and the competences of its employees. Bertrandt provides skilled support as a partner to its customers. The Company's objective is to position itself successfully on the market and to further build a leading position with a broad and integrated range of services. With its new corporate structure, the Company is positioned as an engineering partner for complete vehicle development and regards itself as a partner for innovation in key disciplines such as electronics and software. We deliberately serve a rather diverse customer base. We assume the role of expert consultant in all customer industries while embracing the development of technological future trends with a can-do attitude. We believe the market offers potentials in a variety of fields as a result of the increasingly demanding mobility needs of consumers, ever more stringent legislation and a growing diversity of variants and models with alternative drives.

There are also promising opportunities for Bertrandt to establish a market position and to bring its expertise to bear in sectors beyond the mobility industries, such as in the energy and electrical engineering and medical technology industries as well as the machinery and plant engineering industries. The new organisational structure enables us to offer all our services to all customers, which underlines our claim to be an international technology company with a clear focus on specific competences. Bertrandt remains as committed as ever to agile startup-type units and is focusing on industries and customers in the fields of medical technology, virtual and augmented reality, cloud solutions, machine learning and big data. The new structure also enables us to achieve maximum customer penetration. Bertrandt is therefore confident that there is potential for the Company to continue to secure and enhance its market position as an engineering service provider and technology group in the years to come. Well-targeted capital expenditure enables Bertrandt to optimise its range of services on an ongoing basis. The key factors for success are maximum possible customer focus, committed employees and efficient cost and capacity management.

GENERAL STATEMENT ON THE EXPECTED DEVELOPMENT

As described in the previous sections of the Management Report, the economic and industry-specific conditions for business development in the year under review 2021/2022 are associated with opportunities and risks. External influencing factors, such as the pandemic, or the indirect impacts of material shortages lie beyond management's sphere of influence. At the same time, material shortages and high rates of inflation, particularly in energy prices, pose risks for further economic development. The megatrends digitalisation as well as automated, connected and environmental friendly mobility all represent opportunities for engineering service providers. The legal requirements for reductions in emissions, in particular, require large-scale investment in research and development.

Provided that the pandemic does not intensify again or the economic situation does not deteriorate, our customers continue to invest in the research and development for new technologies, development services continue to be outsourced to service providers and qualified employees can be recruited, Bertrandt expects – in light of brightening market sentiment, increasing project awards, improved capacity utilisation, especially in Germany and most foreign markets – a further normalisation in fiscal 2021/2022 with:

- strong growth in total revenues of EUR 80 to 120 million (equal to total revenues of between around EUR 930 million and EUR 970 million)

- a higher EBIT margin (EBIT as a percentage of total revenues) of from 4 to 7%,
- capital spending of between EUR 30 and 50 million
- positive cash flow from operating activities; the actual magnitude will ultimately depend on the funds tied up in net assets resulting from the growth of total revenues.

The Management has grounds for optimism that in the segments Digital Engineering, Physical Engineering and Electrical Systems/Electronics total revenues and EBIT will develop positively in fiscal 2021/2022 based on and in relation to the Group's forecast. With respect to non-financial performance indicators, it is our objective to maintain the high level of the previous year.

Ehningen, 6 December 2021

The Management Board



HANS-GERD CLAUS
Member of the
Management Boards
Engineering



MICHAEL LÜCKE
Member of the
Management Board
Sales

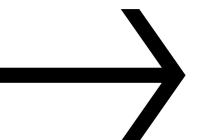


MARKUS RUF
Member of the
Management Board
Finance



Consolidated financial statements

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Consolidated income statement and statement of comprehensive income

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

EUR million ¹		2020/2021	2019/2020
01/10 until 30/09			
	Notes		
I. Income statement			
Revenues	[6]	845.574	915.191
Other internally generated assets	[7]	3.019	1.391
Total revenues		848.592	916.582
Other operating income	[8]	13.490	8.771
Raw materials and consumables used	[9]	-72.222	-76.943
Personnel expenses	[10]	-650.668	-696.829
Depreciation	[11]	-56.497	-54.356
Other operating expenses	[12]	-62.655	-82.064
EBIT		20.040	15.161
Share of profit in associates		0.565	0.596
Interest income		0.092	0.110
Financial expenses		-6.517	-5.825
Other financial result		-0.040	-0.112
Net finance income	[13]	-5.900	-5.231
Profit from ordinary activities		14.140	9.930
Other taxes	[14]	-1.981	-3.162
Earnings before tax		12.160	6.768
Income taxes	[15]	-5.251	-3.033
Post-tax earnings		6.909	3.735
attributable to shareholders of Bertrandt AG		6.909	3.735
Number of shares (million) – diluted/basic, average weighting		10.095	10.095
Earnings per share (EUR) – diluted/basic	[16]	0.68	0.37
II. Statement of comprehensive income			
Post-tax earnings		6.909	3.735
Exchange rate differences ²		0.297	-0.809
Revaluation of pension obligations		-0.380	-0.047
Deferred tax on remeasurement of retirement benefit obligations		0.084	0.012
Other comprehensive income after taxes		0.002	-0.844
Total comprehensive income		6.911	2.891
– attributable to shareholders of Bertrandt AG		6.911	2.891

¹Rounding differences of EUR 0.001 million may occur in the presentation of figures due the system used.

²Components of other comprehensive income which will be reclassified to the income statements of future periods.

- > Consolidated income statement and statement of comprehensive income
- > Consolidated balance sheet

Consolidated balance sheet

CONSOLIDATED BALANCE SHEET

EUR million ¹		30/09/2021	30/09/2020
	Notes		
Assets			
Intangible assets	[18]	14.285	14.566
Property, plant and equipment	[19]	391.406	413.056
Investment properties	[20]	2.800	1.277
Investments accounted for using the equity method	[21]	7.574	7.048
Financial receivables	[22]	1.931	1.428
Other financial assets	[23]	3.019	2.832
Other assets	[24]	6.424	8.724
Deferred taxes	[25]	13.235	15.866
Non-current assets		440.675	464.797
Inventories	[26]	0.812	0.860
Contract assets	[27]	92.962	90.493
Trade receivables	[28]	168.856	175.471
Financial receivables	[22]	0.353	0.413
Other financial assets	[23]	3.764	3.156
Other assets	[24]	17.565	19.671
Income tax assets	[29]	1.197	3.365
Cash and cash equivalents	[30]	190.205	187.233
Current assets		475.714	480.662
Total assets		916.389	945.459
Equity and liabilities			
Issued capital	[31]	10.143	10.143
Capital reserves	[32]	29.714	29.714
Retained earnings	[33]	351.048	346.136
Other reserves	[33]	-5.907	-5.909
Consolidated distributable profit		23.830	23.347
Equity		408.828	403.431
Borrowings	[34]	257.854	234.913
Other financial liabilities	[35]	61.214	76.449
Other liabilities	[36]	1.120	1.648
Provisions	[37/38]	12.212	13.002
Deferred taxes	[25]	20.306	18.586
Non-current liabilities		352.706	344.598
Borrowings	[34]	9.679	45.412
Contract liabilities	[39]	3.233	2.137
Trade payables	[40]	13.862	12.852
Other financial liabilities	[35]	29.467	35.205
Other liabilities	[36]	75.459	67.046
Other provisionsn	[38]	19.136	26.546
Tax provisions	[41]	4.019	8.232
Current liabilities		154.856	197.430
Total equity and liabilities		916.389	945.459

¹Rounding differences of EUR 0.001 million may occur in the presentation of figures due the system used.

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million ¹	Issued Capital	Capital reserves	Retained earnings	Other reserves		Consolidated distributable profit	Total	
				Currency translation reserve	Revaluation of pension obligations			
Value on 01/10/2020	10.143	29.714	346.136	-2.099	-3.810	-5.909	23.347	403.431
Post-tax earnings							6.909	6.909
Other comprehensive income after taxes				0.297 ²	-0.295	0.002		0.002
Total comprehensive income				0.297	-0.295	0.002	6.909	6.911
Dividend payment							-1.514	-1.514
Other non-operating changes			4.912				-4.912	0
Value on 30/09/2021	10.143	29.714	351.048	-1.801	-4.106	-5.907	23.830	408.828
Previous year								
Value on 01/10/2019	10.143	29.714	346.136	-1.290	-3.775	-5.065	35.764	416.692
Post-tax earnings							3.735	3.735
Other comprehensive income after taxes				-0.809 ²	-0.035	-0.844		-0.844
Total comprehensive income				-0.809	-0.035	-0.844	3.735	2.891
Dividend payment							-16.152	-16.152
Other non-operating changes								0
Value on 30/09/2020	10.143	29.714	346.136	-2.099	-3.810	-5.909	23.347	403.431

¹Rounding differences of EUR 0.001 million may occur in the presentation of figures due the system used.

²Components of other comprehensive income which will be reclassified to the income statements of future periods.

- > Consolidated statement of changes in equity
- > Consolidated cash flow statement

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT

EUR million ¹	2020/2021	2019/2020
01/10 until 30/09		
Post-tax earnings	6.909	3.735
Income taxes	5.251	3.033
Result from investments accounted for using the equity method	-0.565	-0.596
Interest income	-0.092	-0.110
Finance Costs	6.517	5.825
Net finance income	0.040	0.112
Depreciation of non-current assets	56.497	54.356
Increase/decrease in provisions	-8.011	-6.272
Other non-cash income/expense	-3.141	0.246
Gains/losses from disposal of non-current assets	0.742	1.021
Increase/decrease in inventories, trade receivables and other assets no assigned to investing or financing activities	10.409	46.194
Increase/decrease in contract assets	-2.469	34.822
Increase/decrease in trade payables and other liabilities no assigned to investing or financing activities	5.771	-18.979
Income tax paid	-6.488	-1.795
Income tax received	3.080	2.259
Interest paid	-0.881	-0.623
Interest received	0.093	0.293
Cash flows from operating activities	73.662	123.521
Payments received from disposal of property, plant and equipment	0.539	0.397
Payments made for investments in property, plant and equipment	-35.676	-48.489
Payments made for investments in intangible assets	-2.623	-3.149
Payments made to acquire consolidated entities and other businesses	0	-0.100
Cash flows from investing activities	-37.760	-51.341
Dividend payment	-1.514	-16.152
Financial receivables - payments received	0.241	0.235
Financial receivables - payments made	-0.807	-0.305
Payments received from borrowings issued	37.519	65.568
Payments made for the repayment of borrowings	-41.364	-1.279
Payments made for the repayment of other financial liabilities	-21.195	-18.618
Interest paid on borrowings and other financial liabilities	-5.985	-5.360
Cash flows from financing activities	-33.105	24.089
Changes in cash and cash equivalents	2.797	96.269
Effect of exchange rate changes on cash and cash equivalents	0.175	-0.527
Cash and cash equivalents at beginning of period	187.233	91.491
Cash and cash equivalents at end of period	190.205	187.233

The consolidated cash flow statement is explained in the notes under [42].

¹Rounding differences of EUR 0.001 million may occur in the presentation of figures due the system used.

Notes to the Consolidated Financial Statements

[1] BASIS OF PREPARATION

Bertrandt AG is a listed joint stock company (Aktiengesellschaft) incorporated under the law of the Federal Republic of Germany with registered offices at Birkensee 1, 71139 Ehningen, Germany (commercial register number HRB 245259, local court of Stuttgart). The consolidated financial statements are published in the electronic Federal Gazette. The business purpose of Bertrandt AG and its subsidiaries in the automotive, aerospace, mechanical / plant engineering and electrical and medical engineering sectors is to provide technology-oriented services for mobility with a focus on the Company's competences in the fields of digitalisation, autonomous systems, connectivity and e-mobility. This includes all engineering activities and services, in particular designing, developing, engineering, producing and fabricating prototypes and parts of prototypes, testing, planning, project management as well as CAD activities, electronics and software development. Refer to the Articles of Association for a definition of the business purpose. They are available at https://www.bertrandt.com/fileadmin/files/files/00_Unternehmen/01_Investor_Relations/06_Hauptversammlung/HV_19-20/10_2021-01_Satzung_Bertrandt_AG_19-02-2020.pdf.

As stipulated by EU Regulation (EC) No. 1606/2002, the consolidated financial statements of Bertrandt AG for the fiscal year from 1 October 2020 to 30 September 2021 have been prepared in accordance with the accounting standards issued by the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS) and IFRIC Interpretations, as adopted by the European Union. In addition, the requirements of Section 315e (1) of the German Commercial Code (HGB) (taking into account Article 83 of the Introductory Law to the German Commercial Code (EGHGB)) were observed.

All standards effective in the 2020/2021 fiscal year were applied.

The consolidated financial statements have been prepared on the basis of historical cost, with the exception of certain financial assets which are measured at fair value.

The consolidated financial statements were compiled in euros. Unless stated otherwise, all amounts are shown in millions of euros (EUR million). Rounding differences may occur in the presentation of percentages and figures due to the system used.

The Management Board prepared the consolidated financial statements on 6 December 2021. This is the date on which the period for disclosure of adjusting events ends.

Presentation of financial statements and segment reporting

The income statement is prepared using the nature of expense method. Pursuant to International Accounting Standard (IAS) 1, current and non-current assets and liabilities are separately classified in the balance sheet. Assets and liabilities are considered to be current if the respective amount is expected to be recovered or settled no more than twelve months after the reporting period. Likewise, they are considered to be non-current if they are expected to remain in the Group's balance sheet for more than twelve months. Provisions for pensions are carried under non-current liabilities to reflect their long-term nature. Deferred income tax assets and liabilities are classified as non-current.

The consolidated financial statements give a true and fair view of the net assets, results of operations and financial position as well as the cash flows of the Group, also taking the future course of the coronavirus pandemic into account. Business performance in fiscal 2020/2021 continued to be impacted by the effects of the pandemic although capacity utilisation improved in the course of the year and particularly in the final quarter.

- Total revenues fell by EUR 67.990 million to EUR 848.592 million (previous year EUR 916.582 million).
- Earnings before interest and taxes (EBIT) increased to EUR 20.040 million (previous year EUR 15.161 million).
- Cash flow from operating activities was EUR 73.662 million (previous year EUR 123.521 million).

It is not possible at present to make any reliable forecast about the future course of the coronavirus pandemic and the related restrictions imposed by governments. The pandemic's impact on the German and global economies in the medium and long run are still difficult to foresee. Additional explanations are provided in the management report.

Bertrandt continues to be managed on the basis of the same three segments. The Automotive divisional structure in Germany is an important element of our segment structure and gives us a sharper profile within the existing Digital Engineering, Physical Engineering and Electrical Systems/Electronics segments. The pooling of technological competences and the clear allocation of former mixed fields of expertise result in adjustments between the existing segments in our automotive business. The effect on prior-year figures is shown in Bertrandt's segment reporting.

International Financial Reporting Standards and IFRIC Interpretations mandatorily effective from the fiscal year 2020/2021

The following table sets out the International Financial Reporting Standards and IFRIC Interpretations that are applicable as of fiscal 2020/2021.

Standard/ Interpretation		Mandatory application ¹	Effects
IFRS 3	Amendment to IFRS 3: Business combinations – Clarifications to the definition of a business operation	01/01/2020	None
IFRS 7, IFRS 9 and IAS 39	Amendments to IFRS 7, IFRS 9 and IAS 39: Interest rate benchmark reform	01/01/2020	None
IFRS 16	Amendments to IFRS 16: Covid-19-related rent concessions	01/06/2020	Single-case-audit
IAS 1 and IAS 8	Amendments to IAS 1 and IAS 8: Definition of materiality	01/01/2020	None
Improvements to IFRS	Amendments to the Conceptual Framework for IFRS	01/01/2020	None

¹Fiscal years beginning on or after the specified date.

International Financial Reporting Standards and Interpretations that have been issued but are not yet mandatorily effective

The following standards and interpretations have already been adopted by the IASB and to some degree endorsed by the European Union but were not yet effective in fiscal 2020/2021. Bertrandt will apply them for the accounting period for which they become effective.

Standard/ Interpretation		Mandatory application ¹	Expected effects
IFRS 3, IAS 16 and IAS 37	Amendments to IFRS 3, IAS 16 and IAS 37: Annual improvements	01/01/2022	Single-case audit
IFRS 4	Amendments to IFRS 4: Insurance contracts – Deferral of IFRS 9	01/01/2021	None
IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39	Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39: Interest rate benchmark reform – Phase 2	01/01/2021	None
IFRS 16	Amendments to IFRS 16: Leases: Covid-19-related rent concessions beyond 30 June 2021	01/04/2021	Single-case audit
IFRS 17²	Insurance contracts including amendments to IFRS 17	01/01/2023	None
IAS 1²	Amendments to IAS 1: Classification of liabilities as current or non-current	01/01/2023	Currently under examination
IAS 1²	Amendments to IAS 1: Disclosure of accounting policies	01/01/2023	Currently under examination
IAS 8²	Amendments to IAS 8: Definition of accounting estimates	01/01/2023	Currently under examination
IAS 12²	Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction	01/01/2023	Single-case audit

¹Fiscal years beginning on or after the specified date.

²Not yet adopted by the EU.

[2] PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities over which Bertrandt AG has direct or indirect control pursuant to the criteria provided in IFRS 10. The subsidiaries are included in the financial statements by applying the principle of full consolidation. The financial statements of the fully consolidated companies are prepared pursuant to IFRS 10 using uniform accounting policies. Entities are consolidated for the first time on the date on which control is transferred to Bertrandt AG and deconsolidated when such control ceases. The balance sheet date of the separate financial statements of the consolidated group companies corresponds to the fiscal year of Bertrandt AG, with two exceptions: Bertrandt Engineering Shanghai Co., Ltd. whose fiscal year is the calendar year due to local statutory requirements, and Fariba Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG.

The acquisition method is used for consolidation, i.e. acquisition costs are offset with the pro-rata share of the remeasured equity which is attributable to the parent company on the acquisition date. To the extent that the purchase price of the investment exceeds the fair value of the identifiable assets net of liabilities the resulting difference is classified as goodwill and recognised as an asset on initial consolidation.

Investments are consolidated using the equity method if the Company has significant influence (IAS 28) or if the investment is jointly controlled (IFRS 11 in conjunction with IAS 28). This is generally the case with a shareholding of between 20 and 50% of the voting rights. The carrying amounts of investments accounted for under the equity method are increased or reduced every year by the amount equivalent to the proportion of changes in equity of the associates or joint ventures attributable to the Bertrandt Group. The principles for full consolidation are also applied to the allocation and measurement of any difference between the acquisition costs of the investment and the Group's proportionate share in its equity identified when recognising the investment.

Receivables and liabilities as well as revenues, expenses and income arising from transactions between consolidated entities are offset and intercompany profits eliminated.

[3] GROUP OF CONSOLIDATED COMPANIES

The group of consolidated companies includes all operating subsidiaries under the legal and constructive control of Bertrandt AG.

Associates, i.e. entities which are not controlled by Bertrandt but over which the Company has significant influence, and joint ventures, i.e. entities of which Bertrandt has joint control, either directly or indirectly, are accounted for in the consolidated financial statements using the equity method.

The following table shows the entities of the Bertrandt Group:

GROUP OF CONSOLIDATED COMPANIES

	30/09/2021
Bertrandt AG and consolidated subsidiaries	53
Germany	42
Abroad	11
Associates and joint ventures	15
Germany	15
Abroad	0
Total	68

Refer to Note [54] for more disclosures on the shareholdings of Bertrandt AG.

The subsidiary Bertrandt Services, LLC., with registered offices in Rochester Hills, USA, which was newly incorporated in the fiscal year, was included for the first time in the consolidated financial statements. In the fiscal year under review, the investments in the following associates were sold: aucip. automotive cluster investment platform GmbH & Co. KG and aucip. automotive cluster investment platform Beteiligungs GmbH, each with registered offices in Pullach i. Isartal. Their initial consolidation and deconsolidation were immaterial to Bertrandt Group's net assets, results of operations and financial position. According to existing contractual arrangements, the Company has no control of joint ventures in which Bertrandt's shareholdings exceed 50% and which are consolidated using the equity method.

aucip GmbH & Co. KG, aucip Verwaltung GmbH, LASONO tool GmbH, SADONA tool GmbH and SIDENO tool GmbH adopted the calendar year as their financial year. The other associates and joint ventures have the same balance sheet date as the Bertrandt Group.

[4] FOREIGN CURRENCY TRANSLATION

The consolidated financial statements of subsidiaries using a functional currency other than the euro are translated according to IAS 21 based on the concept of a functional currency. The subsidiaries carry out their business independently for financial, commercial and organisational purposes. The functional currency is therefore identical to the currency of the country in which they are based.

These companies' assets and liabilities were translated at the mean closing rate as of the balance sheet date, and income and expenses were translated at the average exchange rate for the financial year. All resulting exchange differences including differences resulting from the translation of amounts brought forward from the previous year are recognised directly in equity.

Foreign currency transactions are recorded by translating the foreign currency amount into the functional currency amount at the exchange rate prevailing on the date of the transaction. Gains and losses arising from the settlement of such transactions as well as from the translation at the reporting date of monetary assets and liabilities held in foreign currencies are recognised in profit or loss.

The parities of the key currencies relative to one euro were as follows:

CURRENCY TRANSLATION

Relative to one euro		Average rate on balance sheet date		Annual average rate	
		30/09/2021	30/09/2020	2020/2021	2019/2020
China	CNY	7.5043	7.9749	7.7840	7.8386
United Kingdom	GBP	0.8615	0.9128	0.8742	0.8782
Romania	RON	4.9476	4.8719	4.9014	4.8116
Turkey	TRY	10.3058	9.0996	9.6250	7.2876
Czech Republic	CZK	25.5240	27.2140	25.9744	26.1792
United States	USD	1.1571	1.1711	1.1955	1.1197

[5] SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires to some degree the use of assumptions and estimates that affect the assets and liabilities recognised as well as the income, expenses and contingent liabilities reported. The assumptions and estimates primarily relate to an assessment as to whether assets and liabilities are impaired, the uniform group-wide definition of the useful lives of intangible assets and items of property, plant and equipment, the recoverability of receivables, the recognition and measurement of provisions and parameters for calculating percentage of completion values and the resulting recognition of revenues. The assumptions and estimates have been selected in such a way as to provide a fair view of the Company's net assets, results of operations and financial position. They are based on premises which in turn reflect the knowledge available at that point in time. In particular, estimates concerning the Company's expected future business performance are based on the circumstances known at the time when the consolidated financial statements were prepared and on expectations regarding the future economic environment, which are assumed to be realistic. This applies, amongst other things, to the discount rates used. The term of a lease according to IFRS 16 is estimated on the basis of the non-cancellable period of the lease and on the assessment of whether it is reasonably certain that an option to extend the lease or to terminate the lease will be exercised. The lease term determined and the discount rates used affect the amounts recognised for the right-of-use assets and lease liabilities.

The amounts actually arising may vary from the original estimates as a result of unforeseeable developments beyond management's influence. In this case, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities are restated. As in the previous year, assets, especially goodwill and intangible assets, were tested for impairment in view of the continued impact of the coronavirus pandemic. Bertrandt still considers the pandemic to be a temporary crisis, which will not have a lasting negative effect on the Group's long-term business performance.

Recognition of income and expenses

Revenues from contracts with customers and other operating income are recognised when the service has been performed and control of the goods or services has been transferred to the customer. Control can either be transferred over time or at a point in time. In the case of service contracts, the performance obligation is satisfied and control is transferred both over time and at a point in time. Contracts for work are primarily customer-specific in nature. Control is transferred over time as the customer is continuously receiving the benefits provided by the performance, the customer controls the asset in question as it is created or enhanced, or the entity's performance creates an asset with no alternative use to the entity performing the service and the entity has an enforceable right to payment for performance completed to date.

Where a performance obligation is satisfied over time, the progress towards complete satisfaction of that performance obligation, and consequently revenue recognition, is measured using the percentage of completion method in combination with the cost-to-cost method. Revenues are recognised net of all deductions such as discounts and bonuses.

The transaction price for a contract with a customer is the amount of consideration to be paid for the service based on what has been agreed in the contract.

Operating expenses are charged to the income statement at the time when the service performed is received or at the time when the expense is incurred. Provisions for contingent losses are made when the latter become known. Government grants are recognised only where it is reasonably certain that the applicable conditions have been met and the grants will be disbursed. They are charged to the periods in which the expenses that the grants are to cover are incurred. Interest income and expense and all other income and expenses are recognised in the period in which they arise.

Intangible assets

Acquired or internally generated intangible assets are recognised as assets according to IAS 38 if a future economic benefit can be expected from using the asset and it is possible to measure the cost of the asset reliably.

Intangible assets are recognised initially at cost and amortised on a straight-line basis over their useful lives. Intangible assets, with the exception of goodwill, are amortised over a useful life of three to ten years, starting with the commencement of the asset's commercial use.

Goodwill is tested for impairment annually in accordance with IAS 36 and IFRS 3. The assessment is carried out at least once a year; however it is always carried out whenever an impairment indicator arises. To test goodwill for impairment, the higher of the value in use and fair value, less costs of disposal, of the respective classes of cash-generating units is used. At Bertrandt, these are the segments Digital Engineering, Physical Engineering and Electrical Systems/Electronics pursuant to the definition in IFRS 8. Despite the continuing influence of the coronavirus pandemic on the current economic situation the pandemic is considered a temporary event. Against this backdrop and following the approach in the previous year, Bertrandt adjusted its enterprise planning to the current expectations about overall market developments and the resulting impacts on the Company for the next three subsequent reporting periods. Refer to the management report for detailed information on the expected developments. To determine cost of capital (WACC), peer group information is used for the debt-to-equity ratio and the beta factors. In the previous year the debt-to-equity ratio was adjusted because of the adoption of IFRS 16. To determine the values in use, a WACC before tax of 11.3% (previous year 12.8%) and for the terminal growth rate of 10.3% (previous year 11.8%) is applied in the Digital Engineering segment. In the Physical Engineering segment, the WACC before tax is 10.6% (previous year 12.3%) and for the terminal growth rate it is 9.6% (previous year 11.3%). The terminal growth rate is based on a growth factor of 1% (previous year 1%). A change in WACC by +/- 1.3 % points has no influence on the results of the impairment tests for goodwill.

With a variation of revenues of +/-5% or earnings of +/-3%, the resulting impacts do not require goodwill impairment. On the basis of the underlying assumptions, future cash flows are determined. The discounted cash flow method is used to calculate the value in use from these derived future cash flows of the cash generating units. Where the carrying amount exceeds the recoverable amount, a corresponding impairment loss is recognised.

Always taking into account the impact of the pandemic, the resulting enterprise planning relating to the Digital Engineering, Physical Engineering and Electrical Systems/Electronics segments is based on sector forecasts concerning global research and engineering requirements underlying the Company's marketing and capacity planning, as well as on specific customer commitments regarding individual projects and specific internal adjustments, which also take projected cost adjustments into account.

Property, plant and equipment

Items of property, plant and equipment used in business operations for more than one year are measured at their cost less accumulated depreciation. The cost of an arising from its construction or production comprises all the costs attributable to the construction/production process as well as an appropriate proportion of production-related overheads. Depreciation is based on useful lives which are standardised within the Group.

The useful lives are assumed to be between 17 and 40 years for buildings, ten years for outdoor installations and between three and 20 years for technical equipment and machinery. Assuming normal use, furniture, fixtures and equipment are depreciated over a period of three to 35 years. The useful lives of property, plant and equipment are reviewed as at each balance sheet date and adjusted if necessary. Additions are written down pro rata temporis using the straight-line method.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. At Bertrandt this is relevant for property, plant and equipment. The underlying cost of debt is 1.2% and 1.4% (previous year 1.2% and 1.4%).

Investment properties

Investment properties comprise property which Bertrandt does not use for business or administration purposes. To ensure transparency, the Company has applied the fair value option according to IAS 40 from the fourth quarter 2020/2021 onwards. Investment properties were previously recorded at cost less accumulated straight-line depreciation. Buildings were assumed to have useful lives of 40 years.

Impairment losses

Impairment losses (write-downs) in respect of intangible assets and property, plant and equipment (including right-of-use assets according to IFRS 16) are calculated in accordance with IAS 36 if the value in use or the net realisable value of the respective asset has fallen below its carrying amount. If the reasons for the impairment loss recognised in previous periods no longer apply, such loss is reversed with the exception of goodwill.

Financial Instruments

Financial instruments comprise both primary financial instruments (e.g. trade receivables and trade payables) and derivative financial instruments (e.g. interest rate hedges).

Pursuant to IFRS 9, Bertrandt classifies its financial instruments in the following categories:

- Financial assets and financial liabilities at fair value through profit or loss
- Financial assets and financial liabilities measured at amortised cost

Financial assets are classified and measured on the basis of an entity's business model and the cash flow characteristics. The classification of financial liabilities depends on their specific purpose.

The assignment of the classes into which financial instruments are grouped to these categories is shown in the reconciliation statement in Note [47].

Financial instruments are recorded for the first time upon settlement and measured at their fair value including transaction costs, if any. They are then subsequently measured at amortised cost or at their fair value. Financial instruments are derecognised when the rights to payments from the investment have extinguished or have been transferred and the Group has transferred materially all of the risks and rewards of ownership.

Investments accounted for using the equity method

Investments in associates which are not controlled by Bertrandt but over which the Company has significant influence, and joint ventures of which Bertrandt has joint control are accounted for using the equity method.

Trade receivables and other assets

Trade receivables and other assets are measured at amortised cost using the effective interest method. Appropriate provisions for impairment are made to allow for discernible individual risks and general credit risks such as insolvency and uncollectibility.

Financial receivables and other financial assets

Depending on their classification, financial receivables and other financial assets (with the exception of derivatives) are recognised either at amortised cost on the basis of the effective interest method or at their fair value. Appropriate provisions for impairment are made to allow for discernible individual risks and general credit risks such as insolvency and uncollectibility.

Contract assets

Contract assets include performance obligations satisfied over time which are recognised according to the progress measured on the basis of the PoC method. The progress towards complete satisfaction of a performance obligation is measured on the basis of the relation of cost incurred and total cost (cost-to-cost method) and multiplied by the agreed transaction price. Finished performance obligations which have not yet been accepted are measured at their contract value.

Advance payments received for contract assets are netted against the contract assets. Advance payments received which cannot be offset are recognised as contract liabilities.

Cash and cash equivalents

Bank balances, cheques received but not yet credited, and cash in hand are measured at amortised cost. Appropriate provisions for impairment are made to allow for general credit risks.

Financial and non-financial liabilities

Liabilities are measured either at amortised cost using the effective interest method or at their fair values.

Derivative financial instruments

As an engineering service provider operating on an international scale, the Bertrandt Group is mainly exposed to interest rate and currency risks. The Company uses derivative financial instruments as appropriate for managing these risks. Interest derivatives are used to control and optimise the financial results for current floating-rate debt of the Group and are classified as financial instruments held for trading pursuant to IFRS 9. Any changes in fair value are recognised in profit or loss. Their subsequent measurement is based on fair value.

Foreign-currency forwards used to hedge future foreign-currency cash flows as well as other derivatives are measured at their fair value, with any changes recorded in profit or loss.

The fair values are determined with generally accepted methods of financial mathematics, using mid-market pricing. All derivatives with a positive fair value are disclosed as derivative assets, while all derivatives with a negative fair value are disclosed as derivative liabilities.

Inventories

Inventories are assets in the form of materials or supplies. They are recognised at cost or their net realisable value, whichever is lower.

Current and deferred income tax

Tax expense for the period under review comprises current income tax and deferred tax.

Current income tax expense is calculated according to local jurisdictions' tax laws effective at the reporting date. Deferred tax assets and liabilities are recognised in accordance with IAS 12 for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts pursuant to IFRS as well as for consolidation measures taken to the income statement. Deferred tax assets also include future tax reduction claims resulting from the expected use of loss carry-forwards in future periods provided that their recovery is reasonably probable. For the calculation of deferred taxes the tax rates are used which are applicable or expected in the individual countries in accordance with prevailing law on the date of recognition. Deferred tax assets and liabilities are not discounted. Deferred income tax assets and liabilities are offset where permitted.

Provisions**Provisions for pensions**

Provisions for post-retirement benefits are set aside for obligations arising from pension plans or statutory provisions. The Group operates both defined contribution plans and defined benefit plans.

Provisions for defined benefit pension plans are calculated using the projected unit credit method as defined in IAS 19. Actuarial gains and losses are recognised in other comprehensive income. The defined benefit plan is calculated on the basis of final salaries; the defined contribution obligations apply towards government or private pension funds in accordance with contractual or statutory provisions. The Company has no further obligations once the contributions have been paid.

Tax provisions

Tax provisions are set aside for current income tax obligations which are calculated according to applicable national tax laws.

Other provisions

Other provisions are recognised if there is any legal or constructive present obligation towards a third party as a result of a past event, an outflow of resources to settle the obligation is probable, and a reliable estimate of the amount of the obligation can be made.

Other provisions which do not result in an outflow of resources in the following period are recognised at the present value of the settlement amount as of the balance sheet date using market interest rates for discounting.

Government grants

Government grants for investments are recorded under other liabilities and are released to the income statement on a straight-line basis over the expected useful life of the assets concerned.

Government subsidies for innovative projects or other grants related to income are either presented as other operating income or deducted from the related expense, provided that the grant is received in the same accounting year (net basis).

Leases – lessees

A right-of-use asset and a lease liability are recorded for all leases where Bertrandt acts as a lessee. To the extent that options to extend or terminate the lease have been agreed in the lease, the exercise of these options is examined and evaluated by accounting for all relevant facts and circumstances before the lease's recognition on the balance sheet, provided that the exercise or non-exercise is deemed reasonably certain.

The Company applies the recognition exemption according to which no recognition of a right-of-use asset and lease liability is required for leases with a lease term of 12 months or less (short-term leases) and leases of low-value assets (guiding value of EUR 5,000.00). The lease payments under these leases are recognised as other operating expenses over the lease term.

Right-of-use assets

A right-of-use asset is initially measured at the amount of the lease liability plus direct costs. Subsequently, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are recognised in property, plant and equipment; the provisions of IAS 36 are complied with.

Lease liability

The lease liability is measured at the present value of the lease payments not yet made and which are due during the lease term. The interest rate used by the Bertrandt Group is an incremental borrowing rate. The lease liability is subsequently measured using the effective interest method; the lease payment is split into interest and capital.

The incremental borrowing rate is determined based on benchmark interest rates with equivalent maturities of ten years or less, based on the yields of German corporate bonds.

Leases – lessor

Each of the leases is classified as either a finance lease or an operating lease according to the extent to which risks and rewards lie with the lessor or the lessee. To the extent that the ownership of the underlying asset continues to lie with Bertrandt, the underlying asset continues to be recognised in the balance sheet and rental income is recognised in the income statement. If all risks and rewards lie with the lessee, the underlying asset is removed from property, plant and equipment and a receivable in the amount of the net investment value is recognised.

Notes on items of the income statement

[6] REVENUES

Revenues from contracts with customers are recognised when the performance obligation is satisfied and control of the good or service is transferred to the customer. This can be either over time or at a point in time. Revenues from contracts with customers are recognised net of value added tax and all discounts and bonuses claimed.

Of the consolidated revenues of EUR 845.574 million (previous year EUR 915.191 million), EUR 738.679 million (previous year EUR 791.376 million) were contributed by the domestic entities, and EUR 106.895 million (previous year EUR 123.815 million) by the foreign companies. This breakdown reflects the regional segmentation of Bertrandt's operations.

The share of revenues recognised based on the PoC method is EUR 645.838 million (previous year EUR 684.542 million).

There are two customers with whom Bertrandt generated more than 10% of its total revenues respectively, in both cases across all segments. Total revenues generated by these two customers were EUR 328.545 million (previous year EUR 353.773 million) and EUR 174.062 million (previous year EUR 197.608 million) respectively.

As of the balance sheet date, revenues expected from performance obligations not yet satisfied amounted to EUR 652.354 million (previous year EUR 1,016.112 million). Of this total, EUR 544.701 million (previous year EUR 906.386 million) were accounted for by performance obligations satisfied over time, of which obligations of EUR 229.530 million (previous year EUR 347.445 million) are expected to be satisfied in the course of the Company's next fiscal year. Of the performance obligations satisfied at a point in time, the amount expected for the next fiscal year is EUR 64.725 million (previous year EUR 74.717 million). The decline in performance obligations not yet satisfied was due to changes in the ordering process of OEMs who ordered by catalogue and annual tranches instead of placing project orders covering several years. In addition to the volumes already ordered, there is a large volume of services offered in a catalogue structure, which are not included in these performance obligations.

As in the previous year, there were no significant revenues in the year under review which resulted from performance obligations satisfied in prior years.

[7] OTHER OWN WORK CAPITALISED

This item comprises internally generated tangible and intangible assets which are capitalised pursuant to IAS 16 and IAS 38, and depreciated/amortised over their expected useful lives on a straight-line basis.

[8] OTHER OPERATING INCOME

Other operating income for fiscal 2020/2021 is comprised of the following:

OTHER OPERATING INCOME

EUR million	2020/2021	2019/2020
Work-related income	5.917	5.550
of which non-cash benefits to employees	4.975	4.588
of which rental income	0.942	0.962
Non-work-related income	3.342	1.156
of which income from disposal of assets	0.358	0.258
of which income from reversal of provisions	1.277	0.161
of which income from reversal of impairment losses	0.134	0.737
of which other non-work-related income	1.573	0
Miscellaneous other operating income	4.231	2.065
of which payments for damages received	1.029	0.288
of which income from exchange-rate differences	0.457	0.229
of which remaining miscellaneous other income	2.746	1.548
Total	13.490	8.771

Rental income comprises rental income from investment property in the amount of EUR 0.233 million (previous year EUR 0.232 million). For the coming fiscal years other rental income of EUR 1.201 million (previous year EUR 1.620 million) is expected. Of this, rental income of EUR 0.924 million (previous year EUR 0.765 million) arises from leases with a term of up to twelve months and EUR 0.277 million (previous year EUR 0.855 million) from leases with a term of more than twelve months. The other non-work-related income comprises the gain of EUR 1.573 million (previous year EUR 0) resulting from application of the fair value model according to IAS 40. The remaining miscellaneous other income includes the waiver of a loan granted under coronavirus state aid programmes in other countries in the amount of EUR 1.683 million (previous year EUR 0) (see Note [34]). In the previous year this item also included government subsidies for innovative projects in the amount of EUR 0.477 million.

[9] COST OF MATERIALS

The cost of materials breaks down as follows:

RAW MATERIALS AND CONSUMABLES USED

EUR million	2020/2021	2019/2020
Expenditure on raw materials and consumables used	11.691	10.667
Expenditure on work purchased	60.531	66.276
of which CAX costs	22.183	22.300
of which external work	38.114	43.747
of which incoming freight	0.234	0.229
Total	72.222	76.943

[10] PERSONNEL EXPENSES

Overall, the Bertrandt Group employed an average of 11,660 people in the fiscal year under review (previous year 12,624 employees).

AVERAGE NUMBER OF EMPLOYEES

Number	2020/2021	2019/2020
Technical employees	742	847
Office employees	10,459	11,106
Trainees/undergraduates	212	280
Interns/post-graduates	63	123
Temporary staff	184	268
Total	11,660	12,624

Personnel expenses include expenditure on wages and salaries in the amount of EUR 535.358 million (previous year EUR 572.340 million) as well as expenditure on social security of EUR 115.310 million (previous year EUR 124.489 million) including the employer contribution to the statutory pension system presented under expenses for post-employment benefits and further defined contribution expense of EUR 52.129 million (previous year EUR 57.112 million).

PERSONNEL EXPENSES

EUR million	2020/2021	2019/2020
Wages and salaries	535.358	572.340
Expenditure on social security	115.310	124.489
of which employer contribution to social security	62.802	67.086
of which expenditure on post-employment benefits	52.508	57.403
Total	650.668	696.829

Personnel expenses were reduced as a result of decreased headcount and short-time working. They also include government grants of EUR 4.011 million (previous year EUR 3.994 million) in Germany and of EUR 6.885 million (previous year EUR 5.023 million) in other countries. Subsidies for innovative projects received under government economic stimulus packages reduced expenses by EUR 0.569 million (previous year EUR 1.082 million).

[11] DEPRECIATION/AMORTISATION EXPENSE

Depreciation and amortisation expense is comprised of the following:

DEPRECIATION/AMORTISATION

EUR million	2020/2021	2019/2020
Depreciation/amortisation on		
intangible assets	2.385	2.578
property, plant and equipment	54.063	51.713
investment properties	0.049	0.065
Total	56.497	54.356

Depreciation of right-of-use assets of EUR 21.590 million (previous year EUR 19.569 million) is included in property, plant and equipment. Refer to Notes [18]-[20] for a detailed breakdown of depreciation and amortisation expense for individual items.

[12] OTHER OPERATING EXPENSES

Other operating expenses are comprised of the following:

OTHER OPERATING EXPENSES

EUR million	2020/2021	2019/2020
Miscellaneous manufacturing expenses	5.205	5.443
Office premises, furnishings and fittings	25.433	26.483
Miscellaneous personnel expenses	12.124	16.149
General administrative expenses	2.485	2.636
Distribution expenses	4.742	9.162
Expenditure on exchange-rate differences	0.487	0.668
Non-work-related expenses	4.355	8.835
Fleet expenses	4.089	5.060
Other expenses	3.736	7.628
Total	62.655	82.064

Expenditure on premises and inventory includes rental expenses of EUR 4.733 million (previous year EUR 5.987 million).

Expenses for changes in personnel structure in fiscal 2020/2021 were EUR 2.876 million (previous year EUR 6.852 million) and are included in non-work-related expenses. No restructuring expenses were incurred in the year under review (previous year EUR 2.023 million). Of the reduction in other expenses, EUR 2.652 million were accounted for by the positive development of ongoing court proceedings (previous year EUR 1.308 million increase in expenses). In addition, the amounts recognised include essentially legal and consulting fees, as well as other fees. In the fiscal year under review, government subsidies for innovative projects in the amount of EUR 0.285 million (previous year EUR 0.541 million) are included in the miscellaneous expenses.

[13] NET FINANCE INCOME

Net finance income breaks down as follows:

NET FINANCE INCOME

EUR million	2020/2021	2019/2020
Share of profits in associates	0.565	0.596
Interest income	0.092	0.110
Financial expenses	-6.517	-5.825
Other financial result	-0.040	-0.112
Net finance income	-5.900	-5.231

The finance costs of EUR 6.517 million (previous year EUR 5.825 million) essentially comprise interest expense resulting from short- and long-term loans and fees for the long-term commitment of credit facilities of EUR 3.685 million (previous year EUR 3.363 million). They also comprise interest expense of EUR 2.334 million (previous year EUR 2.158 million) for contractual relationships that must be reported according to IFRS 16. Moreover, they include other interest for factoring, custodian fees and tax interest.

Interest income results from bank deposits and from other interest income, and amounted to EUR 0.092 million in total (previous year EUR 0.101 million). No interest from tax refunds was recorded in the year under review (previous year EUR 0.009 million).

Net other finance income comprises an amount of EUR 0.040 million due to valuation issues attributed to net finance income (previous year EUR 0.112 million).

[14] OTHER TAXES

Foreign tax expenditure primarily involves the subsidiaries in France.

OTHER TAXES

EUR million	2020/2021	2019/2020
Domestic tax expense	0.376	0.605
Foreign tax expense	1.605	2.557
Other taxes	1.981	3.162

[15] INCOME TAXES

As in the previous year, income taxes comprise corporate income tax of 15% plus the solidarity surcharge of 5.5% as well as trade tax of approximately 14% in Germany, and comparable income-related taxes in other countries. In addition, this item includes deferred income tax on the temporary differences between the carrying amounts recognised pursuant to IFRS and corresponding tax bases, as well as deferred income tax on consolidation measures and loss carry-forwards which are expected to be usable in accordance with IAS 12.

Income taxes thus break down as follows:

INCOME TAXES

EUR million	2020/2021	2019/2020
Current domestic tax expense/income	-0.594	8.837
Current foreign tax expense/income	1.397	1.025
Current tax expense/income	0.803	9.862
Deferred tax income	4.448	-6.829
Income taxes	5.251	3.033

In the year under review deferred tax expense of EUR 2.994 million was recognised, which resulted from the application of depreciation allowances, some of which were limited in time and which had been granted in Germany for purposes of taxation because of the coronavirus pandemic (previous year deferred tax income of EUR 0.320 million). The prior-year effect from the reduction in contract assets, which were EUR 4.412 million in the previous year, was reversed again this year with EUR 0.623 million recognised as tax expense. The income tax expense of EUR 5.251 million calculated for fiscal 2020/2021 is EUR 1.603 million higher than the expected income tax expense of EUR 3.648 million that would have arisen had a tax rate of 30% (previous year 30%) been applied to the consolidated pre-tax earnings.

Reconciliation of expected and actual income tax expense is as follows:

RECONCILIATION OF INCOME TAX

EUR million	2020/2021	2019/2020
Earnings before income tax	12.160	6.768
Expected tax rate	30.0%	30.0%
Expected income tax expense	3.648	2.030
Taxation differences affecting foreign subsidiaries	3.141	1.006
Tax effects of payouts and pre-year tax assessments	-0.021	-0.210
Tax effect of non-deductible operating expenses and other tax modifications	-1.324	0.208
Tax effect of write-ups of loss carry-forwards	-0.175	0
Consolidation effects	-0.024	0.008
Other effects	0.006	-0.009
Actual income tax expense	5.251	3.033
Effective tax rate	43.2%	44.8%

The item 'Taxation differences affecting foreign subsidiaries' includes, among other things, impairment of deferred tax assets from loss carry-forwards of EUR 3.314 million (previous year EUR 1.099 million). The item 'Tax effects of non-deductible operating expenses and other tax modifications' includes tax effects resulting from a tax-free grant of EUR 1.052 million (previous year EUR 0.027 million). In addition, tax effects of EUR 0.501 million (previous year EUR 0 million) resulting from the tax-exempt waiver of loans granted in the previous year under short-term coronavirus state aid programmes in other countries were recognised under this item. The deferred tax assets from loss carry-forwards utilised amounted to EUR 0.120 million (previous year EUR 0 million).

In the period under review, tax effects of EUR 0.084 million (previous year EUR 0.012 million) resulted from the re-measurement of the retirement benefit obligations. These tax effects are recognised in other reserves (OCI); their cumulative amount was EUR 1.505 million (previous year EUR 1.421 million).

[16] EARNINGS PER SHARE

Earnings per share as defined in IAS 33 are as follows:

CALCULATION EARNINGS PER SHARE

According to IAS 33	2020/2021	2019/2020
Post-tax earnings (EUR million)	6.909	3.735
attributable to shareholders of Bertrandt AG (EUR million)	6.909	3.735
Number of shares (million)	10.143	10.143
Number of treasury shares (million)	0.048	0.048
Number of shares which are entitled to dividend (million) – diluted / basic, average weighting	10.095	10.095
Earnings per share (EUR) – diluted / basic	0.68	0.37

[17] FURTHER NOTES ON THE EFFECTS OF FINANCIAL INSTRUMENTS ON THE INCOME STATEMENT

Net gains or net losses on financial instruments comprise interest, the results of foreign currency translation as well as adjustments and any changes resulting from their subsequent measurement.

NET GAINS OR NET LOSSES ON FINANCIAL INSTRUMENT BY CATEGORY AS DEFINED IN IFRS 7

EUR million	2020/2021	2019/2020
Loans and receivables	-0.273	-0.019
Financial liabilities measured at amortised cost	-4.237	-3.605
Financial assets and liabilities measured at fair value through profit and loss	-0.136	-0.114
Total	-4.646	-3.738

The 'Loans and receivables' category comprises all financial receivables, trade receivables, other financial assets and cash and cash equivalents. Financial liabilities measured at amortised cost include liabilities to banks, trade payables and other financial liabilities. Financial assets and financial liabilities measured at their fair value comprise financial receivables and other financial liabilities.

In the period under review, no foreign-currency forwards or interest rate hedges were used by the Company.

TOTAL INTEREST INCOME AND EXPENSE FOR FINANCIAL ASSETS OR LIABILITIES THAT ARE NOT AT FAIR VALUE THROUGH PROFIT AND LOSS

EUR million	2020/2021	2019/2020
Interest income	0.092	0.096
Interest expenses	-4.370	-3.700
Total	-4.278	-3.604

Due to their short maturities the application of the effective interest method to trade receivables did not result in any interest expense or income in fiscal 2020/2021, as had also been the case in the previous year.

Impairment losses on loans and receivables came to EUR 0.236 million (previous year EUR 0.344 million) in the fiscal year under review.

Notes on items of the balance sheet

Assets

NON-CURRENT ASSETS

[18] INTANGIBLE ASSETS

Additions to intangible assets primarily comprised technical software licenses.

Goodwill is subjected to regular impairment testing in accordance with IAS 36. In fiscal 2020/2021, as in the previous year, this did not result in any impairment losses.

Goodwill breaks down by segments as follows: Digital Engineering accounts for EUR 6.399 million (previous year EUR 6.399 million) and Physical Engineering accounts for EUR 2.909 million (previous year EUR 2.909 million). Other intangible assets primarily comprise internally developed software in progress including advance payments of EUR 0.324 million (previous year EUR 0.745 million).

INTANGIBLE ASSETS

EUR million	Concessions and licences	Internally generated software	Goodwill	Other	Total intangible assets
Historical costs					
Value on 01/10/2020	55.355	1.057	9.308	0.953	66.673
Currency differences	0.015	0	0	0	0.015
Additions	2.478	0	0	0.146	2.623
Disposals	0.266	0	0	0.523	0.789
Reclassifications	-0.002	0.085	0	-0.085	-0.002
Value on 30/09/2021	57.579	1.142	9.308	0.490	68.520
Amortisation					
Value on 01/10/2020	51.585	0.478	0	0.044	52.107
Currency differences	0.012	0	0	0	0.012
Additions	2.195	0.174	0	0.016	2.385
Disposals	0.266	0	0	0	0.266
Reclassifications	0	-0.003	0	0	-0.003
Value on 30/09/2021	53.526	0.649	0	0.060	54.235
Residual carrying amount 30/09/2021	4.054	0.493	9.308	0.430	14.285
Residual carrying amount 30/09/2020	3.770	0.579	9.308	0.909	14.566
Previous year					
Historical costs					
Value on 01/10/2019	53.006	0.994	9.308	0.887	64.195
Currency differences	-0.013	0	0	0	-0.013
Additions	2.661	0.096	0	0.392	3.149
Disposals	0.351	0.359	0	0	0.710
Reclassifications	0.052	0.326	0	-0.326	0.052
Value on 30/09/2020	55.355	1.057	9.308	0.953	66.673
Amortisation					
Value on 01/10/2019	49.446	0.704	0	0.028	50.178
Currency differences	0.009	0	0	0	0.009
Additions	2.429	0.133	0	0.016	2.578
Disposals	0.299	0.359	0	0	0.658
Reclassifications	0	0	0	0	0
Value on 30/09/2020	51.585	0.478	0	0.044	52.107
Residual carrying amount 30/09/2020	3.770	0.579	9.308	0.909	14.566
Residual carrying amount 30/09/2019	3.560	0.290	9.308	0.859	14.017

[19] PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognised at cost less depreciation in accordance with their respective useful lives. As in the previous year, no impairment of goodwill was assessed in impairment tests in accordance with IAS 36.

Technical equipment and machinery as well as other furniture, fixtures and equipment primarily consist of CAD machines, machinery and equipment for prototype construction as well as testing facilities. Borrowing costs to be capitalised as part of the cost of qualifying assets amounted to EUR 0.309 million (previous year EUR 0.350 million).

PROPERTY, PLANT AND EQUIPMENT

EUR million	Property and plant	Technical equipment and machinery	Other facilities, factory and office equipment	Advance payments and work in progress	Total PPE
Historical costs					
Value on 01/10/2020	302.130	166.331	134.835	56.352	659.648
Currency differences	-0.008	0	0.015	0	0.007
Additions	7.087	2.926	8.966	19.791	38.771
Disposals	4.724	2.043	9.672	0	16.440
Reclassifications	-0.002	36.648	4.157	-40.834	-0.031
Value on 30/09/2021	304.483	203.862	138.301	35.309	681.955
Depreciation					
Value on 01/10/2020	52.882	92.837	100.873	0	246.592
Currency differences	0.015	0	0.015	0	0.030
Additions	24.571	15.679	13.740	0.074	54.064
Disposals	0.002	1.673	8.432	0	10.107
Reclassifications	-0.021	-0.110	0.101	0	-0.030
Value on 30/09/2021	77.444	106.733	106.298	0.074	290.549
Residual carrying amount 30/09/2021	227.039	97.129	32.003	35.235	391.406
Residual carrying amount 30/09/2020	249.248	73.494	33.962	56.352	413.056
Previous year					
Historical costs					
Value on 01/10/2019 ¹	263.344	145.021	133.478	49.717	591.560
Currency differences	-0.131	-0.009	-0.101	-0.003	-0.244
Additions	35.488	7.890	10.262	30.370	84.010
Disposals	2.277	2.550	10.799	0	15.626
Reclassifications	5.706	15.979	1.995	-23.732	-0.052
Value on 30/09/2020	302.130	166.331	134.835	56.352	659.648
Depreciation					
Value on 01/10/2019	29.992	80.737	96.709	0	207.438
Currency differences	0	0	-0.038	0	-0.038
Additions	22.899	13.998	14.816	0	51.713
Disposals	0.009	1.898	10.614	0	12.521
Reclassifications	0	0	0	0	0
Value on 30/09/2020	52.882	92.837	100.873	0	246.592
Residual carrying amount 30/09/2020	249.248	73.494	33.962	56.352	413.056
Residual carrying amount 30/09/2019	156.580	63.147	33.411	49.717	302.855

¹Opening values include right-of-use assets according to IFRS 16.

The balance sheet item 'Property, plant and equipment' includes right-of-use assets under leases. Their carrying amounts are determined as follows:

IFRS 16 RIGHT-OF-USE ASSETS

EUR million	Property and plant	Technical equipment and machinery	Other facilities, factory and office equipment	Advance payments and work in progress	Total right-of-use-assets
Historical costs					
Value on 01/10/2020	108.442	0.969	5.826	0	115.237
Currency differences	-0.008	0	0	0	-0.008
Additions	7.024	0.202	2.579	0	9.805
Disposals	4.683	0.018	0.078	0	4.779
Reclassifications	-0.078	-0.560	0.558	0	-0.080
Value on 30/09/2021	110.697	0.593	8.885	0	120.175
Depreciation					
Value on 01/10/2020	17.167	0.263	2.139	0	19.569
Currency differences	0.015	0	0	0	0.015
Additions	18.849	0.146	2.595	0	21.590
Disposals	0.001	0	0	0	0.001
Reclassifications	-0.024	-0.112	0.111	0	-0.025
Value on 30/09/2021	36.006	0.297	4.845	0	41.148
Residual carrying amount 30/09/2021	74.691	0.296	4.040	0	79.027
Residual carrying amount 30/09/2020	91.275	0.706	3.687	0	95.668
Previous year					
Historical costs					
Value on 01/10/2019 ¹	76.772	1.137	3.358	0	81.267
Currency differences	-0.131	0	0	0	-0.131
Additions	33.949	0	2.468	0	36.417
Disposals	2.148	0.168	0	0	2.316
Value on 30/09/2020	108.442	0.969	5.826	0	115.237
Depreciation					
Value on 01/10/2019	0	0	0	0	0
Currency differences	0	0	0	0	0
Additions	17.167	0.263	2.139	0	19.569
Disposals	0	0	0	0	0
Value on 30/09/2020	17.167	0.263	2.139	0	19.569
Residual carrying amount 30/09/2020	91.275	0.706	3.687	0	95.668

¹Opening values.

In fiscal 2020/2021 expenses for short-term leases were EUR 1.471 million (previous year EUR 3.247 million); they are included in other operating expenses. Expenses of EUR 0.430 million (previous year EUR 0.566 million) were incurred for leases of low-value assets, with cost of materials accounting for EUR 0.216 million (previous year EUR 0.410 million) and other operating expenses for EUR 0.214 million (previous year EUR 0.155 million).

[20] INVESTMENT PROPERTIES

As a result of the steady increase in property prices, the fair value of the investment property has grown and clearly exceeds the carrying amount recognised in the previous year. It was therefore written up to the current fair value of EUR 2.800 million pursuant to IAS 40. As the building's features are very specific, there is no comparable market price. The fair value is therefore determined based on the property's discounted cash flows, taking into account a WACC of 11.3% and an additional risk discount of 2.5%. The latter is a result of the assessment of a lower risk for the property's future cash flows. This leaves a discount rate of 8.8% and a terminal growth rate of 7.8%. A net profit from the change in valuation of EUR 1.573 million is recognised in other operating income (Note [8]). In the period under review rental income of EUR 0.233 million (previous year EUR 0.232 million) was generated. No maintenance expense was incurred in fiscal 2020/2021 (previous year EUR 0 million). In the previous year the investment property had been measured at amortised cost.

INVESTMENT PROPERTIES

EUR million	Investment properties
Historical costs	
Value on 01/10/2020	4.626
Additions	0
Disposals	0
Value on 30/09/2021	4.626
Depreciation	
Value on 01/10/2020	3.349
Additions	0.049
Disposals	0
Value on 30/06/2021	3.398
Residual carrying amount 30/06/2021	1.228
Write-up to fair value	1.573
Carrying amount 30/09/2021	2.800
Residual carrying amount 30/09/2020	1.277
Previous year	
Historical costs	
Value on 01/10/2019	4.626
Additions	0
Disposals	0
Value on 30/09/2020	4.626
Depreciation	
Value on 01/10/2019	3.284
Additions	0.065
Disposals	0
Value on 30/09/2020	3.349
Residual carrying amount 30/09/2020	1.277
Residual carrying amount 30/09/2019	1.342

[21] INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The equity method is used for all investments in associates and joint ventures. Their development was as follows:

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

EUR million	Associates	Joint ventures	Total
Historical costs			
Value on 01/10/2020	0.119	6.929	7.048
Additions	0	0	0
Disposals	0.038	0	0.038
Share of profit/loss	-0.006	0.571	0.565
Dividends	0	0	0
Value on 30/09/2021	0.074	7.501	7.574
Depreciation			
Value on 01/10/2020	0	0	0
Additions	0	0	0
Disposals	0	0	0
Value on 30/09/2021	0	0	0
Residual carrying amount 30/09/2021	0.074	7.501	7.574
Residual carrying amount 30/09/2020	0.119	6.929	7.048
Prevoius year			
Historical costs			
Value on 01/10/2019	121	6.332	6.453
Additions	0	0	0
Disposals	0.008	0	0.008
Share of profit/loss	0.007	0.597	0.604
Dividends	0.001	0	0.001
Value on 30/09/2020	0.119	6.929	7.048
Depreciation			
Value on 01/10/2019	0	0	0
Additions	0	0	0
Disposals	0	0	0
Value on 30/09/2020	0	0	0
Residual carrying amount 30/09/2020	0.119	6.929	7.048
Residual carrying amount 30/09/2019	0.121	6.332	6.453

The disposal of associates amounting to EUR 0.038 million (previous year EUR 0.008 million) resulted from the disposal of the investments in the following associates: aucip. automotive cluster investment platform GmbH & Co. KG and aucip. automotive cluster investment platform Beteiligungs GmbH, each with registered offices in Pullach i. Isartal. The proceeds from the sale were EUR 0.038 million (previous year EUR 0 million) and are recognised in other financial assets (Note [23]). Of the joint ventures' share of profit/loss, a portion of EUR 0.491 million (previous year EUR 0.448 million) is attributable to Bertrandt Campus GmbH.

[22] CURRENT AND NON-CURRENT FINANCIAL RECEIVABLES

Financial receivables are broken down as follows according to their maturities:

FINANCIAL RECEIVABLES

EUR million	Current	Non-current	30/09/2021
Financial receivables	0.353	1.931	2.283
Previous year			
	Current	Non-current	30/09/2020
Financial receivables	0.413	1.428	1.841

Current and non-current financial receivables are mainly employer loans which bear interest of 3–5%. The long-term loans are due for settlement in two to five years. Their carrying amounts approximate their fair values.

[23] CURRENT AND NON-CURRENT OTHER FINANCIAL ASSETS

Of the total of EUR 6.783 million (previous year EUR 5.988 million) in other financial assets, EUR 3.019 million (previous year EUR 2.832 million) are non-current assets mainly comprising reinsurance.

[24] CURRENT AND NON-CURRENT OTHER ASSETS

Other assets amounted to EUR 23.989 million (previous year EUR 28.395 million) and include prepaid expenses and receivables from public institutions, of which EUR 6.424 million (previous year EUR 8.724 million) have a maturity of more than one year.

[25] DEFERRED TAX ASSETS AND TAX LIABILITIES

Deferred tax assets and liabilities comprise the following items:

DEFERRED TAX ASSETS AND LIABILITIES

EUR million	30/09/2021		30/09/2020	
	Deferred tax assets	Deferred tax liabilities	Deferred tax asset	Deferred tax liabilities
Non-current assets	0.765	28.034	1.591	31.138
Future receivables from construction contracts	0	6.292	0	5.669
Post-retirements benefit provisions	0.897	0	1.836	0
Other provisions	1.310	0	1.881	0.015
Unused tax losses	1.025	0	0.801	0
Other financial liabilities	23.374	0.031	28.047	0
Other items	0.108	0.193	0.122	0.176
Total before offsetting	27.479	34.550	34.278	36.998
Offsetting	-14.244	-14.244	-18.412	-18.412
Deferred tax assets and liabilities	13.235	20.306	15.866	18.586

Of the deferred tax assets before offsetting, EUR 26.061 million (previous year EUR 32.519 million) have a residual maturity of more than twelve months. Of the deferred tax liabilities before offsetting, EUR 6.505 million (previous year EUR 6.295 million) are short-term and EUR 28.045 million (previous year EUR 30.703 million) are long-term liabilities.

A deferred tax asset of EUR 1.025 million (previous year EUR 0.801 million) was capitalised for entities that in the previous year or the current fiscal year generated a negative taxable income, since the realisation of the related tax benefit is probable based on projected future taxable profit/loss.

In addition to the deferred tax assets arising from tax losses carried forward, there are unused tax losses in the amount of EUR 18.393 million (previous year EUR 6.300 million), which can be carried forward for an unlimited time period. In individual countries, the time period is limited to five years.

No deferred tax liabilities were recognised on the temporary differences in the carrying amounts of investments which amounted to EUR 43.631 million (previous year EUR 45.129 million) because Bertrandt AG is able to control the timing of the reversal of the temporary differences, and these will not reverse in the foreseeable future.

KURZFRISTIGE VERMÖGENSWERTE

[26] INVENTORIES

On the balance sheet date, the inventories of the Bertrandt Group were as follows:

INVENTORIES

EUR million	30/09/2021	30/09/2020
Raw materials and consumables used	0.812	0.860

As in the previous year, no impairments were made in the period under review.

[27] CONTRACT ASSETS

Contract assets developed as follows:

CONTRACT ASSETS

EUR million	01/10/2020	Increase	Decrease	30/09/2021
Contract assets	204.528	90.813	-110.683	184.658
Less contract liabilities	-114.035			-91.695
Total	90.493			92.962

Contract assets exclusively comprise performance obligations satisfied over time.

As at the end of the fiscal year, the Company recognised provisions of EUR 0.228 million (previous year EUR 0.664 million) for onerous contracts with customers.

For most contracts for work, payment schedules have been specified. Rework is performed without delay; consequently, there are no obligations to accept returns or give refunds, and no warranties exceeding the statutory period of 24 months.

[28] TRADE RECEIVABLES

Trade receivables came to EUR 168.856 million (previous year EUR 175.471 million) and are due for settlement in less than twelve months. Payment terms for customers are between 0 and 90 days on average (previous year 0 to 90 days). The Group has entered into a factoring agreement with a bank and sold trade receivables to the bank. The agreement is a non-recourse factoring agreement; no risk of default remains with the Group. The Group sold trade receivables in the amount of EUR 15.045 million (previous year EUR 17.675 million), which were fully derecognised.

Provisions for impairment of EUR 4.706 million (previous year EUR 4.615 million) were recognised.

[29] INCOME TAX ASSETS

Income tax assets of EUR 1.197 million (previous year EUR 3.365 million) included tax credits for the current fiscal year and from prior years.

[30] CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances and cheques. They amounted to EUR 0.080 million (previous year EUR 0.068 million) including a general impairment provision. Foreign currency balances were translated into the Group currency at the mean closing rate prevailing on the balance sheet date 30 September 2021. The changes in cash and cash equivalents are stated in the cash flow statement. Note [42] provides additional explanations on the cash flow statement.

Equity and liabilities

EQUITY

[31] SHARE CAPITAL

On 30 September 2021, the share capital of Bertrandt AG was EUR 10,143,240.00, as in the previous year, and was paid in full. It is divided into 10,143,240 no-par-value shares with an arithmetic par value of EUR 1.00.

Authorised Capital

At the annual general meeting on 20 February 2019, the shareholders authorised the Management Board to buy back the Company's own shares up to a proportion of share capital equivalent to the amount of EUR 1,000,000.00 in the period until 31 January 2024

At the annual general meeting on 26 February 2021, the shareholders authorised the Management Board to increase the share capital of Bertrandt AG with the consent of the Supervisory Board by issuing, until 31 January 2026, new bearer shares on a cash or non-cash basis (including in the form of so-called mixed non-cash contributions), either once or several times, however in total by a maximum amount of EUR 4,000,000.00 (Authorised Capital 2021). The Management Board was also authorised to exclude subscription rights for shareholders under certain conditions and within defined limits with the consent of the Supervisory Board. No use has been made of the authorised capital to date.

[32] CAPITAL RESERVES

The capital reserves contain the premium on the issue of new shares as well as the proceeds from the sale of treasury shares that exceed the original cost (Note [33]).

As at the balance sheet date, treasury stock amounted to 48,027 shares (previous year 48,027 shares), equivalent to 0.5% (previous year 0.5%) of the Company's share capital.

[33] RETAINED EARNINGS AND OTHER RESERVES (OCI)

Exchange differences of EUR 0.297 million (previous year EUR -0.809 million) resulting from the consolidation of the subsidiaries' equity were offset with other reserves (OCI).

The change in provisions for pensions of EUR -0.380 million (previous year EUR -0.047 million) due to actuarial gains/losses in the fiscal year was offset with the tax effects allocable thereto according to IAS 19 and recognised under other reserves (OCI) in the amount of EUR 0.084 million (previous year EUR 0.012 million).

Treasury stock is measured at cost as of the date of purchase and offset with retained earnings. Offsetting will be applied in the event of a disposal to the extent that the proceeds are equivalent to the cost. Any excess amount is recognised in capital reserves.

NON-CURRENT LIABILITIES

[34] CURRENT AND NON-CURRENT BORROWINGS

Borrowings declined in the year under review by EUR 12.792 million; as at 30 September 2021, they came to EUR 267.533 million in total (previous year EUR 280.325 million).

Bertrandt AG's non-current borrowings of EUR 257.854 million (previous year EUR 234.913 million) essentially consist of the tranches of the bonded loan of EUR 170.000 million. The original maturities of the tranches were seven and ten years. The year-on-year increase is mainly due to new loans of EUR 37.519 million which the Company took out in the year under review. This increase is counteracted by credits of repayment subsidies in the fiscal year under review, which were related to the financing granted in the previous year under the KfW's programme 'Energy Efficiency Programme – Waste Heat' of EUR 7.064 million.

The decrease in current borrowings to EUR 9.679 million as at 30 September 2021 is in the main the result of the repayment of two bond tranches of EUR 30.000 million. The loans of EUR 11.793 million provided under short-term coronavirus state aid programmes in other countries were repaid or remitted in the year under review. The resulting income of EUR 1.683 million is included in remaining miscellaneous other income (Note [8]).

Current borrowings also include accrued unpaid interest, additional repayments due in the future and issued cheques that have not yet been presented for payment.

As at 30 September 2021, the domestic and non-domestic interest rates on current and non-current financial borrowings were in the range between 0.5 and 1.9% (previous year 0.5 and 6.3%).

The maturities of borrowings are as follows:

CURRENT AND NON-CURRENT BORROWINGS

EUR million	Current	Non-current	30/09/2021
Borrowings	9.679	257.854	267.533
Previous year			
	Current	Non-Current	30/09/2020
Borrowings	45.412	234.913	280.325

[35] CURRENT AND NON-CURRENT OTHER FINANCIAL LIABILITIES

CURRENT AND NON-CURRENT OTHER FINANCIAL LIABILITIES

EUR million	Current	Non-current	30/09/2021
Lease liabilities	19.248	61.209	80.456
Liabilities to employees	1.320	0	1.320
Other	8.899	0.005	8.904
Other financial liabilities	29.467	61.214	90.680
Previous year			
	Current	Non-current	30/09/2020
Lease liabilities	20.131	76.432	96.563
Liabilities to employees	0.830	0	0.830
Other	14.244	0.017	14.261
Other financial liabilities	35.205	76.449	111.654

Current miscellaneous other financial liabilities of EUR 8.899 million (previous year EUR 14.244 million) comprise, amongst other items, incoming payments of EUR 4.830 million (previous year EUR 7.585 million) for assigned receivables, which have not yet been paid. In addition, they include a number of individual payment obligations. The carrying amounts of the current other financial liabilities correspond to their fair values.

[36] CURRENT AND NON-CURRENT OTHER LIABILITIES

The carrying amounts of other liabilities approximate their fair values and are comprised of the following:

CURRENT AND NON-CURRENT OTHER LIABILITIES

EUR million	Current	Non-current	30/09/2021
Taxes	26.938	0	26.938
Payroll and church tax	6.904	0	6.904
Social security	3.037	0	3.037
Personnel obligations	35.867	0	35.867
Miscellaneous other	2.713	1.120	3.833
Other liabilities	75.459	1.120	76.579
Previous year			
	Current	Non-current	30/09/2020
Taxes	18.219	0	1.219
Payroll and church tax	7.006	0	7.006
Social security	5.711	0	5.711
Personnel obligations	33.448	0	33.448
Miscellaneous other	2.662	1.648	4.310
Other liabilities	67.046	1.648	68.694

Personnel obligations essentially include obligations regarding employee time and leave accounts. Miscellaneous other liabilities comprise an investment grant of EUR 0.342 million (previous year EUR 0.394 million) which was received as a government grant for an investment made. In accordance with IAS 20, EUR 0.053 million (previous year EUR 0.053 million) of the investment grant was released to the income statement in the reporting period based on the useful lives of the assets concerned.

[37] PROVISIONS FOR PENSIONS

Provisions for post-employment benefits are calculated using the internationally established projected unit credit method according to IAS 19 and in light of foreseeable future trends. The pension obligations are determined on the basis of the following assumptions:

ASSUMPTIONS FOR DETERMINING PENSION OBLIGATIONS

Diverse information	30/09/2021	30/09/2020
Interest rate	0.50%	0.30%
Assumed rate of salary increase	0% / 2%	0% / 2% / 2.50%
Assumed rate of pension increase	0% / 1.50% / 2.50%	0% / 1.50% / 2.50%
Probability of mortality and invalidity according to Heubeck	Heubeck 2018 G / Insee 2017	Heubeck 2018 G / Insee 2017
Valuation of surviving dependants' entitlement to benefits	Collective	Collective
Retirement age	65 years	65 years
Average remaining life expectancy of persons with active entitlement	27 years	28 years

As at 30 September 2021, the provisions for pensions had changed by EUR 0.698 million (previous year EUR 0.337 million) and are now EUR 9.954 million (previous year EUR 9.256 million). Of this change in pension provisions, EUR 0.318 million are recognised as an increase in personnel expenses (previous year EUR 0.290 million increase) and EUR 0.380 million are recognised in other comprehensive income as a reduction in equity (previous year EUR 0.047 million reduction in equity). As at the balance sheet date, the weighted average duration of the retirement benefit obligations in Germany was 17.4 years (previous year 18.4 years) and average duration abroad was 27 years (previous year 28 years).

The actuarial present value of the retirement benefit obligations changed as follows:

ACTUARIAL PRESENT VALUE OF PENSION OBLIGATIONS

EUR million	2020/2021	2019/2020
Present value on 01/10	9.256	8.919
Past service cost	0.355	0.324
Interest expense	0.028	0.027
Paid retirement benefits	-0.065	-0.061
Actuarial gains (-)/losses (+) from changes in financial assumptions	-0.354	0
Actuarial gains (-)/losses (+) from historical adjustments	0.734	0.047
Present value on 30/09	9.954	9.256

From the point of view of the Bertrandt Group there are no material risks arising from the retirement benefit obligations. The expected addition to the anticipated value of the benefit obligation is EUR 0.453 million.

The effects that changes of actuarial parameters may have on the present value of the retirement benefit obligations are determined with sensitivity analyses. If interest rates had been 25 basis points higher (lower), the present value of the retirement benefit obligations would have decreased by EUR 0.348 million (previous year EUR 0.330 million) or increased by EUR 0.361 million (previous year EUR 0.346 million). If life expectancy was increased by one year, the present value would be higher by EUR 0.327 million (previous year higher by EUR 0.350 million); if it was decreased by one year, it would be lower by EUR 0.322 million (previous year lower by EUR 0.343 million). If salary growth rates had been 25 basis points higher (lower), the present value would have increased by EUR 0.331 million (previous year EUR 0.230 million) or decreased by EUR 0.299 million (previous year EUR 0.209 million). If pension growth rates had been 25 basis points higher (lower), the present value would have increased by EUR 0.063 million (previous year EUR 0.068 million) or decreased by EUR 0.060 million (previous year EUR 0.065 million).

[38] OTHER PROVISIONS

Other provisions are comprised of the following:

CURRENT AND NON-CURRENT OTHER PROVISIONS

EUR million	Personnel provisions	Provisions for ongoing business operations	Provisions for buildings	Other provisions	Total of other provisions
Value on 01/10/2020	16.196	0.664	2.113	11.319	30.292
of which current	14.905	0.664	0.354	10.623	26.546
of which non-current	1.291	0	1.759	0.696	3.746
Currency differences	0.006	0	0	0.013	0.019
Reclassification	0.003	1.586	0.028	-1.616	0.001
Utilisation	11.035	1.275	0.288	4.715	17.313
Reversal	0.573	0.685	1.629	3.050	5.937
Addition	7.141	1.576	0.381	5.235	14.333
Value on 30/09/2021	11.738	1.866	0.606	7.184	21.394
of which current	10.331	1.866	0.397	6.543	19.136
of which non-current	1.407	0	0.209	0.642	2.258

Personnel provisions comprise amounts for profit sharing arrangements and bonuses, changes in personnel structures, as well as levies for failure to meet the required quota of severely handicapped employees (Schwerbehinderten-Abgaben) and contributions for employer liability insurance associations. Provisions for obligations related to ongoing business operations comprised provisions for guarantee obligations in the previous year. Provisions for construction contracts where the losses to be expected exceed the costs incurred were EUR 0.228 million (previous year EUR 0.664 million). Provisions for buildings comprise, amongst other items, maintenance costs, energy costs and other incidental costs. Other provisions have been set aside for numerous discernible individual risks.

Of the reversals, an amount of EUR 0.671 million (previous year EUR 0.657 million) is offset against revenues; an amount of EUR 0.474 million (previous year EUR 0.275 million) is offset against personnel expenses; an amount of EUR 3.477 million (previous year EUR 0.413 million) is offset against other operating expenses; and an amount of EUR 0.038 million (previous year EUR 0.034 million) is offset against cost of materials. In addition, provisions of EUR 0.537 million (previous year EUR 0.105 million) were reversed, which resulted in a disposal of property, plant and equipment. Unwinding of discount on non-current provisions totalled EUR 0.030 million (previous year EUR 0.029 million); this amount is not reported within net finance income (previous year EUR 0 million). No provisions for restructuring are recognised in the provisions for personnel expenses (previous year EUR 3.369 million). The cash outflow associated with non-current provisions depends on the individual case.

CURRENT LIABILITIES

[39] CONTRACT LIABILITIES

Contract liabilities developed as follows:

CONTRACT LIABILITIES

EUR million	01/10/2020	Increase	Decrease	30/09/2021
Contract liabilities	116.172	37.612	-58.856	94.928
Offsetting with contract assets	-114.035			-91.695
Contract liabilities after offsetting	2.137			3.233

The contract liabilities are fully recognised in revenues.

[40] TRADE PAYABLES

The carrying amounts largely approximate their fair values and are due for settlement in less than 12 months.

TRADE PAYABLES

EUR million	30/09/2021	30/09/2020
Trade payables	13.862	12.852

[41] INCOME TAX PROVISIONS

Income tax provisions relate to income taxes calculated for the current and the previous fiscal years.

[42] NOTES ON THE CASH FLOW STATEMENT

The cash flow statement shows how the Bertrandt Group's liquidity position has changed in the course of the year under review as a result of cash inflows and outflows, regardless of the structure of the balance sheet. In accordance with IAS 7, cash flows are distinguished according to operating, investing and financing activities. The item cash and cash equivalents comprises solely the cash and cash equivalents recognised in the balance sheet.

Using post-tax earnings as a basis, the cash flow statement was prepared using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature. Allowing for changes in working capital, cash flow from operating activities is EUR 73.662 million (previous year EUR 123.521 million). The positive effect of a decrease in tied-up funds in working capital was less pronounced than in the previous year. The changes are due to cash transactions affecting essentially the following balance sheet items: contract assets, EUR 2.469 million (previous year EUR -34.822 million); trade receivables, EUR -6.615 million (previous year EUR -50.536 million); contract liabilities, EUR 1.096 million (previous year EUR -2.383 million); trade payables, EUR 1.010 million (previous year EUR -2.899 million).

Bertrandt pursued a restrained investment policy in the year under review to adapt to the overall economic environment. Capital spending on property, plant and equipment was lower by EUR 12.813 million in the year under review and, as a result, cash flow from investing activities was EUR -37.760 million (previous year EUR -51.341 million). This item essentially comprises cash outflows for additions to property, plant and equipment, as well as outflows for additions to intangible assets. The resulting free cash flow is EUR 35.902 million (previous year EUR 72.180 million).

Cash flow from financing activities amounted to EUR -33.105 million (previous year EUR 24.089 million). In addition to the cash outflows for dividend payments it mainly comprises interest and repayments of loans, and payments for right-of-use assets totalling EUR 23.528 million (previous year EUR 20.776 million), which require recognition in the balance sheet pursuant to IFRS 16. The repayments essentially relate to the two tranches of the bonded loan of EUR 30.000 million, which were due in the year under review, and the repayment of loans that had been provided under coronavirus state aid programmes in other countries. The Company undertook new borrowings of EUR 37.519 million (previous year EUR 65.568 million).

The financial liabilities arising from financing activities were as follows:

FINANCIAL LIABILITIES FROM FINANCING ACTIVITIES

EUR million	Financial liabilities	
	2020/2021	2019/2020
Value on 01/10	280.325	215.917
Changes in cash	-3.846	64.289
Non-cash changes	-8.946	0.119
Value on 30/09	267.533	280.325

The non-cash changes result from the reduction of loans needed for investments, which was due to the receipt of public funds and/or upon credit of the repayment subsidy, the remittance of the loans provided by short-term coronavirus state aid programmes in other countries, and valuation issues.

Total cash outflows for tenancies and leases, including short-term leases and leases of low-value assets, were EUR 40.415 million (previous year EUR 41.081 million), of which EUR 1.471 million (previous year EUR 3.247 million) are attributable to short-term leases and EUR 0.430 million (previous year EUR 0.566 million) to leases of low-value assets. The latter are included in cash flow from operating activities.

Cash and cash equivalents were at EUR 190.205 million (previous year EUR 187.233 million).

[43] NOTES ON SEGMENT REPORTING

The Group uses the operating segments Digital Engineering, Physical Engineering and Electrical Systems/Electronics as a basis for controlling the Group's activities. Non-current assets within the meaning of IFRS 8 were measured at EUR 405.692 million (previous year EUR 428.899 million). Of this total, domestic non-current assets account for EUR 389.776 million (previous year EUR 409.050 million), while foreign non-current assets account for EUR 15.916 million (previous year EUR 19.849 million).

The Digital Engineering segment comprises the design of vehicle components for the interior, exterior, powertrain, chassis or body as well as the development of complete vehicles including numerical analysis. The aerospace business and other industries are also allocated to this segment.

The Physical Engineering segment combines all activities related to the validation of physical parts, components, systems, powertrains and the vehicle as a whole. The validation services use state-of-the-art technology and mainly cover testing, road tests, modelling, vehicle structure, rapid prototyping and rapid tooling.

Activities related to conventional automotive electrical systems together with modern automotive electronics are bundled in the Electrical Systems/Electronics segment. They include the development of electronic modules such as batteries, e-drivetrains and onboard networks as well as the software development and simulated deployment and also autonomous driving.

Segment information is based on the same recognition and measurement principles as the consolidated financial statements. Internal revenues are invoiced at normal market prices in compliance with the arm's length principle. Income and expenses as well as inter-segment results have been eliminated.

Revenues related to performance obligations satisfied over time were EUR 645.838 million (previous year EUR 684.542 million). The segments' contributions were as follows: Digital Engineering, EUR 254.630 million (previous year EUR 331.888 million; previous year incl. reconciliation EUR 307.893 million); Physical Engineering, EUR 180.125 million (previous year EUR 159.413 million; previous year incl. reconciliation EUR 197.596 million); and Electrical Systems/Electronics, EUR 211.083 million (previous year EUR 193.242 million; previous year incl. reconciliation EUR 179.053 million).

SEGMENTS

EUR million	Digital Engineering				Physical Engineering				Electrical Systems/ Electronics				Total for all divisions			
01/10 until 30/09	2020/2021	2019/2020	Recon- ciliation	2019/2020 new	2020/2021	2019/2020	Recon- ciliation	2019/2020 new	2020/2021	2019/2020	Recon- ciliation	2019/2020 new	2020/2021	2019/2020	Recon- ciliation	2019/2020 new
Revenues	418.433	521.900	-36.619	485.281	223.005	203.923	67.560	271.483	239.509	244.188	-15.291	228.897	880.947	970.011	15.650	985.661
Transfer between segments	9.917	26.938	-5.616	21.322	26.360	18.106	21.181	39.287	-0.904	9.776	0.085	9.861	35.373	54.820	15.650	70.470
Consolidated revenues	408.516	494.962	-31.003	463.959	196.645	185.817	46.379	232.196	240.413	234.412	-15.376	219.036	845.574	915.191	0	915.191
Other internally generated assets	0.076	0.314	0	0.314	2.745	0.502	0	0.502	0.198	0.575	0	0.575	3.019	1.391	0	1.391
Consolidated total revenues	408.592	495.276	-31.003	464.273	199.390	186.319	46.379	232.698	240.611	234.987	-15.376	219.611	848.592	916.582	0	916.582
EBIT	6.643	-8.687	-0.849	-9.536	-1.356	8.277	2.441	10.718	14.753	15.571	-1.592	13.979	20.040	15.161	0	15.161
Scheduled depreciation	12.469	16.935	-4.199	12.736	35.376	27.948	5.099	33.047	8.652	9.473	-0.900	8.573	56.497	54.356	0	54.356

Revenues with customers accounting for more than 10% of total revenues break down by segment as follows: Digital Engineering, EUR 131.640 million (previous year EUR 164.672 million; previous year incl. reconciliation EUR 152.231 million) and EUR 61.154 million (previous year EUR 92.436 million; previous year incl. reconciliation EUR 78.031 million) respectively; Physical Engineering, EUR 81.630 million (previous year EUR 90.360 million; previous year incl. reconciliation EUR 97.588 million) and EUR 42.507 million (previous year EUR 39.347 million; previous year incl. reconciliation EUR 61.620 million) respectively; and Electrical Systems/Electronics, EUR 115.275 million (previous year EUR 98.741 million; previous year incl. reconciliation EUR 103.954 million) and EUR 70.402 million (previous year EUR 65.825 million; previous year incl. reconciliation EUR 57.956 million) respectively. There are no control relationships.

Segment reporting is not required for assets and liabilities since they are not included in internal reporting at segment level. The EBIT generated by the segments corresponds to the Group's EBIT; for reconciliation of EBIT with earnings before tax, please refer to the consolidated income statement and statement of comprehensive income.

OTHER DISCLOSURES

[44] COLLATERAL PROVIDED

As at the balance sheet date, liabilities secured by mortgages were EUR 15.132 million (previous year EUR 16.428 million) and liabilities secured by transfer of security were EUR 42.829 million (previous year EUR 49.893 million).

[45] CONTINGENT LIABILITIES

As of the balance sheet date, the Company recorded contingent liabilities of EUR 3.291 million (previous year EUR 0.716 million) resulting from a pending administrative appeal and court proceedings brought against a non-domestic tax authority.

[46] OTHER FINANCIAL OBLIGATIONS

Future financial obligations resulting from rental, maintenance and leasing contracts, which are carried at their nominal values, fall due as follows, provided that no recognition of a right-of-use asset and a lease liability is required according to IFRS 16:

OTHER FINANCIAL OBLIGATIONS

EUR million	30/09/2021	30/09/2020
Current	39.598	45.386
Non-current	5.586	8.006
Total	45.184	53.392

The current other financial obligations not requiring recognition in the balance sheet comprise EUR 0.095 million (previous year EUR 1.397 million) for short-term property leases, of which EUR 0.007 million (previous year EUR 0.392 million) are accounted for by related parties. In addition, current financial obligations of EUR 1.558 million (previous year EUR 2.180 million) exist for other items of property, plant and equipment, of which EUR 0.033 million (previous year EUR 0.052 million) are accounted for by related parties. Non-current financial obligations arise in the amount of EUR 0.148 million (previous year EUR 3.889 million), of which EUR 0.039 million (previous year EUR 0.073 million) are accounted for by related parties. Furthermore, there are other financial obligations under supplier contracts for intangible assets of EUR 1.069 million (previous year EUR 0.742 million) and items of property, plant and equipment in the amount of EUR 12.189 million (previous year EUR 19.206 million).

Future cash outflows according to IFRS 16

The table provides an overview of future cash outflows under the existing leases:

FUTURE CASH OUTFLOWS REQUIRED BY IFRS 16

EUR million	30/09/2021	30/09/2020
Current	22.661	22.068
Non-current	66.284	82.330
Total	88.945	104.398

[47] FURTHER NOTES ON THE EFFECTS OF FINANCIAL INSTRUMENTS ON THE BALANCE SHEET

The following table reconciles the line items of the balance sheet with the categories of financial instruments broken down by the carrying amounts and fair values of the financial instruments.

RECONCILIATION OF THE LINE ITEMS OF THE BALANCE SHEET WITH THE CATEGORIES OF FINANCIAL INSTRUMENTS

EUR million	Measured at fair value through profit and loss	Loans and receivables / Measured at amortised cost	Outside the scope of IFRS 7 / No measurement category under IAS 9	Balance sheet item 30/09/2021
	Carrying amount	Carrying amount	Fair Value	Carrying amount
Non-current assets				
Investments accounted for using the equity method				7.574
Financial receivables	0.893	1.038	1.038	1.931
Other financial assets		3.019	3.019	3.019
Other assets				6.424
Current assets				
Contract assets		92.962	92.962	92.962
Trade receivables		168.856	168.856	168.856
Financial receivables		0.353	0.353	0.353
Other financial assets		3.764	3.764	3.764
Other assets				17.565
Cash and cash equivalents		190.205	190.205	190.205
Non-current liabilities				
Borrowings		257.854	263.806	257.854
Other financial liabilities		0.005	0.005	61.209
Other liabilities				1.120
Current liabilities				
Borrowings		9.679	10.482	9.679
Contract liabilities		3.233	3.233	3.233
Trade payables		13.862	13.862	13.862
Other financial liabilities	1.198	9.021	9.021	19.248
Other liabilities				75.459
Previous year				
	Measured at fair value through profit and loss	Loans and receivables / Measured at amortised cost	Outside the scope of IFRS 7 / No measurement category under IAS 9	Balance sheet item 30/09/2020
	Carrying amount	Carrying amount	Fair Value	Carrying amount
Non-current assets				
Investments accounted for using the equity method				7.048
Financial receivables	0.344	1.084	1.084	1.428
Other financial assets		2.832	2.832	2.832
Other assets				8.724
Current assets				
Contract assets		90.493	90.493	90.493
Trade receivables		175.471	175.471	175.471
Financial receivables		0.413	0.413	0.413
Other financial assets		3.156	3.156	3.156
Other assets				19.671
Cash and cash equivalents		187.233	187.233	187.233
Non-current liabilities				
Borrowings		234.913	242.544	234.913
Other financial liabilities		0.017	0.017	76.432
Other liabilities				1.648
Current liabilities				
Borrowings		45.412	46.423	45.412
Contract liabilities		2.137	2.137	2.137
Trade payables		12.852	12.852	12.852
Other financial liabilities	1.151	13.923	13.923	20.131
Other liabilities				67.046

Pursuant to IFRS 13, financial instruments must be assigned to the three levels of the fair value hierarchy. The assignment to a particular level depends on the availability of observable market prices in an active market. Level one input is input available for financial instruments that are measured at quoted prices in active markets for identical assets or liabilities. Financial instruments that are measured using Level two input are measured on the basis of inputs other than quoted prices included within Level one, which are observable either directly or indirectly. Level three input refers to market data for the measurement of financial instruments that are unobservable. Interest rate derivatives and foreign exchange forward contracts are categorised as Level two, other derivatives as Level three. The fair value of the non-current financial liabilities, which are recognised at amortised cost, are determined based on the market interest curve using the zero-coupon method taking credit spreads into account (Level two). The values include interest accrued as of the reporting date.

The fair values of the derivatives are determined applying methods normally used in the market. Because of short maturities of the current financial instruments, it is assumed that the fair values obtained by measuring them at amortised cost almost approximate their carrying amounts. As in the previous year, there were no transfers between the three levels of the fair value hierarchy. A sensitivity analysis is performed every year, analysing and evaluating internal and external information and conditions for their probability of occurrence and the resulting financial burdens. As in the previous year, the sensitivity analysis did not lead to any change in the carrying amount.

[48] MANAGEMENT OF FINANCIAL RISKS

Hedging policies and principles of financial risk management

As an engineering service provider operating on an international scale, the Bertrandt Group is exposed to a variety of financial risks: Bertrandt primarily distinguishes the following types of risks:

- Liquidity Risk
- Default and credit risk
- Market price risk

The controlling, monitoring and management of financial risks is carried out by the Group's central Treasury department under policies approved by the Management Board. The aim is to recognise risks in good time and take suitable countermeasures to minimise potential adverse effects. Currently there is no concentration of financial risks.

Liquidity risks can arise from deterioration in operating business or as a result of credit and market price risks. The Bertrandt Group manages liquidity risks by means of short- and long-term liquidity planning in the light of existing credit facilities. These data are monitored and updated on an ongoing basis. Financing of long-term investments is based on the principle of matching maturities. At present, the Company has EUR 257.854 million in long-term financing available. As a matter of principle, Bertrandt AG maintains cash pooling arrangements with most of its German subsidiaries via the principle banks. The foreign subsidiaries are provided with funds by means of loans from banks or Group entities. Moreover, with EUR 252 million available, the Bertrandt Group has sufficient – unused – credit facilities and alternative financing instruments. A material part of the facilities agreements is secured on a long-term basis. Under the terms of an option agreement, the Group may face a maximum theoretical liquidity and credit risk involving a gross liability of EUR 0.010 million (previous year EUR 2.500 million) in the event of immediate exercise of the option. We do not expect the option to be exercised; moreover, collateral is available for immediate liquidation, hence a net liability of close to EUR 0 is recorded, as in the previous year.

The following table sets out the carrying amounts and the agreed payment obligations arising from the originated financial liabilities:

ORIGINATED FINANCIAL LIABILITIES

EUR million	Carrying amount	Payment obligations			
		30/09/2021	2021/2022	2022/2023 until 2025/2026	2026/2027 ff.
Borrowings	267.533	10.957	251.853	11.798	
Trade payables	13.862	13.862	0	0	
Contract liabilities	3.233	3.233	0	0	
Other financial liabilities	90.680	32.881	49.843	16.446	
Previous year		30/09/2020	2020/2021	2021/2022 until 2024/2025	2025/2026 ff.
Borrowings	280.325	45.847	153.202	92.310	
Trade payables	12.852	12.852	0	0	
Contract liabilities	2.137	2.137	0	0	
Other financial liabilities	111.654	37.082	61.261	21.086	

Financial instruments for which payments were already agreed as at the balance sheet date are included in the portfolio. Payment obligations arising from floating-rate and fixed-rate financial instruments were calculated using the interest rates last determined prior to the balance sheet date. These calculations do not include budgeted figures for future liabilities. Foreign-currency items were translated using the spot exchange rate prevailing on the balance sheet date. Financial liabilities repayable on demand were assigned to the earliest maturity band.

The Group has policies in place to ensure that its contractual parties fulfil certain creditworthiness criteria prior to the conclusion of a contract and during its term. The risk of default is limited to the greatest possible extent by means of preventive credit rating checks and ongoing monitoring of accounts receivable. There were no material payment defaults during the 2020/2021 fiscal year. The risk of default in the future is also rated as minor thanks to the mainly good creditworthiness of our customers and our proactive receivables management. Individual risks are addressed by means of credit guarantee insurance cover as required in individual cases. The default risk of trade receivables reported as at the balance sheet date is covered by the provisions for impairment. The carrying amounts of the contract assets, trade receivables, financial receivables, other financial assets and other assets recognised in the balance sheet at EUR 294.874 million (previous year EUR 302.188 million) represent the maximum default risk.

Cash and cash equivalents are placed in short-term, non-risk-oriented investments.

The following table shows the credit and default risks applicable to financial assets according to their gross carrying amounts:

CREDIT AND DEFAULT RISK OF FINANCIAL ASSETS

EUR million	Neither overdue nor impaired	Overdue but not impaired	Impaired	30/09/2021
Contract assets	92.962	0	0	92.962
Trade receivables	148.490	19.790	5.282	173.562
Financial receivables and other financial assets	9.067	0	0	9.067
	250.519	19.790	5.282	275.591
Previous year	Neither overdue nor impaired	Overdue but not impaired	Impaired	30/09/2020
Contract assets	90.493	0	0	90.493
Trade receivables	133.324	41.569	5.193	180.086
Financial receivables and other financial assets	7.829	0	0	7.829
	231.646	41.569	5.193	278.408

The following table breaks down the age of financial assets past due for which no impairment provision was made:

AGE OF FINANCIAL ASSETS PAST DUE AS AT THE REPORTING DATE AND FOR WHICH NO IMPAIRMENT PROVISION WAS MADE

EUR million	until 30 days	31 until 90 days	more than 90 days	30/09/2021
Trade receivables	9.114	6.913	3.764	19.790
Previous year	until 30 days	31 until 90 days	more than 90 days	30/09/2020
Trade receivables	9.923	24.028	7.618	41.569

There was no evidence of an impairment provision being required for the financial assets which were due and overdue as at the balance sheet date and for which no impairment provision was made.

Provisions for impairment for financial receivables, other financial assets and cash and cash equivalents developed as follows:

ADJUSTMENTS MADE TO FINANCIAL ASSETS

EUR million	2020/2021	2019/2020
Value on 01/10	4.683	5.080
Addition	0.236	0.344
Utilisation	0.075	0.340
Reversal	0.058	0.397
Exchange difference	0	-0.004
Value on 30/09	4.786	4.683

In the fiscal year under review, the Company recorded derecognised receivables of EUR 0.075 million (previous year EUR 0.340 million). There was no income from derecognised receivables in the year under review (previous year EUR 0.004 million). As in the previous year, the ongoing coronavirus pandemic and its impact did not lead to a material impairment of Bertrandt's financial assets.

The Group is exposed to market price risks, i.e. primarily risks arising from changes in interest and exchange rates. Bertrandt pursues a strategy of hedging such risks adequately. Group Treasury utilises suitable medium-term interest derivatives to hedge interest risk. Foreign currency risks are generally addressed by ensuring that transactions are mainly invoiced in the applicable functional currency (natural hedges). Failing this, foreign exchange forwards are used, as a rule, to hedge the risk. Such hedges are transacted centrally via Group Treasury. As at the balance sheet date, no hedges were outstanding.

In accordance with IFRS 7, sensitivity analyses are performed to present the interest risks to which the Company is exposed. These analyses show the effects of changes in market interest rates, interest payments as well as interest income and expense. If interest rates in the market had been 100 basis points higher, earnings would have been higher by EUR 1.116 million (previous year EUR 1.794 million higher). If interest rates in the market had been 100 basis points lower, earnings would have been lower by EUR 0.011 million (previous year EUR 0.027 million lower). Financial instruments measured at amortised cost and subject to a fixed rate of interest are not exposed to any interest risks as defined in IFRS 7.

The Bertrandt Group is exposed to a rather insignificant currency translation risk as all business is invoiced in the local functional currency. A change in the value of the euro against the foreign currency in question would, therefore, only have a minor influence on profit or loss. Underlying transactions not denominated in the functional currency (contract assets) are generally hedged by means of foreign exchange forwards. As in the previous year, there were no foreign exchange forwards as of the balance sheet date.

[49] DISCLOSURES ON CAPITAL MANAGEMENT

The Bertrandt Group is committed to a strategy of steady and enduring growth in its enterprise value.

The Group pursues the goal of safeguarding its going concern status on a long-term basis and protecting the interests of its shareholders, employees and all other users of this Annual Report.

The capital structure is managed in the light of any changes in general economic conditions and risks arising from underlying assets.

The Group's equity corresponds to the equity shown on the balance sheet. As at 30 September 2021, the ratio of equity to total assets (equity ratio) was 44.6% (previous year 42.7%).

There are partly external minimum capital requirements applying to the credit facilities which were complied with in the current fiscal year and also in prior fiscal years.

For more detailed explanations see the management report and the statement of changes in equity.

[50] DISCLOSURES PURSUANT TO THE GERMAN SECURITIES TRADING ACT (WPHG)

The notifications of voting rights are included in the annual financial statements for the 2020/2021 financial year of Bertrandt AG, which are published in the electronic Federal Gazette.

[51] DECLARATION OF CONFORMITY TO THE GERMAN CORPORATE GOVERNANCE CODE

The declaration of conformity to the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act has been submitted by the Management Board and the Supervisory Board. It is available on the Bertrandt website at <https://www.bertrandt.com/unternehmen/investor-relations/corporate-governance>.

[52] REPORT ON SUBSEQUENT EVENTS

No material events have occurred after the end of the fiscal year, which would be of major significance for the net assets, results of operations and financial position of the Bertrandt Group. The recent aggravation of the coronavirus pandemic leads to uncertainty about the overall economic development and may have an impact on the net assets, results of operations and financial position of the Bertrandt Group.

[53] DISCLOSURE ON THE COMPANY'S CORPORATE GOVERNANCE BODIES

The Company's corporate governance bodies are related parties pursuant to IAS 24.

Management Board

Hans-Gerd Claus
Member of the Management Board
Engineering

Michael Lücke
Member of the Management Board
Sales

- Member of the Board of Directors of Bertrandt UK Limited, Dunton
- Chairman of the Board of Directors of Bertrandt US Inc., Rochester Hills

Markus Ruf
Member of the Management Board
Finance

- Representing Bertrandt AG as 'Président' of Bertrandt France S.A.S., Vélizy-Villacoublay

The total remuneration for members of the Management Board active in fiscal 2020/2021 is EUR 1.965 million (previous year EUR 1.617 million) and includes a fixed amount, fringe benefits and a performance-related component. The compensation paid to the members of the Management Board is disclosed for the individual members in the remuneration report section in the management report. Pensions in the amount of EUR 0.060 million (previous year EUR 0.059 million) were paid to former members of the Management Board.

Active members of the Supervisory Board**Dietmar Bichler****Chairman of the Supervisory Board**

- Member of the Board of Directors of b.invest AG i. L., Ehningen
- Member of the Supervisory Board of MAHLE GmbH, Stuttgart
- Chairman of the Supervisory Board of Lindauer DORNIER GmbH, Lindau

Horst Binnig**Deputy Chairman of the Supervisory Board**

- Member of the Advisory Board of HELLA GmbH & Co. KGaA, Lippstadt

Udo Bäder**Member of the Supervisory Board**

- Auditor and tax advisor

Prof. Dr.-Ing. Wilfried Sihn**Member of the Supervisory Board**

- Professor of Operating Engineering and System Planning at the Institute of Management Science of the Technical University of Vienna, Vienna (until 30 September 2021)
- Managing Director of Fraunhofer Austria Research GmbH, Vienna
- Member of the Board of Directors of Glutz AG, Soloturn
- Member of the Advisory Board of Wittenstein AG, Harthausen (until 31 December 2020)
- Member of the Advisory Board of EVN AG, Maria Enzersdorf (until 30 June 2021)
- Member of the Supervisory Board of Kostwein GmbH, Klagenfurt (since 1 July 2021)
- Member of the Advisory Board of BECOM GmbH, Hochstraß (since 1 January 2021)

Michael Schmidt**Employee representative**

- Team leader, Bertrandt Ingenieurbüro GmbH, Munich

Marianne Weiß**Employee representative**

- Commercial clerk, Bertrandt Ingenieurbüro GmbH, Gaimersheim

In fiscal 2020/2021 the Supervisory Board members received a fixed compensation for their activity of EUR 0.320 million in total (previous year EUR 0.269 million).

The amounts paid to the individual members of the Supervisory Board were as follows:

SUPERVISORY BOARD COMPENSATION

EUR	Fixes
	2020/2021
Dietmar Bichler	104,000
Udo Bäder	48,000
Horst Binnig	64,000
Prof. Dr.-Ing. Wilfried Sihn	40,000
Michael Schmidt	32,000
Marianne Weiß	32,000
Total	320,000

The employee representatives on the Supervisory Board received usual salaries as provided for in their employment contracts, including statutory social security contributions. Other than this, the members of the Supervisory Board did not receive any compensation or benefits in the 2020/2021 fiscal year for services provided in a personal capacity, in particular those involving consulting and brokerage services.

Bertrandt shares held by members of the Supervisory Board are broken down as follows:

SHARES OWNED BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

Number	Shares	Shares
	Balance at 30/09/2021	Balance at 30/09/2020
Members of the Management and Supervisory Boards owning shares		
Dietmar Bichler (Member of the Supervisory Board)	400,000	400,000
Total	400,000	400,000

No share options are disclosed as no share option programme is currently proposed by the Company.

[54] SHAREHOLDINGS

SHAREHOLDINGS OF BERTRANDT AG

%	Share of equity
Inland	
Bertrandt Beteiligungen GmbH, Ehningen ¹	100.0
Bertrandt Cognition GmbH, Ehningen ¹	100.0
Bertrandt Development GmbH, Ehningen ¹	100.0
Bertrandt Digital GmbH, Ehningen ¹	100.0
Bertrandt Ehningen GmbH, Ehningen ¹	100.0
Bertrandt Energie GmbH, Mönshheim	100.0
Bertrandt Fahrerprobung Süd GmbH, Nufringen ¹	100.0
Bertrandt GmbH, Hamburg ¹	100.0
Bertrandt Grundstücks GmbH, Nufringen	100.0
Bertrandt Ingenieurbüro GmbH, Gaimersheim ¹	100.0
Bertrandt Ingenieurbüro GmbH, Ginsheim-Gustavsburg ¹	100.0
Bertrandt Ingenieurbüro GmbH, Hamburg ¹	100.0
Bertrandt Ingenieurbüro GmbH, Cologne ¹	100.0
Bertrandt Ingenieurbüro GmbH, Munich ¹	100.0
Bertrandt Ingenieurbüro GmbH, Neckarsulm ¹	100.0
Bertrandt Ingenieurbüro GmbH, Tappenbeck ¹	100.0
Bertrandt Innovation GmbH, Tappenbeck	100.0
Bertrandt Medical GmbH, Ehningen ¹	100.0
Bertrandt Mobility GmbH, Ehningen	100.0
Bertrandt München GmbH, Munich	100.0
Bertrandt Neo GmbH, Tappenbeck	100.0
Bertrandt Powertrain Validation GmbH, Munich ¹	100.0
Bertrandt Sales GmbH (formerly: Bertrandt Projektgesellschaft mbH, Ehningen) ¹	100.0
Bertrandt Services GmbH, Ehningen ¹	100.0
Bertrandt Simulations GmbH, Ehningen ¹	100.0
Bertrandt Solutions GmbH, Ehningen ¹	100.0
Bertrandt Tappenbeck GmbH, Tappenbeck	100.0
Bertrandt Technikum GmbH, Ehningen ¹	100.0
Bertrandt Technologie GmbH, Immendingen ¹	100.0
Bertrandt Technologie GmbH, Mönshheim ¹	100.0
Bertrandt Technologie GmbH, Munich ¹	100.0
Bertrandt Technologie GmbH, Nürnberg ¹	100.0
Bertrandt Technologie GmbH, Regensburg ¹	100.0
Bertrandt Technologie GmbH, Sassenburg ¹	100.0
Bertrandt Verwaltungs GmbH, Mönshheim ¹	100.0
b.professional GmbH, Mannheim ¹	100.0
Jobfair GmbH, Mannheim ¹	100.0

%	Share of equity
Germany	
Bertrandt Automotive GmbH & Co. KG, Pullach i. Isartal ¹	94.9
Bertrandt Grundbesitz GmbH & Co. KG, Pullach i. Isartal ¹	94.9
Bertrandt Immobilien GmbH & Co. KG, Pullach i. Isartal ¹	94.9
Fariba Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz ¹	94.8
Bertrandt Grundstücks GmbH & Co. KG, Pullach i. Isartal	100.0
Bertrandt Liegenschaft GmbH & Co. KG, Pullach i. Isartal	70.0
Bertrandt Liegenschaft Süd GmbH & Co. KG, Pullach i. Isartal	70.0
Bertrandt Prüfzentrum GmbH & Co. KG, Pullach i. Isartal	70.0
Bertrandt Prüfzentrum Süd GmbH & Co. KG, Pullach i. Isartal	70.0
Bertrandt Campus Beteiligungen GmbH, Ehningen	50.0
Bertrandt Campus GmbH, Ehningen	50.0
Bertrandt Campus Grundbesitz GmbH, Ehningen	50.0
Bertrandt Campus Liegenschaft GmbH, Ehningen	50.0
Bertrandt Entwicklungen AG & Co. OHG, Pullach i. Isartal	30.0
aucip GmbH & Co. KG, Pullach i. Isartal	24.9
aucip Verwaltung GmbH, Pullach i. Isartal	24.9
LASONO tool GmbH, Pullach i. Isartal	24.9
SADONA tool GmbH, Pullach i. Isartal	24.9
SIDENO tool GmbH, Pullach i. Isartal	24.9
Other countries	
Bertrandt Česká Republika Engineering Technologies s.r.o., Czech Republic	100.0
Bertrandt Engineering Shanghai Co., Ltd., Shanghai, China	100.0
Bertrandt Engineering Technologies Italia SRL, Sant'Agata Bolognese, Italy	100.0
Bertrandt Engineering Technologies Romania SRL, Sibiu, Romania	100.0
Bertrandt France S.A.S., Paris/Vélizy-Villacoublay, France	100.0
Bertrandt Otomotiv Mühendislik Hizmetleri Ticaret Limited Sirketi, Istanbul, Turkey	100.0
Bertrandt S.A.S., Paris/Vélizy-Villacoublay, France	100.0
Bertrandt Technologie GmbH, Steyr, Austria	100.0
Bertrandt UK Limited, Dunton, United Kingdom	100.0
Bertrandt US Inc., Rochester Hills, USA	100.0
Bertrandt Services, LLC., Rochester Hills, USA	100.0

¹Pursant to Section 264 (3) and Section 264b of the German Commercial Code (HGB), the entity has exercised the option not to prepare and publish any notes or management report in addition to its annual financial statements as at 30 September 2021.

The breakdown of voting rights is largely in accordance with the shareholder structure.

The operating results and net assets of associates are as follows:

NET ASSETS AND RESULTS OF OPERATIONS OF ASSOCIATES

EUR million	30/09/2021	30/09/2020
Assets	0.205	0.388
Liabilities	0	0
Revenues	0.008	0.008
Post-tax earnings / comprehensive income	-0.032	0.034

The carrying amount of the investments in associates is EUR 0.074 million (previous year EUR 0.119 million).

The net assets and results of operations of the joint ventures are as follows:

NET ASSETS AND RESULTS OF OPERATIONS OF JOINT VENTURES

EUR million	Bertrandt Campus GmbH	Bertrandt Liegenschaft GmbH & Co. KG	Bertrandt Liegenschaft Süd GmbH & Co. KG	Bertrandt Grundstücks GmbH & Co. KG	Bertrandt Prüfzentrum GmbH & Co. KG	Bertrandt Prüfzentrum Süd GmbH & Co. KG	Other	30/09/2021
Assets	36.813	6.929	8.555	9.564	8.637	14.770	6.453	91.721
– Non-current	35.495	6.908	8.492	9.190	8.468	12.538	5.984	87.075
– Current	1.318	0.021	0.063	0.374	0.169	2.232	0.469	4.646
Liabilities	22.578	7.008	8.891	9.236	8.676	15.086	6.198	77.673
– Non-current	20.192	6.100	8.800	8.555	7.699	13.507	3.594	68.447
– Current	2.387	0.908	0.091	0.681	0.977	1.579	2.604	9.226
Revenues	2.614	0.344	0.042	0.454	0.366	0.001	0.116	3.937
Income taxes	0.185	0	0	0	0	0	0.003	0.187
Post-tax earnings	0.983	-0.012	-0.113	0.046	0.019	-0.179	0.105	0.848
Previous year								
Assets	38.047	7.110	8.425	9.625	7.547	6.691	6.407	83.852
– Non-current	36.554	7.090	8.406	9.191	7.465	6.551	6.030	81.287
– Current	1.493	0.020	0.019	0.434	0.082	0.140	0.377	2.565
Liabilities	24.796	7.178	8.647	9.342	7.605	6.828	6.257	70.653
– Non-current	24.627	6.775	8.640	9.013	7.595	6.816	5.059	68.525
– Current	0.169	0.403	0.007	0.329	0.010	0.012	1.198	2.128
Revenues	2.565	0.344	0	0.578	0.043	0	0.128	3.658
Income taxes	0.167	0	0	0	0	0	0.016	0.183
Post-tax earnings	0.895	-0.018	-0.199	0.155	-0.048	-0.116	0.085	0.755

The carrying amount of the investments in joint ventures is EUR 7.501 million (previous year EUR 6.929 million), of which EUR 7.117 million (previous year EUR 6.626 million) are attributable to Bertrandt Campus GmbH. The business purpose of the joint ventures is the management of real estate. The Group has the following direct and indirect ownership interests: 50% in Bertrandt Campus GmbH, 70% in Bertrandt Liegenschaft GmbH & Co.KG, Bertrandt Liegenschaft Süd GmbH & Co.KG, Bertrandt Prüfzentrum GmbH & Co. KG and Bertrandt Prüfzentrum Süd GmbH & Co. KG respectively, and 100% in Bertrandt Grundstücks GmbH & Co.KG. According to existing contractual arrangements, the Group has no control of these joint ventures.

The supplier relationships between the Group's fully consolidated companies and its associates and joint ventures were based on arm's length prices. As at the balance sheet date, receivables from associates and joint ventures amounted to EUR 0.893 million (previous year EUR 0.341 million) and payables were at EUR 0.089 million (previous year EUR 0.071 million). In the fiscal year under review, revenues were EUR 0.093 million (previous year EUR 0.096 million), other operating expenses were EUR 0.197 million (previous year EUR 0.168 million) and interest expense came to EUR 0.033 million (previous year EUR 0.183 million). No other operating income was recorded in the period under review (previous year EUR 0 million).

Other related parties

On 2 July 2014, Dr. Ing. h.c. F. Porsche AG, Stuttgart increased its shareholding in Bertrandt AG by just under 4 percentage points. After the share purchase, the Volkswagen group now indirectly holds around 29% of voting shares in Bertrandt. As in the past, it is not the intention of Volkswagen to exercise influence on the Supervisory Board or the Management Board of Bertrandt AG. From the date of the purchase of the shares, Bertrandt AG has been accounted for as an associate in the consolidated financial statements of the Volkswagen group under the equity method. Accordingly, the Volkswagen group has to be classified as a related party pursuant to IAS 24. All supplier relationships between Bertrandt and the Volkswagen group were based on arm's length prices. The revenues arising from transactions with all Volkswagen group companies were EUR 328.545 million in the period under review (previous year EUR 353.773 million). In addition, other operating income of EUR 0.104 million (previous year EUR 0.037 million) and expenses of EUR 3.571 million (previous year EUR 4.900 million) were recognised. As at the balance sheet date, trade receivables amounted to EUR 82.212 million (previous year EUR 84.321 million); contract assets were EUR 31.085 million (previous year EUR 21.943 million); contract liabilities were EUR 0.926 million (previous year EUR 4.701 million); and payables amounted to EUR 0.028 million (previous year EUR 0.399 million). No provisions for impairment of trade receivables were made in the 2020/2021 fiscal year (previous year EUR 0 million).

[55] AUDITOR FEES

The auditor's fees in the year under review were expensed in accordance with Section 319 (1) of the German Commercial Code and break down as follows:

AUDITOR'S FEE

EUR million	2020/2021	2019/2020
Audit of financial statements	0.377	0.326
Other audit services	0.007	0.002
Tax consulting services	0.004	0.013
Other services	0.012	0.036
Total	0.400	0.377

The auditor fees contain the fees for the audit of the consolidated financial statements as well as for the statutory audits of Bertrandt AG and the subsidiaries included in the consolidated financial statements. They also comprise expenses for the auditor's support during an audit conducted this year by the Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung, DPR). The fees for other audit services relate to a business audit. Fees paid for tax consultancy services are mainly related to enquiries regarding international employee assignments and legislative changes. Non-audit services primarily include enquiries regarding changes in accounting standards under the German Commercial Code (HFB) or IFRS, and consolidation matters.

[56] PROFIT ALLOCATION PROPOSAL

In accordance with Section 58 (2) of the German Stock Corporation Act (AktG), the dividend distributed by Bertrandt Aktiengesellschaft is based on the distributable profit as shown in the financial statements prepared according to the German Commercial Code for the year ending on 30 September 2021.

The Management Board proposes using Bertrandt AG's distributable profit of EUR 35,877,381.34 for fiscal 2020/2021 to pay a dividend of EUR 0.27 per qualified share, and to carry forward the remaining amount of EUR 33,138,706.54 to the next fiscal year. In accordance with Section 58 (4) sentence 2 AktG, the entitlement to a dividend becomes due on the third business day after adoption of the dividend proposal by the annual general meeting, which is 28 February 2022. In accordance with the German Stock Corporation Act, any treasury shares held by Bertrandt AG at the time the proposal is adopted by the annual general meeting are not entitled to a dividend. The amount applicable to such shares is also carried forward.

[57] DIVIDEND FOR THE FISCAL YEAR 2019/2020

The Management Board's proposal in the previous year for a dividend of EUR 0.15 per qualified share was adopted by the annual general meeting.

[58] DAY OF RELEASE FOR PUBLICATION

The Management Board of Bertrandt AG has submitted the consolidated financial statements to the Supervisory Board which will make a decision concerning these on 6 December 2021.

Ehningen, 6 December 2021

The Management Board



HANS-GERD CLAUS
Member of the
Management Board
Engineering



MICHAEL LÜCKE
Member of the
Management Board
Sales



MARKUS RUF
Member of the
Management Board
Finance

‘INDEPENDENT AUDITOR’S REPORT

To Bertrandt Aktiengesellschaft, Ehningen

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

Audit Opinions

We have audited the consolidated financial statements of Bertrandt Aktiengesellschaft, Ehningen, and its subsidiaries (the Group) – comprising the consolidated balance sheet as at 30 September 2021, and the consolidated income statement and statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2020 to 30 September 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Bertrandt Aktiengesellschaft, Ehningen for the financial year from 1 October 2020 to 30 September 2021. In accordance with German legal requirements, we have not audited the content of the elements of the group management report referred to in the section ‘Other information’ of our auditor’s report.

In our opinion, based on the findings of our audit,

- the accompanying consolidated financial statements comply, in all material respects, with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) and give a true and fair view of the net assets and financial position of the Group as at 30 September 2021, as well as of the earnings situation for the financial year from 1 October 2020 to 30 September 2021, in accordance with these requirements, and
- the accompanying group management report as a whole provides a suitable view of the Group’s position. In all material respects, the group management report is consistent with the consolidated financial statements, complies with the German legal requirements and suitably presents the risks and opportunities of future development. Our audit opinion on the group management report does not cover the content of the elements of the group management report referred to in the section ‘Other information’.

According to Section 322 (3) sentence 1 HGB, we state that our audit has not led to any reservations with respect to the propriety of the consolidated financial statements and the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014) under consideration of the German generally accepted standard for the audit of financial statements promulgated by Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those provisions and standards are further described in the ‘Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report’ section of our auditor’s report. We are independent of the Group entities in accordance with provisions under EU laws as well as German commercial law and the laws that govern our profession, and we have fulfilled our other German ethical responsibilities in accordance with these requirements. Furthermore, we declare in accordance with Article 10 (2) lit. f) of the EU Audit Regulation that we have not provided any prohibited non-audit services referred to in Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2020 to 30 September 2021. 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, and we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

Measurement of contract assets

Our presentation of this key audit matter has been structured as follows:

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

We present the key audit matter in the following section:

Measurement of contract assets

1. Contracts assets EUR 0.093 million are reported in the consolidated financial statements of Bertrandt Aktiengesellschaft, Ehningen, as at 30 September 2021. This is equivalent to 10.1% of total assets. The item includes contract assets resulting from performance obligations satisfied over time which are recognised according to the progress measured on the basis of the PoC method. The progress towards complete satisfaction of a performance obligation is measured on the basis of the relation of cost incurred and total cost (cost-to-cost method) and multiplied by the agreed transaction price. Finished performance obligations which have not yet been accepted are measured at their contract value. Advance payments received for contract assets are netted against the contract assets, provided that offsetting is possible. Given the uncertainty inherent in estimates and the significance of the item for the consolidated financial statements, this item was of particular importance for our audit.
2. As part of our audit, we evaluated the methodology employed, the internal processes and controls used to determine the total costs and expected income, among other things. Furthermore, we evaluated the processes and technical systems used to record actual costs incurred, examined the manual controls those controls implemented in the system for the respect of contracts, and evaluated the audit steps and controls established for the purpose of testing for any impairment. Taking into consideration the information available, we believe that the systems, procedures and controls established by the management are appropriate overall for properly and consistently measuring contract assets. Based on our audit procedures, we verified that the estimates made by management and any events and measures potentially resulting in changes to assumptions were sufficiently documented.
3. The Company’s disclosures pertaining to contract assets are contained in Notes 5, 6 and 27 to the consolidated financial statements.

Other information

The management is responsible for the other information. The other information comprises the following elements of the group management report which have not been audited by us with regard to their content:

- the corporate governance statement in accordance with Sections 289f and 315d of the German Commercial Code (HGB) contained in the section 'Corporate governance declaration pursuant to Sections 315d, 289f HGB, Article 83 (1) sentence 2 of the Introductory Law to the German Commercial Code (EGHGB) and Article 87 EGHGB' in the group management report
- the separate non-financial report in accordance with Section 289b (3) HGB and Section 315b (3) HGB

The other information also comprises the other parts of the annual report – excluding cross-references to external information –, with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and the group management report do not cover the other information. Accordingly, we do not provide a separate audit opinion or express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether

- the other information is materially inconsistent with the consolidated financial statements, the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the management and the Supervisory Board for the consolidated financial statements and the group management report

Management is responsible for the preparation of the consolidated financial statements, which comply, in all material respects, with IFRS, as adopted by the European Union, and the additional requirements of German commercial law pursuant to § 315e (1) HGB, and for ensuring that they give a true and fair view of the net assets, financial position and the earnings situation of the Group in accordance with these requirements. Furthermore, the management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Management is also responsible for the preparation of the group management report, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with German legal requirements and suitably presents the risks and opportunities of future development. Management is also responsible for such policies and procedures (systems) as management determines are necessary to enable the preparation of the group management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the assertions in the group management report.

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

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the findings of audit, and whether it complies with German legal requirements and suitably presents the risks and opportunities of future development. Based on this, we issue an auditor's report that includes our audit opinions on the consolidated financial statements and the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and based on the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) will always detect 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 economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

Throughout the audit we exercise professional judgement and maintain professional skepticism. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of the policies and procedures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of those systems.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's 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 our auditor's report to the related disclosures in the consolidated financial statements and the group management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained after the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures. We also evaluate whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation of the net assets, financial position and the earnings situation of the Group and comply with IFRS, as adopted by the European Union, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate whether the group management report is consistent with the consolidated financial statements, its compliance with the German legal requirements and the view it provides of the Group's position.
- perform audit procedures on the prospective information presented by management in the group management report. Based on sufficient and appropriate audit evidence, we hereby, in particular, evaluate the material assumptions used by management as a basis for the prospective information and the appropriate derivation of the prospective information from these assumptions. We are not issuing a separate audit opinion on the prospective information or the underlying assumptions. There is a significant, unavoidable risk that future events deviate significantly 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 identified during our audit.

We also provide those charged with governance with the statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards.

From the matters discussed with those charged with governance, we choose those matters that were of most significance in the audit of the consolidated financial statements of the current period under review and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

ASSURANCE REPORT IN ACCORDANCE WITH SECTION 317 (3A) HGB ON THE ELECTRONIC REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR DISCLOSURE PURPOSES

Reasonable assurance conclusion

We have performed an assurance engagement in accordance with Section 317 (3a) HGB to obtain reasonable assurance as to whether the reproductions of the consolidated financial statements and the group management report (hereinafter the 'ESEF' documents) contained in the electronic file Bertrandt_AG_KA+KLB_ESEF-2021-09-30.zip and prepared for disclosure purposes comply in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ('ESEF' format). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file

In our opinion, the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned electronic file and prepared for disclosure purposes comply in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in these reproductions nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 October to 30 September 2021 contained in the 'Report on the audit of the consolidated financial statements and of the group management report'.

Basis for the reasonable assurance conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file in accordance with Section 317 (3a) HGB and under consideration of the IDW Assurance Standard: Assurance in Accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Disclosure Purposes (IDW PS 410) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities thereunder are further described in the section entitled 'Group auditor's responsibilities for the assurance engagement on the ESEF documents'. Our audit firm has applied the IDW's requirements for quality management set forth in the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm' (IDW QS 1).

Responsibilities of the management and the Supervisory Board for the ESEF documents

The management is responsible for the preparation of the ESEF documents including the electronic reproductions of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the management is responsible for such internal control as management has considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as any other documents to be disclosed to the operator of the German Federal Gazette.

The Supervisory Board is responsible for overseeing the process for the preparation of the ESEF documents as part of the reporting process.

Group auditor's responsibilities for the assurance engagement on the ESEF documents

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

- identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB – whether due to fraud or error–; design and perform audit procedures responsive to those risks; and we obtain audit evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of the internal control system.
- evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements for the technical specification for this electronic file as laid down in the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited group management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) according to Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Other disclosures pursuant to Article 10 of the EU Audit Regulation

We were appointed as group auditor by the annual general meeting on 26 February 2021. The Supervisory Board engaged us on 4 May 2021. We have acted uninterruptedly as the group auditor of Bertrandt Aktiengesellschaft, Ehningen since financial year 1996.

We confirm that the audit opinions contained in this auditor's report are consistent with the additional report to the audit committee as referred to in Article 11 of the EU Audit Regulation (German long-form report).

INFORMATION ON AN ADDITIONAL MATTE – USING THE AUDITOR'S REPORT

Our auditor's report should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the ESEF documents on which the assurance engagement was performed. The consolidated financial statements and the group management report in their XHTML format are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the 'Assurance report in accordance with Section 317 (3a) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for disclosure purposes' and our assurance conclusion contained therein is only valid in conjunction with the ESEF documents attached electronically on a data carrier or in a file, or with the specification of a storage address from which the ESEF documents can be retrieved electronically.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Jürgen Berghaus.'

Stuttgart, 6 December 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

JÜRGEN BERGHAUS
German Public Auditor

DENIS ETZEL
German Public Auditor

D CONSOLIDATED FINANCIAL STATEMENTS

- > Notes to the Consolidated Financial Statements
- > Responsibility statement (affidavit)

Responsibility statement by the management (balance sheet oath)

To the best of our knowledge, and in accordance with the applicable principles for financial reporting, the consolidated financial statements give a true and fair view of net assets, results of operations and financial position of the Group, and the management report includes a fair presentation of the Group's business development and performance as well as of its position, together with a description of the principal risks and opportunities associated with the Group's expected development.

Ehningen, 6 December 2021

Bertrandt AG

The Management Board



HANS-GERD CLAUS
Member of the
Management Board
Engineering



MICHAEL LÜCKE
Member of the
Management Board
Sales

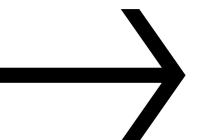


MARKUS RUF
Member of the
Management Board
Finance



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Condensed separate financial statements under commercial law, Bertrandt AG, Ehningen

BALANCE SHEET

EUR million	30/09/2021	30/09/2020
Assets		
A. Fixed assets	227.669	226.877
I. Intangible assets	3.880	3.515
II. Property, plant and equipment	215.301	216.516
III. Long-term financial assets	8.488	6.846
B. Current assets	477.857	473.079
I. Inventories	58.734	53.894
II. Receivables and other assets	267.859	284.360
III. Securities	0.001	0.001
IV. Cash in hand, bank balances and cheques	151.263	134.824
C. Prepaid expenses	4.933	4.398
Assets total	710.459	704.354
Equity and liabilities		
A. Equity	338.737	330.428
I. Issued share capital less nominal amount of treasury shares	10.095	10.095
II. Capital reserves	28.791	28.791
III. Retained earnings		
– other retained earnings	263.974	259.062
IV. Distributable profit	35.877	32.480
B. Special reserve item for investment grants received for fixed assets	0.120	0.151
C. Provisions	56.496	62.802
1. Provisions for pensions	4.996	4.615
2. Tax provisions	3.906	8.109
3. Other provisions	47.594	50.078
D. Liabilities	314.980	310.931
1. Liabilities to banks	214.474	209.928
2. Advance payments received on account of orders	0.881	0.570
3. Trade payables	1.417	2.365
4. Liabilities to associates	71.721	79.735
5. Other liabilities	26.487	18.333
E. Deferred income	0.126	0.042
Deferred income	710.459	704.354

> Condensed separate financial statements under commercial law, Bertrandt AG, Ehningen

INCOME STATEMENT

EUR million	2020/2021	2019/2020
01/10 until 30/09		
1. Total revenues	756.377	825.815
2. Other operating income	12.620	11.553
3. Cost of materials	-74.005	-78.556
4. Personnel expenses	-573.200	-613.618
5. Amortisation of intangible fixed assets and depreciation of property, plant and equipment	-29.705	-29.541
6. Other operating expenses	-80.958	-91.860
7. EBIT	11.129	23.793
8. Net finance income	-1.089	-1.326
9. Income taxes	0.029	-9.119
10. Post-tax earnings	10.069	13.348
11. Other taxes	-0.245	-0.480
12. Net income for the fiscal year	9.824	12.868
13. Retained profits	30.965	19.612
14. Transfer to other retained earnings	-4.912	0
15. Distributable profit	35.877	32.480

Glossary

A

Ad hoc bulletins: It is only if listed companies notify all market participants rapidly and comprehensively of any inside information that investors can make well-founded decisions and are not put at a disadvantage to insiders. For this reason, domestic issuers have a legal obligation to disclose to the public immediately – i.e. ad hoc – any facts about their company that have the potential to influence the price of the financial instrument and directly concern the issuer (Article 17(1) of the MAR).

AktG: German Stock Corporation Act

Arm's-Length-Prinzip: Internal sales are invoiced at normal market prices and as matter of principle are thus in line with sales to third parties.

Authorised capital: Contingent resolution passed by the shareholders authorising the management board of a public company to increase the capital up to a certain amount and within a certain time-frame.

B

BilMoG: Act of the modernisation of accounting law.

Borrowings: Capital raised externally by taking on loans.

C

Capital and reserves: Funds made available to a company by its legal owners. Equals the company's assets net of all liabilities, provisions and deferred items.

Capital gains tax: Tax on investment income.

Capital increase: Issue of new shares on a cash or non-cash basis or by using the company's own funds.

Cash and cash equivalents: Cash in hand plus bank balances and cheques.

Cash flow: Cash flow represents the funds generated from own operating activity and shows the ability of a company to fund itself (net profit plus depreciation and transfer to longterm provisions).

Cash flow from operating activities: EPost-tax earnings adjusted for non-cash items, plus depreciation/amortisation, additions to provisions and changes in working capital.

Cash-generating units: The smallest identifiable group of assets that generates cash inflows and that are largely independent of the cash inflows from other assets.

Corporate compliance: This refers to a company's efforts to comply with statutes, guidelines and voluntary codes and entails, for example, the entrenchment of applicable laws in the company's corporate culture and day-to-day business practice.

Corporate Governance: Corporate Governance summarizes the legal and factual framework of governance and monitoring a company.

D

DAX: The DAX (German share index) encompasses Germany's 40 largest public companies that are stock-market listed.

DCGK: The Deutscher Corporate Governance Kodex (German Corporate Governance Code) presents essential statutory regulations for the management and supervision of German listed companies and contains, in the form of recommendations and suggestions, internationally and nationally acknowledged standards for good and responsible corporate governance. Besides giving recommendations and suggestions that reflect the best practice of corporate governance, the Code aims at enhancing the German corporate governance system's transparency and comprehensibility, in order to strengthen the confidence of international and national investors, clients, employees and the general public in the management and supervision of German listed companies.

Deferred taxes: Income tax arising in future periods as a result of temporary differences between the IFRS carrying values and the tax base.

Derivatives: Products that are derived from a base asset and whose price depends to a large extent on the price of the underlying financial instrument. They make it possible to control market price risks. Derivatives include the following types of product: forex forward transactions, swaps, options and option-like instruments (caps, floors etc.).

Discounted cash flow method: A method of valuing a business based on capitalising future financial surpluses.

Distributable profit: The surplus of net profit or net loss plus profit or loss carry-forwards, less retained profit and minority interests.

Dividend: A distribution of a portion of a company's earnings to its shareholders

E

Earnings per share: Derived by dividing the earnings for a period that are due to the shareholders by the average number of share outstanding during the period.

EBIT: Earnings before interest and taxes.

Equity method: Method of accounting for investments in associates in single and consolidated financial statements.

Equity ratio: Ratio of shareholders' equity to total capital.

ESG: Environment, Social and Governance as aspects of sustainable action.

F

Fair Value: In accordance with IFRS.

Free cash flow: Cash flow from operating activities and cash flow from investing activities.

Free float: Shares in a public company not held by major investors.

G

Goodwill: Intangible asset. Corresponds to the future economic benefit of assets that cannot be individually identified or separately carried.

H

HGB: German appreciation for the Commercial Code.

I

IAS: The IAS (International Accounting Standards) are intended to ensure that accounting and reporting is comparable on an international level.

IFRS: IFRS (International Financial Reporting Standards) refer to the internationally accepted accounting standards since 2002. They therefore also comprise the applicable International Accounting Standards.

Impairment test: A method of testing the value of assets.

Institutional investor: Institutional investors may be insurance companies, pension funds, capital investment companies or also banks that regularly have investment requirement. Other investor groups comprise professional traders and private investors.

Issued capital: The ISIN (International Security Identification Number) is a tendigit number prefixed with a country code (DE = Germany, CH = Switzerland) and serves to make securities internationally identifiable.

ISIN: The share capital in a public company or company with limited liability that is to be recorded in the balance sheet.

M

MAR: Since 3 July 2016, Regulation (EU) No 596/2014 (Market Abuse Regulation) has been directly applicable in the member states of the European Union. Its objective is to create a consistent set of rules applicable throughout the EU for the protection of market integrity.

Market capitalisation: effects the current stock-market value of the company. Derived by multiplying the number listed shares by the closing-day share price.

Material expenses: Sum of all the expenses incurred in the purchase of raw materials and supplies needed for the company's own processing, plus acquired services.

P

Payout: Dividends, bonuses, bonus shares as well as liquidation proceeds that are paid out to shareholders.

Percentage-of-completion method: Degree of completion, used to value unfinished work.

Price-earnings ratio: Ratio of the current share price to earnings per share.

S

SDAX: Defined index in the Prime Standard for smaller companies (small caps) of the traditional industries below the MDAX companies.

T

Tax rate: Ratio of actual income taxes to earnings before income taxes.

Total assets/total equity and liabilities: The sum of all assets or the sum of shareholders' equity and liabilities.

V

VorstOG: German abbreviation for Act on the Appropriateness of Management Board Compensation.

W

WACC: (weighted average cost of capital) is the rate that a company is expected to pay on average to all its security holders to finance its assets.

WKN: German abbreviation for Security Code Number.

Working Capital: Current assets (trade receivables, future receivables from construction contracts, inventories and other current assets) less current liabilities (trade payables and other current liabilities not attributable to financing activity).

WpHG: German Securities Trading Act.

Locations

CUSTOMER ORIENTATION MEANS FOR US TO WORK CLOSELY WITH OUR CUSTOMERS



Further information see:

→ LOCATIONS



Financial calendar

**Annual report 2020/2021
Annual press and
analysts' conference**
9 December 2021

**Report on the 1st quarter
2021/2022**
21 February 2022

Annual General Meeting
23 February 2022
10:30
Virtual

**Report on the 2nd quarter
2021/2022**
19 May 2022

16th Capital Market Day
19 May 2022

**Report on the 3rd quarter
2021/2022**
8 August 2022

**Annual report 2021/2022
Annual press and
analysts' conference**
15 December 2022

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Male pronouns are used in this text for the sake of simplicity and legibility. They are intended to refer to people of all genders.

- > Financial calendar
- > Credits

Multiyear overview

CONSOLIDATED BALANCE SHEET

EUR million ¹	30/09/2021	30/09/2020	30/09/2019	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014	30/09/2013	30/09/2012
Assets										
Intangible assets	14.285	14.566	14.017	13.724	15.740	17.480	17.455	15.548	14.262	13.936
Property, plant and equipment	391.406	413.056	302.855	282.104	264.284	235.800	184.823	132.365	89.488	76.410
Investment properties	2.800	1.277	1.342	1.408	1.474	1.540	1.608	1.672	1.737	1.803
Investments accounted for using the equity method	7.574	7.048	6.453	5.874	5.488	5.077	4.367	0.090	0.086	0.226
Financial receivables	1.931	1.428	1.412	1.291	1.685	2.729	3.724	4.795	5.269	6.095
Other financial assets	3.019	2.832	2.581	2.294	2.017	1.988	2.949	2.572	2.290	2.075
Other assets	6.424	8.724	8.831	8.895	6.693	4.703	3.889	5.254	4.631	1.924
Income tax assets	0	0	0	0	0	0	0.150	0.301	0.446	0.586
Deferred taxes	13.235	15.866	3.072	3.324	3.822	2.473	3.212	3.717	2.685	2.376
Non-current assets	440.675	464.797	340.563	318.914	301.203	271.790	222.177	166.314	120.894	105.431
Inventories	0.812	0.860	0.993	1.156	1.182	0.889	0.558	0.614	0.749	0.560
Contract assets	92.962	90.493	125.315	121.100	119.607	114.130	139.342	75.081	62.443	58.695
Trade receivables	168.856	175.471	226.007	236.206	193.024	189.879	167.630	174.262	164.770	158.307
Financial receivables < 1 year	0.353	0.413	0.558	1.277	1.640	1.639	1.722	1.694	1.713	1.491
Other financial assets	3.764	3.156	2.873	2.901	4.379	1.349	1.066	1.965	1.549	1.496
Other assets	17.565	19.671	15.664	14.515	15.047	21.984	15.921	10.095	8.868	9.582
Income tax assets	1.197	3.365	5.198	3.921	3.452	1.833	1.525	0.232	0.181	0.339
Cash and cash equivalents	190.205	187.233	91.491	88.405	139.266	159.821	13.068	41.543	47.253	21.517
Current assets	475.714	480.662	468.099	469.481	477.597	491.524	340.832	305.486	287.526	251.987
Total assets	916.389	945.459	808.662	788.395	778.800	763.314	563.009	471.800	408.420	357.418
Equity and liabilities										
Issued capital	10.143	10.143	10.143	10.143	10.143	10.143	10.143	10.143	10.143	10.143
Capital reserves	29.714	29.714	29.714	29.713	29.374	29.374	28.595	27.734	26.984	26.625
Retained earnings and other reserves	345.141	340.227	341.071	319.256	297.319	279.025	246.799	206.323	171.219	138.684
Consolidated distributable profit	23.830	23.347	35.764	39.764	39.524	39.394	34.083	35.455	30.666	25.706
Equity attributable to shareholders of Bertrandt AG	408.828	403.431	416.692	398.876	376.360	357.936	319.620	279.655	239.012	201.158
Minority interests	0	0	0	0	0	0	0.686	0.669	0.001	0.001
Equity	408.828	403.431	416.692	398.876	376.360	357.936	320.306	280.324	239.013	201.159
Borrowings	257.854	234.913	212.419	199.810	215.737	199.701	0	0	0	0
Other financial liabilities	61.214	76.449	0	0	0	0	0	0	0	0
Other liabilities	1.120	1.648	1.747	0.447	0.215	0.246	0.278	0.400	0.432	0.464
Provisions	12.212	13.002	12.445	9.740	9.908	16.927	13.039	12.374	9.690	8.914
Deferred taxes	20.306	18.586	12.634	12.611	19.578	20.910	24.168	17.214	14.138	12.070
Non-current liabilities	352.706	344.598	239.245	222.608	245.438	237.784	37.485	29.988	24.260	21.448
Borrowings	9.679	45.412	3.498	18.339	5.202	2.367	39.642	0.092	0.221	0.149
Contract liabilities	3.233	2.137	4.520	6.354	9.743	18.408	13.832	11.373	10.066	9.816
Trade payables	13.862	12.852	15.751	17.849	18.257	15.066	20.444	12.289	10.179	11.208
Other financial liabilities	29.467	35.205	22.442	22.517	12.578	7.553	10.486	15.570	13.558	13.347
Sonstige Verbindlichkeiten	75.459	67.046	72.562	64.648	65.352	70.066	62.049	46.148	44.018	41.204
Other liabilities	19.136	26.546	33.185	36.433	40.458	46.586	54.594	61.210	52.147	50.151
Other provisions	4.019	8.232	0.767	0.771	5.412	7.548	4.171	14.806	14.958	8.936
Current liabilities	154.856	197.430	152.725	166.911	157.002	167.594	205.218	161.488	145.147	134.811
Total equity and liabilities	916.389	945.459	808.662	788.395	778.800	763.314	563.009	471.800	408.420	357.418

¹Rounding differences of EUR 0.001 million may occur in the presentation of figures due the system used.

Multiyear overview

CONSOLIDATED INCOME STATEMENT

EUR million ¹	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
01/10 until 30/09										
Revenues	845.574	915.191	1.058.112	1.019.914	992.276	992.021	934.787	870.563	782.405	709.323
Other internally generated assets	3.019	1.391	1.758	1.106	1.602	0.672	0.472	0.176	0.375	0.483
Total revenues	848.592	916.582	1.059.870	1.021.020	993.878	992.693	935.259	870.739	782.780	709.806
Other operating income	13.490	8.771	17.406	8.594	8.682	11.471	13.323	13.208	13.043	9.007
Raw materials and consumables used	-72.222	-76.943	-108.755	-100.388	-105.605	-98.097	-88.089	-71.444	-62.862	-66.126
Personnel expenses	-650.668	-696.829	-765.386	-723.971	-703.593	-695.681	-660.357	-624.141	-560.548	-494.047
Depreciation	-56.497	-54.356	-33.687	-33.022	-33.864	-29.725	-25.193	-22.234	-19.594	-15.251
Other operating expenses	-62.655	-82.064	-109.126	-100.092	-96.628	-87.796	-83.306	-77.041	-71.558	-68.284
EBIT (EUR million)	20.040	15.161	60.322	72.141	62.870	92.865	91.637	89.087	81.261	75.105
Net finance income	-5.900	-5.231	-2.845	-2.983	-2.181	-1.378	0.033	0.432	0.384	0.067
Profit from ordinary activities	14.140	9.930	57.477	69.158	60.689	91.487	91.670	89.519	81.645	75.172
Other taxes	-1.981	-3.162	-3.257	-3.858	-2.698	-1.674	-1.250	-1.220	-1.148	-1.161
Earnings before tax	12.160	6.768	54.220	65.300	57.991	89.813	90.420	88.299	80.497	74.011
Income taxes	-5.251	-3.033	-15.206	-17.915	-14.125	-26.205	-27.784	-25.956	-23.229	-22.285
Post-tax earnings	6.909	3.735	39.014	47.385	43.866	63.608	62.636	62.343	57.268	51.726
– attributable to minority interest	0	0	0	0	0	0	17	4	0	0
– attributable to shareholders of Bertrandt AG	6.909	3.735	39.014	47.385	43.866	63.608	62.619	62.339	57.268	51.726
Number of shares (million) – diluted/basic, average weighting	10.095	10.095	10.095	10.095	10.091	10.091	10.083	10.076	10.069	10.061
Earnings per share (EUR) – diluted/basic	0.68	0.37	3.86	4.69	4.35	6.30	6.21	6.19	5.69	5.14

¹Rounding differences of EUR 0.001 million may occur in the presentation of figures due the system used.

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