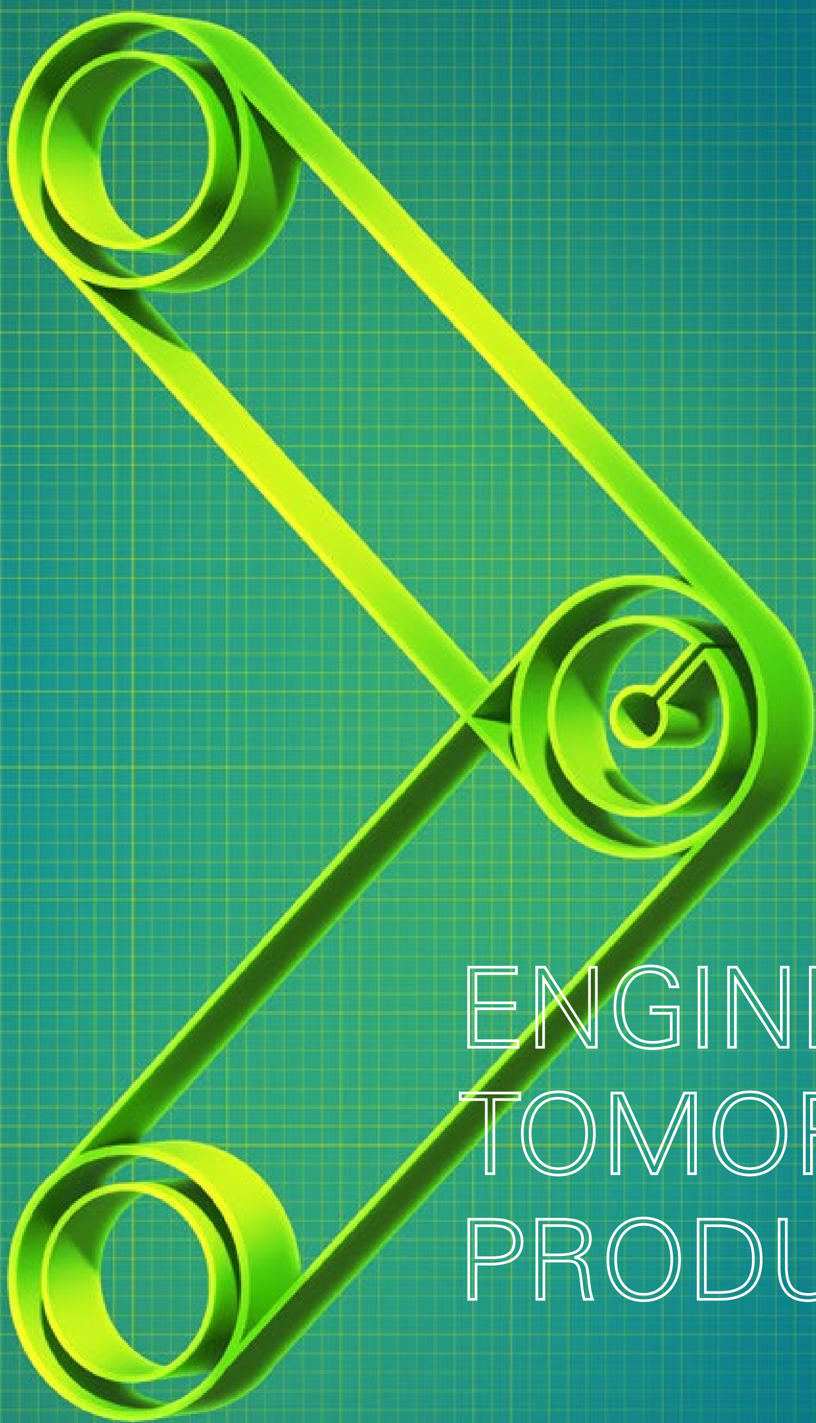
Annual Report 2023



ENGINEERING TOMORROW'S PRODUCTION

manz

Significance

Our Slogan

Manz is shaping the future. Therefore, our slogan is taking on a new look. Derived from a technical engineering drawing, an arrow with three "joints" is created, which, like Manz, is energetic and directional – as a pioneer in mechanical and plant engineering.

The new design expresses the dynamism and innovative power of Manz and is supported by a visual world created by artificial intelligence. This new visuality of the slogan is intended to recharge the internationally distributed Manz media in the future and set a sign for the technology and production of tomorrow.

ENGINEERING:

The focal point is our engineering. This is reflected in the middle "joint" with the Manz logo. We think technology in a new way. Together with you. Our systems are scalable, flexible and automated.

ENGINEERING
TOMORROW'S
PRODUCTION

ENGINEERING TOMORROW'S PRODUCTION

TOMORROW'S:

The world is moving fast. We move with it. Therefore, the top "joint" represents the future in our visualization. As thought leaders, it is our ambition to efficiently solve tomorrow's challenges in a perfect manner. Green and electric, smart and digital.

PRODUCTION:

Best-in-class production solutions for the global megatrends of electromobility and digitalization – that is the third component of our visualization of Manz's mission.

manz

Manz Group
at a glance

2024 Financial Calendar

July 02, 2024	Annual General Meeting 2024, Filderstadt
August 06, 2024	6-Month Report 2024
September 02-03, 2024	Herbstkonferenz equityforum, Frankfurt
November 07, 2024	9-Month Report 2024
November 18-19, 2024	Winter 1on1-Summit, virtuell
November 25-27, 2024	German Equity Forum, Frankfurt

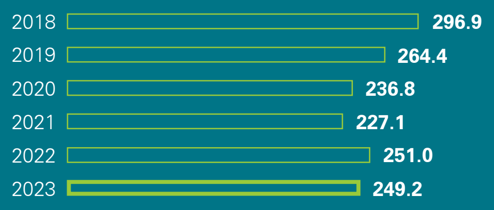
Overview of Consolidated Net Profits

(in EUR million)	2023	2022	Change in %
Revenues	**249.2**	251.0	–0.7 %
Total operating revenues	**268.1**	281.8	–4.9 %
EBITDA	**14.6**	8.0	+83.2 %
EBITDA margin (in %)	**5.5**	2.8	+2.7pp
EBIT	**2.9**	–4.2	n/a
EBIT margin (in %)	**1.1**	–1.5	+2.6pp
EBT	**–1.4**	–7.7	+82.1 %
Consolidated net profit	**–2.4**	–12.1	+80.4 %
Earnings per share, undiluted (in EUR)	**–0.28**	–1.42	+80.3 %
Cash flow from operating activities	**–23.9**	–2.3	–946.4 %
Cash flow from investing activities	**2.5**	–22.3	+111.3 %
Cash flow from financing activities	**18.4**	22.4	+17.9 %

	31.12.2023	31.12.2022	Change in %
Total assets	**278.6**	335.4	–16.9 %
Shareholder's equity	**99.7**	102.3	–2.5 %
Equity ratio (in %)	**35.8**	30.5	+5.3pp
Financial liabilities	**66.1**	44.3	+49.2 %
Liquid funds	**30.2**	33.6	–10.0 %
Net debt	**35.8**	10.7	+234.6 %

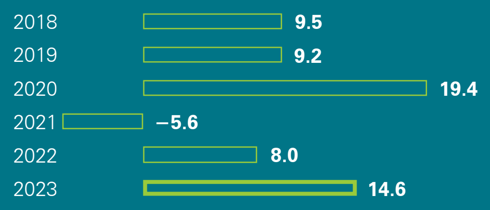
Revenues

(in EUR million)



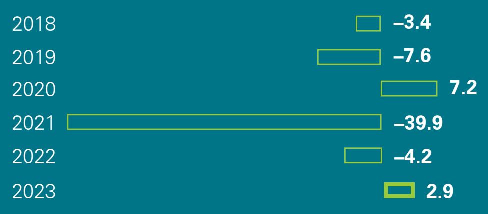
EBITDA

(in EUR million)



EBIT

(in EUR million)

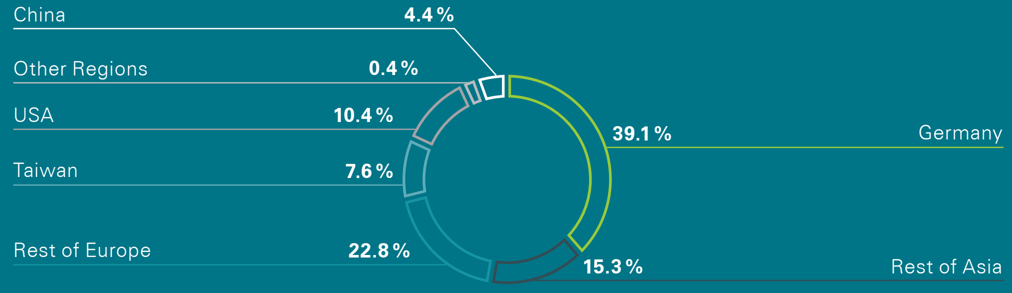


EBIT by Business Segment 2023

(in EUR million)

Revenues by Business Segment January 1 to December 31, 2023

Revenue Distribution by Region January 1 to December 31, 2023



To Our Shareholders
Mission statement of Manz Group

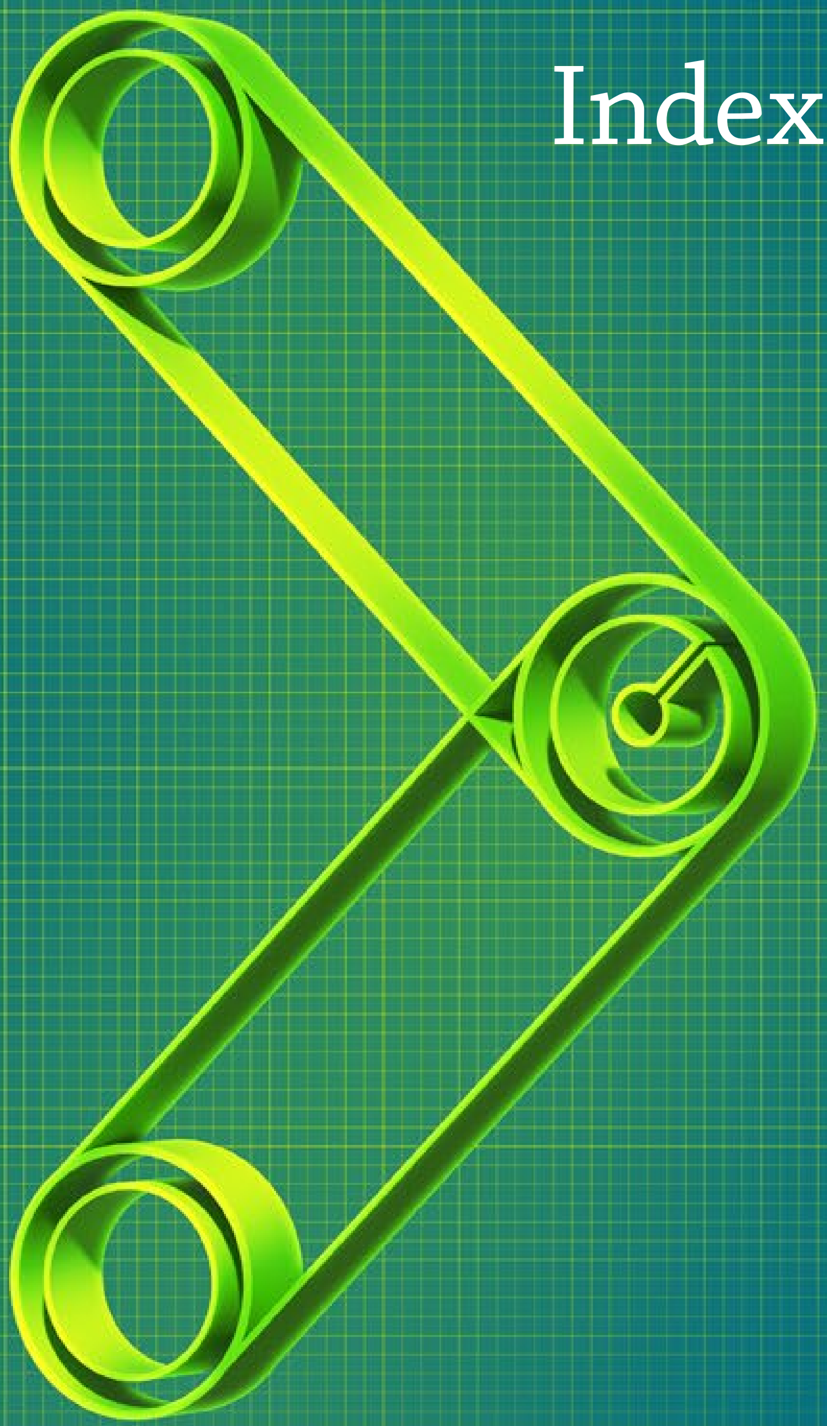
Manz – Engineering Tomorrow´s Production

As a high-tech mechanical engineering company, we develop best-in-class production solutions for lithium-ion batteries and electronic components and devices for our customers. This makes us an innovative trailblazer for the global megatrends of electromobility and digitalization.

With the two segments Mobility & Battery Solutions and Industry Solutions, Manz covers the entire range of modern production solutions: from customer-specific individual machines to standardized modules and systems to turnkey lines for efficient mass production. Our customers benefit from high resource efficiency with higher throughput and shorter time-to-market. Technologically, we utilize our many years of expertise in the fields of automation, laser processing, wet chemistry and inspection systems, which we have acquired and continuously expanded in our more than 35 years of company history.

With our first-class production solutions, we address attractive markets that are driven by megatrends and characterized by sustainable growth. We want to systematically exploit these opportunities. As part of our growth strategy, we are focusing in particular on the development of cutting-edge technologies, partnerships with industry leaders and the realization of economies of scale through the modular design of our production facilities.

For the sake of better readability, we avoid gender-differentiating formulations (e.g. “his/her” or “he/she”). The corresponding terms apply to all genders for the purposes of equal rights. This is done solely for editorial purposes and does not imply a judgment of any kind.



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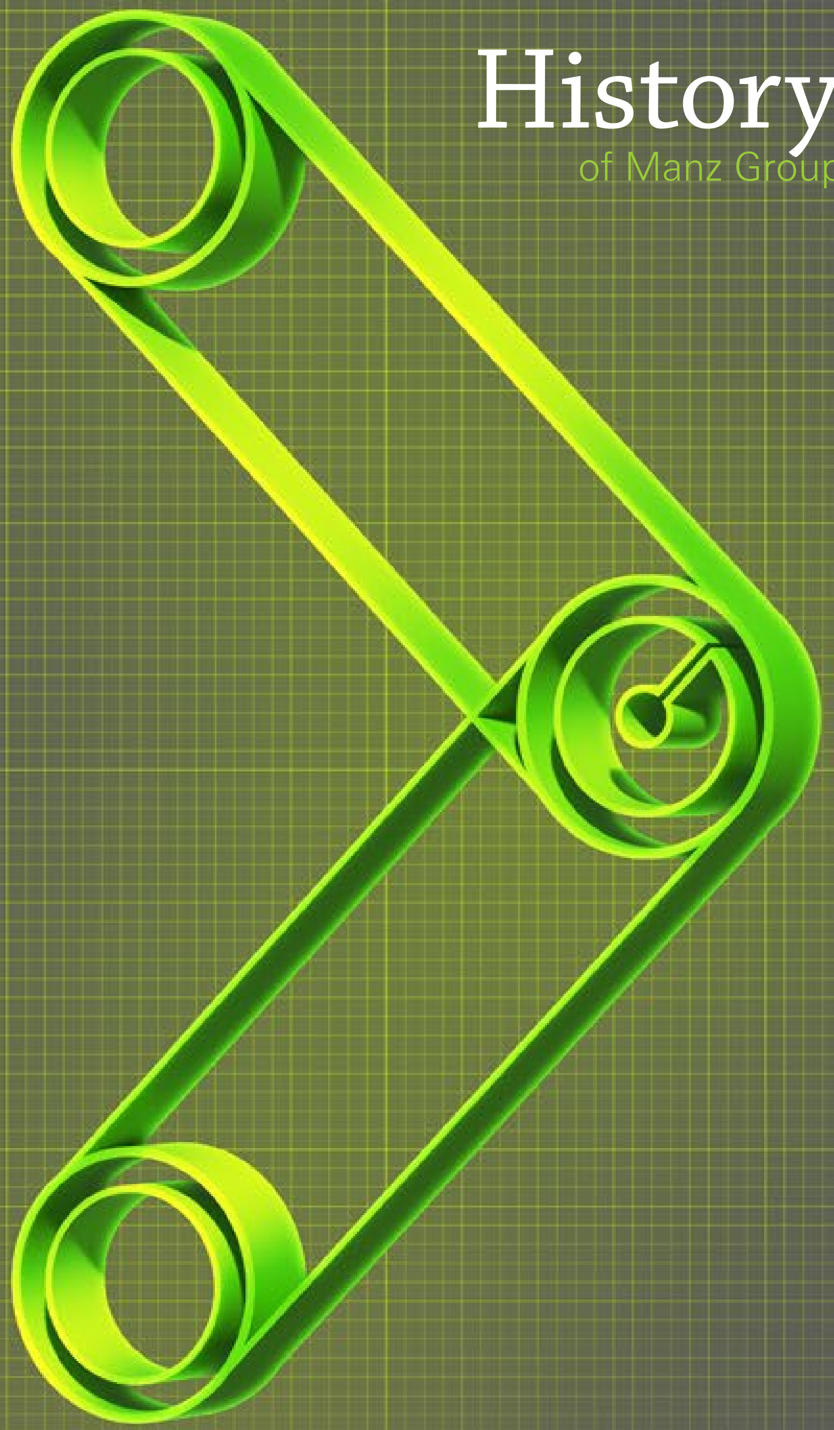
ENGINEERING
TOMORROW'S
PRODUCTION



History
of Manz Group

Manz, GROB-WERKE and Dürr are entering into a unique European partnership in the field of production technology for lithium-ion batteries
2022

Acquisition of Arcotronics in Bologna, Italy: Expansion of the technology portfolio for the production of lithium-ion batteries
2014

Development of the modular assembly platform "Light Assembly" for electronic products
2012

Entry on market for lithium-ion batteries
2009

Acquisition of R&D and production sites in Slovakia, Taiwan & China
2008

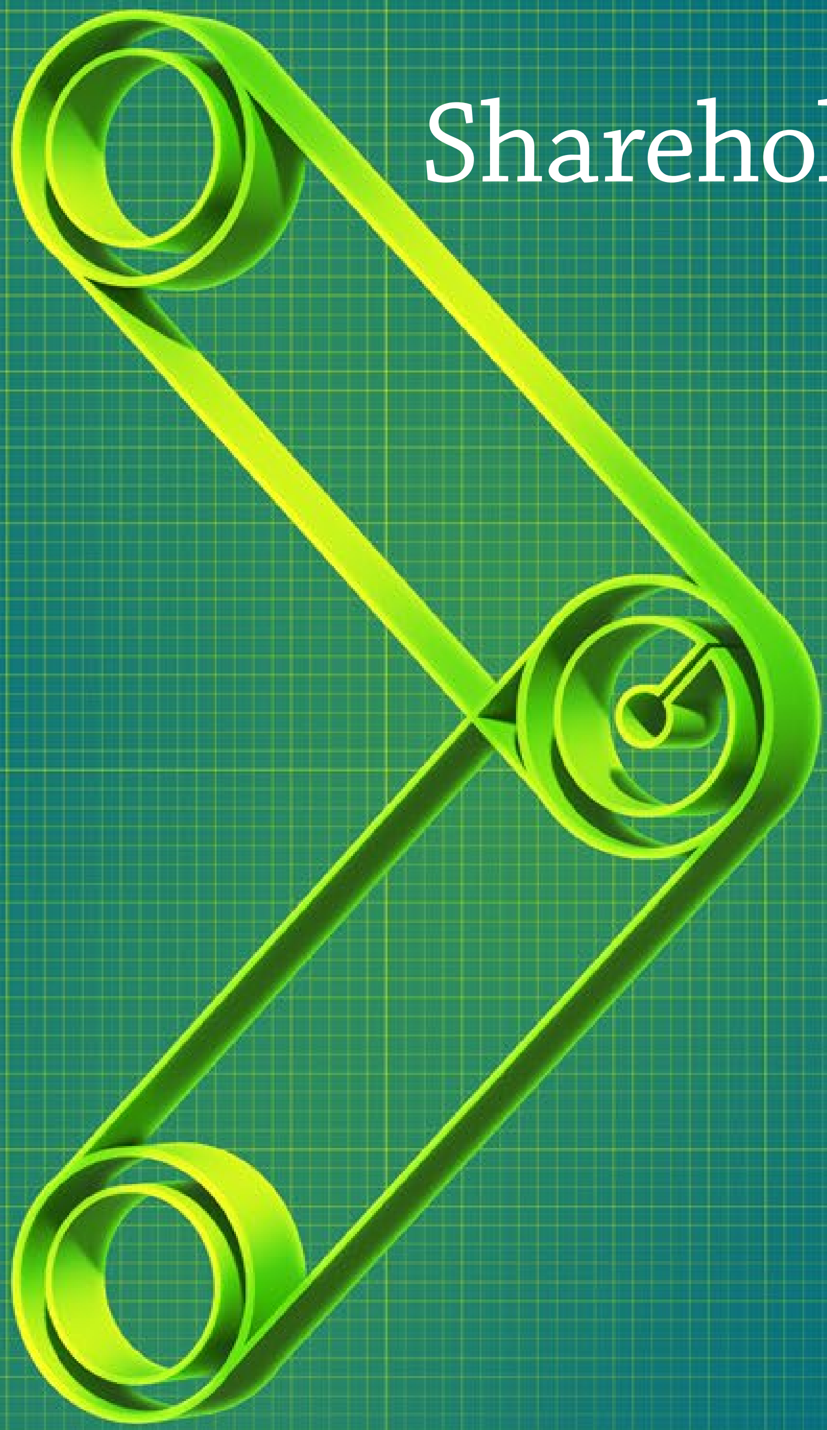
IPO on Entry Standard of Frankfurt Stock Exchange
2006

Foundation of Manz Hungary Kft.
2004

First automation system for fully automated production line of crystalline solar cells
2000

First delivery of an automation solution for FPD industry to Asia
1997

Foundation of Manz Automatisierungstechnik GmbH by Dieter Manz
1987



To Our Shareholders

Letter from the Managing Board

Dear Shareholders,

In the 2023 fiscal year, the development of our markets was clearly shaped by factors that we were unable to influence or could only influence to a limited extent. The highly uncertain economic development worldwide, particularly against the backdrop of rapidly rising interest rates and political uncertainties such as the ongoing war in Ukraine and fears of increasing tensions in the South China Sea, led our customers to be reluctant to invest and postpone new investments. However, this does not change our conviction that we are still operating in sustainable growth markets, that the growth trends in the industries we address are intact and that we can benefit from this with our best-in-class solutions in a challenging macroeconomic environment in 2024.

It is self-explaining that we cannot be satisfied with the key figures for the past financial year. With revenues of just under EUR 250 million in 2023, we fell slightly short of the previous year's revenue level and were unable to achieve our target of revenue growth in the low double-digit percentage range. Looking at the breakdown of sales between our two segments, the Mobility & Battery Solutions segment accounted for EUR 91.1 million and the Industry Solutions segment for EUR 158.0 million.

We were able to meet our earnings forecast of an EBIT margin in the low single-digit percentage range with EBIT of just under EUR 3 million. This means that, on balance, we have performed quite respectably in a difficult environment. Nevertheless, we know that Manz can do better. And we also know that by postponing the publication of the annual and consolidated financial statements, we have severely undermined the trust that you, our shareholders, have placed in our company. However, we ask for your understanding that in economically challenging times, the evaluation of the projects on which our planning is based may take longer than would be the case under normal circumstances. We will do our best to rebuild your confidence in Manz performance with solid work.

The conditions for this remain good: we have an excellent market position and are one of the leading companies with our first-class production solutions for lithium-ion batteries and electronic components and devices. With outstanding process and resource efficiency, we offer our customers clear competitive advantages. The megatrends of electrification and digitalization will drive our growth in the medium to long term. Our target markets will grow by an average of over 10 % per year until the end of the decade. It is now up to us to leverage this potential. We want to grow profitably. In doing so, we are focusing in particular on the use of cutting-edge technologies, cooperation with strong partners and the realization of economies of scale through modular production equipment.

We want to take another step forward in the 2024 financial year. Accordingly, we expect growth in all relevant key figures. Specifically, this means that we anticipate a mid-single-digit percentage increase in revenues for the Group and even an increase in the low double-digit percentage range in the Mobility & Battery Solutions segment. According to our expectations, the Industry Solutions segment will grow in the low single-digit percentage range. The EBIT margin will be in the low positive single-digit percentage range for both the Group and the segments.

We can only achieve these goals with a qualified and motivated workforce. We would therefore like to take this opportunity to thank our employees for their commitment and enormous dedication over the past financial year.

Engineering tomorrow's production – we make our customers competitive. This will remain our aspiration in 2024! We would be delighted if you, our shareholders, would continue to accompany us on this journey and thank you for your loyalty to date.

The Executive Board

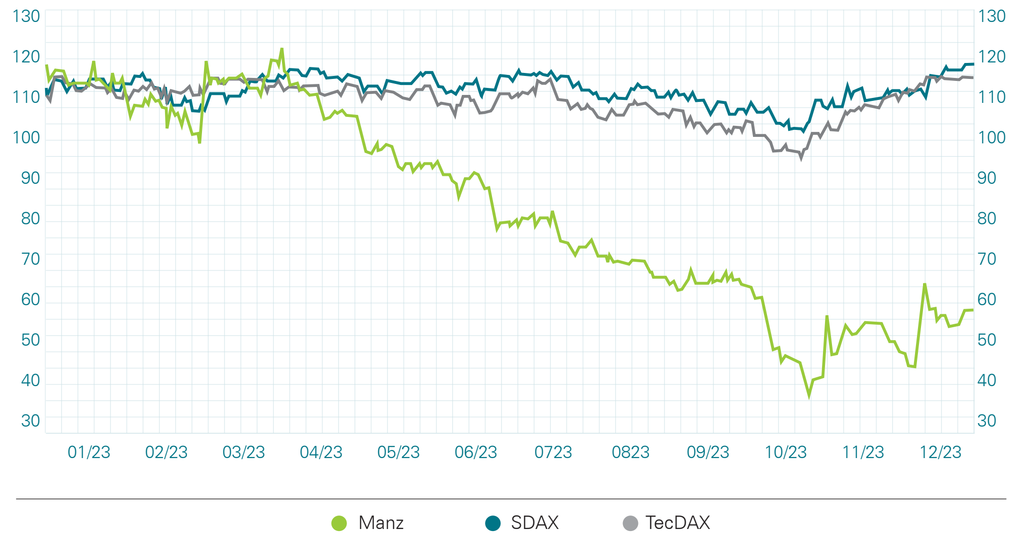
Martin Drasch Manfred Hochleitner

Manz Stock

Change in share price

The Manz share started the 2023 stock market year at an opening price of EUR 20.55 (Xetra; year-end Xetra price on December 30, 2022: EUR 21.15). Following a clearly positive share price performance in the first few weeks of the year, our share price fluctuated within a range of EUR 21.00 to EUR 25.00 (Xetra) until the end of April without any clear direction. The high for the year was reached on April 25 at EUR 25.75 (Xetra). In the following months, the increasing uncertainty about future economic developments had a disproportionate effect on the Manz share price. Accordingly, the share price fell to its low for the year of EUR 8.21 (Xetra), which was reached on November 1, 2023. The share price received some tailwind from the publication of the good business figures for the first nine months of 2023, which were published at the beginning of November, resulting in a closing price of EUR 12.40 (Xetra) on December 29, 2023. Compared to the closing price at the end of 2022, however, this still corresponds to a decline of 41.4%. Based on the total number of shares of 8,542,574, market capitalization at the end of the reporting period was therefore around EUR 105.9 million. It should be noted that the total number of shares increased by 2,288 shares compared to the previous year due to the issue of subscription shares.

Manz – SDAX – TecDAX January 1 to December 31, 2023



Stock Key Data and Performance Indicators

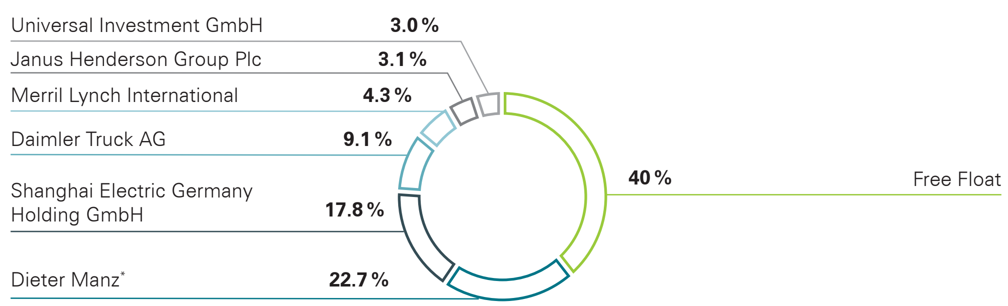
German Securities Identification Number	A0JQ5U
Ticker symbol	M5Z
Trading segment	Regulated market (Prime Standard)
Share types	Registered, common, no-par value bearer shares, each with a proportionate value of EUR 1.00 of capital stock
Capital Stock	8,542,574 EUR
IPO	September 22, 2006
Opening Price	EUR 19.00
Share price at the beginning of the reporting period*	EUR 20.55
Share price at December 31, 2023*	EUR 12.40
Procentage change in the reporting period	−41.4 %
Period high	EUR 25.75
Period low	EUR 8.21

*Respectively the closing prices of the XETRA trading system of Deutsche Börse AG

Shareholder Structure

Manz largest shareholder is still Dieter Manz, founder and member of the company's Supervisory Board. Together with his family, he holds a total of 22.7 % (2022: 22.7 %) of the company's shares. In addition, the following investors held shares in Manz Group as of December 31, 2023 on the basis of published voting rights notifications: Shanghai Electric Germany Holding GmbH with 17.8 % (2022: 17.9 %), Daimler Truck AG with 9.1 % (2022: 9.1 %), the investment company Invesco Ltd. with 4.9 % (2022: 5.9 %) as well as Janus Henderson Group Plc with 3.1 % (2022: 3.1 %) and Universal Investment GmbH with 3.0 % (2022: 3.2 %). The free float therefore amounted to 39.4 % as at the reporting date (2022: 38.4 %). After the end of the fiscal year, Invesco Ltd. announced in January 2024 that it had sold its entire investment. In the same period, Merrill Lynch International announced the acquisition of 4.3 % (2023: 0 %) of the shares in Manz Group.

Shareholder Structure



*thereof direct (Section 33 of the German Securities Trading Act [WpHG]) 9.1 %, thereof attributed (Section 34 of the German Securities Trading Act [WpHG]) 13.6 %

Investor Relations

Manz attaches great importance to active dialog with shareholders, institutional investors, analysts and financial journalists and also maintained a continuous, proactive exchange of information in the past fiscal year. In addition to the numerous direct and indirect contacts with our shareholders, Manz took part in six capital market conferences in Germany and abroad last year. By regularly offering conference calls with webcasts on the publication of financial reports as well as audio replays as an online offering on the company's website, Manz contributes to the greatest possible transparency of its capital market communication for all existing and potential investors. In addition, Manz organized a very well-attended Capital Markets Day in Reutlingen and Tübingen in October 2023 with the participation of both members of the Managing Board. The website remains the central information platform for our investors. All important publications such as annual and half-year financial reports, interim statements, presentations and other publications are available online and for download. In addition, all important financial market dates and contacts are listed there.

The number of analysts reporting on Manz AG remained at the previous year's level of three. The banks and investment companies that monitor and analyze our company continue to be Pareto Securities, Stifel Europe and Bankhaus Metzler. Their average price target for the Manz share at the end of the year was EUR 16.33. Two analysts recommended holding the share, while one analyst recommended buying the Manz share.

Annual General Meeting

The 2023 Annual General Meeting was once again held as an in-person event on July 4, 2023, after having to be held as a virtual event in previous years due to the pandemic situation. Around 150 shareholders were able to find out about the company's performance in person and put their questions to the Management Board. The agenda included the discharge of the Management Board and Supervisory Board, the election of the auditor and Group auditor for the 2023 financial year, the approval of the remuneration report for the 2022 financial year, the creation of new authorized capital, the creation of new conditional capital IV and an amendment to the Articles of Association to enable virtual Annual General Meetings in the future. The shareholders approved all items on the agenda by a large majority. Around 55.7 % of the share capital with voting rights was represented (2022: 63.8 %).

The 2024 Annual General Meeting will take place on July 2, 2024.

2024 Financial Calendar

July 02, 2024	Annual General Meeting 2024, Filderstadt
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November 18 - 19, 2024	Winter 1on1-Summit, virtuell
November 25 - 27, 2024	German Equity Forum, Frankfurt

THE CAR OF THE FUTURE IS DIGITAL AND ELECTRIC

Advancing digitalization and rapid innovations in e-mobility create a number of challenges for the automotive industry. Our mission is to actively contribute to this progress as a development partner and pioneer.

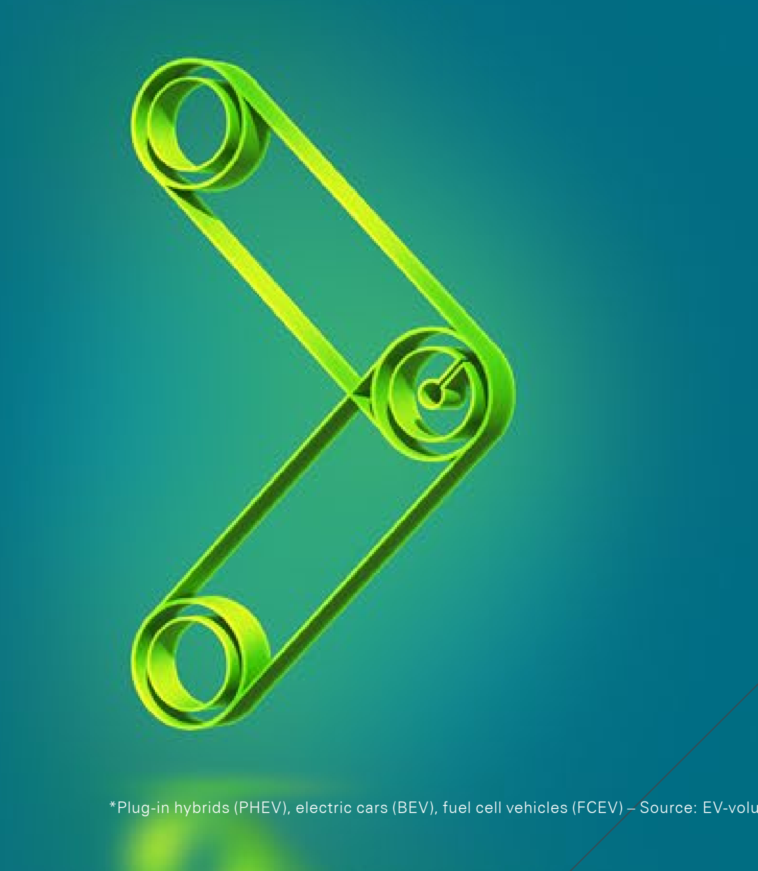
ENGINEERING TOMORROW'S PRODUCTION

Automotive & Electromobility

Engineering Tomorrow's Production

OUR TASK: TO ENABLE THE E-MOBILITY BREAKTHROUGH

At the end of 2023 around **42 million electric vehicles*** were registered worldwide – around 50 % more than in the previous year.



*Plug-in hybrids (PHEV), electric cars (BEV), fuel cell vehicles (FCEV) – Source: EV-volumes.com

Intelligent, integrated and highly innovative

We focus particularly on intelligent and integrated production solutions for various components in the segments automotive electronics as well as conventional and electric power trains.

As a technology and process expert for the automotive industry, we bundle our expertise – e.g. in the vision, metrology and laser applications segments – into tailor-made and customer-specific production solutions for:

- **Battery cells and battery modules (lithium-ion battery manufacturing)**
- **Cell contacting systems**
- **Battery management systems and inverters**
- **Displays**
- **Electronic components and controllers**
- **Sensors and cameras for assistance systems**

In our modular production lines, we integrate and combine a variety of technologies: from assembly, ultrasound welding, bonding and soldering to laser welding and automated function tests. In this way, we support OEMs and their suppliers with optimizing their production processes and making them more efficient using our machines and equipment.

Using creative and innovative engineering, we are working hard on new production solutions that contribute to raising the performance parameters of end products and ultimately to reducing costs for the automotive industry.

Expertise and experience in technology fields such as automation, assembly, laser and integrated testing systems are bundled into ground-breaking production solutions for the automotive industry.

Report from the Supervisory Board

Dear Shareholders,

In the 2023 reporting year, the world and the markets in which Manz operates changed both significantly and for the long term. Although the massive social and economic consequences of the coronavirus are now behind us, we have now also left the majority of supply chain-related issues behind us, too. From an economic perspective, however, the rate of inflation in many regions of the world rose to unprecedented levels, partly as a result of the war in Ukraine, which led to a spiral of interest rate hikes by the relevant central banks. This rendered new investments more expensive and led to delays in our customers' decisions to award contracts. Despite the associated challenges, our Company's performance was robust thanks to our strong market position and diversified business model. The newly acquired customer projects in both the Mobility & Battery Solutions and Industry Solutions divisions are focused on production solutions for key assemblies in connection with electromobility – from inverters and lithium-ion battery cells, to complete battery module assembly. Business operations focussed on systems for the manufacture of electronic components and for the realization of the innovative packaging process Fan-Out Panel Level Packaging (FOPLP) in chip production also developed to a satisfactory level.

During the 2023 reporting year, the Supervisory Board also advised the Managing Board on a regular basis with regard to the Company's management, and continuously monitored its business activities. In doing so, we meticulously carried out the duties incumbent upon us by law, the Company's Articles of Incorporation and our rules of procedure, satisfying ourselves that the Managing Board's work was legally compliant, orderly and appropriate. The Supervisory Board discussed the organization of the Company with the Managing Board. The Managing and Supervisory Boards have also continuously agreed on the Company's strategic alignment. The Supervisory Board was involved in all significant decisions regarding the Company and the Group.

The Managing and Supervisory Boards remained in close and intensive contact throughout the 2023 fiscal year. In this context, the Managing Board complied with its duty to provide information as set out by law and the rules of procedure, notifying us in a regular, detailed and timely manner in both written and verbal form about all measures and events relevant to the Company. The Managing Board also discussed deviations in business performance from the plans and goals that had been set up and gave reasons for the deviations. As a result, the Supervisory Board was always kept informed with respect to the Company's business situation and performance, the Company's intended business policy, the short-term, medium-term and long-term planning including investment, financial and human resources planning, as well as the Company's profitability and organizational measures, and the Group's overall situation. In addition, information regarding the Company's risks and risk management activities was regularly provided.

The members of the Supervisory Board always had sufficient opportunity to critically discuss the reports presented and the resolutions proposed by the Managing Board and to present their own suggestions. In particular, we intensively discussed all business transactions significant to the Company based on the Managing Board reports, and carefully examined them for their plausibility. The Supervisory Board approved individual transactions to the extent necessary for the Managing Board under the law, the Articles of Incorporation or the rules of procedure.

In addition to the Supervisory Board meetings, the Chairman of the Supervisory Board was also in regular contact with the Managing Board and obtained information concerning the current development of the business situation and significant business transactions.

The members of the Supervisory Board are supported by the Company in the performance of training and continuing education measures within the scope of their own responsibility. In the reporting year 2023, for example, the members of the Supervisory Board received further training on strategically relevant technology topics at Supervisory Board meetings. They also took part in plant tours at the production sites.

Focus of Deliberations by the Supervisory Board

The 2023 financial year for Manz was characterized by the strategic further development of the Company in its various business segments to achieve the objective of a sustained profitable business model. The business situation, financial performance and cash flows, the capacity utilization and the measures to improve profitability, as well as risk management, in addition to these and other strategic and operational issues, were regularly the focus of the Managing Board's reporting and the monitoring and advisory support provided by the Supervisory Board. The Supervisory Board's discussions focused on developments in the individual business areas and major projects.

In the reporting year 2023, a total of four regular meetings were held and five votes by written procedure, all of which were attended by all members of the Supervisory Board.

The following topics were the focus of deliberations at the Supervisory Board meetings and resolutions:

On February 14, 2023, the performance criteria for the non-financial STI of the members of the Manz AG Managing Board for the 2023 fiscal year were unanimously approved by written circulation procedure without abstentions.

The meeting on March 23, 2023 focused on the annual financial statements and consolidated financial statements as of December 31, 2022, the management reports for the Company and the Group, the plans for fiscal year 2023 and the auditors' report.

The annual and consolidated financial statements for fiscal year 2022 were discussed with the auditors.

In addition, the Managing Board discussed the main risks at Manz on the basis of the annual risk report. The Managing Board also presented the annual audit report for 2022 to the Supervisory Board. Furthermore, the Managing Board reported on current business developments, including the order backlog and prospects in the individual business areas in the current 2023 fiscal year. In particular, the Managing Board addressed the existing challenges regarding the fulfillment of planning targets, which are mainly seen in the Inflation Reduction Act (IRA), which requires customers to re-evaluate their investment plans. The Managing Board also presented the 2022 Compliance Report. Resolutions were also passed regarding the approval of the annual and consolidated financial statements for the 2022 fiscal year and the report of the Supervisory Board for the 2022 financial year, as well as the appointment of a new auditor for the 2023 financial year. The Supervisory Board also determined the compensation with regard to the short-term variable compensation components of the Managing Board members for the 2022 fiscal year on the basis of assessed target achievement.

At the meeting on May 4, 2023, the focus was on reporting by the Managing Board on the current liquidity and financial situation, business development and order intake and the target figures. In this context, we again discussed, in particular, development in the individual business areas and their profitability, as well as the status of major projects. The Supervisory Board approved the proposed resolutions for the 2023 Annual General Meeting. The Supervisory Board also approved the compensation report for the 2022 fiscal year. Furthermore, the adjustment of Conditional Capital II and the associated amendment to Manz AG's Articles of Association were resolved.

On May 21, 2023, the exercise of subscription rights from the 2019 tranche of performance shares was approved by way of written circulation procedure.

At the meeting on July 25, 2023, the Managing Board reported on the financial position, results of operations and business performance. The Managing Board reported on the current status of major projects, sales activities and order intake in the individual business areas. The Managing Board explained the challenges posed by customers' reluctance to make investment decisions. In addition thereto, the Supervisory Board received a report on Manz's liquidity and options for financing the Group. The Supervisory Board approved holding the 2023 Annual General Meeting as an in-person meeting.

To secure Manz Group's liquidity situation, the Supervisory Board approved the sale of the shares in Custom Cells Holding GmbH by written procedure dated October 30, 2023.

On October 30, 2023, the Supervisory Board approved, by way of written procedure, the resolution of the Managing Board to issue subscription rights (performance shares) for the acquisition of Manz shares on the basis of the Manz Performance Share Plan 2023 resolved by the Annual General Meeting on July 4, 2023, subject to the present plan conditions.

At the last meeting of the reporting year on November 27, 2023, the Managing Board again reported on the current financial position and results of operations, as well as the business performance and order backlog in the individual business areas. The Supervisory Board verified Manz AG's compliance with the recommendations of the German Corporate Governance Code, and, together with the Managing Board, adopted the statement of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

On December 18, 2023, as part of a resolution by way of written procedure, approval was given to the resolution of the Managing Board regarding the issuance of a loan in the amount of EUR 10.0 million to Manz Italy Srl.

The Work of the Audit Commitee of the Supervisory Board

The Audit Committee, composed of three members of the Supervisory Board, performed certain monitoring duties in the 2023 fiscal year and prepared the deliberations and resolutions of the Supervisory Board, in particular, in the areas of accounting, auditing, finance including planning, Managing Board matters, corporate governance and compliance. Its members are Prof. Dr. Heiko Aurenz (Chairman), Dieter Manz and Prof. Dr. Michael Powalla.

The Audit Committee held seven meetings in the reporting year, five of which were regular meetings and two of which were unscheduled meetings. Five meetings were attended by all members of the Audit Committee and two meetings were held as so-called "hybrid meetings", i.e. as face-to-face meetings with the option of attending in a virtual capacity.

Regular focal points of the work were monitoring the accounting process and monitoring the effectiveness of the internal control system, the risk management system and the internal audit system. The Audit Committee dealt with the annual and consolidated financial statements as of December 31, 2022, the half-year report as of June 30, 2023, the corporate governance statement and corporate governance report for fiscal 2022, the proposed resolutions for the 2023 Annual General Meeting and the annual risk report.

The Audit Committee recommended to the Supervisory Board that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, be proposed to the Annual General Meeting for election as auditors for the 2023 fiscal year. It issued the audit engagement letter to the auditor elected by the Annual General Meeting for the 2023 fiscal year, determined the focal points of the audit and set the auditor's fee. It monitored the selection, the quality of the audit, in particular, the independence, qualification, rotation and efficiency of the auditor and the additional services provided by the auditor. In the course of preparing and conducting the audit of the financial statements, the Audit Committee held regular discussions with the auditors without the Managing Board being present. Outside the meetings, the Chairman of the Audit Committee regularly exchanged information with the auditor on the progress of the audit and reported on this to the Committee.

The discussions also focused on the current business, financial and earnings situation, including the order backlog, the status of key projects, and strategic measures for the continued structural development of the Manz Group. Together with the Managing Board, the Audit Committee also discussed, in particular, R&D projects measures to reduce costs, financing, cooperation with cooperation partners, the current status of the CIGSlab and CIGSfab projects, planning for fiscal years 2023 and 2024, the organizational structure of the Manz Group and appointments to management positions in the Company.

Conflicts of Interest

There are no conflicts of interest on the part of members of the Managing or Supervisory Boards that must be disclosed to the Supervisory Board, nor does the handling thereof have to be disclosed at the Annual General Meeting.

German Corporate Governance Code

In the 2023 fiscal year, the Managing and Supervisory Boards once again dealt in detail with the further development of corporate governance and the recommendations of the German Corporate Governance Code. The Managing Board and Supervisory Board have issued a joint declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG), according to which the Company complies (and will comply with) the recommendations of the Code with a few exceptions. The statement of compliance from November 2023 is permanently available to the public on the Manz AG website.

Annual and Consolidated Financial Statements for the 2023 Fiscal Year

The publication of the annual and consolidated financial statements for the 2023 financial year originally announced for March 28, 2024, as well as the Supervisory Board meeting scheduled for March 26, 2024 had to be postponed as the assessments of planned projects on which the planning was based had not been completed. In particular, further analyses, measures and discussions were required for the resulting future earnings and liquidity effects. The Executive Board published an ad hoc announcement on March 25, 2024, and subsequently reported to the Audit Committee on an ongoing basis on the current status of closing the outstanding items.

The annual financial statements and consolidated financial statements as of December 31, 2023, as well as the management report and the Group management report for the 2023 fiscal year prepared by the Managing Board were audited by the auditors of the Company and the Group, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, and issued with an unqualified audit opinion.

The documents mentioned above were provided to us by the auditor. The Supervisory Board examined the annual financial statements and the management report, the consolidated financial statements and the consolidated management report, as well as the non-financial consolidated statement including the auditor's reports submitted to the members of the Supervisory Board prior to the meeting. The financial statements and reports shown above were discussed as part of a preliminary audit. At the meeting of the Audit Committee and the annual accounts meeting of the Supervisory Board on May 17, 2024, the Managing Board explained the financial statements of Manz AG and the Group comprehensively in the presence of the auditors. The auditor reported on the scope, focus and significant findings in its audit, focusing in particular on the states of affairs particularly important to the audit and the audit procedures performed during the meeting of the Economic Committee and in the annual accounts meeting of the Supervisory Board. The auditor also provided information about its findings regarding the internal controlling and risk management systems in relation to the accounting process. Furthermore, the Audit Committee reported to the Supervisory Board on its own review of Manz accounting and the consolidated financial statements, its discussions with the Managing Board and the auditor and its monitoring of the accounting process.

After examining and discussing the annual financial statements and management report, the consolidated financial statements and the consolidated management report, as well as the non-financial consolidated statement and with the auditors' reports, the Supervisory Board approved the result of the audit conducted by the auditors. According to the final results of the Supervisory Board's examination, there are, therefore, no objections to be raised. In a resolution dated May 17, 2024, the Supervisory Board approved the annual financial statements and consolidated financial statements as of December 31, 2023. Manz AG's annual financial statements as of December 31, 2023, are thereby adopted.

Changes in the Managing and Supervisory Boards

The composition of the Managing Board and the Supervisory Board remained unchanged in the financial year 2023.

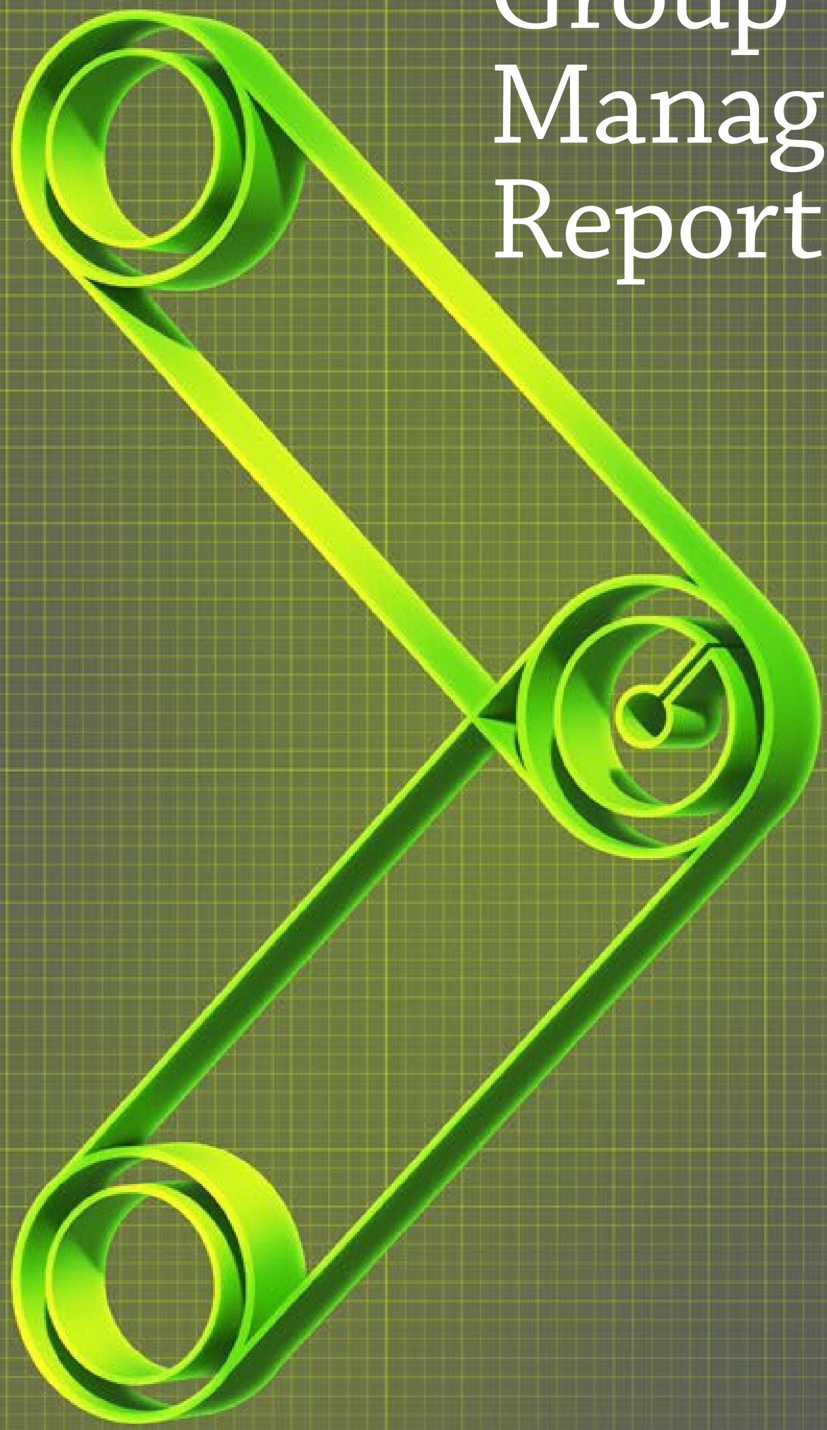
Thanks and Acknowledgement

The Supervisory Board wishes to thank the Managing Board for the constantly open and constructive collaboration in the past fiscal year. We would also like to express our gratitude to our employees for the commitment they have demonstrated during the 2023 fiscal year. Last but not least, we would like to thank you, our valued shareholders, for the trust you have placed in us and for your willingness to shape the future of Manz AG together with us.

Reutlingen, May 17, 2024

For the Supervisory Board

Prof. Dr. Heiko Aurenz
Chairman of the Supervisory Board



Group Management Report

Summarized Management report

We have summarized the Group management report in accordance with Section 315 (5) German Commercial Code (HGB) in conjunction with Section 298 (2) German Commercial Code (HGB). The management report is, therefore, referred to as the summarized management report. The non-audited components comprise the combined Corporate Governance statement including further reporting on Corporate Governance, the sustainability report, which contains the non-financial Group reporting according to Section 315b (3) German Commercial Code (HGB), and non-management report components, as well as references to these contents, which are marked as unaudited. Unless otherwise stated, the following information applies to both the Group and Manz AG. Information relating only to the AG is marked as such. This can be found in the section entitled "Manz AG (HGB)".

Basic Group information

Business Model

Founded in 1987, Manz AG, the parent company of the Manz Group, is a listed German corporation based in Reutlingen. As a global high-tech mechanical engineering company, we develop innovative production solutions for lithium-ion batteries and electronic components and devices for our customers. Our product portfolio spans the entire range of modern production systems: from customized individual machines for laboratory production or pilot and small series production, to standardized modules and systems and turnkey lines for efficient mass production. We focus on national and international customers from the sectors of automotive & electromobility, battery manufacturing, electronics, and energy.

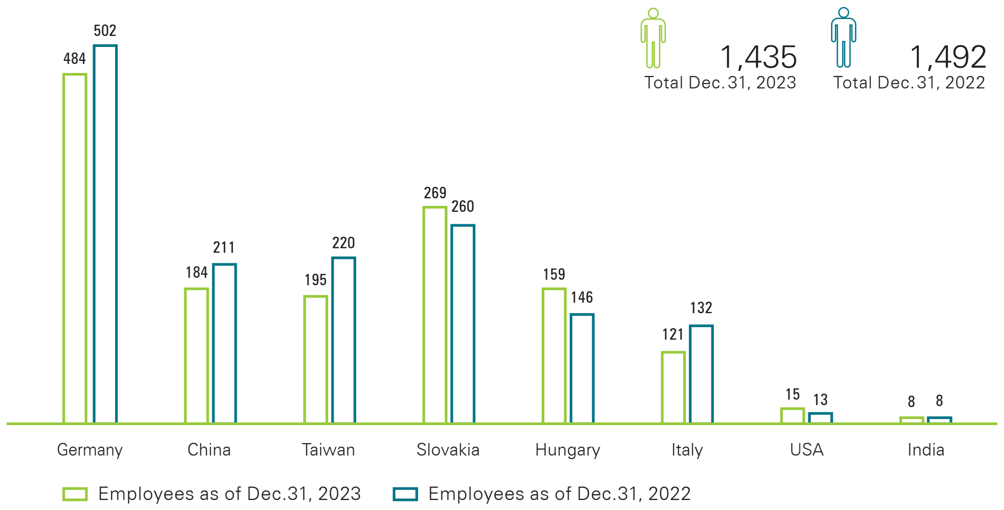
We divide our operating activities into the two segments Mobility & Battery Solutions and Industry Solutions. For further information, please refer to the sections "Group structure" and "Reporting segments".

Our many years of expertise and know-how pertaining to automation, laser processing, digital printing, inspection systems and wet chemistry form the basis of our product development. In addition to our production solutions, we offer our customers comprehensive services related to these core technological competencies: from simulation and factory planning through process and prototype development to customer training and after-sales service. We also act as a development partner for industrial companies and, as such, support the process until market maturity of new technologies.

Locations and Employees

As of December 31, 2023, the Manz Group maintained six production and development locations in Germany, Slovakia, Hungary, Italy, mainland China and Taiwan. Furthermore, there are two further sales and service locations in India and the USA. Sales are handled by a centrally organized team of international sales and service employees, some of whom are stationed directly at the sales, production, and development sites.

Employee Structure



At the end of the fiscal year, we employed a total of 1,435 people in the Group – a decrease of 3.8 % compared to the prior year. This slight decline is due, in particular, to the adjustment of our capacities to the declining market development at our Asian locations in China and Taiwan. 33.7 % of employees worked in Germany; 66.3 % were represented at the foreign locations. Further information on our employees can be found in the separate non-financial Group report beyond the scope of this management report. This is available for inspection on our website at **https://www.manz.com/en/company/sustainability/.**

LOCATIONS AND EMPLOYEES

36
Nations

Employees and managers from 36 different countries work in our Group's various subsidaries.

Around a third of employees work in research and development worldwide.

1,435
Employees

Locations

1 **Germany**
Reutlingen, Tübingen
Production, Sales & Service

2 **Hungary**
Debrecen
Production & Service

3 **Slovakia**
Nove Mesto nad Vahom
Production, Sales & Service

4 **Italy**
Sasso Marconi
Production, Sales & Service

5 **USA**
North Kingstown, Cupertino
Sales & Service

6 **Taiwan**
Chungli
Production, Sales & Service

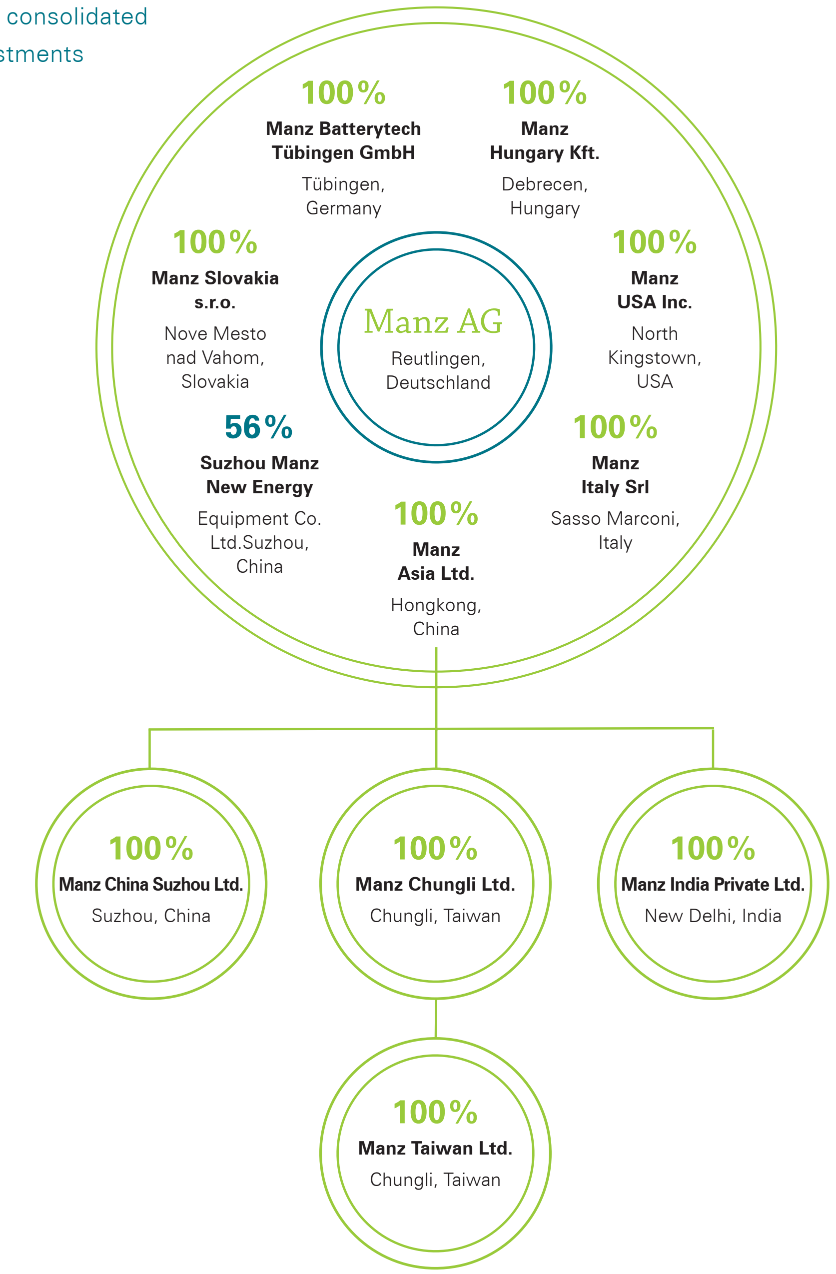
7 **China**
Shanghai, Suzhou, Hongkong
Production, Sales & Service

8 **India**
New Delhi
Sales & Service

Group Structure

Manz AG holds direct or indirect interests in 13 companies. Of these, 11 companies were fully consolidated in these consolidated financial statements. Two companies are included in the consolidated financial statements using the equity method. The following table provides an overview of the fully consolidated investments.

Fully consolidated investments



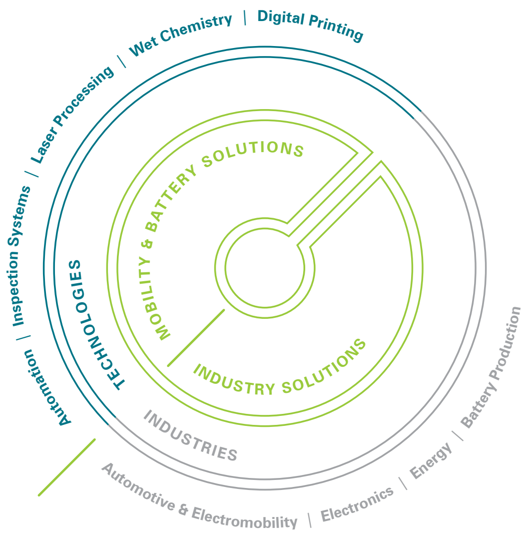
The Manz Group's holistic scope of consolidation is presented in the notes to the consolidated financial statements in the "Fundamentals of accounting" section.

Reporting Segments

The Manz Group's operating activities are divided into the two reporting segments Mobility & Battery Solutions and Industry Solutions. In the Mobility & Battery Solutions reporting segment, the focus is on intelligent production solutions for highly efficient lithium-ion batteries. In the past fiscal year, the company generated revenues of EUR 91.1 million in the Mobility & Battery Solutions segment (2022: EUR 92.3 million). This corresponds to a revenue share of around 36.6 % (2022: 36.8 %). The Industry Solutions reporting segment comprises industrial assembly solutions for the production of consumer electronics, power electronics and other components of the electric drive train, as well as for systems in semiconductor back-end production, display production and for the realization of the chip packaging process Fan-Out Panel Level Packaging (FOPLP). This segment generated revenues of EUR 158.0 million in the 2023 fiscal year (2022: EUR 158.6 million), which corresponds to 63.4 % (2022: 63.2 %) of total revenues.

The two segments are managed independently by the respective segment heads. They are responsible for the results and for the corresponding products and services, as well as the processes of sales, project management, commissioning and segment-specific research and development. Higher-level functions – such as Corporate Engineering, Strategic Purchasing, Finance and Marketing – are handled by central service units at the company headquarters in Reutlingen. Segment management and operating performance in the segments are monitored directly by the Managing Board of Manz AG. In addition to direct, personal contact with the segment heads, regular reports and management meetings serve this purpose.

Overview of segments, industries and technologies



Information on the development of the segments in the 2023 fiscal year can be found in the "Segment reporting" section of this combined management report.

Procurement and Sales Markets

The Manz Group operates on an international scale with its two reporting segments and markets its production solutions and associated services to numerous customers. It maintains a particular focus on production companies from the automotive & electromobility, battery manufacturing, electronics, and energy sectors. There is no dependence on individual sectors. When reviewing the 20 largest customers, customers from the automotive industry accounted for approximately 37 % of revenues in the 2023 fiscal year, while customers from the electronics industry accounted for just under 22 %. The remaining share was made up of revenues by customers in the solar industry, consumer electronics and contract manufacturing.

The market for innovative production solutions for lithium-ion batteries and electronic components and devices is characterized by a fragmented and highly competitive environment with significant global competitive pressure. While the primary competitors in the Mobility & Battery Solutions segment come from Asia, Manz competes with numerous German and European providers in the Industry Solutions segment with its product portfolio for assembly lines for the manufacture of electronic components and devices.

We work with a network of roughly 1,800 suppliers to procure all the necessary materials and system components. We also rely on external service providers to provide services in areas such as control technology, logistics and design. Our customers benefit, in particular, from our international purchasing organization and the cost-optimized procurement of required parts – including in Eastern Europe and Asia.

The situation characterizing the procurement and sales markets is subject to a variety of external factors that can present opportunities and risks. Information on this can be found in the "Opportunity and risk report" section of this combined management report.

Strategy and Goals

As a company, Manz pursues a clear goal: we want to grow profitably by using cutting-edge technologies, partnering with industry leaders, and realizing economies of scale through modular production systems, thereby making a sustainable contribution to the technological world of tomorrow.

In order to achieve this goal, we have identified (and defined) four strategic cornerstones that apply without restriction to both of our reporting segments. We always keep in mind that economic, technological, and legal conditions are in a state of constant change. For this reason, we perform a comprehensive, continuous review of our key assumptions and also discuss them at strategy meetings held twice a year.

The first strategic cornerstone of our sustainable growth strategy is the continuous development of the Manz Group into one of the leading providers of first-class production solutions for lithium-ion batteries, as well as electronic components and devices, combined with the strengthening of the market and competitive position we have achieved to date. Our employees use their unrivaled expertise to work on innovative solutions to offer our customers a clear competitive advantage. The key focus here is on process and resource efficiency, characterized by higher throughput and a shorter time to market. We address various growth industries that benefit greatly from the megatrends of electrification and digitalization. This enables us to create synergies and consistently exploit market opportunities as they become apparent. Our approach is based on our own proprietary developments, as well as strategic collaboration efforts and the concept of partnership-based growth with industry-leading companies. By combining our respective strengths, we can also offer solutions for the entire value chain through targeted cooperation. At the same time, Manz AG – as a development partner – focuses on developing long-term customer relationships, in order to participate in the growth opportunities of the respective industries in partnership with its customers.

The continuous expansion of modular machine concepts with the aim of increasing our competitiveness and profitability represents the second strategic cornerstone of our corporate strategy. We aim to achieve this by focusing on the development and construction of standardized functional assemblies – including mechanical, electrical and software components and their reuse across product groups and business units. Thanks to this standardization approach, we are able to use our smartPRODUCTIONKIT to make the data generated by the machines available to the user or to analyze it specifically, in some cases also using AI methods. This means that parts and workpiece carriers produced by us can be fully and seamlessly traced throughout the entire production process using self-defined attributes and properties, such as QR or RFID codes. Data is analyzed both in real time and retrospectively to enable Industrial Internet of Things (IIoT) applications such as predictive maintenance.

The third strategic cornerstone for our future profitable growth is the industry's digital transformation. Using new methods, such as digital twins, a new generation of fully automated production lines is to be developed. In this context, the use of artificial intelligence (AI) enables an innovative type of machine control and production control, with the goal of self-optimizing manufacturing.

Finally, with our fourth strategic cornerstone, we are also focusing on external growth opportunities. In order to continuously develop new future technologies and growth areas, we are pursuing a targeted M&A strategy that includes both majority and minority shareholdings in companies and technologies worldwide. In particular, we are focusing on technologies that offer an additional source of impetus for technology, product and market development in the two areas of electrification and digitalization and thus for our further growth.

Control

The Manz Group uses selected performance indicators to manage the company, which cover the key aspects of our corporate strategy. We compare the monthly, quarterly and annual changes in the key performance indicators with the previous year's and target figures as part of our reporting efforts.

The most important financial performance indicators – both at Group and segment level and at Manz AG – include revenue, incoming orders, the EBITDA margin (defined as the ratio of earnings before interest, taxes, depreciation, and amortization to total operating performance) and the EBIT margin (defined as the ratio of earnings before interest and taxes (EBIT) to total operating performance). The equity ratio (defined as the ratio of equity to total assets) is also included at Group and Manz AG level.

Manz revised the performance indicators in the 2023 fiscal year. New compared to the previous year is incoming orders, as this is an essential indicator for the planned revenues and earnings growth for corporate management. Gearing, on the other hand, which was defined as a target value in the lower double-digit percentage range, has been dropped. This is a capital adequacy indicator that reflects the ratio of net financial debt to equity. Gearing now only plays a secondary role for internal controlling purposes; the focus is increasingly on cash and cash equivalents. With regard to liquidity, please refer to the "Liquidity and financing risks, including going concern risks" subsection in the "Risk report" section. Due to the existing risks to the company's continued existence, Manz AG and the Manz Group's subsidiaries work with extended rolling liquidity planning compared to the 2022 financial year in order to promptly identify the risks from delayed or non-payments and other significant liquidity-related issues.

The following long-term (five-year), rolling strategic targets have been defined for the financial performance indicators that the company's management body considers to be the most important for future successful development:

- Average annual revenue growth within a range of 15 % to 20 %
- Average annual growth in incoming orders within a range of 15 % to 20 %
- EBIT margin of at least 10 %
- EBITDA margin of at least 15 %
- Equity ratio within a range of 40 % and 60 %

The medium-term (two to four years) target values for annual revenue growth are within a range of 30 to 50 % when looking at the segments. This primarily reflects the significant increase in investment of our customers in the expansion of production capacities for electric drivetrain components – such as lithium-ion batteries – expected for this period. This is expected to result in a significant increase in incoming orders and, consequently, in revenues. The Managing Board believes that the cooperation with Dürr and GROB, in particular, offers excellent growth opportunities for the company in this respect.

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Performance Indicators Manz Group

	2023	2022*	2021
Revenue (in EUR million)	249.2	251.0	227.1
Incoming orders (in EUR million)	195.7	359.7	301.5
EBITDA margin (in %)	5.5	2.8	–2.3
EBIT margin (in %)	1.1	–1.5	–16.8
Equity ratio (in %)	35.8	30.5	30.9
Gearing (in %)	–	10.5	15.0

Performance Indicators: Mobility & Battery Solutions Segment

	2023	2022*	2021
Revenue (in EUR million)	91.1	92.3	82.0
Incoming orders (in EUR million)	65.2	115.0**	153.3**
EBITDA margin (in %)	4.1	–6.1	6.6
EBIT margin (in %)	–0.5	–10.5	2.4

Performance Indicators: Industry Solutions Segment

	2023	2022*	2021
Revenue (in EUR million)	158.0	158.6	145.1
Incoming orders (in EUR million)	130.4	244.7**	148.2**
EBITDA margin (in %)	6.4	9.3	–8.1
EBIT margin (in %)	2.2	5.1	–29.1

*Adjustment of previous year's items: Guarantee commissions are now reported under financial expenses instead of other operating expenses. EBITDA Margin and EBIT Margin for the previous year adjusted accordingly.
**2021 and 2022 not defined as a performance indicator and not audited.

Performance Indicators: Manz AG (HGB)

	2023	2022	2021
Revenue (in EUR million)	164.1	308.7	178.3
Incoming orders (in EUR million)	106.9	215.2*	228.9*
EBITDA margin (in %)	11.2	–12.4	–0.9
EBIT margin (in %)	8.3	–15.3	–4.4
Equity ratio (in %)	26.1	16.1	15.7

*2021 and 2022 not defined as a performance indicator and not audited.

The development of the financial performance indicators in the reporting year is analyzed in the "Economic report" section of this combined management report. In addition to the financial performance indicators, we also consider a wide range of non-financial targets, which we report on in the separate non-financial Group report outside of this management report. This is available on our website at **https://www.manz.com/en/company/sustainability/.**

Research and Development

Research and development also played an important role in fiscal year 2023 for Manz as a high-tech equipment manufacturer. With over 600 engineers, technicians and scientists at its various development sites, the Manz Group focuses on the development of manufacturing, assembly, and handling technologies, integrated into modularized individual machines, tools and linked system solutions.

The regular "R&D Council" ensures that development activities are coordinated and that their results can be used throughout the company.

Manz maintains numerous cooperative arrangements with research institutions, universities, and colleges. For example, representatives of the company are active as board members in the "Competence Network Lithium-Ion Batteries" (KLiB) or as advisory board members of the "Batteries European Partnership Association" (BEPA). The goal in each case is to create the conditions within the European Union for the development of European battery production.

The development of new technologies and processes that support the production of battery cells and modules – which go far beyond current technological standards and which will enable major improvements in terms of performance, safety and environmental protection – was also a focus of R&D in 2023. This project is supported by the EuBatIn (European Battery Innovation) project funded by the Federal Ministry of Economics and Climate Protection of the Federal Republic of Germany (BMWK). EuBatIn is a European consortium funding project (Important Project of Common European Interest "IPCEI") of the EU Commission, which was launched in 2021 and was conceived to run for 7 years. The two Manz locations in Germany and Italy are involved in the project.

In this context, an innovative laser technology for welding cell arresters – known as laser tab welding – was developed and implemented in 2023 in first prototype systems. The process offers measurable advantages when compared to the ultrasonic welding used to date, such as increased process stability and, therefore, enhanced system availability, as well as maximum flexibility in cell design without the need to change tools. When compared to ultrasonic welding, laser welding is also wear-free and, therefore, virtually maintenance-free. A patent application has been filed for this process. This has already been granted in Germany and is still being allocated in the rest of Europe and the USA.

Another primary focus was on the realization of a new generation of machines for electrolyte filling of lithium-ion battery cells. The aim was to develop an efficient and scalable concept and the possibility of transferring the process parameters from small series to mass production. Reducing the reject rate and the associated operating costs was just as important as increasing the efficiency of the cell through homogeneous electrolyte distribution. A patent application has also been filed for this process, but an allocation is still pending.

Furthermore, the generation of further use cases for artificial intelligence (AI) in 2023 was a key component of the Manz Group's research and development activities, which are to be expanded successively going forward. The use of AI forms a digital bracket around almost all of the Manz Group's process and automation projects. The focus here is on the recognition and machine learning of patterns and rules from production data, which are used for quality control by means of image analysis and the identification of quality anomalies, among other things. However, Manz customers also benefit from continuous process optimization through the identification of critical conditions and the resulting adjustment of process parameters, improved equipment maintenance thanks to an optimized maintenance plan or predictive maintenance and the optimized use of resources with regard to energy efficiency, scheduling and optimized warehousing.

In total, the Manz Group recorded a ratio for research and capitalized development costs of 9.3 % (previous year: 11.7 %) in the reporting year. The decline – despite a lower overall output – is due to increased development costs in some of Manz AG's customer projects and thus less development capacity in the IPCEI project. The capitalization ratio, i.e. the share of capitalized development costs in total R&D expenses, remained at the previous year's level of 78.4 % (previous year: 79.3 %). For the reasons described above, R&D investments amounting to EUR 24.9 million are considerably below the previous year's level of EUR 33.0 million. Subsidies received have already been taken into account here in each case.

For the reasons already described Manz AG's research and development ratio in the annual financial statements also fell from 10.0 % in the previous year to 7.2 % in 2023. The capitalization rate here amounted to 95.4 % in 2023 compared to 89.8 % in the previous year. Investments in R&D amounted to EUR 12.4 million in Manz AG's annual financial statements for 2023 (previous year: EUR 17.6 million).

In the 2023 fiscal year, the Manz Group's research and development costs recognized as expenses amounted to EUR 9.4 million (previous year: EUR 11.6 million). At Manz AG, this amounted to EUR 4.5 million in the individual financial statements when compared to EUR 2.0 million in the previous year.

The Manz Group will also place significant emphasis on R&D in the future. In order to consolidate its technological positioning in the relevant target markets and its innovative strength in a sustainable way and over the long term, Manz AG aims to achieve an annual R&D ratio of 6 % on average in its two segments. Including Manz AG's equity ratio in the development costs within the framework of the IPCEI project, in the coming years this figure will average around 10 %.

Separate Non-Financial Group Report

The sustainability report published separately outside the combined management report contains the non-financial group statement and also fulfills the requirements of Sections 315c et seq. HGB with regard to non-financial reporting. In preparing this report, we are guided by the recommendations of the German Sustainability Code (DNK) and the standards of the Global Reporting Initiative (GRI). The separate sustainability report can be found on our website at **https://www.manz.com/en/company/sustainability/** and is published together with the summarized management report in the company register.

ENERGY STORAGE IS ONE OF THE MAIN GROWTH FIELDS FOR THE FUTURE

With its novel technology portfolio for the production of lithium-ion battery cells, modules and systems, as well as capacitors, Manz is setting new standards worldwide.

ENGINEERING TOMORROW'S PRODUCTION

Battery technology

Engineering Tomorrow's Production

OUR MISSION: MAXIMUM PRECISION WITH MAXIMUM PRODUCTION SPEED

The total capacity of lithium-ion batteries required worldwide will be around **4,9 TWh** in 2030.*

*Source: Roland Berger

Energy transformation, e-mobility, electronic products – nothing moves without batteries

The production of battery cells places high demands on precision and productivity. Every single process step, e.g. coating, cutting, stacking or winding, affects the battery's performance parameters.

With its highly-efficient and fully-integrated production solutions, Manz covers the entire value chain for the production of battery cells – from wound button cells and prismatic cells to stacked pouch cells – and ensures that they can be produced in an efficient manner.

From individual cells to entire battery systems

The energy transformation and e-mobility require powerful all-in-one battery systems. In addition to our extensive know-how in process control, automation and laser technology, we offer our customers mature production solutions for all processes that are required for the assembly of battery modules.

With our solutions, we support our customers from the initial idea to the finished production process:

- **Individual machines for e.g. laboratory production**
- **Equipment for pilot and small series production**
- **Turnkey production solutions for battery cell and module production.**

From coating to module assembly we cover all process steps for the production of lithium-ion batteries together with strong partners.

Business Report

Macroeconomic Environment and Sector-Specific Conditions

Economic market environment

Although the global economy performed better than expected in 2023 despite the shock of rampant inflation and the significantly tighter monetary policy, economic expansion was moderate overall. Against the backdrop of a significant decline in inflation that has since followed, the Kiel Institute for the World Economy (IfW Kiel) expects interest rates to fall as early as the first half of 2024. However, there are currently no signs of an economic upturn, as a high level of uncertainty regarding the economic environment in the advanced economies is having a dampening effect, and fiscal policy stimuli are disappearing. On balance, IfW experts forecast in December 2023 that the global economy would grow by 3.1 % in full year 2023. The comparable figure for the previous year was 3.3 %. According to the IfW, economic output in the USA increased by 2.4 % in 2023 compared with 2022 (previous year: 1.9 %). According to the IfW, gross domestic product in China could grow by 5.4 % in 2023 (previous year: 3.0 %). Economic output in the European Union is expected to increase by 0.5 % in 2023 (previous year: 3.5 %). The overall economic situation in Germany in 2023 was also characterized by persistently high prices at all levels of the economy, which had a negative effect on the economy. This was compounded by unfavorable financing conditions due to rising interest rates and lower demand from Germany and abroad. According to the Federal Statistical Office, price-adjusted gross domestic product (GDP) in 2023 was 0.3 % lower than in the previous year, in which overall economic output had grown by 1.8 %. GDP in 2023 was, therefore, 0.7 % higher than in 2019, the year before the start of the Covid-19 pandemic.

Engineering industry

The continuing slump in the global economy is also increasingly leaving its mark on the mechanical and plant engineering sector. According to the VDMA, production ran comparatively well in the first ten months of 2023 thanks to high order backlogs and fewer bottlenecks in the supply chains, achieving a real increase of 0.9 % up to and including October. After the first two quarters contributed to growth, machine production in the third quarter fell short of the previous year's level by 1.6 %. According to preliminary calculations by the Federal Statistical Office, production in the machinery and equipment manufacturing industry in Germany fell by 0.6 % in real terms in 2023 compared to the previous year (previous year: +1.0 %). At the end of the year, nominal production reached an estimated EUR 254 billion (previous year: EUR 237 billion). Incoming orders in the mechanical and plant engineering sector have lagged behind the previous year month by month since the start of 2023 – by a total of 12 % in full year 2023 compared to the same period of the previous year, which has also caused order backlogs to fall.

Core segment sectors

Mobility & Battery Solutions

The automotive industry's shift towards electromobility is truly omnipresent, and has continued despite disruptions in supply chains, economic and geopolitical uncertainties and high raw material and energy prices. The exponential rate of market growth is underpinned by the following figures from the International Energy Agency (IEA), among others: within just five years from 2017 to 2022, the number of electric cars sold worldwide (Battery Electric Vehicles (BEVs) and Plug-in Hybrid Electric Vehicles (PHEVs)) has risen from 1 million to more than 10 million. Before that, it also took five years from 2012 to 2017 for the number of electric cars sold to grow from 100,000 to 1 million. According to market analysts from EV-volumes.com, approximately 9.94 million pure electric vehicles will be sold worldwide in 2023, which corresponds to an increase of around 30 % compared to 2022. EV Volumes puts the battery capacity required for this at around 640 gigawatt hours. Purely electric vehicles currently account for around 11.2 % of total car production worldwide.

According to the German Association of the Automotive Industry (VDA), the total number of passenger cars produced in Germany in 2023 was 4.1 million vehicles – a number that is 18 % higher than in 2022. Despite this growth, production volume remains at a comparatively low level: the production figures from 2019, the year before the Covid-19 pandemic, were significantly undercut by a solid 12 % in 2023.

According to the German Federal Motor Transport Authority (KBA), new car registrations in Germany rose by 7.3 % year-on-year to around 2.84 million in 2023. Around 524,000 all-electric cars (BEVs) were newly registered over the course of the year (+11.4 % compared to the previous year), resulting in a BEV share of around 18 % of all new registrations.

Electromobility is the biggest growth driver for the demand for lithium and sodium-ion batteries in the coming years. Currently, Europe is still dependent on importing batteries from Asia. According to a recent study by Fraunhofer ISI, demand for batteries in Europe amounts almost 200 GWh in 2023, exceeding cell production by around 200 %. Over the next few years, demand for lithium-ion batteries will increasingly be met regionally in Europe, which will require the construction of numerous battery plants. According to the Fraunhofer study, up to 4,000 GWh of production capacity could be built in Europe by 2030. According to a study by market analysts at Interact Analysis, the market for production systems in the field of battery cell assembly grew by around 34 % to around USD 5.4 billion in 2023 (previous year: +78 %).

Industry Solutions

With its high-tech production equipment, Manz covers in the Industry Solutions reporting segment all key steps in the automated production of consumer electronics, power electronics and other components of the electric power train – including inverters. The latter are a central component of electric cars and plug-in hybrids. The inverter regulates and monitors the electric motor and ensures that the torque supply and speed control of the electric drivetrain meet the prevailing requirements. The inverter also converts the DC voltage from the battery into the AC voltage required by the electric motor. According to estimates by Manz based on market analysts from IHS Markit, European and North American automotive manufacturers (OEMs) will produce a total of around 17 million inverters in 2023 (+50 % compared to the previous year)..

Furthermore, Manz develops machines and systems in the fields of wet chemistry, automation and laser process technology to serve highly efficient production processes used in the manufacture of TFT-LCDs and OLEDs. According to market analysts at DSCC, global production capacities for LCD and OLED displays fell by –1 % in 2023 compared to the previous year, primarily due to plant closures and downsizing.

In addition thereto, Manz offers wet-chemical process technology for the production of printed circuit boards and chip carriers, for example, for exposure or surface treatment. The focus is on so-called IC substrates, which allow microprocessors to be packaged in a very small space. Such packages are used in high-performance computers, for example, and other fields of application include smartphones, cars and industry. According to market analysts at Prismark, the market for these substrates will slump by more than a quarter to around USD 12.8 billion in 2023 (previous year: USD 17.4 billion) due to weak demand, high levels of inventory and falling prices.

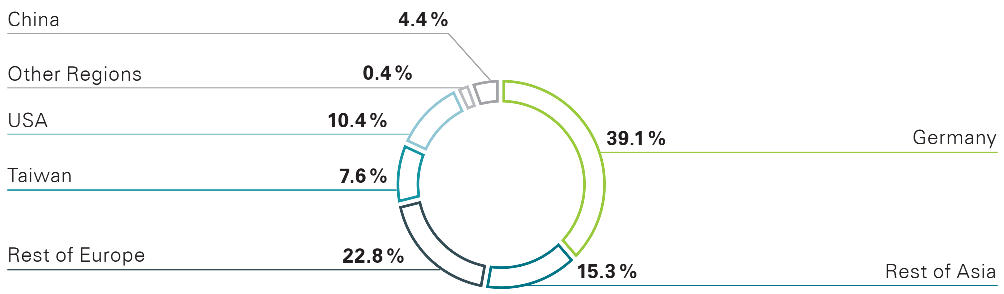
In the field of semiconductor manufacturing, the chip packaging process Fan-Out Panel Level Packaging (FOPLP) also plays an important role due to miniaturization in the electronics industry. For the realization of the FOPLP along with the simultaneous coating of the microchips with an additional metal layer (redistribution layer) to optimize the performance parameters, Manz is one of the few providers of turnkey production lines. According to the Yole Group, the market for FOPLP grew to USD 122 million in 2023 (+61 % compared to 2022).

Analysis of the Net Assets, Financial Position and Results of Operations of the Group

Earnings positions

Based on consolidated revenues of EUR 251.0 million in the 2022 fiscal year, the Managing Board of Manz AG forecast an increase in revenues in the low double-digit percentage range and EBIT margin in the low positive single-digit percentage range for 2023. In view of the deteriorating global economic outlook and due to project delays and cancellations, incoming orders in the 2023 fiscal year totaled EUR 195.7 million, which was well below expectations of around EUR 400 million and well below the previous year’s figure of EUR 359.7 million. This and additional delays in project progress meant that the aforementioned revenue forecast could not be met. The Managing Board therefore adjusted these forecasts in an ad hoc announcement on January 26, 2024, and now expects consolidated revenues for the fiscal year to be roughly on a par with the previous year, with an unchanged EBIT margin forecast in the low single-digit percentage range. With revenues for the 2023 fiscal year of EUR 249.2 million (previous year: EUR 251.0 million), the adjusted revenue forecast was achieved, while the originally forecast increase in the low double-digit percentage range was clearly missed. In terms of EBIT, the original forecast of a margin in the low single-digit percentage range was achieved at 1.1 % (previous year: –1.5 %). However, the liquidity situation and order backlog have deteriorated considerably. The breakdown of revenues in 2023 by delivery region is shown in the following chart.

Revenue Distribution by Region January 1 to December 31, 2023



Changes in inventories of finished goods and work in progress amounted to EUR –0.6 million (previous year: EUR 4.7 million). At EUR 19.5 million, own work capitalized was significantly below the previous year’s figure (previous year: EUR 26.2 million) due to intensified development activities as part of major customer projects and the significant reduction in the commissioning of external service providers as part of the EuBatIn (European Battery Innovation) funding project. This resulted in a reduced total operating performance of EUR 268.1 million (previous year: EUR 281.1 million).

At EUR 11.9 million, other operating income was down on the previous year's figure of EUR 16.2 million. The previous year's figure primarily included exchange rate gains of EUR 9.9 million, which were attributable to positive currency effects in connection with the Taiwan dollar and the US dollar, as well as unrealized gains from open currency derivatives. At EUR 1.4 million, capital gains were significantly lower in the current fiscal year. Furthermore, other operating income was largely determined by income of EUR 5.7 million that arose as part of a share swap with subsequent sale of the investment concerned in the Mobility & Battery Solutions division. The 40 % stake in the associated company Customcells Tübingen GmbH was exchanged for a 4.97 % stake in Customcells Holding GmbH. The investment in Customcells Holding GmbH was finally sold for EUR 11.5 million in October 2023 as part of the exercise of a corresponding put option. Also included are subsidies amounting to EUR 2.0 million (previous year: EUR 1.7 million), income from the reversal of provisions of EUR 0.9 million (previous year: EUR 2.0 million) and leasing and rental income of EUR 0.8 million (previous year: EUR 0.7 million). Total other operating income amounted to EUR 1.1 million (previous year: EUR 1.8 million).

The cost of materials in the 2023 fiscal year amounted to EUR 146.0 million (previous year: EUR 166.8 million), while the cost of materials ratio (ratio of cost of materials to total operating performance) fell to 54.5 % (previous year: 59.2 %). The reduction in the cost of materials ratio compared to the previous year is due a one-time special effect, whereby revenues of EUR 13.6 million in the 2023 fiscal year are not offset by any cost of materials due to a customer terminating a contract. Adjusted for this effect, the cost of materials ratio is 57.4 % and, therefore, significantly closer to the previous year's figure. The cost of materials does not include any significant inflationary effects. At EUR 84.8 million, personnel expenses were higher than the previous year's figure of EUR 80.7 million, mainly due to salary increases and the higher average number of employees over the year; the personnel expenses ratio (ratio of personnel expenses to total operating performance) increased to 31.6 % (previous year: 28.6 %) due to the lower total operating performance and higher personnel expenses.

Other operating expenses amounted to EUR 33.5 million (previous year: EUR 41.2 million), whereby the previous year's figure was adjusted due to a change in the reporting of guarantee commissions. From now on, guarantee commissions will be reported in the financial result instead of in other operating expenses. The decrease of EUR 7.7 million is mainly due to the reduction in outgoing freight costs totaling EUR 1.5 million (previous year: EUR 3.7 million), legal and consulting costs of EUR 3.5 million (previous year: EUR 4.6 million), research-related other operating expenses of EUR 1.1 million (previous year: EUR 2.2 million), exchange rate losses of EUR 1.6 million (previous year: EUR 4.0 million) and other operating expenses of EUR 3.6 million (previous year: EUR 5.4 million). The guarantee commission of EUR 1.5 million (previous year: EUR 1.8 million) previously reported under other operating expenses was reclassified to financial expenses in accordance have been reported under financial expenses since the financial year for better presentation. The previous year was adjusted accordingly.

The share in the result of associated companies burdened the 2023 result by EUR –1.1 million (previous year: EUR –1.3 million). The figure includes the negative earnings contributions of CADIS Engineering GmbH, Q.big 3D GmbH and Customcells Tübingen GmbH until the exchange of shares for those shares in Customcells Holding GmbH.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to EUR 14.6 million, up on the previous year's figure of EUR 8.0 million. In particular, this includes a positive revenue and earnings effect of EUR 13.6 million resulting from the termination of a contract with a customer and the effect of the aforementioned share swap and the sale of the shares in the course of the triggered put option amounting to EUR 5.7 million. The guarantee commission of EUR 1.5 million (previous year: EUR 1.8 million) reclassified to financial expenses is no longer included in EBITDA. However, this reclassification was also performed for the previous year and, therefore, has no effect on the previous year's comparison. At 5.5 %, the EBITDA margin was higher than the adjusted previous year's figure of 2.8 % due to the special effects affecting earnings described above and was in line with the forecast in the mid-positive single-digit percentage range.

At EUR 11.8 million, depreciation and amortization were slightly below the previous year's figure of EUR 12.2 million. Earnings before interest and taxes (EBIT) amounted to EUR 2.9 million (previous year: EUR –4.2 million) and were in line with the forecast of a low positive single-digit EBIT margin at 1.1 % (previous year: –1.5 %), taking into account the above-mentioned effects in EBITDA.

Financial income amounted to EUR 0.3 million in 2023 (previous year: EUR 0.1 million), while financial expenses amounted to EUR 4.6 million, up on the previous year's level of EUR 3.6 million. This is due to the year-on-year increase in financial liabilities and higher interest rates. Earnings before taxes (EBT) amounted to EUR 1.4 million (previous year: EUR –7.7 million). After deduction of income taxes of EUR 1.0 million (previous year: EUR 4.5 million), the consolidated result was EUR –2.4 million (previous year: EUR –12.1 million). The significant increase in EBT and consolidated earnings is also due to the one-off effects described above. Based on a weighted average of 8,541,621 shares, this resulted in basic earnings per share of EUR –0.28 (previous year: basic earnings per share of EUR –1.42 based on 8,082,499 shares).

Asset position of the Group

Total assets as of December 31, 2023 decreased from EUR 335.4 million to EUR 278.6 million compared to the previous year's reporting date whereby the previous year's figure was adjusted. This is due to the netting of advance payments on inventories and the associated trade payables in the amount of EUR 9.5 million.

On the assets side, non-current assets of EUR 99.9 million as of December 31, 2023 were slightly below the level on the balance sheet date of the 2022 fiscal year with EUR 105.2 million. Intangible assets fell to EUR 40.7 million (previous year: EUR 43.9 million). This is due to funding received as part of the IPCEI project which were recognized as a reduction in acquisition costs. Property, plant and equipment increased from EUR 44.3 million as of December 31, 2022 to EUR 46.6 million as of December 31, 2023 due to the installation of a drying room. Investments accounted for using the equity method decreased from EUR 7.6 million as of

December 31, 2022 to EUR 1.9 million as of December 31, 2023. The reason for this decline is the exchange of the 40 % stake in Customcells Tübingen GmbH for 4.97 % of Customcells Holding GmbH for EUR 5.7 million and the subsequent sale of the shares in the course of the triggered put option in the amount of EUR 11.5 million.

At EUR 178.7 million as of December 31, 2023, current assets were significantly lower than the figure of EUR 230.2 million on the balance sheet date of the 2022 fiscal year. Inventories fell to EUR 33.8 million (previous year: EUR 46.8 million) due to the lower order intake and order backlog and, therefore, fewer projects in progress. Trade receivables decreased as at the reporting date from EUR 47.6 million as of December 31, 2022 to EUR 42.0 million as of December 31, 2023. In addition, due to the lower number of projects in progress – especially at Manz AG in Reutlingen – a lower value for contract assets of EUR 52.9 million was reported as at the reporting date compared to the previous year (previous year: EUR 73.7 million). Other current assets decreased by EUR 7.5 million compared to the previous year, from EUR 26.6 million to EUR 19.1 million. The key reasons for this were lower receivables in connection with IPCEI subsidies from Manz AG and Manz Italy Srl. As of December 31, 2023, restricted cash in the amount of EUR 5.6 million (previous year: EUR 6.8 million) was reported under other current assets. Restricted cash are funds that are deposited with banks as collateral for credit lines in individual cases.

Cash and cash equivalents amounted to EUR 30.2 million as of December 31, 2023 (previous year: EUR 33.6 million) and include the disbursement of a new bank loan to Manz Italy Srl. for EUR 10.0 million. The contract for this was concluded in December 2023.

On the liabilities side, equity amounted to EUR 99.7 million, roughly on a par with the previous year's level of EUR 102.3 million. The equity ratio was 35.8 % as of December 31, 2023 (previous year: 30.5 %) and was therefore above the forecast equity ratio of around 30 %, which was largely due to lower current liabilities as a result of the decline in orders.

Non-current liabilities were EUR 34.1 million as of December 31, 2023 (previous year: EUR 29.1 million). The change is due to the increase in non-current financial liabilities to EUR 15.6 million (December 31, 2022: EUR 6.7 million) and the decrease in non-current financial liabilities from leases to EUR 7.4 million (previous year: EUR 9.9 million). The new, earmarked bank loan of Manz Italy Srl. for EUR 10.0 million is reflected in the non-current financial liabilities, while the decrease in lease liabilities is primarily due to the ongoing lease payments. Current liabilities fell significantly to EUR 144.9 million as of December 31, 2023 (previous year: EUR 204.0 million). This is due to the decrease in trade payables of EUR 44.0 million (previous year: EUR 64.2 million) as a result of the declining order situation and the significant decrease in contract liabilities of EUR 22.6 million (previous year: EUR 74.2 million) for the same reason. In addition, advance payments made to third parties up to and including the 2022 fiscal year were reported without offsetting against liabilities from outstanding supplier invoices, which belong to the trade payables item. From the 2023 calendar year, advance payments on inventories and the associated trade payables will be offset in accordance with the offsetting criteria of IAS 32. This change has also been taken into account retrospectively for the previous year. The increase in current financial liabilities to EUR 50.5 million (previous year: EUR 37.5 million), which was caused by the higher utilization of credit lines with banks, had the opposite effect.

Due to the significantly higher net debt with roughly the same equity, gearing, which was still the most important performance indicator in the previous year, was significantly higher at 36.0 % as of December 31, 2023 compared to 10.5 % as of December 31, 2022. The figure in the lower double-digit percentage range forecast in the previous year was therefore not achieved.

Liquidity position of the Group

Manz AG's financial management system is centrally organized. In this context, the company follows value-based financing principles in order to secure its liquidity at all times, limit financial risks and optimize the cost of capital. Further information on the management of the individual financial risks can be found in the notes to the consolidated financial statements under "Reporting on financial instruments".

The Manz Group is currently financed through bank balances and cash credit lines, which are primarily taken out by the respective Manz company in Germany and abroad. The parent company Manz AG is currently financed by bank balances and a cash credit line of EUR 5.0 million (previous year: EUR 5.0 million) and loans of EUR 2.9 million (previous year: EUR 0.0 million). As of December 31, 2023, Manz AG had cash and cash equivalents of EUR 8.1 million (previous year: EUR 17.7 million) and unused cash and guarantee credit lines with banks of EUR 5.0 million (previous year: EUR 2.9 million). The subsidiaries in Taiwan, China, Italy and Slovakia are financed primarily through short-term overdraft facilities amounting to EUR 74.2 million (previous year: EUR 75.3 million), of which EUR 47.2 million (previous year: EUR 36.6 million) had been drawn down as at the reporting date. In the past, these credit lines were regularly extended annually at similar conditions and are currently up for renewal. In addition to the term, the main condition is the borrowing interest rate. For the European subsidiaries, the interest rates of the individual loans range between 4 % and 6.17 %. For the companies in Asia, the range is between 1.84 % and 6.02 %. In addition, there are a small number of long-term loans amounting to EUR 17.4 million (previous year: EUR 8.2 million), whereby the increase as at the reporting date is mainly due to the Italian subsidiary taking out a loan earmarked for the IPCEI project at the end of the 2023 financial year.

The starting point for the cash flow from operating activities is the improved consolidated net result of EUR –2.4 million (previous year: EUR –12.1 million). Due to the decrease in inventories, trade receivables, contract assets and other assets, caused by the decline in incoming orders in 2023 and the resulting decrease in projects in progress, Manz Group recorded a significant cash inflow of EUR 41.1. In the same period of the previous year, Manz Group recorded a cash outflow of 22.0 million euros. Due to the decline in incoming orders and the resulting lack of advance payments, Manz Group recorded a decrease in trade payables, contract liabilities and other liabilities. This resulted in a lower cash inflow compared to the previous year from reduced contract liabilities of EUR 51.7 million and cash outflows of EUR 20.2 million from a decline in trade payables.. In contrast, Manz Group recorded a cash inflow of EUR 17.0 million in the same period of the previous year. As a result of the effects described above, cash flow from operating activities decreased by roughly EUR 21.6 million year-on-year and amounted to EUR –23.9 million in total for fiscal year 2023.

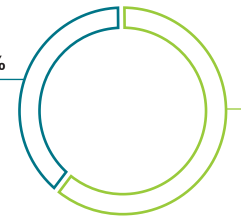
Cash flow from investment activities amounted to EUR 2.5 million in the 2023 reporting period (previous year: EUR–22.3 million). The cash inflow resulted from lower payments for development services and other intangible assets and property, plant and equipment in the amount of EUR 28.8 million (previous year: EUR 32.8 million) with a simultaneous increase in grants received of EUR 19.5 million (previous year: EUR 12.5 million). In addition to the two effects mentioned above, cash flow from investing activities increased due to the sale of the investment in Customcells Holding GmbH in 2023 and the associated cash inflow of EUR 11.5 million.

Cash flow from financing activities in the 2023 fiscal year amounted to EUR 18.4 million (previous year: EUR 22.4 million) and resulted primarily from raising of current and non-current financial liabilities totaling EUR 59.3 million (previous year: EUR 38.1 million) and slightly reduced repayments of current financial liabilities of EUR 36.5 million (previous year: EUR 42.1 million). The increase in current and non-current financial liabilities in 2023 is mainly due to the new bank loan taken out by Manz Italy Srl. and generally due to the EUR 18.6 million higher utilization of credit lines compared to the previous year. In the previous year, cash flow from financing activities also included proceeds from equity contributions (EUR 30.6 million). Taking exchange rate changes into account, the Manz Group, therefore, had cash and cash equivalents of EUR 30.2 million as of December 31, 2023 (previous year: EUR 33.6 million). Cash and cash equivalents decreased by EUR 3.6 million despite the payment of EUR 10 million from the newly concluded earmarked loan from Manz Italy Srl. The unused credit lines with banks amounted to EUR 16.4 million as of the balance sheet date of the 2023 fiscal year (previous year: EUR 22.5 million).

Segment Reporting

The following charts show revenues, incoming orders, and the order backlog by segment.

Revenues by Business Segment January 1 to December 31, 2023



Order Intake

(in EUR million)	2023	2022	Change in %
Mobility & Battery Solutions	65.2	115.0	–43.3
Industry Solutions	130.4	244.7	–46.7
Group total	**195.7**	**359.7**	**–45.6**

Order Backlog

(in EUR million)	2023	2022	Change in %
Mobility & Battery Solutions	70.5	192.9	–63.5
Industry Solutions	116.0	147.0	–21.1
Group total	**186.5**	**339.9**	**–45.1**

Industry Solutions

In the Industry Solutions segment, the business for assembly automation systems showed a positive development on the sales side. The segment benefited from a high order backlog at the beginning of the fiscal year. A number of larger projects were won over the course of the year; however, due to the late conclusion of contracts in 2023, these had little or no impact on revenue and earnings.

Conditions on the Asian markets for systems for the production of displays for LCD, OLED and AMOLED flat screens remained challenging in the 2023 fiscal year. However, Manz Group is continuing to work on expanding its share of these markets for production equipment for the realization of interconnect applications and the packaging process Fan-Out Panel Level Packaging (FOPLP) in microchip manufacturing.

At EUR 130.4 million (previous year: EUR 244.7 million), incoming orders in the Industry Solutions segment as a whole, therefore, fell short of expectations. Nevertheless, Manz Group was able to confirm the previous year's revenue in this segment in 2023 at EUR 158.0 million (previous year: EUR 158.6 million). However, the target of a revenue increase in the lower double-digit percentage range was missed. Segment EBIT amounted to EUR 3.4 million compared to EUR 8.3 million in the previous year. Among other things, this includes the reclassification of guarantee commissions of EUR 0.6 million in the current year (previous year: EUR 0.7 million) from other operating expenses to financial expenses. Please refer to chapter III. Adjustment of previous year's figures in the notes to the consolidated financial statements. The forecast EBIT margin in the low positive single-digit percentage range was achieved at 2.2 % (previous year: 5.1 %).

Mobility & Battery Solutions

In the 2023 fiscal year, the Mobility & Battery Solutions segment did not perform as expected in terms of incoming orders and revenues. Despite the high order backlog at the beginning of the year and further incoming orders of EUR 65.2 million (previous year: EUR 115.0 million), there were project delays and cancellations over the course of the year, which ultimately prevented the company from achieving its targets.

As a result, the Mobility & Battery Solutions segment remained at the previous year's revenue level of EUR 92.3 million in the 2023 fiscal year at EUR 91.1 million. The targeted increase in revenues in the mid double-digit percentage range compared to the previous year was, therefore, clearly missed. This was largely due to the lack of major, planned incoming orders. Offsetting effects totaling EUR 20.2 million in 2023 had a positive impact on segment EBIT. Specifically, these included a positive revenue and earnings effect of EUR 13.6 million resulting from the termination of a contract with a customer, the effect of the share swap from Customcells Tübingen GmbH to Customcells Holding GmbH in the amount of EUR 5.7 million and the sale of the investment in Customcells Holding GmbH realized in October 2023, as well as and the change in the reporting of guarantee commissions of EUR 0.9 million (previous year: EUR 1.1 million). Please refer to chapter III. Adjustment of previous year's figures in the notes to the consolidated financial statements. The segment thus achieved a slightly negative EBIT of EUR –0.5 million, compared to EUR –12.5 million in the previous year. This corresponds to an EBIT margin of –0.5 % (previous year: –10.5 %). The target of an EBIT margin in the low positive single-digit percentage range was therefore not achieved, despite taking into account the aforementioned special effects.

Events after the Balance Sheet Date

For events after the balance sheet date, please refer to the information in the supplementary report in the notes to the consolidated financial statements and the notes to the annual financial statements of Manz AG.

Overall Statement on Business Performance and the Economic Situation 2023

The unsatisfactory overall incoming orders, revenues and earnings performance in the 2023 fiscal year is largely due to the ongoing challenges in the global mechanical and plant engineering sector, particularly in the Mobility & Battery Solutions segment. This was reflected in delayed or non-receipt of orders due to project postponements on the part of customers and the resulting significant drop in orders on hand. At the same time, increasing competition is having a negative impact on achievable sales prices.

The order backlog of EUR 186.5 million as of December 31, 2023 (previous year: EUR 339.9 million) and incoming orders of EUR 195.7 million as of December 31, 2023 (previous year: EUR 359.7 million) underscore this development. Nevertheless, promising battery projects at the offer stage and the stable demand for assembly automation solutions continue to be an excellent source of potential for Manz Group and its production solutions.

Manz AG (HGB)

In addition to reporting on the Group, the development of Manz AG is explained below. Manz AG, based in Reutlingen, is the parent company of the Manz Group. Manz AG's economic conditions essentially correspond to those of the Group as described in the "Economic Report" section.

Employees

Qualified and motivated employees provide the basis of Manz AG's long-term success. As of Sunday, December 31, 2023, Manz AG had 484 employees (previous year: 502) and 36 trainees (previous year: 39).

Income situation

Based on the order backlog of EUR 474.7 million as of December 31, 2022, revenue of EUR 164.1 million was generated in the 2023 fiscal year (previous year: EUR 308.7 million). Revenue in the previous year was mainly positively influenced by the final invoicing of the CIGSfab customer order due to a project termination in the amount of EUR 198.4 million. The majority of revenues in the 2023 fiscal year were realized in Germany with EUR 100.7 million. Other sales regions were other European countries with EUR 30.8 million, the USA with EUR 17.6 million, Taiwan with EUR 1.2 million, China with EUR 0.5 million and other countries in the world with EUR 13.3 million.

Inventories of work in progress and finished goods decreased by EUR 2.9 million in 2023 (previous year: decrease in inventories of EUR 131.1 million). The reduction in inventories in the previous year was primarily due to the final invoiced CIGSfab customer order. As a result, total operating performance fell by EUR 1.8 million compared to the previous year to EUR 173.0 million (previous year: EUR 194.8 million). Own work capitalized amounted to EUR 11.8 million (previous year: EUR 17.7 million) and resulted exclusively from capitalized development costs. Intensified development activities as part of customer orders led to reduced capacity for development activities as part of the IPCEI development project in the 2023 fiscal year.

At EUR 27.2 million (previous year: EUR 3.4 million), other operating income had a significant positive impact on earnings. In addition to exchange rate gains of EUR 1.6 million (previous year: EUR 1.3 million), this mainly includes realized currency derivatives relating to British pounds and US dollars, one-off effects from the recognition of the sale of shares in Customcells Holding GmbH realized in October 2023 in the income statement, as well as the effect from a canceled customer order in the amount of EUR 17.8 million.

The cost of materials fell to EUR 115.9 million in the 2023 fiscal year (previous year: EUR 129.5 million), while total operating performance decreased. This includes the EUR 9.8 million increase in expenses for raw materials and supplies and for purchased goods to EUR 92.6 million (previous year: EUR 82.8 million), which is primarily attributable to higher purchases of project-related goods. Purchased third-party services decreased from EUR 47.2 million in the previous year to EUR 23.3 million. The cost of materials ratio increased slightly to 67.0 % (previous year: 66.5 %). The cost of materials does not include any significant inflationary effects.

Personnel expenses amounted to EUR 44.5 million (previous year: EUR 41.2 million), mainly due to salary increases and a higher average number of employees compared to the previous year. The personnel expenses ratio increased to 25.7 % (previous year: 21.1 %).

Scheduled amortization of intangible assets and depreciation of property, plant and equipment decreased to EUR 5.1 million in the 2023 financial year (previous year: EUR 5.6 million). Of this, EUR 3.9 million (previous year: EUR 4.5 million) was attributable to amortization of capitalized development costs.

Other operating expenses amounted to EUR 20.4 million (previous year: EUR 51.8 million). The previous year's figure was characterized by individual value adjustments of EUR 23.8 million, in particular in connection with the final invoice for the CIGSfab customer order. Other operating expenses include building-related expenses amounting to EUR 4.2 million (previous year: EUR 4.5 million), expenses for IT service contracts amounting to EUR 2.6 million (previous year: EUR 2.1 million), legal and consulting costs of EUR 2.5 million (previous year: EUR 3.2 million), ongoing IT expenses of EUR 1.5 million (previous year: EUR 1.2 million), travel expenses totaling

EUR 1.4 million (previous year: EUR 1.2 million), insurance of EUR 0.7 million (previous year: EUR 0.7 million), packaging costs for customer orders of EUR 0.7 million (previous year: EUR 0.6 million), trade fair costs of EUR 0.6 million (previous year: EUR 0.5 million), additions to other provisions of EUR 0.5 million (previous year: EUR 0.3 million), freight costs for outgoing freight in the amount of EUR 0.4 million (previous year: EUR 0.8 million) and sales commissions to subsidiaries in the amount of EUR 0.3 million (previous year: EUR 1.2 million).

The financial result amounted to EUR –9.3 million (previous year: EUR –0.7 million) and therefore deteriorated considerably. This is primarily due to impairments on financial assets amounting to EUR 7.5 million (previous year: EUR 0.0 million), which included write-downs on shares in Manz Asia Ltd. in the amount of EUR 7.1 million and write-downs on the investment in MetOx Technologies Inc. in the amount of EUR 0.4 million. The expenses of included in interest and similar expenses include expenses for guarantee commissions amounting to EUR 1.5 million (previous year: EUR 1.8 million), which were reported under other operating expenses in the previous year. Other items are primarily interest and similar expenses of EUR 0.9 million (previous year: EUR 0.8 million) and interest and similar income of EUR 0.5 million (previous year: EUR 0.1 million). These resulted primarily from loans to affiliated companies and companies in which a participating interest was held.

Earnings after taxes improved by EUR 34.7 million compared to the previous year to EUR 4.1 million (previous year: EUR –30.6 million) and, in addition to impairments in financial assets, is mainly due to the special effects included in other operating income and, in the previous year, in other operating expenses.

A net profit of EUR 3.9 million was generated in the 2023 fiscal year (previous year's net loss: EUR 30.9 million). Taking into account the loss carried forward from the previous year, the accumulated loss amounted to EUR 3.5 million (previous year: EUR 7.4 million).

Income Statement Manz AG (German Commercial Code [HGB]):

in EUR million	2023	2022
Revenues	164.1	308.7
Changes in inventories	–2.9	–131.6
Other own capitalized work	11.8	17.7
Other operating income	27.2	3.4
Cost of materials	–115.9	–129.5
Personnel expenses	–44.5	–41.2
Amortization/depreciation	–5.1	–5.6
Other operating expenses	–20.4	–51.8
Financial result	–9.3	–0.7
Income taxes	–0.9	0.0
Other taxes	–0.2	–0.3
Net profit/loss for the year	**3.9**	**–30.9**
Losses carried forward from the previous year	–7.4	–6.5
Withdrawal from the capital reserve	0.0	30.0
Accumulated loss	**–3.5**	**–7.4**

Asset and financial situation

Total assets as of December 31, 2023 decreased from EUR 178.3 million in the previous year to EUR 125.0 million. One of the key reasons for the balance sheet contraction was the first-time net presentation of advance payments on supplier orders in inventories with the corresponding trade payables in the amount of EUR 13.8 million. The amount to be netted in this context as of December 31, 2022 is EUR 9.4 million. Please refer to the disclosures in the HGB notes to the financial statements in the section "Correction of errors in accordance with IDW RS HFA 6", in which it was shown that the previous year's statement was not adjusted.

Non-current assets accounted for 48.5 % of total assets as at the balance sheet date, falling by EUR 4.4 million to EUR 60.6 million (previous year: EUR 65.0 million). This was mainly due to depreciations on shares in Manz Asia Ltd. in the amount of EUR 7.1 million and on the investment in MetOx Technologies Inc. in the amount of EUR 0.4 million. Investments were made, in particular, for technical equipment and building conversion measures, which led to an increase in property, plant and equipment from EUR 3.6 million in the previous year to EUR 8.3 million as at the balance sheet date.

Current assets decreased by EUR 48.9 million from EUR 112.3 million in the previous year to EUR 63.4 million. Inventories fell by EUR 35.3 million from EUR 68.6 million in the previous year to EUR 33.3 million. This decline is primarily due to the reduction in inventories of raw materials and supplies by EUR 8.9 million to EUR 6.2 million as at the balance sheet date (previous year: EUR 15.1 million) and the increase in advance payments received on customer orders, which are deducted from inventories on the assets side, amounting to EUR 107.5 million (previous year: EUR 92.4 million). Taking into account for the first time the offsetting of advance payments made on supplier orders against trade payables in the amount of EUR 13.8 million, advance payments made amounted to EUR 16.7 million (previous year: EUR 25.2 million). Cash in hand and bank balances fell from EUR 22.7 million in the previous year to EUR 12.2 million. Despite the positive one-off effect from the realized sale of the stake in Customcells Holding GmbH in the amount of EUR 11.5 million, this decline is primarily due to negative operating activities in the amount of EUR –14.1 million, the remaining investment activities in the amount of EUR –8.4 million and positive financing activities in the amount of EUR 0.5 million. Against the backdrop of a significant fall in incoming orders, the advance payments on customer orders included in liabilities fell from EUR 73.8 million in the previous year to EUR 16.7 million as at the balance sheet date.

Equity increased from EUR 28.8 million in the previous year to EUR 32.7 million due to the net profit for the year of EUR 3.9 million. The equity ratio as at the balance sheet date improved from 16.1 % to 26.1 % compared to the previous year, partly due to the reduction in total assets and the first-time netting of advance payments on inventories with the corresponding trade payables.

As in the Group, Manz AG's order intake, revenue and earnings performance in the 2023 fiscal year were unsatisfactory and were largely characterized by the ongoing challenges in the global mechanical and plant engineering industry, particularly in the Mobility & Battery Solutions segment. This was reflected in delayed or non-receipt of orders due to customer-related project postponements and the resulting significant decline in the order backlog. At the same time, increasing competition had a negative impact on achievable sales prices.

Manz AG Annual Financial Statements (German Commercial Code [HGB]):

in EUR million	12/31/2023	12/31/2022
ASSETS		
Fixed assets		
Intangible assets	15.0	15.7
Property, plant and equipment	8.3	3.6
Investments	37.3	45.7
	60.6	**65.0**
Current assets		
Inventories	33.3	68.6
Receivables and other assets	17.9	21.1
Liquid assets	12.2	22.7
	63.4	**112.3**
Accruals and deferrals	**1.0**	**0.9**
Total assets	**125.0**	**178.3**
LIABILITIES		
Equity		
Issued capital	8.5	8.5
Surplus capital	26.1	26.1
Earnings reserves	1.5	1.5
Accumulated profit/loss	–3.5	–7.4
	32.7	**28.8**
Debt capital		
Provisions	15.2	12.3
at amortized cost	77.0	137.2
	92.3	**149.5**
Accruals and deferrals	**0.1**	**0.0**
Total liabilities	**125.0**	**178.3**

Explanation of the forecast achievement 2023

Manz AG generated revenues of EUR 164.1 million in fiscal year 2023 (previous year: EUR 308.7 million) and a total output of EUR 173.0 million (previous year: EUR 195.3 million). In operating business, Manz in financial earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 19.5 million (previous year: EUR –24.2 million) and earnings before interest and taxes (EBIT) of EUR 14.3 million (previous year: EUR –29.9 million).

A significant decline in revenues was forecast for the 2023 fiscal year. Revenues generated in the 2023 fiscal year decreased significantly by 46.8 % compared to the previous year, thus confirming the forecast for the 2023 fiscal year. Furthermore, an EBITDA margin in the low positive single-digit percentage range and an EBIT margin in the low negative percentage range were anticipated. With a positive EBITDA margin of 11.2 % and a positive EBIT margin of 8.3 %, the targets set were exceeded. The positive development is primarily due to special effects from the recognition of the sale of shares in Customcells Holding GmbH in October 2023 in the income statement, as well as the effect from a canceled customer order in the amount of EUR 17.8 million reported under other operating income in accordance with HGB.

At segment level, the Mobility & Battery Solutions segment achieved revenues of EUR 106.8 million (previous year: EUR 71.2 million) and the Industry Solutions segment achieved revenues of EUR 52.5 million (previous year: EUR 233.0 million). The 77.4 % drop in revenues in the Industry Solutions division was below the expected revenue decline of 90 % and resulted from projects that were completed in the 2023 financial year, contrary to planning. Revenues in the Mobility & Battery Solutions division increased by 49.1 %. The 40 % decline in revenue forecast was not confirmed due to customer projects completed and thus sales-relevant in the 2023 fiscal year.

The equity ratio improved to 26.1 % due to the net profit for the year and the first-time offsetting of advance payments made on supplier orders against the related trade payables, which led to a reduction in the balance sheet total, and significantly exceeded the expected equity ratio of 14.5 %. Excluding the first-time netting of advance payments on inventories with the corresponding trade payables of EUR 13.8 million, the equity ratio is 23.5 %. Gearing was expected to be in the mid negative double-digit percentage range and deteriorated slightly more than expected from –78.9 % to –28.7 %, which is mainly due to the positive annual result and the resulting increase in equity compared to the forecast value. The customer orders in progress with an order backlog according HGB of EUR 275.1 million as of December 31, 2023 (previous year: EUR 474.7 million) will be relevant to revenues in 2024 and primarily in 2025 (previous year: 2023 and 2024).

Research and development

For Manz – as a high-tech equipment manufacturer – the research and development (R&D) division with over 200 engineers, technicians and scientists also played an important role in the 2023 fiscal year. In the 2023 fiscal year, investments in R&D amounted to EUR 12.4 million (previous year: EUR 17.6 million). Subsidies received have already been taken into account here in each case. The ratio for research and capitalized development costs (ratio of capitalized research & development costs to total operating performance) fell from 10.0 % in the previous year to 7.2 % in the 2023 fiscal year. The decline, despite lower overall performance, is due to increased development expenses in some of Manz AG's customer projects and thus less development capacity in the IPCEI project. The capitalization rate here was 95.4 % as at the balance sheet date compared to 89.8 % in the previous year. Amortization of capitalized development costs amounted to EUR 3.9 million (previous year: EUR 4.5 million).

In the 2023 fiscal year, research and development costs recognized as expenses amounted to EUR 4.5 million compared to EUR 2.0 million in the previous year. Expenses for licenses and patents amounted to EUR 0.2 million in the 2023 fiscal year (previous year: EUR 0.2 million). For further details, please refer to the "Research and development" section of this combined management report.

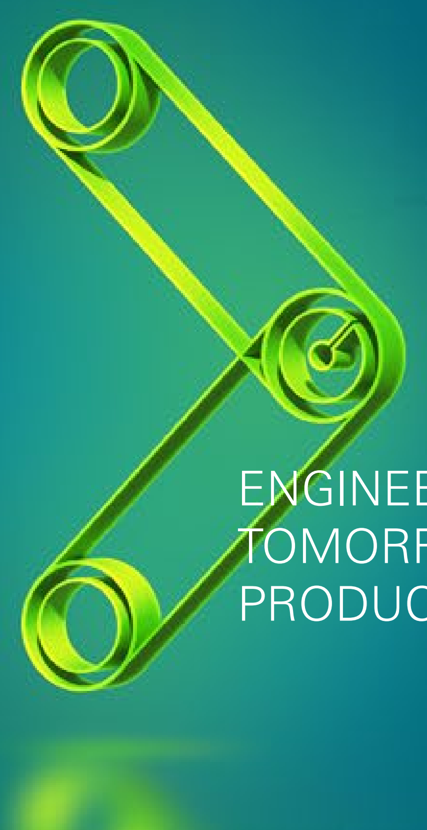
Outlook

For information on the risks and opportunities of future business development, please refer to the risk and opportunity report and, with regard to business development in 2023, to the comments in the section on net assets, financial position and results of operations. In addition, sales, earnings and synergy effects may be lower than planned in the case of company acquisitions or existing financial assets (subsidiaries and investments). When entering new business areas, misjudgments regarding the use of resources, customer requirements and price targets as well as the development of demand, the market and competition cannot be ruled out. Such misjudgments and problems can increase the risk of impairment of investments, goodwill, carrying amounts of investments, capitalized development costs and other intangible assets. With regard to the economic and industry-specific assumptions, please refer to the Group's forecast report, as the economic and industry-specific assumptions of the Manz Group were also used for Manz AG as part of its forecast. Customer orders started at the end of the 2023 fiscal year will, for the most part, not lead to revenue recognition in the 2024 fiscal year and will have a positive impact on the development of work in progress. For this reason, the Managing Board expects a reduction in revenues according HGB of up to 50 % in 2024 compared to 2023. The Managing Board expects the EBITDA margin to be in the low single-digit positive percentage range and the EBIT margin in the low single-digit negative percentage range. At around 30 %, the equity ratio is not expected to change significantly compared to the previous year. Incoming orders in the 2023 fiscal year amounted to EUR 106.9 million. The Managing Board expects a significant increase in incoming orders, which will lead to at least a doubling of incoming orders in the 2024 fiscal year compared to 2023.

Manz AG's risks and opportunities largely correspond to those of the Group. Please refer to the "Risk, opportunity and forecast report" in this combined management report.

THE SHARE OF RENEWABLE ENERGIES IS GROWING WORLDWIDE

The renewable energies sector will have to expand much more rapidly to ensure that growing global demand for energy and storage can be met and that the Paris climate targets can be achieved. That is what we are committed to.



ENGINEERING TOMORROW'S PRODUCTION

Energy

Engineering Tomorrow's Production

OUR DRIVE: ELECTRICITY SHOULD BE RELIABLY AVAILABLE

Of the **17** global sustainability goals set by the United Nations Manz addresses four of them with its solutions: decent work and economic growth; affordable and clean energy; industry, innovation, and infrastructure; and climate protection measures.

Using natural energy efficiently

Storage technologies are the foundation for a successful energy transition and a guarantee for an independent power supply. Manz is one of the industry's leading development partners in this area.

Energy must be available when it is needed. To achieve this, the high volatility of the power grids must be balanced by the increasing share of renewable energy. This creates an increasing demand for load balancing technologies and thus also for intelligent and powerful battery storage systems, which hold surplus energy that is not immediately needed or fed into the power grid.

The demand for energy storage is increasing

With our production solutions for battery storage systems, we ensure that renewably generated energy is available around the clock. The energy industry benefits from stationary energy storage systems for decentralized storage of energy from renewable sources – for a secure power supply.

Three market segments are in the foreground for us here:

- **Large storage**
- **Commercial storage**
- **Home storage**

Our production solutions ensure that the required energy storage systems are more powerful and less expensive to produce. In this way, we make an important contribution to ensuring the necessary high security and quality of supply in the long term.

The share of renewable energies in global power generation capacity is expected to rise to around 42 % by 2028*

*Source: International Energy Agency (IEA)

Corporate Governance

Declaration on Corporate Governance

The corporate governance declaration pursuant to Sections 289f and 315d German Commercial Code (HGB) was prepared jointly for Manz AG and the Manz Group and made publicly available under the title "Corporate Governance – Declaration of Manz AG for the 2023 fiscal year" on the company's website at **https://www.manz.com/en/investor-relations/corporate-governance/corporate-governance-statement.** This also contains all key aspects of the compliance management system, which the Managing Board considers to be aligned with the company's risk situation.

Takeover-Relevant Disclosures

(pursuant to Section 289a and Section 315a German Commercial Code [HGB] and explanatory report)

Composition of subscribed capital

The subscribed capital of Manz AG amounts to EUR 8,542,574.00 and is divided into 8,542,574 no-par value bearer shares with a proportional amount of the share capital of EUR 1.00. All shares are associated with the same rights and duties. Each share grants its holder one vote at the Annual General Meeting. Each share offers the same share of profits. This would exclude treasury shares held by Manz AG, which do not entitle the company to any rights. At the present time, the company does not hold any treasury shares. The rights and obligations of shareholders are, otherwise, governed by the provisions of the German Stock Corporation Act (AktG), in particular, Sections 12, 53a et seq., 118 et seq. and 186 German Stock Corporation Act (AktG).

Restrictions that apply to voting rights or the transfer of shares

The Managing Board of Manz AG does not know of any agreements pertaining to restrictions on the use of voting rights or the transfer of shares.

Shareholdings in the capital exceeding 10 % of the voting rights

Based on the notifications received regarding significant voting rights pursuant to Sections 33 and 34 German Securities Trading Act (WpHG) and regarding transactions by executives on their own behalf pursuant to Article 19 of the Market Abuse Regulation, the Managing Board is aware of the existence of the following direct or indirect shareholdings in the capital of the company exceeding 10 % of the voting rights:

	Number of voting rights	Percentage of voting rights
Dieter Manz, Schlaitdorf	1,939,899	22.7 %
directly thereof (Section 33 WpHG)	775,942	9.1 %
of which attributable (Section 34 WpHG)	1,163,957	13.6 %
People's Republic of China, acting through the State-owned Asset Supervision Commission (SASAC) of the People's Government of Shanghai, People's Republic of China	1,523,480	17.9 %
Full chain of subsidiaries:		
Shanghai Electric (Group) Corporation		
Shanghai Electric Group Company Limited		
Shanghai Electric Hongkong Co. Limited		
Shanghai Electric Germany Holding GmbH (shareholder)		

Changes in the total number of voting rights of Manz AG within the meaning of Section 41 German Securities Trading Act (WpHG) that occurred after receipt of the notifications are not included in the stated shares of voting rights.

Shares with special rights that confer authority to exercise control

The company does not have shares with special rights that confer authority to exercise control.

Type of voting rights control if employees have an interest in the capital and do not exercise their control rights directly

Employees with a stake in Manz AG's capital can exercise the control rights to which they are entitled from the shares directly in accordance with the provisions of the Articles of Incorporation and prevailing laws.

Legal requirements and provisions of the Articles of Incorporation regarding the appointment and dismissal of members of the Managing Board and regarding amendments to the Articles of Incorporation

The appointment and dismissal of members of the Managing Board are governed by Sections 84 and 85 German Stock Corporation Act (AktG). Accordingly, members of the Managing Board are appointed by the Supervisory Board for a maximum of five years. Members may be repeatedly appointed or have their term extended, in either case for another period lasting a maximum of five years. Pursuant to Section 5 of the company's Articles of Incorporation, the Managing Board may consist of one or more persons. The Supervisory Board appoints the members of the Managing Board pursuant to the provisions of the German Stock Corporation Act and determines their number. The Supervisory Board may appoint a member as chairperson of the Managing Board. Pursuant to Section 84(4) of the German Stock Corporation Act (AktG), the Supervisory Board may revoke the appointment of a member of the Managing Board and the appointment of a chairperson of the Managing Board for good cause.

Amendments to the Articles of Incorporation are governed by Sections 133 et seqq. and 179 et seqq. of the German Stock Corporation Act (AktG). In general, amendments require a resolution passed at the Annual General Meeting. A resolution passed at the Annual General Meeting requires a majority of at least three-quarters of the capital stock represented at the time the resolution is adopted. The Articles of Incorporation may determine a different, but only greater capital majority, for any amendment to the corporate purpose of the company.

Pursuant to Section 16 (1) of the company's Articles of Incorporation, resolutions are passed at the Annual General Meeting by a simple majority of the votes cast, unless mandatory provisions of the German Stock Corporation Act stipulate otherwise. Where the German Stock Corporation Act also stipulates that a majority of the represented capital stock is required to pass a resolution, a simple majority of the represented capital fulfills this requirement, as permitted by law.

Authority of the Managing Board to issue or repurchase company shares

The Managing Board may issue new shares only on the basis of resolutions passed at the Annual General Meeting in respect of an increase in capital stock or in respect of authorized and conditional capital. Purchasing treasury shares is governed by Section 71 et seqq. of the German Stock Corporation Act (AktG) and, in certain cases, is permitted by operation of law or as a result of authorization given at the Annual General Meeting.

Authorized capital

By resolution of the Annual General Meeting on July 4, 2023, the Managing Board of the company is authorized – with the approval of the Supervisory Board – to increase the company's share capital in the period until July 3, 2028 once or in partial amounts by a total of up to EUR 4,270,143.00 by issuing a total of up to 4,270,143 new bearer shares (no-par value shares) against cash or non-cash contributions (Authorized Capital 2023).

In principle, the new shares must be offered to shareholders for subscription. The new shares may also be assumed by banks designated by the Managing Board with the obligation to offer them to the shareholders for subscription (indirect subscription right). However, the Managing Board is authorized, with Supervisory Board approval, to exclude shareholders' subscription rights

- in the event of a capital increase for cash consideration, if the issue amount of the new shares is not significantly less, within the meaning of Section 203 (1) and (2) and Section 186 (3) Sentence 4 German Stock Corporation Act (AktG), than the stock exchange price of shares of the company of the same type at the time of establishment of the issue price, which is to be as close in time as possible to the time of issue of new shares. This authorization to exclude subscription rights shall only apply to the extent that the shares to be issued as part of the capital increase do not account for more than EUR 854,028.00 of the share capital and do not account for more than 10% of the share capital at the time the authorization is exercised. The proportionate amount of capital stock of shares which are issued or sold during the period of this authorization based on other authorizations in direct or corresponding application of Section 186 (3) Sentence 4 German Stock Corporation Act (AktG), with exclusion of subscription rights, is to be credited toward this maximum amount for the exclusion of subscription rights;
- in the case of a capital increases for contributions in kind for the purpose of acquisition of companies, parts of companies, and holdings in companies of other assets or entering into mergers;
- to the extent that it is necessary to give owners of warrant or convertible bonds, profit-sharing rights, or profit-sharing bonds (or combinations of these instruments) issued by the company or direct or indirect affiliates of the company a subscription right to new shares to the same extent as they would have upon exercising their option or conversion right or after fulfilling their conversion obligation;
- in order to exclude fractional amounts from subscription rights.

The Managing Board is authorized, with Supervisory Board approval, to determine the further details of the implementation of the capital increases based on the authorized capital.

The Supervisory Board will be given authorization to amend the wording of the Articles of Incorporation according to the implementation of the capital increase using authorized capital and after the expiration of the authorization term.

Authorization to issue partial debentures with options or conversion rights or conversion obligations, profit-sharing rights, and profit-sharing bonds (or combinations of these instruments) as well as Conditional Capital I

At the Annual General Meeting on July 2, 2019, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue bearer warrant or convertible bonds, profit-sharing rights and/or profit-sharing bonds, or a combination of these instruments (collectively referred to as "bonds"), up to a total nominal value of EUR 150 million, on one or more occasions until July 1, 2024. In addition, the Managing Board was also authorized to grant owners of warrant bonds option rights and owners of convertible bonds conversion rights for bearer shares of the company with a proportionate amount of capital stock totaling up to EUR 3,100,000.00, in accordance with the detailed terms and conditions of the warrant/convertible bonds.

The statutory subscription right is granted to the shareholders in the way that the bonds are underwritten by a bank or a syndicate of banks with the obligation to offer them for subscription to shareholders. If bonds are issued by one of Manz AG's subsidiaries pursuant to Section 18 German Stock Corporation Act, the company must ensure that the statutory subscription right is granted accordingly to shareholders of Manz AG.

However, the Managing Board is authorized, with the consent of the Supervisory Board, to exclude subscription rights to the extent necessary to grant the holders of previously issued bonds with option or conversion rights, or conversion obligations, respectively, subscription rights to the extent to which they would be entitled as shareholders after exercising their option or conversion rights or upon fulfillment of their conversion obligations.

Furthermore, the Managing Board is authorized, with Supervisory Board approval, to completely exclude shareholders' subscription rights to bonds issued with an option and/or conversion right or conversion obligation, provided the Managing Board, after dutiful examination, arrives at the view that the issue price of the bonds is not significantly below their hypothetical market value as calculated according to accepted and, in particular, actuarial methods. This authorization to exclude the subscription right applies to bonds issued with an option and/or conversion right or a conversion obligation, carrying an option and/or conversion right or a conversion obligation for shares with a total proportionate amount of the capital stock, which may not exceed 10 % of the capital stock, either at the time the authorization becomes effective or – in the event that this amount is lower – at the time this authorization is exercised. In certain cases, new shares from authorized capital and treasury shares sold are counted towards the aforementioned ten percent limit.

Where profit-sharing rights or profit-sharing bonds without an option right or conversion right/obligation are issued, the Managing Board is authorized, with Supervisory Board approval, to completely disapply shareholders' subscription rights if these profit-sharing rights or profit-sharing bonds have the characteristics of a debenture, i.e. do not give rise to any membership rights in the company, do not grant a share in the liquidation proceeds and the interest payable is not calculated on the basis of net income for the year, net retained profit or the dividend. Moreover, in such a case, the interest payment and the issue price of the profit-sharing rights or profit-sharing bonds must reflect current market conditions at the time of issue.

Pursuant to Section 3 (4) of the Articles of Incorporation, the capital stock of the company has been conditionally increased by up to EUR 3,100,000.00 through the issue of up to 3,100,000 no-par value bearer shares (Conditional Capital I).

The contingent capital increase will only be carried out to the extent that the holders of option or conversion rights or those obliged to convert from warrant or convertible bonds, profit participation rights or participating bonds issued by the Company or a Group company within the meaning of Section 18 German Stock Corporation Act (AktG) on the basis of issued or guaranteed at the Annual General Meeting on Tuesday, July 2, 2019 under agenda

item 5, exercise their option or conversion rights or, if they are required to convert, fulfill their obligation to convert, unless a cash settlement is granted or treasury shares or shares of another listed company. The new shares are issued at the option or conversion price to be determined in each case in accordance with the authorization resolution described above. The new shares are to participate in profit from the beginning of the fiscal year in which they are created on the basis of the exercise of options or conversion rights or of the fulfillment of conversion obligations. The Managing Board is authorized, with Supervisory Board approval, to establish the further details of the execution of the conditional capital increase.

Authorization to issue share subscription rights within the scope of the Manz Performance Share Plan 2019 as well as Conditional Capital III

At the Annual General Meeting held on July 2, 2019, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue a total of up to 95,000 subscription rights for subscription of a total of up to 190,000 shares in the company to executives of affiliated companies of the company, as well as Manz's own managers below the executive level and managers of affiliated companies, both domestic and foreign, below the executive level on one or more occasions through June 30, 2024. The Supervisory Board was authorized to grant one or several times a total of up to 85,000 subscription rights for the purchase of up to 170,000 shares in the company to members of the company's Managing Board until June 30, 2024.

The subscription rights shall be granted, structured and exercised in accordance with the provisions set out in the resolution of the Annual General Meeting of July 2, 2019.

The Manz Performance Share Plan 2019 for members of the Managing Board and company executives and its group companies, which was approved during the Annual General Meeting 2019, was explained in a report by the Managing Board to the Manz AG Annual General Meeting on July 2, 2019.

Pursuant to Section 3 (6) of the Articles of Incorporation, the company's capital stock has been conditionally increased by up to EUR 360,000.00 through the issue of up to 360,000 no-par value bearer shares (Conditional Capital III). The conditional capital increase serves to secure the rights of the holders of subscription rights granted on the basis of the authorization granted by the Annual General Meeting on July 2, 2019.

The shares will be issued at the issue amount established in the authorization adopted at the annual general meeting on Tuesday, July 2, 2019. The contingent capital increase will be carried out only to the extent subscription rights are exercised and the company does not issue either treasury shares or a cash settlement for the purpose of fulfillment of the subscription rights. The new bearer shares will be equivalent to already issued shares of the same class with respect to their dividend entitlement. The Managing Board and, to the extent members of the Managing Board are affected, the Supervisory Board are authorized to establish the further details of the conditional capital increase and its implementation.

Furthermore, on June 30, 2020, the Annual General Meeting authorized the Managing Board and – if the shares are issued to members of the Managing Board – the Supervisory Board to use acquired treasury shares of Manz AG to service subscription rights that were or will be issued to members of the Managing Board and executives as part of the Manz Performance Share Plan 2015 resolved by the Annual General Meeting on July 7, 2015 under item 6 of the agenda or as part of the Manz Performance Share Plan 2019 resolved by the Annual General Meeting on July 2, 2019 under item 6 of the agenda (see below under the section "Treasury Shares"). This authorization to reissue clearly defines the group of people to whom the Manz shares can be transferred.

The option to grant Manz AG's own shares to those entitled to subscribe in fulfillment of their subscription rights is a suitable means of counteracting the dilution of capital holdings and voting rights that would occur if the subscription rights were fulfilled with newly created shares based on the contingent capital. If Manz AG makes use of this option, Conditional Capital II pursuant to Article 3 (5) of the Articles of Incorporation and Conditional Capital III pursuant to Article 3 (6) of the Articles of Incorporation do not have to be utilized. Whether and to what extent the authorization to issue treasury shares is used to fulfill the subscription rights or whether new shares are issued instead from the contingent capital, is to be decided by the Managing Board and – if a member of the Managing Board exercises the subscription right – by the Supervisory Board, which is guided by the interests of the company and its shareholders.

Authorization to issue share subscription rights within the scope of the Manz Performance Share Plan 2023 as well as Conditional Capital IV

At the Annual General Meeting of Manz AG held on July 4, 2023, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue a total of up to 143,000 subscription rights for subscription of a total of up to 286,000 shares in the company to executives of affiliated companies of the company, as well as Manz's own managers below the executive level and managers of affiliated companies, both domestic and foreign, below the executive level on one or more occasions through July 03, 2028. The Supervisory Board was given authorization to issue a total of up to 95,000 subscription rights for a total of up to 190,000 shares in the company to members of Manz's Managing Board, on one or more occasions, through July 03, 2028.

The subscription rights shall be granted, structured and exercised in accordance with the provisions set out in the resolution of the Annual General Meeting of July 4, 2023.

Pursuant to Section 3 (7) of the Articles of Incorporation, the company's capital stock has been conditionally increased by up to EUR 476,000.00 through the issue of up to 476,000 no-par-value bearer shares (Conditional Capital IV). The contingent capital increase serves to secure the rights of the holders of subscription rights (Performance Shares) granted on the basis of the authorization granted by the Annual General Meeting on Tuesday, July 4, 2023 in agenda point 7. The issue of shares will be in the issue amount established in the authorization resolved at the Annual General Meeting on Tuesday, July 4, 2023 in agenda point 7. The contingent capital increase will be carried out only to the extent subscription rights are exercised and the company does not issue either treasury shares or a cash settlement for the purpose of fulfillment of the subscription rights. The new shares will be equivalent to already issued shares of the same class with respect to their dividend entitlement. The Managing Board and, to the extent members of the Managing Board are affected, the Supervisory Board are authorized to establish the further details of the conditional capital increase and its implementation.

Authorization to purchase and dispose of treasury shares

The Annual General Meeting on June 30, 2020 authorized the Managing Board of the company to acquire treasury shares until June 29, 2025 in accordance with Section 71 (1) No. 8 German Stock Corporation Act (AktG) up to a total of 10% of the company's capital stock existing at the time this authorization takes effect or – if this amount is lower – at the time this authorization is exercised. The shares acquired on the basis of this authorization, together with other shares in the company, which the company has already acquired and still holds or which are attributable to the company pursuant to Sections 71d and 71e German Stock Corporation Act (AktG), may at no time account for more than 10% of the company's capital stock. The provisions in Section 71 (2) Sentences 2 and 3 German Stock Corporation Act (AktG) must be observed.

The acquisition may only be effected via the stock exchange or by means of a public purchase offer addressed to all shareholders and must comply with the principle of equal treatment of shareholders (Section 53a German Stock Corporation Act [AktG]).

The Managing Board was authorized to sell the treasury shares acquired on the basis of the above authorization also in manners other than through the stock exchange or through an offer to other shareholders, under the condition that the sale is for cash and is at a price that is not significantly below the stock-exchange price, at the time of the sale, of company shares with the same features. This authorization to use shares is limited to shares representing a proportionate amount of the capital stock which in total may not exceed 10% of the capital stock of the company, either at the time this authorization becomes effective or – if this amount is lower – at the time this authorization is exercised. The maximum limit of 10% of the capital stock shall be reduced by the pro rata amount of the capital stock attributable to those shares which are issued or sold during the term of this authorization subject to the exclusion of subscription rights, in accordance with (or pursuant to) Section 186 (3) Sentence 4 German Stock Corporation Act (AktG). The maximum limit of 10% of the capital stock shall also be reduced by the pro rata amount of capital stock represented by those shares to be issued to service bonds with option or conversion rights, or option or conversion obligations, respectively, insofar as these bonds are issued during the term of this authorization to the exclusion of subscription rights in analogous application of Section 186 (3) Sentence 4 German Stock Corporation Act (AktG).

Group Management Report
Corporate Governance

The Managing Board was further authorized to transfer treasury shares acquired on the basis of the above authorization to third parties insofar as this is for the purpose of acquiring companies, parts of companies or interests in companies or other assets, or to carry out business combinations.

The Managing Board and – to the extent there is an obligation with respect to members of the Managing Board – the Supervisory Board were further authorized to use the treasury shares acquired on the basis of the above authorization for the purpose of fulfilling the subscription rights that were or are issued in the framework of the Manz Performance Share Plan 2015 resolved at the regular Annual General Meeting of July 7, 2015, under item 6 of the agenda or in the framework of the Performance Share Plan 2019 adopted at the Annual General Meeting of July 2, 2019, under item 6 of the agenda.

The Managing Board was also authorized to use the treasury shares acquired on the basis of the above authorization for the purpose of fulfillment of the subscription and conversion rights that result from exercising option or conversion rights or fulfilling option or conversion obligations that have been granted or imposed within the framework of issuing convertible or warrant bonds, profit-sharing rights, or profit-sharing bonds (or combinations of these instruments) of the company or its subsidiaries.

The Managing Board was further authorized to transfer own shares acquired on the basis of the above authorization to employees of the company or employees or members of governing bodies of subordinate affiliates of the company within the meaning of Sections 15 et seqq. German Stock Corporation Act (AktG).

Significant company agreements that are conditional on a change of control as a result of a takeover bid

Contracts with banks and surety insurers for guarantee and cash loans

Contracts existing between Manz AG and a number of domestic and foreign banks and surety insurers for the granting of guarantee and cash loans each contain extraordinary termination rights for the banks and surety insurers in the event of a change of control at Manz AG. In the event of termination, the guarantee and cash loans would no longer be available to Manz AG, which would have a significant negative impact on its business activities.

Apart from the agreements mentioned above and in the section below, there are no significant company agreements that are conditional on a change of control as a result of a takeover bid.

Compensation agreements of the company entered into with members of the Managing Board or with employees in the event of a takeover bid

In the event of a change of control, the employment contract of Managing Board member Martin Drasch stipulates that the Managing Board member is entitled to terminate the employment contract with a notice period of three months to the end of a calendar month and to resign from his office as member of the Managing Board with the same deadline. These rights may be exercised only within six months after the change of control has occurred.

A change of control occurs when the company receives a notification from a party subject to a reporting obligation pursuant to Section 33 (1) Sentence 1 German Securities Trading Act (WpHG) that said party, including the voting rights attributable to it pursuant to Section 34 German Securities Trading Act (WpHG), has reached or exceeded 25 % or a higher proportion of the voting rights in the company.

In the event of a termination of the employment contract pursuant to the above provisions, the member of the Managing Board shall receive a severance payment. This consists of the total amount of the fixed salary owed for the remaining term of the employment relationship and the total amount of the cash bonus owed for the remaining term of the employment relationship, whereby the calculation of the amount is to be based as the EBIT return on the average of the EBIT return in the last fiscal year preceding the termination and the EBT return expected to be achieved in the current fiscal year according to the company's planning. The severance payment is limited to the amount corresponding to 150 % of the severance payment cap. The value of two years' annual compensation is deemed to be the severance cap. If the remaining term of the employment relationship at the time the termination takes effect is more than two years, the severance payment, insofar as it is granted for the exceeding period, shall be reduced by 75 % for the purpose of offsetting, on a lump-sum basis, the other income of the Managing Board member to be expected for the period after termination of the employment relationship. In addition, the amounts to be taken into account for the severance payment shall be discounted at a rate of 3 % p.a. to the date on which the severance payment falls due.

Aside from that, the company has no agreements with members of the Managing Board or employees that provide for compensation in the event of a takeover bid.

ELECTRONICS HAVE BECOME A FIXTURE OF DAILY LIFE

With our machines and equipment for producing electronic components, as well as performance and consumer electronics devices, we create the conditions for the continuous optimization of end products while also reducing production costs. This makes Manz a sought-after development and technology partner.

ENGINEERING TOMORROW'S PRODUCTION

Electronics

Engineering Tomorrow's Production

OUR GOAL: INNOVATION AND QUALITY – FROM MICROCHIP TO DISPLAY

With a size of **well above 510 x 515 mm** the largest FOPLP panels can be produced on our lines.

Electronics: A necessity for daily life and industry

The electronics industry is a very dynamic sector. With its integrated and automated production solutions, Manz creates the conditions for rapid time to market while also improving the performance characteristics of end products and reducing production costs. Our customers profit from these advantages for the production of

- **electronic components such as displays and touch screens, printed circuit boards and semiconductors**
- **consumer electronics such as smart watches, wearables, laptops, digital cameras or navigation equipment**
- **performance electronics e.g. inverter modules for solar power equipment, DC or frequency converters**

Ever smaller, lighter – and more powerfull

The main requirement for rapid digitization in many areas of our daily life is increased miniaturization, that is, ever smaller and ever more high-performance components. The mega trends of electromobility and autonomous driving, in addition to the driver assistance systems already installed in vehicles today, will cause major leaps in installed chips in the automotive industry.

Our equipment for implementing the innovative packaging method for microchips, fan-out panel level packaging, plays a major role in the realization of this trend. In addition to a significant reduction in volume, thickness, weight and manufacturing cost of the packaging while doubling the number of pins, the process also has significant positive effects on the thermal conductivity and speed of the components.

The market of automotive software and **power electronics** is expected to grow to $ 460 billion by 2030*

*Source: McKinsey

Report on Opportunities and Risks

Risk Management and Internal Control System

The goal of Manz AG's risk management system is to identify possible risks early on and to initiate appropriate measures to avert any threat of damage. The risk management system records both risks and opportunities. The application of a risk management system integrated into corporate management is aimed at identifying and assessing potential risks throughout the Group in good time and countering them with appropriate measures. Risks cannot be avoided in principle within the scope of business activities, but the further minimized or transferred as far as possible.

The company's risk management activities are managed centrally by the risk management officer, are regularly evaluated internally with regard to their effectiveness and appropriateness and they are the complete responsibility of the CFO as Chief Risk Officer. The entire Managing Board monitors the efficacy and appropriateness of the internal control systems at regular intervals. The quarterly revision of the risk management system is reviewed by the entire Managing Board and communicated to the Supervisory Board. In addition, the control systems are reviewed annually by an internal audit.

Responsibility for risk monitoring, on the other, is organized on a decentralized basis and is the responsibility of both the Divisional Heads and the Managing Directors, depending on the risk category and scope. Regular written and oral inquiries are used to detect potential risks in all business segments and, at the same time, they also provide the opportunity to take prompt countermeasures to prevent any negative developments.

Risks are analyzed and assessed on the basis of a risk management system that is essentially unchanged from the previous year, consisting of a defined group of risk owners, specified risk categories and a risk classification that reflects the risk potential and the urgency of the need for action. Particular attention is paid to risks whose probability of occurrence is high and whose potential damage in the event of occurrence is high. The identification and handling of risks is anchored in the corporate principles and defined as the task of all Manz Group employees. By involving the entire workforce, risks are to be identified and communicated to the respective risk manager, who must take appropriate action in line with the principles for action defined throughout the Group.

The risks are attributed to the following categories:

- Operational risks
- Strategic risks
- Market risks
- Environmental risks

In addition to this risk management system, as part of the planning process based on continuous technology and market observation, further activities are taking place both for risk identification and mitigation and for identifying opportunities.

Risk management system and internal control system for the financial reporting process (Section 289 [4] and Section 315 [4] German Commercial Code [HGB])

The goal of Manz AG's risk management and internal control system as it pertains to the accounting process is to identify and assess risks that might conflict with the compliance of the annual and consolidated financial statements and the summarized management report. Risk management encompasses the entirety of the organizational regulations and measures for detecting risks and for dealing with the risks associated with entrepreneurial activity. With regard to the accounting process, Manz has implemented the following structures and processes:

The CFO has total responsibility for the company's internal monitoring and risk management system as it pertains to the accounting process. All of the companies included in the consolidated financial statements are integrated via a defined management and reporting organizational structure. The annual financial statements of Manz AG and its subsidiaries are prepared in accordance with the respective national law and reconciled to consolidated financial statements in accordance with IFRS.

The purpose of the Group's accounting policies and group accounting, which are regularly adapted to current external and internal developments, is to ensure uniform accounting and valuation on the basis of the regulations applicable to the parent company. Furthermore, companies in the Group are prescribed report packages that they are required to prepare. The SAP SEM-BCS tool is used for the monthly consolidation process. Automatic plausibility checks are already carried out during data collection in order to test the consistency of the data.

Consolidation measures and monitoring of adherence to chronological and process-related requirements are carried out by members of the consolidation department at Group level. Other control activities at Group level include analyzing and, if necessary, correcting the reporting packages submitted by the subsidiaries. Key elements of the company's strategy for monitoring risks in the accounting process also include the functional separation between entry, verification and approval, as well as a clear allocation of responsibilities in the departments in question. The general use of SAP BCS for Group consolidation and SAP BPS for annual planning makes a further important contribution to the consistent avoidance of errors. Furthermore, the company should use a dual control system at all process levels.

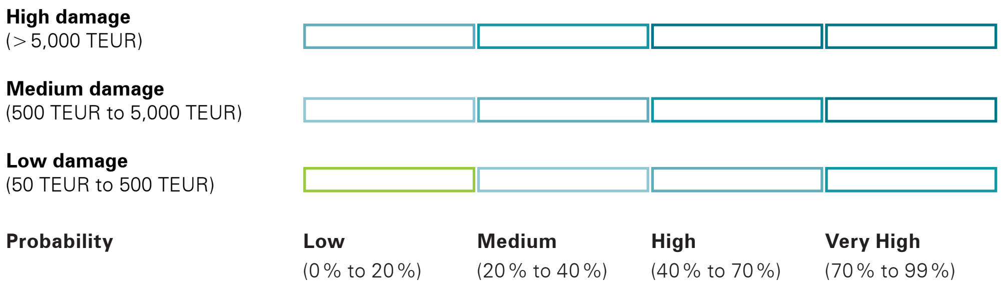
If there are special issues of a technical or complex nature, the company also involves external experts. Further monitoring activities include analyzing and conducting plausibility checks on transactions as well as continuously monitoring project calculations.

The illustrated structures, processes and features of the internal control and risk management system ensure that Manz Group's financial reporting is consistent and in accordance with legal requirements, generally accepted accounting principles, international accounting standards and consolidated internal guidelines. The internal control system and the risk management system are dynamic systems and are continuously adapted to changes in the business model, the type and scope of business transactions or responsibilities.

Statement not included in the management report (unaudited)
As a result, the internal and external audits reveal potential for improvement in individual cases with regard to the appropriateness (completeness of suitable controls) of controls. With regard to the assessment of these management systems, the Managing Board has no evidence that they might not be appropriate in their entirety. The Managing Board works with Manz employees to implement identified potential improvements to the effectiveness of the systems.

All risks are classified according to the matrix below, which quantifies both the probability of occurrence and potential impact on EBIT expectations.

Impact



Risk Report

The following overview shows the assessment of risks arising in the fiscal year 2024 (forecast period) and could lead to deviations in the development of revenues and/or earnings.

Risks		Impact	Probability of occurence	Change to previous year
Operating risks	Project risks	medium	medium	→
	Personnel risks	medium	medium	↗
	Liquidity and financing risks	high	medium	↗
	Currency risks	medium	high	→
	Risks from IT	medium	low	→
Strategic risks	Risks from the strategic focus on dynamic growth markets	high	medium	→
	Dependence on major customers and industries	high	medium	→
Market risks	Risks in connection with international business activities	high	low	→
	Risks due to increasing competition	medium	medium	↗
	Risks arising from rapid technological change and the market launch of new products	high	low	→
Environmental risks	Risks related to pandemics	low	low	→
	Risks from the environment and nature	medium	low	→

Operating risks

Project risks

Project risks relate primarily to non-standardized major contracts. Here, risks from the possible failure to meet planned costs and schedule, the non-fulfillment of acceptance criteria, from order cancellations and associated non-acceptance of orders and resulting contractual risks, as well as from the possible default of individual key suppliers. By expanding the share of standardized machine components in the product portfolio, which can be modularly customized to modules or entire production equipment according to the customer's requirements, Manz intends to reduce the aforementioned project risks overall. In order to keep projects under control, costs, time and quality are coordinated in a gate process between business unit and operations. Design changes to non-standard machines that are necessary and unforeseeable at the beginning of an order could lead to higher costs than expected and thus erode project margins. In addition, inadequately maintained material master data can lead to standard materials not being recognized and, therefore, price advantages in project purchasing not being exploited. In order to avoid additional work and associated additional costs for project completion, project and product specifications are to be already clearly and precisely defined in the contract offers through interdepartmental cooperation.

Major changes in the scope of orders or the unexpected termination of orders can have a negative impact on Manz AG's liquidity and earnings position.

Personnel risks

For the corporate success of a high-tech equipment manufacturer, qualified and motivated managers and employees are of decisive importance. The departure of executives or key employees could have a negative impact on the company's business performance, thereby affecting its net assets, financial position and operational results. At the same time, there is also a risk that the company will not be able to hire a sufficient number of new, suitable executives or additional employees. Manz aims to create a positive working environment with measures such as various working time models or giving employees a financial stake in the company's success, thereby retaining employees and expertise within the company in the long term. As a listed company, Manz AG is more in the focus of potential employees than non-listed companies. This allows Manz to better present its offerings to employees, such as flat hierarchies, exciting activities, flexible working hours, and well-equipped workplaces. However, it also brings extra attention in economically challenging times, which can temporarily make it harder to recruit. Another positive aspect of stock market listing is the ability to bind employees more closely to the company through the issue of shares and a corresponding profit share.

Liquidity and financing risks, including going concern risks

Based on a decline in incoming orders of EUR 195.7 million in the 2023 fiscal year compared to the previous year (EUR 359.7 million) at the Manz Group and EUR 106.9 million (previous year: EUR 215.2 million) at Manz AG, in particular advance payments received from customers fell as of the reporting date. Over the course of the year, this led to a decline in cash and cash equivalents at the Manz Group (EUR 30.2 million, previous year: EUR 33.6 million) and at Manz AG (EUR 8.1 million, previous year: EUR 17.7 million) despite proceeds of EUR 11.5 million from the sale of shares in Customcells Holding GmbH. Cash and cash equivalents fell to EUR 16.3 million for the Manz Group and EUR 3.3 million for Manz AG in the period up to April 30, 2024.

Accordingly, liquidity and financing risks, including going concern risks, increased further in the 2023 fiscal year compared to the previous year.

In order to counter these going concern risks in the forecast period up to May 2025, the Managing Board of Manz AG has developed and implemented various measures to maintain solvency,

which are already used as assumptions in the last updated version of the rolling liquidity planning described below in addition to current assumptions for the operating business.

A key ongoing assumption in the liquidity planning of the Manz Group and Manz AG is the receipt of the customer orders identified and planned as part of the budget planning discussions in relation to the order amount and in relation to the planned time of receipt of the order. Incoming orders are then associated with payments from the respective order at short intervals, which are followed by payments for supplier orders with a time lag. A delay or change in the volume of planned incoming orders or payments from new and existing projects, higher project costs or repayment obligations from projects as well as the general absence of incoming orders or the loss of customer payments from existing projects can have a significant impact on the liquidity of Manz AG and the respective subsidiaries and thus also on the Group.

Other key assumption for the liquidity planning of the Manz Group and Manz AG for the forecast period relate in particular to the amount and timing of payments from subsidies as part of the ICPEI project in the low double-digit million range.

Manz AG and the Manz Group's subsidiaries work with rolling liquidity planning in order to promptly recognize the risks from delayed or non-payments and other significant issues affecting liquidity. Based on the sensitivity analyses carried out with regard to the liquidity planning for Manz AG, the Managing Board recognized that, taking into account a risk discount of 20 % on incoming orders and a simultaneous 5 % decline in the gross margin from projects in the forecast period, the Managing Board had to take immediate measures to maintain solvency and thus to continue the business activities of Manz AG and the Manz Group.

The Managing Board has therefore developed and implemented a comprehensive package of measures to maintain solvency. With the signing of the purchase agreement dated May 8, 2024 between Manz AG and Harro Höfliger Verpackungsmaschinen GmbH, Allmersbach im Tal, the sale of the shares in Manz Hungary Kft, Debrezin/Hungary, as part of a share deal, was agreed between the two contracting parties subject to a condition precedent at a purchase price of EUR 8 million. The following conditions for the transfer of the shares and the receipt of the purchase price must be fulfilled in advance:

- Presentation of the audited consolidated financial statements and the audited annual financial statements of Manz AG as of December 31, 2023
- Duly confirmed by the Hungarian Minister of Domestic Economy pursuant to Government Regulation No. 561/2022 on Foreign Direct Investment for the acquisition of shares in Manz Hungary Kft.
- Proper confirmation of the Hungarian Investment Promotion Agency on the approval of the change of ownership of Manz Hungary Kft. with simultaneous transfer of the subsidy commitments
- Application for subsidies to the Hungarian state by June 30, 2024 by Manz Hungary Kft.
- Conclusion of an IT framework agreement between Manz AG, Harro Höfliger Verpackungsmaschinen GmbH and Manz Hungary Kft.

- Approval of SAP license transfer and legal transfer of SAP licenses by SAP SE, Walldorf
- Approval of the legal license transfer of a CAD system by Siemens Aktiengesellschaft, Munich

The legal representatives of Manz AG assume that the conditions will be met within the second quarter of 2024 and that the purchase price will be paid by August 31, 2024 at the latest.

Furthermore, in May 2024, an agreement was already concluded for a shareholder loan, which is structured as a current account line of credit in the amount of EUR 3 million and is available to Manz AG on demand for a period of 12 months from the conclusion of the agreement.

In addition, advance payments were agreed with a major customer in April 2024, which would actually have been due in the course of the third and fourth quarters of 2024. As agreed, these prepayments led and will lead to a cash inflow of around EUR 8 million in May and June 2024.

In addition, based on the liquidity planning of the relevant subsidiaries abroad, the Manz Group and Manz AG require the regular extension of short-term overdraft facilities, particularly at the subsidiaries in Taiwan,China and Slovakia, for which Manz AG is a partial guarantor, is also necessary to maintain its solvency in the forecast period until the end of May 2025 and thus to enable the Group to continue its business activities. The Executive Board also assumes that the overdraft facilities still to be extended will most likely be renewed.

All measures taken as part of the package of measures will make a significant contribution to maintaining solvency in the forecast period. The result of this analysis is that it is highly likely that full financing can be maintained in the forecast period.

However, if there are significant deviations affecting liquidity, in particular due to a lack of incoming orders, i.e. with a discount of 50 % on the planned incoming orders in the forecast period, Manz AG is called upon under other warranty guarantees or significant overdraft facilities at foreign subsidiaries are not extended, this will result in a liquidity shortfall in the second half of the forecast period, which will jeopardize the continued existence of Manz AG and the Manz Group.

The continued existence of Manz AG, and thus also of the Group, depends to a large extent on the liquidity risks outlined above not materializing. These events and circumstances represent a going concern risk within the meaning of Section 322 (2) sentence 3 HGB.

Currency risks

The Manz Group's currency risks arise from operating activities. In the 2023 fiscal year, these mainly related to transactions by the Asian companies and Manz AG from the sale of machinery. The transaction-related exchange rate risk resulting from the appreciation or depreciation of the US dollar against the New Taiwan dollar and the US dollar against the Chinese renminbi is generally hedged using forward exchange transactions where necessary and possible. In addition, the exchange rate risk is also to be reduced by spreading the production sites across several countries.

Due to the balance sheet items of individual subsidiaries currently held in foreign currencies, this risk has increased significantly compared to the previous year.

Risks from IT

A large part of the processes and communication in the Manz Group is IT-supported. Therefore, the security of corporate data and the avoidance of interruptions to IT-supported business processes have high priority. To this end, IT systems are protected against possible cyber attacks by unauthorized third parties or by malware, and alternative solutions are developed in the event of stability problems. Work is also ongoing to standardize the use of IT systems across the entire Group.

Strategic risks

Risks from the strategic focus on dynamic growth markets

As a high-tech equipment manufacturer, Manz AG focuses on rapidly growing future markets with short product life cycles. With its production solutions, Manz contributes to the development of numerous technologies. Among other things, consumer electronics, power electronics and other components of the electric drive train, as well as batteries for electric vehicles, consumer electronics and stationary energy storage systems, are manufactured on Manz machines. This market positioning in highly competitive and innovation-driven markets entails the risk of a competitive disadvantage due to insufficient flexibility of structures, insufficient know-how or too slow a pace of development. In order to avoid this, the respective segments therefore always endeavor to recognize customer requirements and future technological trends in the industries at an early stage. The company derives innovations from these findings, in order to stay one step ahead of the competition. The innovation approaches are presented and discussed by the business units in a group-wide strategy meeting every six months and their implementation is approved after a detailed, positive review.

Dependence on major customers and industries

The development of production equipment for industrial companies entails the risk of a concentration in the order volume on individual projects, sectors and customers. In the 2023 fiscal year, the Manz Group generated around 40% of its revenues with five customers. If the loss of a major client cannot be compensated for, negative effects on the Manz Group's results are to be expected. For this reason, Manz pursues the goal of balancing the order structure within the two reporting segments. Machines that can be combined modularly and machine components, as well as "small lines" and major projects with an order volume of > EUR 10 million are to be balanced out. The risk of a decline in major customers is to be reduced in principle by broadening the customer base and diversifying project volumes and the business model.

Market risks

Risks in connection with international business activities

Negative macroeconomic and financial developments in the international sales markets may have negative effects on business development. As a result, refinancing for Manz as a listed company via the capital market could become significantly more difficult. For potential Manz customers, there is a general risk that the necessary capital for investments in new equipment will not be available due to the fact that some markets are still young. As a result, Manz constantly monitors and analyzes the market and the competition in order to recognize such developments at an early stage and to counteract them. The flexibility of the entire corporate organization, the expansion of the product portfolio, the customer base and global sales capacities, and the focus on growth markets of the three core regions of Asia, Europe and the United States make it possible to react quickly to negative changes in individual markets. Increasing internationalization may also result in risks on the purchasing market side, for instance shortfalls due to trade wars, such as the ongoing one between China and the USA, as well as due to the current situation with the war in Ukraine. In addition, an increase in interest rates by the central banks could lead to a weakening of the global economy with corresponding effects on the Manz Group. A high inflation rate also generally entails the risk of a loss of purchasing power and an associated deterioration in the Group's earnings situation.

On the supplier side, Manz endeavors to avoid becoming dependent on individual suppliers or procurement markets through flexibility, e.g. by avoiding single-source suppliers. In addition thereto, the harmonization of all relevant internal processes as part of international cooperation within the Manz Group is intended to ensure the quality of products at the lowest possible cost and generally optimized IT processes.

Risks due to increasing competition

Existing and potential competitors, in particular, Asian manufacturers, could attempt to gain market share in Manz's target industries – primarily through an aggressive pricing policy, an imbalance caused by local tax and subsidy policies of states and governments, or import restrictions to support national companies. Although the market for battery production systems has enormous growth potential, it is currently almost entirely in the hands of Asian suppliers. For another battery cluster to emerge outside Asia, European and North American manufacturers, equipment suppliers and public institutions will need to work closely together. If this does not succeed, Asia will extend its lead and retain its supremacy. Another risk is that there will be too many new competitors, resulting in oversupply on the market and subsequent consolidation among companies. This could have a direct impact on the development of the company's market share and thus on the Manz Group's revenue and earnings situation. In order to counteract these risks effectively, the "Market Intelligence" division constantly conducts market and competitive surveys, which are discussed in detail in international sales meetings on a regular basis and serve as a basis for possible countermeasures. Furthermore, the CRM system (Customer Relationship Management) provides leading indicators for assessing future market development. A detailed analysis of lost projects provides prompt clarity about the competitive situation. The process of "product invention, development and market launch" also aims to provide strategic innovations for the company's competitive edge in growth markets and to further strengthen Manz's positioning as a high-tech engineering company. With its local facilities in Taiwan and China, the associated production costs that are standard for the local area, and direct customer contacts, Manz counteracts any churn to domestic competitors.

Risks from rapid technological change and from launching new products

Research and development and an innovative product portfolio are crucial for the company to maintain its technological position on the market. The industries for which Manz develops and manufactures its machines and systems are characterized by rapid technological change. Substitutive or disruptive technologies may occupy substantial parts of an existing market. Competitors of the Manz Group could thus succeed in reacting faster (or better) to changing customer requirements by developing corresponding technologies or software, thereby gaining a competitive advantage over Manz. In these cases, demand for Manz's products could be significantly impaired. Furthermore, the Manz Group could develop machines and equipment for which there is little or no demand on the market. There is also a risk that the development of new products will not deliver any usable results, or that these are already protected by patent law elsewhere. Problems with, e.g., technical feasibility, quality assurance, failure to meet deadlines, increased costs, etc., could at worst lead to the loss of customers in conjunction with financial losses. Manz endeavors to maintain close contact with its clients and thus to recognize new trends at an early stage. Furthermore, in the Business Development segment, we are also working on new application possibilities for the technologies developed by Manz. The proximity to the customer further enhances Manz AG through the constant expansion of the associated service business, in particular with after-sales service. Based on our risk analysis, Manz also pursues the goal of ensuring that projects and products are implemented in line with contractual agreements. Manz also counters fundamental risk involved in developing and launching new products for individual customers by expanding its product portfolio to include machine components which can be customized to form modular assemblies or complete production machines at the customer's request. With the help of the measures described, the probability of occurrence of this risk was kept at a consistently low level compared to the previous year.

Environmental risks

Risks related to pandemics

As an internationally active high-tech engineering company, the Manz Group has production facilities in Germany, China, Taiwan, Slovakia, Hungary, and Italy, as well as service subsidiaries in the USA and India. Activities in regions with less developed healthcare systems could have a negative impact on the company's business in the region in the event of pandemics and the resulting production stops, thus impacting the company's net assets, financial position and results of operations. In this context, pandemics could continue to have a negative impact on the execution of our customer projects outside Europe, in particular.

Risk from the environment and nature

Natural disasters – such as earthquakes and floods or other events like fires – can lead to production stoppages, which could have a negative impact on the company's business development and thus impair its net assets, financial position and results of operations. There are also risks of environmental pollution that Manz itself can influence and could, therefore, be held liable for. In general, there is a risk that the company will not or only partially comply with legal requirements in the area of sustainability. These risks are to be minimized by installing an environmental and sustainability management system.

Opportunities Report

The Manz Group's opportunity management system is firmly interlinked with the implemented risk management system. As in the previous year, the aim of the opportunity management system is to identify strategic and operational opportunities at an early stage and, on the basis of corresponding analyses, to provide the Managing Board and segment managers with the necessary information to consistently exploit opportunities for further corporate growth by taking appropriate measures. As a rule, different scenarios are developed for the individual opportunities, on the basis of which well-founded decisions can be made.

We see attractive opportunities for our Group in the coming years in the following areas, in particular:

Industry focus with competitive and customer-oriented, innovative technology portfolio

In recent years, we have laid the foundations for utilizing our current growth potential by consistently focusing our technology and product portfolio on the needs and challenges of the automotive industry & electromobility, battery production, electronics and energy technology. By focusing, in particular, on the megatrends of electrification and digitalization, the aim is to significantly accelerate growth in the medium to long term.

Sustainable competitiveness and profitability through profitable growth

Sustainable and profitable growth is to be achieved through the use of cutting-edge technologies and the realization of economies of scale through modular production facilities. The basis for this is Manz AG's diversified business model, which addresses different industries for its innovative production solutions. Customized solutions and the proportion of modular machines in the product portfolio should strengthen the attractiveness of our highly specialized technology solutions for a constantly growing customer base and be an important driver for sustainable profitability. Based on a modular system, the modular machines can be linked together to form complete, individual system solutions and can be used for a wide range of application scenarios. This step should significantly reduce development risks, effort and duration and thus significantly shortens the amortization of development efforts. Simultaneously, we can generate synergy effects that further increase the productivity of the entire Group.

We are also advancing the development of highly efficient machines and processes for the fully automated production of next-generation lithium-ion batteries with the "Lithium battery factory of the future" project. The proven project and development expertise should significantly improve the performance and cost efficiency of production and considerably reduce the time to market for customers. This project is supported by the Federal Ministry of Economics and Climate Protection (BMWK) and the Baden-Württemberg Ministry of Economics as part of the Important Projects of Common European Interest (IPCEI), in order to promote research and innovation in the battery value chain. In addition, Manz Italy Srl also received a funding commitment from the Italian Ministry for Economic Development. As one of the few European engineering companies that already has extensive experience in the entire value chain of lithium-ion battery production, the IPCEI funding will allow Manz to further intensify its development activities and thus continuously expand its own competitiveness.

In addition, cost-conscious management is of central importance for the profitable development of a company. The diversified business model and ongoing measures to optimize costs are aimed at maintaining long-term competitiveness and profitability.

Cross-segment technology deployment offers possibilities for synergy effects and flexibility

When developing our production systems, we actively transfer technology between industries. By applying our comprehensive technological expertise across all sectors, we create synergies and strive to help minimize production costs for our customers and thus contribute to their cost-effective production. At the same time, the synergy effects achieved between the segments should increase the Manz Group's productivity and profitability. By utilizing the synergy effects between the segments, our business model is also flexibly positioned for new growth trends and sales markets with additional revenue and earnings potential.

Cooperation with strategic partners opens up growth potential

We see additional growth potential through close cooperation with selected strategic partners. In 2022, we expanded the strategic cooperation with GROB-WERKE GmbH & Co. KG in the field of lithium-ion battery systems, which has been in place since 2021, to include Dürr AG. The cooperation enables us to jointly set new, innovative machine standards "Made in Europe", combine market and customer access and pool our technical expertise. We can combine our specific, complementary skills to form a unique European alliance and jointly acquire and work on projects to equip complete battery factories. The aim of our partnership is to establish ourselves together as a European system provider of battery production systems, and to offer customers a high-performance alternative to the equipment suppliers that have mostly come from Asia to date. In doing so, the immense growth potential in the production technology business for lithium-ion batteries is to be exploited and the entire value chain covered.

Daimler Truck AG's investment in Manz AG and the additional cooperation agreement signed in this context also reflect Manz's strong position in the field of lithium-ion battery production. As a first step, a pilot line for the production of lithium-ion battery cells and the assembly of batteries will be established at the Daimler Truck site in Mannheim. Going forward, the partners will pool their expertise to jointly develop innovative battery technology and the associated production processes for trucks and buses.

Opportunities	Impact	Probability of Occurence
Industry focus with competitive and customer-oriented, innovative technology portfolio	high	high
Sustainable competitiveness and profitability through profitable growth	high	medium
Cross-segmental use of technology offers synergy effects and flexibility	high	high
Cooperation with strategic partners opens up growth potential	medium	high

Overall picture of the Group's risk and opportunity situation

Manz AG's risk portfolio consists of both risks that can be influenced by the Group and risks that cannot be influenced such as economic and industry developments. The company regularly monitors and analyzes the situation in these areas. Risks that can be influenced should be identified at an early stage through appropriate monitoring and control systems and thus avoided. Significant risks, which are likely to have serious negative effects on the ecological or social aspects, cannot be deduced from the business model of Manz AG.

With regard to going concern risks, please refer to the comments on liquidity and financing risks, including going concern risks. For the 2024 forecast period, this risk, in particular, has increased further compared to the previous year. For the change in other risks, please refer to the table at the beginning of the risk report. Risks which do not have any or little relevance according to the risk management system in comparison with the preceding year have not been shown in the current risk report. The risks and their possible effects are known, as are the measures to be introduced. The resulting opportunities are analyzed and, if necessary, implementation is initiated.

Forecast Report

Economic and Sectoral Outlook

In its outlook for the global economy from December 2023, the Kiel Institute for the World Economy (IfW) assumes that economic momentum will remain low for the time being and that the global economic upturn will be a long time coming. On the one hand, commodity prices and energy costs, in particular, have fallen significantly, while supply bottlenecks are no longer an unusually heavy burden on economic activity, and real wages are rising again thanks to falling inflation and rising remuneration. On the other hand, however, uncertainty for companies and consumers remains high, particularly due to geopolitical tensions, and is likely to curb the propensity to invest and consume. Overall, the IfW experts expect the global economy to expand at a moderate pace in December 2023 and only gradually gain momentum. Global economic growth of 2.9 % is expected for the current year 2024 (previous year: 3.1 %). Economic researchers at the IfW expect economic output in the USA to increase by 1.5 % in 2024 (previous year: 2.4 %). In China, the economic situation remains subdued due to structural problems and the pace of expansion remains low by historical standards. The Chinese economy is expected to grow by 4.7 % in 2024 (previous year: 5.4 %). Growth of 0.9 % is expected for the European Union in 2024 (previous year: 0.5 %). Even if no major economic momentum is currently foreseeable, the IfW is forecasting a slight increase in economic output in Germany of 0.9 % in 2024, which will be supported, in particular, by private consumption (previous year's forecast: −0.1 %).

In its December 2023 forecast, the VDMA expects machine production to decline by −4.0 % in real terms in 2024 (previous year: −1.0 %), which is primarily due to falling order backlogs. The VDMA forecasts a total nominal production value of EUR 247 billion for mechanical engineering in 2024 (previous year: EUR 249 billion).

For the global automotive industry addressed by the Mobility & Battery Solutions segment, S&P Global Mobility identifies a risk to further growth following the easing of supply chain disruptions, particularly in the declining demand momentum, as consumer uncertainty exceeds the pent-up demand.

According to forecasts by market analysts at EV-volumes.com, roughly 13 million all-electric vehicles (BEVs) will be sold worldwide in 2024, which corresponds to growth of around 31 % compared to 2023. The share of all-electric vehicles in total car sales therefore increased to around 14.3 % (previous year: 11.2 %). In order to meet the growing demand for lithium-ion batteries as a key component of electric vehicles in the coming years, production capacities are being significantly expanded. For the current year 2024, EV Volumes forecasts the battery capacity required for the aforementioned production of 13.3 million electric vehicles at around 918 gigawatt hours, which corresponds to an increase of around 44 % compared to 2023.

Market analysts at Interact Analysis forecast growth of roughly 16 % to around USD 6.2 billion (previous year: 34 %) for the battery cell assembly production systems market in 2024.

In the Industry Solutions segment, Manz addresses various markets with its machines. These include production solutions for the electronics and display industry, as well as assembly lines for the automotive industry, including the manufacture of inverters for electric vehicles.

Due to the strong growth in the electric vehicle sector, the demand for inverters, which are an essential component of the power electronics in electric vehicles, will continue to increase. Based on IHS Markit forecasts, Manz assumes that European and North American automotive manufacturers (OEMs) will require a total of around 23 million inverters in 2024 (previous year: around 17 million).

DSCC expects capacity in the global display market to grow by around 2–3 % in 2024 compared to 2023 (previous year: −1 %). In particular, additional investments in IT OLED plants and some LCD production lines, which will now continue to operate after all, contributed to this increase.

Within PCB production, Prismark expects growth rates for packaged substrates to increase again in the coming years. The market is expected to grow to around USD 20 billion by 2027, which corresponds to an average annual growth rate of 11.8 % from 2023 to 2027.

The Yole Group forecasts that the global market for the fan-out panel level packaging (FOPLP) chip packaging process will grow by around 55 % to USD 189 million in 2024 (previous year: USD 122 million). The most important growth drivers on the application side include Yole's increasing demand in the area of high-performance computing (HPC) and for high-end smartphones and smartwatches.

Expected Development of the Group and the Segments

Forecast Revenues

	2022 actual	2023 forecast*	2023 actual	2024 forecast
	Revenues in millions of EUR	Revenue trend	Revenues in millions of EUR	Revenue trend
Group	251.0	Revenue growth in the lower double-digit percentage range compared to the previous year*	249.2	Increase in revenues in the mid single-digit percentage range
Mobility & Battery Solutions	92.3	Revenue growth in the mid double-digit percentage range compared to previous year	91.1	Increase in revenues in the lower double digit percentage range
Industry Solutions	158.6	Revenue growth in the lower double-digit percentage range to the previous year	158.0	Increase in revenues in the low single-digit percentage range

*Adjustment of the revenue forecast with ad hoc announcement dated January 26,2024 to a value approximately at the previous year's level.

Earnings Forecast

	2022 actual	2023 forecast	2023 actual	2024 forecast
	EBIT margin in %*	Earnings trend	EBIT margin in %	Earnings trend
Group	–1.5	EBIT margin in the low positive single-digit percentage range	1.1	EBIT margin in the low positive single-digit percentage range
Mobility & Battery Solutions	–10.5	EBIT margin in the low positive single-digit percentage range	0.5	EBIT margin in the low positive single-digit percentage range
Industry Solutions	5.1	EBIT margin in the low positive single-digit percentage range	2.2	EBIT margin in the low positive single-digit percentage range

*Adjustment of previous year's items: Guarantee commissions are now reported under financial expenses instead of other operating expenses. EBITDA and EBIT for the previous year improved accordingly.

For information on the risks and opportunities of future business development, please refer to the risk and opportunity report and; with regard to business development in 2022 and 2023, to the comments in the section on the results of operations.

Due to the continued positive overall industry outlook in the markets addressed by the Manz Group, the Managing Board expects Manz to grow profitably in 2024. The extent to which the consequences of the war in Ukraine, trade wars – such as the one between China and the USA – and the central banks' current interest rate policy will affect the overall economic and sector-specific conditions in 2024 cannot be conclusively estimated. The Managing Board expects the Group to achieve a mid single-digit percentage increase in revenues compared to 2023, a mid to upper double-digit percentage increase in incoming orders, an EBITDA margin in the mid positive single-digit percentage range and an EBIT margin in the low positive single-digit percentage range. The equity ratio is expected to be around 30 %.

At segment level, the Managing Board anticipates an increase in revenues in the low double-digit percentage range for Mobility & Battery Solutions, an EBITDA margin in the mid positive single-digit percentage range and an EBIT margin in the low positive single-digit percentage range, particularly as a result of the market opportunities arising from the cooperation with Dürr and GROB. With regard to incoming orders, the Managing Board is forecasting a doubling to tripling of the figure compared to the 2023 financial year, with an amount of around EUR 65 million. For Industry Solutions, the Managing Board is forecasting an increase in revenues in the low single-digit percentage range, an EBITDA margin in the mid positive single-digit percentage range, an EBIT margin in the low positive single-digit percentage range and an increase in incoming orders in the mid double-digit percentage range. The aim of the Managing Board is to further develop the comprehensive technology portfolio, on the one hand, and to strengthen and expand Manz's robust market position in both segments, on the other. With its technologies, Manz will continue to focus, in particular, on the automotive and electromobility, battery production, electronics and energy industries.

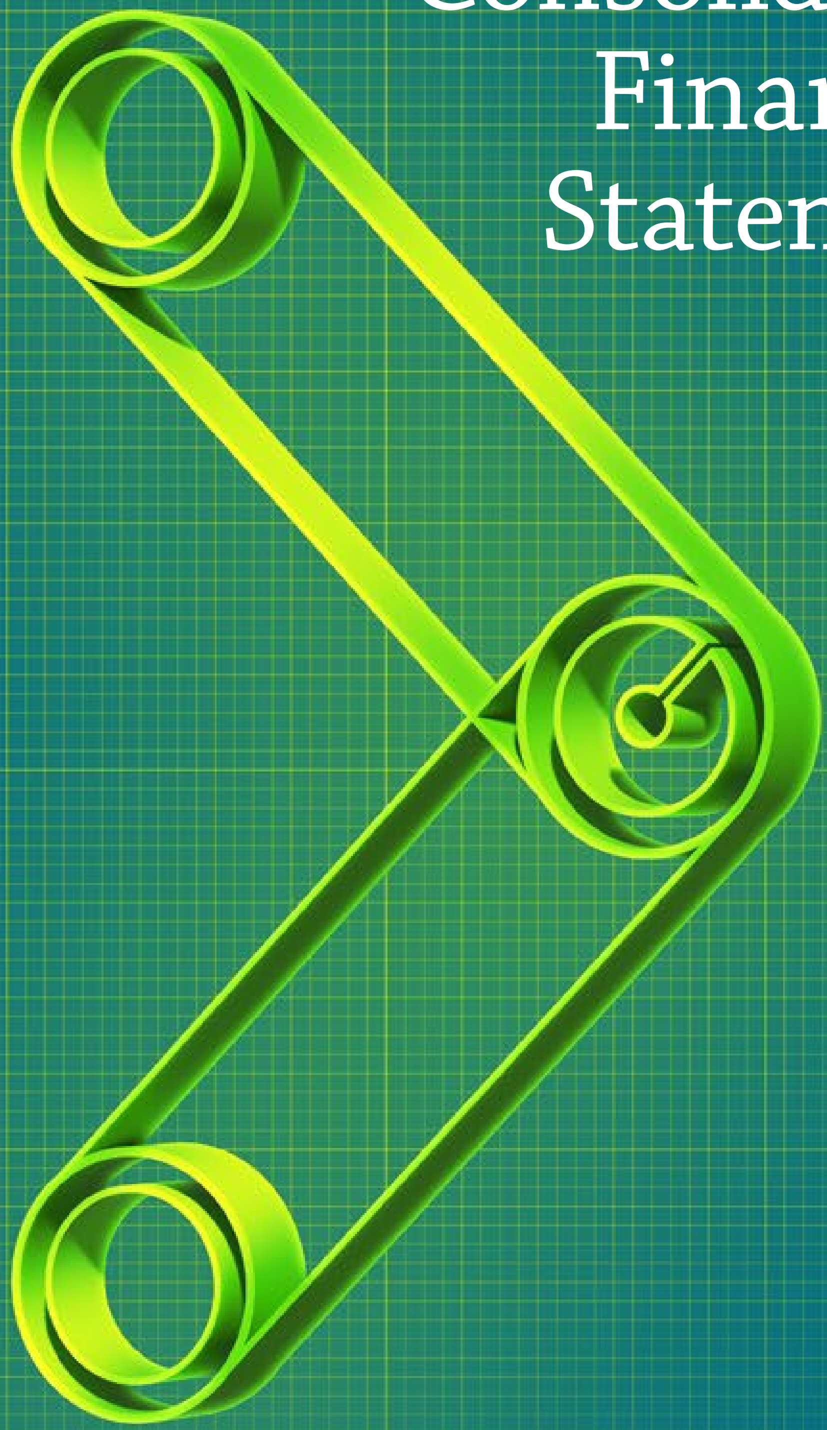
Forward-Looking Statements

This report contains forward-looking statements, which are based on the current assumptions and forecasts of Manz AG's Managing Board. Such statements are subject to both risks and uncertainties. These and other factors could cause the actual results, financial position, developments or performance of the company to differ materially from the estimates given here. Notwithstanding existing obligations under capital market law, the company assumes no obligation whatsoever to update such forward-looking statements, or to adapt them to future events or developments.

Reutlingen, May 17, 2024

The Managing Board

Martin Drasch Manfred Hochleitner



Consolidated Financial Statement

Consolidated Income Statement

(in TEUR)	Notes	01/01/– 12/31/2023	01/01/– 12/31/2022
Revenues	1	249,170	250,964
Inventory changes, finished and unfinished goods		–583	4,666
Work performed by the entity and capitalized	2	19,520	26,216
Total operating performance		**268,107**	**281.846**
Other operating income	3	11,914	16,156
Material expenses	4	–146,033	–166,814
Personnel expenses	5	–84,771	–80,677
Other operating expenses *	6	–33,467	–41,194
Result from investments using the equity method		–1,118	–1,332
EBITDA		**14,632**	**7,985**
Amortization / depreciation	7	–11,775	–12,176
EBIT		**2,857**	**–4,191**
Finance income	8	348	120
Finance costs *	9	–4,579	–3,605
Earnings before taxes (EBT)		**–1,374**	**–7,676**
Income taxes	11	–1,010	–4,472
Consolidated net profit		**–2,384**	**–12,149**
thereof attributable to non-controlling interests	12	5	0
thereof attributable to shareholders of Manz AG		–2,389	–12,149
Weighted average number of shares (undiluted)		8,541,621	8,082,499
Earnings per share			
undiluted in EUR per share	13	–0.28	–1.42
diluted in EUR per share	13	–0.28	–1.42

*Adjustment of prior-year figures. For further information, please refer to section "III. Adjustment of prior-year figures" in the notes of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

(in TEUR)	01/01/– 12/31/2023	01/01/– 12/31/2022
Consolidated profit or loss	**–2,384**	**–12,149**
Difference resulting from currency translation	–1,802	–5,808
Cash flow hedges	0	0
Tax effect resulting from components not recognized in profit/loss with possible future reclassification	0	0
Total of expenditures and income recorded directly in equity with possible future reclassification with tax effect	**–1,802**	**–5,808**
Financial assets measured at fair value through other comprehensive income (FVOCI)	1,006	0
Revaluation of defined benefit pension plans	–585	965
Share of other comprehensive income from investments using the equity method	0	0
Tax effect resulting from components recognized directly in equity without future reclassification	185	–261
Total of expenditures and income recorded directly in equity without future reclassification with tax effect	**606**	**704**
Group comprehensive income	**–3,579**	**–17,253**
thereof non-controlling interests	–7	–5
thereof shareholders Manz AG	–3,573	–17,248

Consolidated Balance Sheet

ASSETS (in TEUR)

		Notes	12/31/2023	12/31/2022 *
A.	**Non-Current Assets**			
I.	Intangible assets	(14)	40,662	43,885
II.	Property, plant and equipment	(15)	46,603	44,314
III.	Investments accounted for using the equity method	(16)	1,917	7,632
IV.	Financial assets	(17)	3,685	3,829
V.	Other non-current assets	(18)	3,517	2,681
VI.	Deferred tax assets	(11)	3,515	2,878
			99,899	**105.220**
B.	**Current Assets**			
I.	Inventories *	(19)	33,837	46,764
II.	Trade receivables	(20)	41,961	47,588
III.	Contract assets	(21)	52,852	73,696
IV.	Current income tax receivables		260	403
V.	Derivative financial instruments	(22)	466	1,513
VI.	Other current assets	(23)	19,109	26,607
VII.	Cash and cash equivalents	(24)	30,239	33,604
			178,724	**230,175**
	Total assets		**278,623**	**335,394**

*Adjustment of prior-year figures. For further information, please refer to section "III. Adjustment of prior-year figures" in the notes of the consolidated financial statements.

LIABILITIES (in TEUR)

		Notes	12/31/2023	12/31/2022 *
A.	**Equity**			
I.	Issued capital	(25)	8,543	8,540
II.	Capital reserves		21,061	20,088
III.	Retained earnings		70,698	73,087
IV.	Accumulated other comprehensive income		–842	342
	Shareholders of Manz AG		**99,459**	**102,057**
V.	Non-controlling interests		208	215
			99,668	**102,272**
B.	**Non-Current Liabilities**			
I.	Non-current financial liabilities	(26)	15,546	6,738
II.	Non-current financial lease liabilities	(27)	7,413	9,921
III.	Pension provisions	(28)	4,732	4,603
IV.	Other non-current provisions	(29)	2,005	2,463
V.	Other non-current liabilities		100	119
VI.	Deferred tax liabilities	(11)	4,253	5,234
			34,050	**29,077**
C.	**Current Liabilities**			
I.	Current financial liabilities	(30)	50,538	37,541
II.	Current Financial lease liabilities	(30)	4,732	4,095
III.	Trade payables*	(31)	44,007	64,205
IV.	Contract liabilities	(32)	22,567	74,243
V.	Current income tax liabilities		2,325	2,252
VI.	Other current provisions	(33)	7,449	6,148
VII.	Derivative financial instruments	(22)	135	202
VIII.	Other current liabilities	(34)	13,151	15,359
			144,905	**204,045**
	Total liabilities		**278,623**	**335,394**

*Adjustment of prior-year figures. For further information, please refer to section "III. Adjustment of prior-year figures" in the notes of the consolidated financial statements.

Consolidated Cash Flow Statement

(in TEUR)	12/31/2023	12/31/2022*
Net profit / loss after taxes	–2,384	–12,149
Amortization/ depreciation	11,775	12,176
Increase (+) / decrease (–) of pension provisions and other non-current provisions	–719	–1,147
Interest income (–) and expenses (+)	4,231	1,679
Taxes on income and earnings	1,010	4,472
Other non-cash income (–) and expenses (+)	973	954
Gains (–) / losses (+) from disposal of assets	–5,708	31
Result from investments using the equity method	1,118	1,332
Increase (–) / decrease (+) in inventories, trade receivables, contract assets and other assets*	41,096	–21,971
Increase (+) / decrease (–) in trade payables, contract liabilities and other liabilities*	–70,246	16,960
Received (+) / Paid income taxes (–)	–795	–2,941
Interest paid	–4,579	–1,799
Interest received	348	120
Cash flow from operating activities (1)	**–23.879**	**–2,282**
Cash receipts from the sale of fixed assets	137	37
Cash payments for the investments in intangible assets and property, plant and equipment	–28,824	–32,802
Government grants/subsidies received	19,530	12,457
Cash payments for investments in subsidiaries less liquid funds received	0	–25
Cash receipts for the sale of investments using the equity method less liquid funds withdraw	0	0
Cash payments for investments using the equity method less liquid funds received	0	–1,017
Cash receipts from the investments on financial assets	12,703	112
Cash payments for the investments on financial assets	–1,032	–1,019
Cash flow from investing activities (2)	**2,513**	**–22,257**

(in TEUR)	12/31/2023	12/31/2022*
Cash receipts from the assumption of non-current financial liabilities	10,684	535
Cash payments for the repayment of non-current financial liabilities	0	0
Cash receipts from the assumption of current financial liabilities	48,662	37,541
Cash payments for the repayment of current financial liabilities	–36,540	–42,145
Purchase of treasury shares	0	0
Cash payment of lease liabilities	–4,375	–4,111
Cash receipts from equity increase	2	30,621
Cash flow from financing activities (3)	**18.433**	**22,442**
Cash and cash equivalents at the end of the period		
Net change in cash funds (subtotal 1–3)	–2,933	–2,098
Effect of exchange rate movements on cash and cash equivalents	–440	–385
Credit risk allowance on bank deposit	8	1
Cash and cash equivalents on January 1	33,604	36,086
Cash and cash equivalents on December 31, 2023	**30,239**	**33,604**

*Adjustment of prior-year figures. For further information, please refer to section "III. Adjustment of prior-year figures" in the notes of the consolidated financial statements.

Consolidated Statement of Changes to Equity 2022

					Other comprehensive income								
					Components which are not transferred to profit or loss			Components which may be transferred to profit or loss					
(in TEUR)	Issued capital	Capital reserves	Treasury shares	Revenue reserves	Remeasurement of pensions	Financial assets measured at fair value through other comprehensive income (FVOCI)	Investment accounted for using the equity method	Cash flow hedges	Currency translation	Other comprehensive income	Equity to shareholders of Manz AG	Non-controlling interest	Total equity
As of January 1, 2022	**7,757**	**19,297**	**0**	**55,194**	**–1,919**	**–24,245**	**0**	**0**	**31,605**	**5,441**	**87,688**	**262**	**87,950**
Consolidated net profit	0	0	0	–12,149	0	0	0	0	0	0	–12,149	0	–12,149
Other comprehensive income	0	0	0	0	704	0	0	0	–5,803	–5,099	–5,099	–5	–5,104
Consolidated income statement	0	0	0	–12,149	704	0	0	0	–5,803	–5,099	–17,248	–5	–17,253
Issue of shares	783	29,838	0	0	0	0	0	0	0	0	30,621	0	30,621
Withdrawal from capital reserves	0	–30,000	0	30,000	0	0	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Share–based payment	0	954	0	0	0	0	0	0	0	0	954	0	954
Change in scope of consolidation	0	0	0	42	0	0	0	0	0	0	42	–42	0
As of December 31, 2022	**8,540**	**20,088**	**0**	**73,087**	**–1,215**	**–24,245**	**0**	**0**	**25,802**	**342**	**102,057**	**215**	**102,272**

Consolidated Statement of Changes to Equity 2023

					Other comprehensive income								
					Components which are not transferred to profit or loss			Components which may be transferred to profit or loss					
(in TEUR)	Issued capital	Capital reserves	Treasury shares	Revenue reserves	Remeasurement of pensions	Financial assets measured at fair value through other comprehensive income (FVOCI)	Investment accounted for using the equity method	Cash flow hedges	Currency translation	Other comprehensive income	Equity to shareholders of Manz AG	Non-controlling interest	Total equity
As of January 1, 2023	**8,540**	**20,088**	**0**	**73,087**	**–1,215**	**–24,245**	**0**	**0**	**25,802**	**342**	**102,057**	**215**	**102,272**
Consolidated net profit	0	0	0	–2,389	0	0	0	0	0	0	–2,389	5	–2,384
Other comprehensive income	0	0	0	0	–400	1,006	0	0	–1,790	–1,184	–1,184	–12	–1,196
Consolidated income statement	0	0	0	–2,389	–400	1,006	0	0	–1,790	–1,184	–3,573	–7	–3.579
Issue of shares	2	0	0	0	0	0	0	0	0	0	2	0	2
Withdrawal from capital reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Share–based payment	0	973	0	0	0	0	0	0	0	0	973	0	973
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0
As of December 31, 2023	**8,543**	**21,061**	**0**	**70,698**	**–1,615**	**–23,239**	**0**	**0**	**24,012**	**–842**	**99,459**	**208**	**99,668**

Consolidated notes for financial year 2023

I. General Disclosures

Manz AG ("Manz AG" or "Group") is a stock corporation (Commercial Registration Stuttgart, Registration number 353 989) incorporated in Germany with its registered office at Steigäckerstrasse 5 in 72768 Reutlingen, Germany. Manz AG and its subsidiaries ("Manz Group" or "Manz") have many years of expertise in automation, laser processing, image processing and metrology as well as in wet chemistry and roll-to-roll processes. Manz AG's shares are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

Manz AG's consolidated financial statements as of December 31, 2023 were prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary provisions of German commercial and corporate law applicable in accordance with Section 315e(1) of the German Commercial Code (HGB). In addition, the provisions of the German Corporate Governance Code were observed. All mandatory standards and interpretations were taken into account. IFRS standards that have not yet become mandatory are not applied.

The consolidated financial statements have been prepared on a going concern basis. Material uncertainties associated with events or conditions that individually or in the aggregate cast significant doubt upon the Company´s ability to continue as a going concern are discussed in the section "Liquidity risks" of the risk report.

To better clarity, individual items have been summarized in the balance sheet and the income statement and disclosed separately in the notes. The Manz Group's financial year covers the period from January 1 to December 31 of one year. The consolidated financial statements are prepared in EUR. Unless stated otherwise, the disclosures in the notes are made in thousands of Euro (TEUR). All figures shown are rounded. The income statement is prepared in accordance with the total cost method. The consolidated financial statements for 2022 were released for submission to the Supervisory Board by resolution of the Managing Board on May 17, 2024.

II. Bases of Accounting

Consolidated group

The consolidated financial statements of Manz AG include all domestic and foreign companies which Manz AG can exercise direct or indirect control. Control influence exists when Manz AG is exposed to, or has rights to, fluctuating returns on its investment and has the ability to influence these returns through its power over the company.

In addition to Manz AG, the group of consolidated companies includes the following domestic and foreign subsidiaries as of December 31, 2023:

Shares in %	
Manz Batterytech Tübingen GmbH, Tübingen, Germany	100 %
Manz USA Inc., North Kingstown, USA	100 %
Manz Hungary Kft., Debrecen, Hungary	100 %
Manz Slovakia s.r.o., Nove Mesto nad Vahom, Slovakia	100 %
Manz Italy S.r.l., Sasso Marconi, Italy	100 %
Suzhou Manz New Energy Equipment Co., Ltd., Suzhou, PRC	56 %
Manz Asia Ltd., Hong-Kong, VR China	100 %
Manz China Suzhou Ltd., Suzhou, PRC	100 %
Manz India Private Ltd., New Delhi, India	100 %
Manz Chungli Ltd., Chungli, Taiwan	100 %
Manz Taiwan Ltd., Chungli, Taiwan	100 %

The financial statements of the subsidiaries and associated companies are prepared on the reporting date of the consolidated financial statements, which corresponds to the reporting date of Manz AG.

On March 14, 2023, Manz AG entered into an agreement to exchange its 40 % interest in Customcells Tübingen GmbH for a 4.97 % interest in Customcells Holding GmbH. The shares were originally intended to be held for long term and were not intended for trading purposes. Following the execution of the exchange, the shares in Customcells Holding GmbH were included in the consolidated financial statements at fair value through other comprehensive income (equity instrument FVOCI) as of March 14, 2023 in accordance with IFRS 9. The investment was allocated to the Mobility & Battery Solutions division. The income from this transaction is described in more detail in the section "Other operating income". On October 19, 2023, Manz AG exercised a put option to transfer the 4.97 % shares in Customcells Holding GmbH. The exercise price of the put option was TEUR 11,500. The effects of this transaction are described in the section "Financial assets".

As of June 14, 2023, a new investor invested in the Associate Q.big 3D GmbH. With this capital increase against the issue of new shares, Manz AG´s shareholding decreased from 24.99 % to 16.8 %. Despite a shareholding of less than 20 %, the company continues to be classified as an associated company, as it has significant influence.

There is also a 40% interest in CADIS Engineering GmbH, Schwendi, Germany. The company´s purpose is the engineering, development and sale of printing systems, in particular consisting of tank systems and print heads.

The shares in Q.big 3D GmbH and CADIS Engineering GmbH are included in the consolidated financial statements using the equity method.

There is also an interest of 11.1% (previous year: 11.1%) in NICE PV Research Ltd., Beijing, PR China, an interest of 8.7% (previous year: 8.7%) in ThermAvant Technologies LLC, Columbia, United States of America and an interest of 0.95% (previous year: 2.8%) in MetOx Technologies Inc., Houston, United States of America. The shares are held on a long-term basis and not for trading purposes. In accordance with IFRS 9, the shares are included in the consolidated financial statements at fair value through other comprehensive income (equity instrument FVOCI).

Impact Russia-Ukraine War and climate-related issues

No significant direct effects of the Russia-Ukraine war on accounting were identified. However, indirect effects were identified for Manz AG. Manz AG is exposed to a more complex and uncertain macroeconomic and geopolitical environment. The increased complexity is due in particular to the war in Ukraine and the conflict in Israel-Gaza. The more complex macroeconomic environment is primarily characterized by ongoing inflation, rising interest rates and growing concerns about slowdown in economic growth in key markets compared to previous years. In addition, uncertainties in the forecast are increasing, leading to the application of estimate- and assumption-sensitive accounting principles and to measurement decisions by management. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in more detail in the section "management estimates and judgments".

Potential climate-related issues, including legislation, which may affect the measurement of the fair value of assets and liabilities in the consolidated financial statements were taken into account when measuring the fair value. Risks arising from climate-related issues are included as material assumptions if they have a significant impact on the measurement of the recoverable amount. There are currently no known risks from climate-related issues in the measurement of fair value that have a material impact on the consolidated financial statements.

Consolidation principles

Capital consolidation uses the acquisition method. In this case, the acquired assets and liabilities are measured at their fair market values at the acquisition date. The acquisition costs for the acquired shares are then offset against the proportionate revalued equity of the subsidiary. Any remaining positive difference from offsetting the purchase price against the identified

assets and liabilities is presented as goodwill in intangible assets. Costs incurred as part of the corporate merger are expensed and therefore are not part of the acquisition costs.

If a previous subsidiary is deconsolidated, the difference between the consideration received and the outgoing net assets at the the time of the loss of control is recognized in profit or loss.

Expenses and income, receivables and payables as well as cash flows from transactions between consolidated companies are fully eliminated. The necessary tax deferrals are carried out on consolidation processes. Furthermore, guarantees assumed by Manz AG or one of its consolidated subsidiaries in favor of other consolidated subsidiaries are eliminated.

Non-controlling interests

Non-controlling interests represent that part of the result and the net assets that is not attributable to the Group. Non-controlling interests are presented separately in the consolidated income statement and the consolidated balance sheet. They are recognized within equity in the consolidated balance sheet, separately from the equity attributable to the shareholders of the parent company.

Associated companies

Companies which Manz can exercise significant influence pursuant to IAS 28 Investments in Associates and Joint Ventures are accounted for using the equity method and are initially carried at cost. Manz's share in the results of the associated company is shown in the consolidated income statement. Changes in the equity of the associated company which do not affect income are recognized proportionately in the consolidated equity. The carrying amount of the associated company is increased or reduced by the overall changes.

Currency translation

The financial statements of subsidiaries included in the Group which are prepared in foreign currency are translated into Euro in accordance with IAS 21. With one exception, the functional currency of the consolidated companies corresponds to the respective national currency, as these subsidiaries manage their business activities independently in financial, economic and organizational respects. For Manz Hungary Kft., the functional currency differs from the national currency in Euro, as significant expenses and income are incurred or generated in Euro. Assets, liabilities and contingencies are translated using the exchange rate on the reporting date, while equity is translated using historical exchange rates. The income statement and the expenses and income recognized directly in equity are translated at the average annual exchange rate. Translation differences resulting from the translation of the financial statements are directly recognized in accumulated other comprehensive income until the disposal of the subsidiaries.

In the annual financial statements of the companies included in the consolidated financial statements, foreign currency items are initially measured at cost. Exchange rate gains and losses as of the balance sheet date are recognized in profit or loss. Monetary assets and liabilities are valued at the exchange rate on the balance sheet date.

In determining the exchange rate, the date of the transaction is the date of initial recognition of the non-monetary asset or non-monetary liability arising from the prepayment. The exchange rate is the rate used to initially recognize the related asset, expense or income, and the related liability (or portion thereof) when the non-monetary asset or non-monetary liability arising from prepaid consideration is derecognized. If there are multiple prepayments or payments, the Group determines the transaction date for each prepayment or payment of prepaid consideration.

Exchange rates of the most important currencies in EUR

	Closing rate		Average rate	
Corresponds to 1 EUR	**Dec. 31, 2023**	**Dec. 31, 2022**	**2023**	**2022**
USD	1.1038	1.0709	1.0817	1.0539
CNY	7.8258	7.3881	7.6546	7.0824
HKD	8.6279	8.3607	8.4689	8.2519
TWD	34.0013	32.8886	33.7146	31.3565

Accounting and valuation principles in the financial year 2023

Manz AG's assets and its fully consolidated liabilities are uniformly recognized and measured according to the accounting and valuation methods applicable in the Manz Group as of December 31, 2023.

Fixed assets

Intangible assets that are not acquired in a business combination are initially recognized at acquisition or manufacturing cost. The cost of intangible assets acquired in a business combination is their fair value on the acquisition date. Following initial recognition, intangible assets are carried at acquisition or manufacturing cost, less any accumulated amortization and impairment losses. Costs for internally generated intangible assets, with the exception of capitalized development costs, are not capitalized, but recognized in profit or loss in the period in which they are incurred.

A distinction was drawn between intangible assets with a finite useful life and those with an indefinite useful life.

Intangible assets with a finite useful life are amortized on a straight-line basis over their economic useful life and tested for possible impairment if there are indications that the intangible asset may be impaired. The period and method of amortization for intangible assets with a finite useful life are reviewed at least at the end of each financial year. Any necessary changes to the method or period of amortization due to changes in the anticipated useful life or to the anticipated use of the future economic benefit of the asset are accounted for as changes in estimates.

The useful lives for the individual classes of intangible assets are listed below:

	Years
Software	3 to 5 years
Patents	3 to 8 years
Capitalized development costs	3 to 9 years
Technologies	6 to 8 years
Non-current costs for obtaining a contract	1 to 5 years

Intangible assets with an indefinite useful life are not amortized. At Manz AG, intangible asset with an indefinite useful life is one brand. The indefinite nature of the useful life of brand is based on the assessment that the inflow of economic benefits from these assets cannot be attributed to a specific period (further information on subsequent measurement is provided in the section entitled “Impairment test”). Therefore, after the discontinuation of a product line for the production of displays, the product brand behind it can also be used for the next generations. As a result, an unlimited useful life is assumed for this. The useful life can only be considered to have ended when a business segment is discontinued or sold. Goodwill from business combinations and brands with an indefinite useful life are not amortized, but only tested annually for impairment.

Development costs for technology of equipment and equipment components are capitalized as long as the conditions of IAS 38 are fulfilled. In this case, acquisition and manufacturing cost covers all the costs directly attributable to the development process, as well as a reasonable share of development-related overheads. Capitalized development costs are amortized on a straight-line method from the time they are ready for use over the expected product life cycle, which is usually three to nine years. If capitalized development costs are not yet amortized because they are not yet available for use, each individual asset or cash-generating unit is tested for impairment at least once a year. Research costs and development costs that cannot be capitalized are expensed as incurred.

Property, plant and equipment is measured at cost less scheduled depreciation in accordance with the useful life and any impairment losses. Costs for repairs and maintenance are recognized as current expenses. Straight-line depreciation is carried out according to the anticipated progress of the consumption of the future economic benefit. Systematic depreciation is based predominantly on the following useful lives:

	Years
Buildings	20 to 50 years
Technical equipment and machinery	2 to 21 years
Other equipment, operating and office equipment	2 to 23 years
Right-of-use assets	1 to 9 years

Residual values, useful lives and depreciation methods of assets are reviewed at the end of a given financial year and adjusted prospectively if necessary. The parameters from 2023 correspond to the previous year.

If a considerable period of time is required for the acquisition or manufacture of a qualified asset to prepare it for its intended use, the directly attributable borrowing costs are capitalized until the asset is ready for its intended use. No borrowing costs were capitalized in the current and previous financial years.

IFRS 16 Leases

At the beginning of the contract, Manz AG assesses whether a contract constitutes or contains a lease. This is the case when the contract entitles the holder to control the use of an identified asset in exchange for payment of a fee for a certain period of time.

Lease liability

The lease liability is measured as the present value of the lease payments to be made over the lease term. In addition, payments in connection with purchase options are taken into account if it is sufficiently certain that they will be exercised, and penalties for terminating the lease if it is taken into account during the term that the Group will exercise the termination option. Variable lease payments that are not linked to an index or (interest) rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the incremental borrowing rate, as the interest rate on which the leases are based cannot be readily determined. The incremental borrowing rate is the interest rate that would have to be paid if the funds that would be required in a comparable economic environment for an asset with a value comparable to the right of use were borrowed for a comparable term with comparable security. The incremental borrowing rate is estimated using observable input factors if these are available.

The lease liability is compounded in subsequent periods and reduced by the lease payments made.

In addition, the carrying amount of the lease liability is remeasured for changes in the lease, changes in the lease term, changes in lease payments or a change in the assessment of a purchase option for the underlying asset.

Right-of-use assets

Right-of-use assets are valued at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The cost of right-of-use assets includes the recognized lease liability, the initial direct costs incurred and the lease payments made at or before delivery, less any lease incentives received.

The right-of-use assets are amortized over the shorter of the two periods of the expected useful life and the term of the underlying lease. If ownership of the leased asset passes to the lease term or if the costs reflect the exercise of a purchase option, depreciation is determined based on the expected useful life of the leased asset.

The right-of-use assets are also checked for impairment.

For the development of right-of-use assets in the financial year, we refer to (15) “property, plant and equipment”.

Short-term and low value leases

Manz uses the exception rule for short-term leases, so that leases with a term of no more than twelve months from the date of availability and which do not contain any purchase options are expensed. In addition, the exemption for leases based on a low-value asset (max. TEUR 5) is applied, so that it is also recognized as an expense.

Manz as lessor

Leases in which the Group is the lessor are to be classified as finance or operating leases in accordance with the provisions of the standard. If the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases. If there is a sublease, the respective legal entity acts as an intermediary and recognizes the main lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease on the basis of the right-of-use asset and not the asset underlying the lease from the main lease.

Impairment test

Intangible assets with indefinite useful lives and goodwill are not subject to scheduled amortization. However, the recoverable amount of the cash-generating unit is reviewed annually to determine impairment losses. These checks are based on detailed budget and forecast calculations. The underlying planning period for goodwill and intangible assets with indefinite useful lives is five years. The legal representatives consider this five-year period to be appropriate in order to fulfill the requirements for a steady state, taking into account the significant market growth and increase in demand for the corresponding technologies expected in the medium term. Intangible assets with indefinite useful lives and goodwill are tested for impairment once a year as of December 31 and if there are specific indications that a cash-generating unit may be impaired. As of June 30, Manz AG also reviews whether there are any concrete indications of impairment. If there are concrete indications of impairment as of June 30, an additional impairment test is performed.

The recoverable amount is generally estimated separately for each asset. If this is not possible, it is determined on the basis of a group of assets that represents a cash-generating unit. The individual cash-generating units correspond to the management-relevant segments (Mobility & Battery Solutions and Industry Solutions).

Capitalized development costs and other intangible assets with finite useful lives as well as property, plant and equipment are amortized over the duration of their useful lives. In addition, an impairment test is only carried out if there are concrete indications of any impairment. Manz AG assesses on each reporting date whether there are any concrete indications of impairment.

In an impairment test for goodwill and intangible assets with indefinite usefule lives, the recoverable amount of the cash-generating unit of the goodwill is compared to the carrying amount. If the carrying amount of the cash-generating unit allocated to goodwill exceeds the recoverable amount, an impairment loss must be recognized in profit or loss for that amount of goodwill. Any further impairments are allocated to the assets of the CGU in relation to their book values. The carrying amount of an asset shall not be reduced below the higher of its fair value less costs to sell (if determinable), its value in use (if determinable) or zero.

The recoverable amount of a cash-generating unit is the higher of its fair value less selling costs and its value in use. The value in use is determined using the discounted cash flow method on the basis of the estimated future cash flows expected to arise from the continuing use of an asset. An interest rate after taxes corresponding to market conditions is used as the discount rate.

If the reasons for an impairment recognized in previous years no longer apply, the impairment loss is reversed to the recoverable amount (with the exception of goodwill). The amount may not exceed the carrying amount that would have been determined, net of scheduled amortization, had no impairment loss been recognized for the asset in the past.

A sensitivity analysis was carried out, according to which a 1 % higher WACC without assumed growth in perpetuity, a 20 % reduction in EBIT and a 20 % reduction in revenues plus a 5 % erosion of the margin over the entire planning period including the terminal value would not result in a need for impairment.

Inventories

Inventories are measured at the lower of cost or net realizable value in accordance with IAS 2 Inventories. Manufacturing costs include not only direct costs, but also appropriate parts of the necessary material costs and production overheads, as well as production-related depreciation and proportionate administrative overheads, that can be directly allocated to the manufacturing process. Where required, the average cost method is used as the simplified measurement method. If the acquisition and manufacturing costs exceed the net realizable value, a write-down is made. The net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated selling expenses.

Revenues, trade receivables, contract assets, contract liabilities and additional costs for obtaining a contract

Revenue

Manz primarily generates revenues from customer-specific construction contracts in the equipment business. Services are also provided to a lesser extent.

Revenue from the performance obligations to construct the plants is regularly recognized over the performance period using the percentage of completion (POC) method in accordance with the stage of completion of a contract. The performance is rendered over the period in which the system is constructed and, accordingly, the revenues are recognized over the performance period, because the constructed system does not have any alternative use for Manz and Manz has a legal claim to payment for the performance already rendered during the period in which the performance is rendered. The percentage of completion is calculated as the ratio of the costs incurred to the overall expected costs of an order (cost-to-cost method). Under this method of measuring progress, both the revenue and the associated costs are systematically recorded and thus the results are realized appropriate to the period in which control of the goods and services is transferred. The cost-to-cost method provides an accurate picture of the progress of work because Manz uses of IT-supported project controlling system which allows for a reliable estimation of planning costs and monitors overall costs. This also allows necessary adjustments to be made for costs that do not contribute to the progress of the performance in meeting the performance obligation or that are not in proportion to the progress of the performance in meeting the performance obligation.

Some of the contracts with customers provide for variable components of the consideration in the form of discount scales and penalties. In these cases, Manz determines the amount of the consideration that it is entitled to in exchange for the transfer of the goods and services to the customer. The variable consideration is estimated at the inception of the contract and may only be included in the transaction price if it is highly probable that the cumulative revenue recognized will not be significantly reversed once the uncertainty associated with the variable consideration no longer exists. Please refer to the "Management estimates and judgments, Determination of the method for the estimation of the variable considerations and assessment of the limit".

Contract assets

A contract asset is the contingent claim to receipt of a return in exchange for goods or services transferred to a customer. If Manz fulfills its contractual obligations by transferring goods or services to a client before the client pays the consideration or before payment is due, a contractual asset is recorded for the contingent claim to consideration. For the application of the impairment model to contractual assets, please refer to the section Financial instruments in accordance with IFRS 9.

Trade receivables

A receivable, on the other hand, is the Group's unconditional right to receive consideration (i.e., it becomes due automatically as time passes). Implicit and payable claims to prepayments are recorded as receivables. For the application of the impairment model to receivables, please refer to the section "Financial instruments in accordance with IFRS 9".

Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which it receives a consideration or has an unconditional right to receive consideration from the customer. If a customer pays consideration or if the Group has an unconditional right to a specific consideration (i.e. a receivable) before a good or service is transferred to the customer, the Group must recognize the contract as a contract liability when the payment is made or becomes due (whichever occurs earlier). Contract liabilities are recognized as revenue when the Group has fulfilled its contractual obligations.

Additional costs for obtaining a contract

Moreover, the additional costs for obtaining a contract are capitalized. This item represents sales commissions. The capitalized costs are amortized according to the stage of completion of the underlying project. Impairment losses on capitalized costs for obtaining a contract are recognized immediately in income statement if the residual book value of the capitalized costs for obtaining a contract is higher than the remaining part of the consideration less the costs directly associated with the delivery of the goods or provisions of services which have not yet been recognized in the income statement.

Service type warranties

In individual cases, a guarantee is offered in addition to the rectification of defects that existed at the time of sale. These service-type warranties can be defined independently in the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is

allocated to the service-type warranty and recognized as a contract liability. Service-type warranty revenue is recognized over the period in which the service is provided based on elapsed time.

Financial instruments in accordance with IFRS 9

A company shall recognize a financial asset or financial liability in its balance sheet when it becomes a party to the financial instrument. A financial asset is recognized as such if a contract gives the right to receive cash or another financial asset from the other contract party. Common market purchases and sales of financial assets are recognized at the time the risks and rewards are transferred (usually on the trade date). A financial liability is recognized as such if the obligation to transfer cash or other financial assets to the other party arises from a contract. With the exception of trade receivables without a significant financial component, financial instruments are initially measured at fair market value. Transaction costs are included. In the course of subsequent measurement, financial instruments are recognized either at amortized cost or at fair value.

Financial assets

Other non-current assets, financial assets, trade receivables from third parties and trade receivables from associated companies, derivative financial assets, other current financial assets and cash and cash equivalents are classified as financial assets. With the exception of trade receivables without a significant financing component, they are initially recognized at the fair value plus the transaction costs accrued, if the financial instruments are not classified under the category of Fair Value Through Profit or Loss (FVTPL). Trade receivables without a significant financing component are initially recognized at transaction price.

For financial assets carried at amortized cost, the carrying amounts reported in the balance sheet commonly correspond to the fair value of the financial assets. The classification and, derived from this, the valuation is carried out in accordance with the underlying business model and the contractually agreed cash flow conditions.

Measurement of financial assets and contract assets

The group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted with the effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month

ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. An allowance matrix was created based on past credit loss experience and adjusted for forward-looking factors specific to borrowers and economic conditions.

Financial liabilities

Financial liabilities include primary and derivative liabilities with a negative fair value. Primary financial liabilities are measured at fair value upon initial recognition. For subsequent measurement, they are measured at amortized cost or, for contingent consideration, at fair value. Derivative financial liabilities are measured at fair value through profit or loss.

Manz uses derivative financial instruments such as forward exchange contracts in order to hedge against currency risks. When IFRS 9 was applied for the first time on January 1, 2018, there was an option to continue to use either the hedge accouting regulations of IFRS 9 or those of IAS 39. Manz has opted to continue to use hedge accounting in accordance with IAS 39. Derivative financial instruments are measured at fair value on initial recognition and in subsequent periods. Recognition of these changes – whether through profit or loss or through other comprehensive income (hedge reserve) – depends on whether the derivative financial instrument is part of an effective hedge in accordance with IAS 39. Changes in fair value are recognized through profit or loss unless the special criteria of IAS 39 for hedge accounting are satisfied.

Cash and cash equivalents

Cash and cash equivalents comprise cash accounts and short-term deposits with banks with a remaining term of up to three months at the time of the addition. As a result of the application of IFRS 9, a risk provision is recognized.

Share-based compensation

As an additional incentive-based compensation for work performed, Manz Group employees (including executives) receive share-based compensation in the form of equity instruments. Equity instruments are measured at fair value at the date granted. This Performance Share Plan was first introduced in the financial year 2008. Currently, the Manz Performance Share Plan 2023 is being applied which includes the achievement of performance targets. These new targets consist of the EBITDA margin and the development of company's value, measured by the change in the share price between the time the subscription rights are issued and the expiry of the vesting period. The stock awards expire when the employment relationship is terminated or a termination agreement is concluded. The share awards are not entitled to dividends during the vesting period. Fair value is determined by applying a measurement model based on the Black-Scholes model (We refer to (10) "Share-based compensation").

The expenses resulting from the granting of equity instruments and the corresponding increase in equity are recognized over the period in which the exercise or performance conditions must be fulfilled (vesting period). This period ends on the date of the first exercise opportunity, i.e., the date when the employee concerned becomes irrevocably entitled to the award. The cumulative expense recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income or expense recognized in profit or loss for the period is the change in the cumulative expense recognized at the beginning and end of the reporting period.

No expense is recognized for compensation rights that do not vest. Exceptions to this are compensation rights for which certain market conditions must be met before they can be exercised. Irrespective of whether the market conditions are fulfilled, these are seen as exercisable, provided that all other performance conditions are fulfilled.

If the conditions of a compensation agreement compensated by equity instruments are modified, expenses are recognized in the amount in which they would have been incurred if the conditions of the agreement had not been modified. The company also recognizes the effects of modifications that increase the total fair value of the share-based compensation agreement or are associated with another benefit for the employee, measured at the time of the modification.

If a compensation agreement compensated by equity instruments is canceled, this is treated as if it had been exercised on the cancelation date. The previously unrecognized expense is recognized immediately. This applies to all compensation agreements if non-vesting conditions over which either the company or the counterparty has an influence are not fulfilled. However, if the canceled compensation agreement is replaced by a new compensation agreement and the new compensation agreement is declared as a replacement for the canceled compensation agreement on the day it is granted, the canceled and the new compensation agreement are accounted for as a modification of the original compensation agreement (see section above).

The dilutive effect of outstanding share awards is additionally considered as dilution in the calculation of earnings per share (we refer to (13) "Earnings per share").

Treasury shares

Any treasury shares that the Group acquires are recognized at cost and deducted from equity. The purchase, sale, issue or withdrawal of treasury shares is not recognized in profit or loss.

Government grants

Government grants are recognized in accordance with IAS 20 when there is reasonable assurance that the grants will be received and the entity will comply with the conditions attached to them. Expenditure-related grants are recognized as income on a scheduled basis over the period required to offset them against the corresponding expenses for which the grants are intended to compensate. Grants for capitalized development projects reduce the acquisition and manufacturing cost of the associated assets. For more detailed information, please refer to the section "Capitalized development costs".

Actual income taxes

The amount of current tax assets and liabilities for the current period is calculated based on the tax rates and tax laws applicable on the reporting date in the countries in which the Group operates and generates taxable income.

Deferred taxes

Deferred taxes are recognized for temporary differences between the carrying amounts in the IFRS consolidated balance sheet and the tax base, as well as for tax loss carry-forwards and tax credits. Deferred tax assets are recognized if it is probable that they will be utilized to a large extent.

Deferred taxes are measured at the tax rates that apply or are expected to apply at the time of realization based on the current legal situation in the individual countries. Deferred taxes that relate to items directly recognized in equity are presented in equity. Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

Pension provisions

Defined contribution plans are shown under pension provisions. Provisions for pensions are determined according to the projected unit credit method pursuant to IAS 19. In addition to the pensions and acquired benefits known on the balance sheet date, this method also takes expected future salary and pension increases into account. If pension obligations have been reinsured using plan assets, these are reported net.

The calculation is based on actuarial expert opinions, taking biometric calculation principles into account. Actuarial gains and losses are recognized in other comprehensive income.

The service cost is reported in personnel expense, the interest element of the allocation to reserves in the financial result.

Other provisions and accrued liabilities

Other provisions are recognized if a past event has led to a current legal or constructive obligation to third parties, which is expected to lead to a future outflow of resources that can be reliably estimated. Provisions are generally measured at the expected settlement amount, taking into account all identifiable risks. The calculation of the settlement amount is based on best estimates. The settlement amount also includes anticipated cost increases. Provisions with a term of more than one year are discounted to their present value at the market interest rate.

Accruals are not presented under provisions, but under trade payables or other liabilities, depending on their nature.

Liabilities

Non-current liabilities are recognized at amortized cost. Differences between their historical cost and their repayment amount are accounted for using the effective interest method. Current liabilities are recognized at their settlement amount.

Contingent liabilities

A contingent liability is a possible obligation to third parties that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Manz Group. A contingent liability may also be a present obligation that arises from past events but is not recognized because the outflow of resources is not probable, or the amount of the obligation cannot be estimated with sufficient reliability.

Management estimates and judgments

The preparation of consolidated financial statements requires assumptions and estimates that have an effect on the recognition, measurement, and presentation of assets, liabilities, income, and expenses, as well as contingent assets and contingent liabilities. The main circumstances affected by such discretionary judgments and estimates relate to the viability of receivables, determination of defining the percentage of completion of long-term manufacturing projects, assumptions about future cash flows from cash-generating units, and development projects, as well as the recognition and measurement of provisions. The values that actually occur may differ from the estimates in individual cases. The carrying amounts of assets and liabilities affected by estimates can be seen in the breakdowns of the individual balance sheet items.

The assumptions and estimates are based on premises that reflect the currently available level of knowledge. Specifically, the expected future business performance is based on the circumstances known at the date of preparation of the consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Manz AG is facing a more complex and uncertain macroeconomic environment. The war in Ukraine and the conflict between Israel and Gaza are causing rising interest rates, ongoing inflation and concerns about a slowdown in economic growth in key markets compared to previous years. In addition, uncertainties in forecasts are increasing, leading to the application of estimate- and premise-sensitive accounting policies and discretionary decisions by management.

Developments in this environment that diverge from the assumptions and that are outside the control of management may result in amounts that differ from the original estimates. The key assumptions concerning the future and other sources of estimation uncertainty on the reporting date that entail a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Goodwill and intangible assets with indefinite useful lives: Goodwill and other intangible assets with indefinite useful lives are not amortized; instead, an impairment test is performed at least once a year on the cash-generating units with the aim of adequately determining future cash surpluses. Parameters are defined for the calculation, such as the planning horizon (five years), the choice of interest rate or the weighting of the opportunities and risks to be considered. Please also refer to (14) "Intangible assets".

Revenues: Manz made the following discretionary decisions, which have a significant impact on determining the amount and timing of revenues from agreements with customers:

Determination of the method for the estimation of the variable considerations and assessment of the limit: Scales of discounts and penalties result in variable fees for Manz. In the estimation of the variable considerations, the Group must use either the expected value method or most probable value method. The method to be selected is the one that allows the consideration due to the Group can be reliably estimated. The Group came to the conclusion that the expected value is the most suitable method for the estimation of the variable considerations for delivery of goods and services with scales of discount and contractual penalties. This estimation of the variable considerations is included in the transaction price to the extent that there will most probably not be a significant reversal of the realized sales revenues once the uncertainty associated with the variable consideration no longer exists.

Estimation of the overall cost of the project: The use of the POC method based on an estimation of the overall cost of the project. Due to the uncertainties, it is therefore possible that the estimates of the expenses required until completion may have to be subsequently adjusted. Such adjustments to income and expenses are recognized in the period in which the need for adjustment is identified.

Going concern: Assumptions regarding future order development, payments, project costs or repayment obligations were important for the going concern assumption and the assessment of going concern risks. Please refer to the section "Liquidity risks".

Trade account receivables and contract assets: An impairment model in accordance with IFRS 9 is applied to trade receivables and contract assets, in which expected losses must be taken into account. For this, valuation models have been developed which are used to determine default rates for trade receivables and contract assets. An analysis of the historical default rates with different regions is performed. These historical default rates are adjusted by the influence of forward-looking information in the macroeconomic environment. In addition, the default rates are reviewed individually by the responsible management. Factors such as maturity structures of receivables balances, customer creditworthiness or macroeconomic data are included in the review.

Pension provisions: Provisions for pensions are calculated using the projected unit credit method in accordance with IAS 19. In addition to the pensions and vested benefits known on the balance sheet date, this method also takes into account expected future increases in salaries and pensions. We also refer to VI. NOTES TO THE BALANCE SHEET (28) "Pension Provisions".

Provisions for warranties: Provisions for warranties are recognized in accordance with past history or the estimated future level of claims. Non-current provisions are recognized at their settlement amount, discounted to the balance sheet date. The interest rate used is a risk-free pretax rate. The interest expense resulting from the unwinding of the discount is presented in finance costs. We refer to (29) "Other non-current provisions".

Provisions for onerous contracts: The formation of provisions for onerous contracts is highly influenced by estimates, both in terms of reason and amount. Manz creates provisions for anticipated losses for customer orders for which the estimated total costs exceed the agreed consideration on the balance sheet date. Regular checks and assessments of the project progress of customer orders are carried out by project controlling, which is the basis for the creation of a provision for onerous contracts. We refer to (33) Other current provisions.

Income taxes: Estimates must also be made for the recognition of tax provisions and for the assessment of the recoverability of deferred taxes assets on loss carryforwards. In any assessment of the recoverability of deferred taxes, uncertainties exist with respect to the interpretation of complex tax regulations and the amount as well as timing of future taxable income. Deferred taxes assets are recognized for all unused tax loss carryforwards to the extent that it is probable that taxable income will be available to enable the loss carryforwards can be actually utilized. When calculating the value of deferred tax assets that can be recognized, management judgement is required with regard to the expected time of occurrence and the value of future taxable income, as well as the future tax-planning strategies. If income tax uncertainties exist, they are reviewed for possible effects on the consolidated financial statements and recognized accordingly.

Uncertain tax positions: If it is uncertain whether the responsible authorities will accept an income tax treatment of Manz, this is an uncertain tax position. For the valuation of uncertain tax items, Manz first assesses whether these have to be valued separately or together with other uncertain tax items. The decision is based on whether there is such a connection between the items that a common resolution of the uncertainty for the items can be expected. Then, based on the assumption that the tax authorities will review the uncertain tax position in full factual knowledge, an assessment is made as to whether the tax authorities accept Manz's tax treatment. If it is probable that the authorities will accept Manz's tax treatment, only this assessment of the uncertain tax position is used. Otherwise, the uncertain tax positions are measured based on the most probable amount or using the expected value method. If the possible results are binary or concentrated around one value, the uncertain tax position is valuated on the basis of the most probable amount, otherwise using the expected value method.

Development services of the Important Project of Common European Interest (IPCEI-project): An essential discretionary decision of the management is the determination of the relevant accounting unit. The requirements of IAS 38 regarding capitalization are assessed at their level. As part of the IPCEI-project, six technical developments in connection with battery production (cell assembly, battery electrolyte filling, laser application, module production line, lamination & Stacking of cells and Electrode production) were identified as independently identifiable development services. A total of 29 sub-product groups are included in the 6 main product groups mentioned above. Other assets are capitalized if there are development costs that can be submitted and for which there is sufficient certainty of reimbursement.

The capitalization of the IPCEI-related development costs is based on management´s assessment that the technical and economic feasibility has been proven. In this context, management makes assumptions, in particular, about the existence of future inflow of economic benefits. In case of existing customer orders, there are areas of application in relation to the above-mentioned technical developments with an associated direct future inflow of economic benefit. In addition, the management expects a further acceleration in the growth of the demand for machines for the production of battery cells, particularly in the next 5 years. Here, too, the basis for the associated future inflow of economic benefits is the technical advance developments.

Government grants are recognized in accordance with IAS 20 when there is reasonable assurance that the grants will be received, and the entity will comply with the conditions at-tached to them. Reasonable assurance that the grant will be received is based on man-agement´s assumptions and estimates regarding the fulfillment of the grant conditions.

Changes to accounting policies with insignificant impact on the current group´s financial statements

The following standards, interpretations and amendments that are to be applied in fiscal year 2023 but are not expected to have any material impact on the current consolidated financial statements:

- IFRS 17 Insurance contracts
- Amendments to IAS 8: Definition of accounting estimates
- Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 12: Deferred Taxes relating to assets and Liabilities Arising from Single Transactions
- Amendments to IAS 12: International Tax Reform—Pillar Two Model Rules (Manz AG´s consolidated group revenues do not exceed EUR 750 million. Manz AG therefore does not fall under the scope of application of the Pillar 2 model rules in the 2023 fiscal year)

Published standards, interpretations and amendments not yet applicable

The following published but not yet applicable standards, interpretations and amendments probably do not have any material effect on future consolidated financial statements.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IAS 21: Lack of exchangeability of a currency
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

III. Adjustment of Prior-Year Figures

Manz AG changes the disclosure of bank commissions. Bank commissions are now reported under finance costs instead of other operating expenses. The management is of the opinion that the recognition of bank commissions in finance costs provides more reliable and relevant information. In this context, the previous year´s figure was also adjusted for better comparability.

Up to and including the 2022 financial year, advance payments to third parties were reported without offsetting against liabilities from outstanding supplier invoices, which belong to the trade payable item. From the 2023 financial year, they will be presented on a net basis in accordance with the netting criteria of IAS 32.42. The previous year´s figures have been adjusted in this context to improve comparability.

In addition, with regard to the notes (11) Income taxes, the presentation on deferred tax assets related to the balance sheet item "Intangible assets" were reported too high in the 2022 financial year. In contrast the deferred tax assets on tax loss carryforwards were reported as too low in the same amount for the financial year 2022. In order to enhance comparability, the previous year´s figures were also adjusted in this context.

IV. Notes to the Income Statement

(1) Revenues

The breakdown of revenues by business segment and region is shown in the segment reporting. We also refer to our comments on segment reporting.

In 2020, Manz received follow-up orders of around EUR 71 million from a long-term customer in the Mobility & Battery Solutions segment. In 2020 EUR 7 million, in 2021 EUR 22 million, in 2022 EUR 14 million and in 2023 27 million revenues were recognized. The completion date for all orders is expected to be in 2024.

In 2022, Manz received an order from a customer in the Mobility & Battery Solutions segment in the amount of EUR 16 million. In 2023, there was a follow-up order in the amount of EUR 33 million. In 2022 EUR 2 million and in 2023 EUR 25 million revenues were recognized. The completion date for all orders is expected to be in 2024.

In 2022, Manz received an order from a customer in the Industry Solutions segment in the amount of EUR 29 million. In 2022 EUR 4 million and in 2023 EUR 21 million revenues were recognized. The completion date for all orders is expected to be in 2024.

In 2022, Manz received an order from a customer in the Industry Solutions segment in the amount of EUR 24 million. In 2022 EUR 4 million and in 2023 EUR 18 million revenues were recognized. The completion date for all orders is expected to be in 2024.

Revenues are broken down in business units with the addition of the target sales region:

(in TEUR)	Mobility & Battery Solutions		Industry Solutions		Total	
	2023	2022	2023	2022	2023	2022
Germany	51,198	47,926	46,230	32,065	**97,428**	79,991
Rest of Europe	27,755	21,185	29,068	29,153	**56,823**	50,338
China	3	639	11,052	14,160	**11,055**	14,799
Taiwan	3	3	18,811	38,606	**18,814**	38,609
Rest of Asia	7,089	3,276	31,031	23,179	**38,120**	26,455
USA	4,209	19,193	21,667	16,816	**25,876**	36,009
Other Regions	876	102	178	4,661	**1,054**	4,763
Total	91,133	92,324	158,037	158,640	**249,170**	250,964

In the financial year 2023, TEUR 201,015 (previous year: TEUR 187,634) in sales revenue recognized over time from contracts with customers and TEUR 48,155 (previous year: TEUR 63,330) in sales revenue recognized at a point in time from contracts with customers were generated.

(2) Work performed by the entity and capitalized

In the financial year 2023, development costs were capitalized in particular in the segments Mobility & Battery Solutions at TEUR 19,379 (previous year TEUR 25,832). In addition, capitalization of TEUR 141 (previous year TEUR 384) was made in the Industry Automations segment.

(3) Other operating income

(in TEUR)	2023	2022
Income from share swap Customcells	5,709	–
Government grants / Subsidies	1,985	1,721
Exchange rate gains	1,444	9,864
Income from the reversal of provisions	854	2,000
Lease and rental income	818	736
Insurance claim	80	65
Reversal of valuation allowances on receivables	106	10
Income from the disposal of fixed assets	1	31
Reversal of valuation allowances on contract assets	–	911
Other operating income	917	818
Total	**11,914**	**16,156**

In the Mobility & Battery Solutions division, the 40 % stake in the associated company Customcells Tübingen GmbH was swapped for a 4.97 % stake in Customcells Holding GmbH. This transaction resulted in a positive earnings effect of TEUR 5,709. The positive effect is due to the significantly higher fair value of the shares in Customcells Holding GmbH compared to the shares in Customcells Tübingen GmbH.

Of the TEUR 1,985 subsidies, TEUR 818 (previous year TEUR 1,287) are tax credits from the Italian government for R&D projects.

The exchange rate gains of TEUR 1,444 include unrealized gains of TEUR 466 (previous year TEUR 1,536) out of derivatives. The derivatives are used to hedge cash flows from operating projects. The remaining amount is mainly attributable to the subsidiary in Asia due to the development between TWD and USD. The remaining amounts relate to income from currency translation.

(4) Material costs

(in TEUR)	2023	2022
Cost of raw materials, consumables, and supplies, and of purchased merchandise	118,148	133,479
Cost of purchased services	27,885	33,335
Total	**146,033**	**166,814**

(5) Personnel expenses

(in TEUR)	2023	2022
Wages and salaries	68,810	65,573
Share-based compensation	973	954
Social security, pension and other benefit costs	14,988	14,150
Total	**84,771**	**80,677**

(6) Other operating expenses

(in TEUR)	2023	2022
Advertising and travel expenses	5,998	5,605
IT costs (IT costs and maintenance contracts)	4,663	3,754
Legal and consulting fees	3,507	4,631
Facility costs	3,169	4,229
Other personnel-related expenses	2,463	3,242
Increase of provisions	1,689	952
Exchange rate losses	1,587	3,963
Outgoing freight	1,497	3,721
Packaging materials	1,414	653
Insurance	1,230	1,358
Research-related (project-based) other operating expenses	1,067	2,241
Rent and leases	915	1,037
Impairment expenses on trade receivables	389	291
Impairment expenses on contract assets	272	144
Other*	3,607	5,373
Total	**33,467**	**41,194**

The item "Others" consists mainly bank charges of TEUR 223 (previous year: TEUR 620), expenses of other taxes of TEUR 611 (previous year TEUR 660) and expenses from stock exchange listing of TEUR 466 (previous year TEUR 466).

The exchange rate losses of TEUR 1,587 include unrealized losses from derivatives in the amount of TEUR 135 (previous year: TEUR 0). The derivatives are used to hedge cash flows from operating projects. The remaining amounts relate to expenses from currency translation.

(7) Amortization/ depreciation

(in TEUR)	2023	2022
Tangible and intangible assets	8,236	8,689
Right-of-use assets from leases	3,471	3,456
Current costs for obtaining a contract	68	31
Total	**11,775**	**12,176**

(8) Finance income

(in TEUR)	2023	2022
Other interest and similar income	337	105
Interest income from subleases	11	15
Total	**348**	**120**

(9) Finance costs

(in TEUR)	2023	2022
Interest on current liabilities	2,385	1,251
Interest cost from lease liability	401	388
Interest on non-current liabilities	178	112
Interest component of long-term provisions	118	48
Bank Commission*	1,497	1,806
Total	**4,579**	**3,605**

*For further information regarding the change of the prior year please refer to section "Adjustment of prior-year figures".

(10) Share-based payment

Performance share plan

The Group has set up a so-called "Performance Share Plan" for members of the Managing Board and other eligible employees. The performance targets relate to the EBITDA margin and the development of the company value, measured by the change in the share price between the issue of the subscription rights and the expiry of the vesting period. The share awards lapse if the employment relationship is terminated or a termination agreement is concluded. The share awards are not entitled to dividends during the vesting period. Manz AG can settle the stock awards with new issued shares or with treasury shares.

The share awards (subscription rights) are issued at the discretion of the Executive Board with the approval of the Supervisory Board – insofar as Executive Board members are concerned, at the discretion of the Supervisory Board – in annual tranches, within a period of three months after the expiry of four weeks following the publication of the consolidated financial statements for the previous financial year.

In the 2023 financial year, 20 (previous year: 18) employees and the 2 (previous year: 2) members of the Executive Board received 55,339 (previous year: 27,482) share awards/stock options. Of these, 22,779 (previous year: 11,553) share awards/stock options were granted to the Executive Board. In the 2023 financial year, 2,288 share awards/stock options (2,288 of which were exercised by the Executive Board) were exercised with a share price at the time of exercise of EUR 20.65. The subscription price was EUR 1 each.

The following table shows the development of the share awards/share options with the corresponding weighted average fair values per share awarded at the time they were granted:

	Share awards/ share options (in shares)	Weighted average fair value on the grant date (in EUR)
Inventory at the beginning of the year (not vested)	182,978	28.28
Exercised in the reporting period	–2,288	18.26
Lapsed during the reporting period	–40,115	16.96
Granted during the reporting period	55,339	14.00
Inventory at the end of the year (not vested)	195,914	26.95

In accordance with IFRS 2, share awards are accounted for at the fair value of the awards at the grant date and are recognized in personnel expenses and a corresponding increase in equity (capital reserve). The fair values are determined using a measurement model based on the Black-Scholes model.

The calculation is based on the following parameters:

	2023	2022
Strike price	EUR 1.00	EUR 1.00
Risk-free annual interest rate	2.35 %	0.56 %
Volatility	52.9 %	52.8 %
EBITDDA-margin	8.4 %	6.5 %
Corporate development	20 %	20 %
Expected dividends	EUR 0.00	EUR 0.00
Fair value of each share award	26.95	28.28
Option term	4 years	4 years

Expected volatility is based on the assumption that future trends can be inferred from historical volatility over a period similar to the term of the options, although the volatility that actually occurs may differ from the assumptions made.

In the reporting year, personnel expenses of TEUR 973 (previous year: TEUR 954) were recognized from the performance share plan.

(11) Income taxes

As consolidated Group revenues do not exceed EUR 750 million, the Manz Group does not fall under the scope of the Pillar 2 model rules in the 2023 fiscal year. Therefore, neither the mandatory disclosures according to IAS 12.4A nor the requirements for the notes according to IAS 12.88A-88D apply to the Group.

Income taxes include both actual and deferred income taxes arising from temporary differences and existing tax loss carryforwards.

(in TEUR)	2023	2022
Actual tax expense		
Current period	2,198	818
Previous periods	261	995
Deferred tax income/expenses (+)	–1,449	2,659
	1,010	**4,472**

The current income tax expense is calculated using the tax rates effective as of the balance sheet date. When calculating deferred taxes for domestic subsidiaries, the domestic tax rate of 30.18 % (previous year: 29.13 %) was applied. For the foreign companies, tax rates of 20 %–28 % (previous year: 19 %–26 %) were used.

The income tax expense in the reporting year in the amount of TEUR 1,010 (previous year: TEUR 4,472) is derived as follows from an "expected" income tax expense that would have resulted from the application of the statutory income tax rate of the parent company to earings before income taxes:

(in TEUR)	2023	2022
Earnings before income taxes	–1,374	–7,677
Manz AG income tax rate	30.18 %	29.13 %
Expected income tax expense	**–415**	**–2,236**
International tax rate differences	390	–650
Change of tax rate abroad	–83	142
Non-deductible expenses/tax-free income	2,860	1,996
Prior-period taxes	261	996
Tax-free income	–1,988	–1,260
Non-recognition of tax loss carryforwards	1,413	8,043
Use of tax loss carryforwards	–1,642	–
Valuation allowance on deferred taxes	210	–2,556
Foreign withholding tax	–	1
Other	4	–4
Reported income tax expense	**1,010**	**4,472**
Effective tax rate	–73.50 %	–58.26 %

The following table shows deferred tax assets and liabilities:

(in TEUR)	Deferred tax assets 12/31/2023	Deferred tax assets 12/31/2022	Deferred tax liabilities 12/31/2023	Deferred tax liabilities 12/31/2022
Intangible assets*	2,105	771	4,723	4,759
Property, plant, and equipment	0	2	964	429
Lease liabilities and Right-of-Use assets	244	287	98	442
Contract assets, inventories and contract liabilities	4,185	6,043	6,492	8,172
Receivables	241	778	2,836	4,082
Cash and cash equivalents	2	4	–	–
Derivatives	–	–	100	382
Pension provisions	624	421	4	12
Trade payables	3,398	1,701	2,347	1,387
Provisions	451	386	0	0
Tax loss carryforwards*	5,575	6,916	0	0
Gross value	16,825	17,309	17,564	19,665
Offsetting	–13,310	–14,431	–13,310	–14,431
Balance according to consolidated balance sheet	**3,515**	**2,878**	**4,254**	**5,234**
Net amount of deferred tax assets / deferred tax liabilities	**0**	**0**	**739**	**2,356**

*For further information regarding the change of the prior year please refer to section "Adjustment of prior-year figures".

The net amount of deferred tax assets / liabilities developed as follows:

(in TEUR)	2023	2022
As of January 1	–2,356	619
Deferred tax expense (-) / income (+) in the income statement	1,479	–2,659
Changes in deferred taxes recognized in other comprehensive income in connection with:		
– Revaluation of defined benefit pension plans	185	–261
– Difference from currency translation	–47	–55
As of December 31	**–739**	**–2,356**

Deferred taxes are only recognized for tax loss carryforwards and deductible temporary differences if their utilization can be expected with sufficient certainty. For two (previous year: two) companies have incurred tax losses in the current or previous period, a deferred tax asset on loss carryforwards of TEUR 0 (previous year: TEUR 116) was recognized. A deferred tax claim on temporary differences of TEUR 466 (previous year: TEUR 463) was reported in the year under review for Manz Italy Srl. that suffered tax losses in the current or previous period. Based on the short-term and medium-term planning as well as the existing order backlog and the positive market prospects in the battery sector, Manz believes that in the future, Manz Italy Srl. will have taxable income against which the unused tax losses and temporary differences can be offset.

As of the balance sheet date, the tax loss carryforwards totaled TEUR 291,130 (previous year TEUR 298,020). Of this amount, TEUR 20,556 (previous year: TEUR 17,321) over two to five years and the rest can be carried forward indefinitely. For loss carryforwards amounting to TEUR 272,654 (previous year: TEUR 278,218), no deferred tax assets were recognized since IAS 12 stipulates in the case of losses in the recent past, high recognition requirements are not met on the balance sheet date.

In accordance with IAS 12, deferred taxes for temporary differences in connection with shares in Group companies must be recognized (outside basis differences). No deferred tax liabilities were recognized for outside basis differences of TEUR 65,221 (previous year: TEUR 56,918), as these profits are to be reinvested for an indefinite period.

(12) Share of profits non-controlling interests

The share of profits attributable to non-controlling interests consists of allocated earnings in the amount of TEUR 5 (previous year: TEUR 0).

(13) Earnings per share

The undiluted earnings per share are calculated by dividing Manz AG shareholders' share of earnings by the weighted average number of shares in circulation during the financial year. Diluted earnings per share are calculated by dividing the share of earnings attributable to Manz AG shareholders by the weighted average number of shares in circulation during the fiscal year plus the so-called potential shares outstanding during the fiscal year due to (possibly conditional) obligations on the part of the company to grant shares, assuming that such instruments are exercised, and shares are granted in return. A dilution of Manz AG´s earnings per share results from the share commitments to members of the Managing Board and executives of Manz AG and members of the execution bodies of Manz AG subsidiaries under the performance share plan, which are linked to the achievement of performance targets with a performance period of four years in each case (see (10) Share-based payments).

Earnings per share was calculated in accordance with IAS 33.

	2023	2022
Consolidated net profit allocable to Manz AG's shareholders (in TEUR)	–2,389	–12,149
Weighted average number of outstanding shares (undiluted)	8,541,621	8,082,499
Effect from share-based compensation shares	391,828	365,956
Weighted average number of outstanding shares (diluted)	**8,933,449**	**8,448,304**
Earnings per share in EUR (undiluted)	–0.28	–1.42
Earnings per share in EUR (diluted)	–0.28	–1.42

No other transactions in ordinary shares or potential ordinary shares took place in the period between the balance sheet date and the authorization to issue the consolidated financial statements.

V. Notes to Segment Reporting

Manz discloses the results of operations grouped by business segment and region in accordance with IFRS 8 (Operating Segments) within the framework of segment reporting. This grouping is based on internal management and takes the segments' different risk and earnings structures into account.

The breakdown of turnover by region is based on the location of the customer. I.e., if a customer is based in China, the turnover is allocated to the China region.

Mobility & Battery Solutions reported on the business with equipment for the production of lithium-ion batteries. In the Industry Solutions reporting segment, Manz AG combines the activities of the two business areas Electronics (semiconductor backend production, fan out panel level packaging and display technologies) and Industrial Automation (industrial assembly solutions for the manufacture of consumer electronics, power electronics and other components of the electrical powertrain).

The key indicators for assessing and managing a division are sales, order intake, the EBITDA margin and the EBIT margin.

Segment reporting shows revenues and profits in the Group's individual business segments. Delivery and service relationships exist only to a limited extent between the individual segments.

Segment reporting regions

As of December 31, 2023

(in TEUR)	Revenues	Non-current assets (without deferred tax)
Germany		
2023	**97,428**	**39,625**
2022	79,991	42,302
Rest of Europe		
2023	**56,823**	**28,381**
2022	50,338	29,659
China		
2023	**11,055**	**11,968**
2022	14,799	13,215
Taiwan		
2023	**18,814**	**12,877**
2022	38,609	14,473
Rest of Asia		
2023	**38,120**	**2**
2022	26,455	6
USA		
2023	**25,876**	**14**
2022	36,009	5
Other Regions		
2023	**1,054**	**0**
2022	4,763	0
Group		
2023	**249,170**	**92,867**
2022	250,964	99,660

Segment reporting business units

As of December 31, 2023

(in TEUR)	Mobility & Battery Solutions	Industry Solutions	Group
Revenues (in Mio. EUR)			
2023	**91,133**	**158,037**	**249,170**
2022	91,324	158,640	250,964
Result from investments using the equity method			
2023	**–547**	**–571**	**–1,118**
2022	–671	–661	–1,332
EBITDA			
2023	**4,606**	**10,026**	**14,632**
2022*	–7,264	15,249	7,985
EBITDA-Margin (in %)			
2023	**4.1 %**	**6.4 %**	**5.5 %**
2022*	–6.1 %	9.3 %	2.8 %
Amortization / depreciation			
2023	**5,111**	**6,663**	**11,775**
2022	5,207	6,969	12,176
EBIT			
2023	**–505**	**3,363**	**2,857**
2022*	–12,471	8,280	–4,191
EBIT-Margin (in %)			
2023	**–0.5 %**	**2.2 %**	**1.1 %**
2022*	–10.5 %	5.1 %	–1.5 %
Financial result			
2023	**–2,770**	**–1,461**	**–4,231**
2022*	–2,313	–1,172	–3,485
EBT			
2023	**–3,276**	**1,902**	**–1,374**
2022	–14,784	7,107	–7,676
Income taxes			
2023	**–165**	**–845**	**–1,010**
2022	–1,082	–3,390	–12,149
Consolidated profit or loss			
2023	**–3,440**	**1,057**	**–2,384**
2022	–15,866	3,717	–12,149
Order Intake (in %)			
2023	**65,238**	**130,448**	**195,686**
2022	115,003	244,733	359,736

* For further information regarding the change of the prior year please refer to section "Adjustment of prior-year figure".

VI. Notes to the Cash Flow Statement

The cash flow statement shows how cash has changed in the Manz Group over the course of the reporting year due to cash inflows and outflows. In accordance with IAS 7 Cash Flow Statements, cash flows are distinguished between operating activities, investing activities and financing activities. Effects from changes to the basis of consolidation and exchange rates are eliminated in the respective items. The change in liquid assets due to changes in exchange rates is presented separately.

The cash and cash equivalents reported in the cash flow statement comprise all cash and cash equivalents reported on the balance sheet, which consist of cash in hand and bank balances with a term of up to three months. Any fluctuations in the value of cash and cash equivalents were considered by means of a risk provision.

The cash inflows and outflows from investing and financing activities are presented in accordance with the direct method. The cash inflows and outflows from investing activities from current operations include additions and disposals of property, plant and equipment as well as additions and disposals of intangible assets. In financing activities, besides cash inflows from equity increases and the issuance of other financial liabilities, cash outflows from the repayment of loans are also included.

On the other hand, cash inflows and outflows from operating activities are derived indirectly from the consolidated net profit. For this purpose, the consolidated net profit is adjusted by non-cash expenses and income, mainly depreciation and changes in non-current provisions and deferred taxes and supplemented by changes in operating assets and liabilities.

According to IFRS 16, the payment of the redemption portion of leases is shown in financing activities. The payment for the interest portion of the lease liability and payments for current leases and leases involving an asset of minor value and variable lease payments that are not recognized as part of the liability are shown under operating activities.

Investing and financing processes which have not led to a change in cash are not part of the cash flow statement.

Development of liabilities from financing activities

(in TEUR)	Carrying amount as of 01/01/2023	Cash flows	Non-cash changes: Foreign exchange movement	Others	Transfer	Changes in fair values	Carrying amount as of 12/31/2023
Non-current financial liabilities							
from financial institutions	6,738	10,684	–	–	–1,876	–	15,546
from lease	9,921	–	–26	1,603	–4,085	–	7,413
Current financial liabilities							
from financial institutions	37,541	12,122	–1,001	–	1,876	–	50,538
from lease	4,095	–4,375	–14	941	4,085	–	4,732
Derivative financial instruments	202	–	–	–	–	–67	135
	58,497	**18,431**	**–1,041**	**2,544**	**–**	**–67**	**78,364**

(in TEUR)	Carrying amount as of 01/01/2022	Cash flows	Non-cash changes: Foreign exchange movement	Others	Transfer	Changes in fair values	Carrying amount as of 12/31/2022
Non-current financial liabilities							
from financial institutions	8,337	535	–	–	–2,134	–	6,738
from lease	10,703	–	–30	2,918	–3,670	–	9,921
Current financial liabilities							
from financial institutions	40,959	–4,604	–948	–	2,134	–	37,541
from lease	3,260	–4,111	–2	1,278	3,670	–	4,095
Derivative financial instruments	225	–	–	–	–	–23	202
	63,484	**–8,180**	**–980**	**4,196**	**0**	**–23**	**58,497**

VII. Notes to the Balance Sheet

(14) Intangible Assets

(in TEUR)	Trademark right, Licenses, software, and similar rights	Capitalized development costs	Goodwill	Advance payment	Total
Acquisition/manufacturing costs					
As of January 1, 2022	40,373	91,115	36,337	–	167,825
Currency adjustment	–750	–102	–962	–	–1,814
Additions	643	5,739	–	67	6,449
Disposals	–160	–558	–	–	–718
Reclassifications	–	–	–	–	–
As of December 31, 2022	**40,106**	**96,194**	**35,375**	**67**	**171,742**
Amortization/Depreciation					
As of January 1, 2022	35,359	68.547	19,801	–	123,707
Currency adjustment	–625	–99	–	–	–724
Additions	806	4,786	–	–	5,592
Disposals	–160	–558	–	–	–718
Reclassifications	–	–	–	–	–
As of December 31, 2022	**35,380**	**72,676**	**19,801**	**–**	**127,857**
Acquisition/manufacturing costs					
As of January 1, 2023	40,106	96,194	35,375	67	171,742
Currency adjustment	–16	–78	–700	–	–794
Additions	610	1,601	–	98	2,309
Disposals	–4	–837	–	–	–841
Reclassifications	–	–	–	–	–
As of December 31, 2023	**40,696**	**96,880**	**34,675**	**165**	**172,416**
Amortization/Depreciation					
As of January 1, 2023	35,380	72,676	19,801	0	127,857
Currency adjustment	–77	–74	–	–	–151
Additions	852	4,037	–	–	4,889
Disposals	–4	–837	–	–	–841
Reclassifications	–	–	–	–	–
As of December 31, 2023	**36,151**	**75,802**	**19,801**	**–**	**131,754**
Residual carrying amount Dec. 31, 2022	4,726	23,518	15,574	67	43,885
Residual carrying amount Dec. 31, 2023	**4,545**	**21,078**	**14,874**	**165**	**40,662**

Licences, software, similar rights and trademark right

(in TEUR)	2023	2022
Licences	967	1,212
Software	117	178
Similar rights	622	563
Trademark right	2,839	2,773
Total	**4,545**	**4,726**

The useful lives of the items under "Licences" are between 3 and 5 years. The useful lives of the items under "Software" are between 3 and 5 years. The item "Similar rights" relates to patents, which have a useful life of 5 years.

The trademark right in the amount of TEUR 2,839 in 2023 and TEUR 2,773 in 2022 are attributable entirely to the Industry Solutions division. For further information on the impairment test, please refer to the section "Goodwill".

Capitalized development costs

Development costs are capitalized in accordance with the requirements of IAS 38 Intangible Assets in the accounting and valuation methods presented. For the purpose of determining the amounts to be capitalized, management must make assumptions about the amount of anticipated future cash flows from assets, the discount rates to be applied and the period of the inflow of expected future cash flows that generate assets.

As part of the annual review of capitalized development costs that have not yet been amortized, impairments of TEUR 0 were recognized in the reporting year (previous year: TEUR 0)

The following amounts were recognized in profit or loss:

(in TEUR)	2023	2022
Total research and development costs	–24,908	–33,048
Scheduled depreciation on development costs	–4,007	–4,786
Impairment losses on development costs	–30	–
Capitalized development costs before offset of subsidies	19,520	26,216
Research and development costs charged to income	**–9,425**	**–11,618**

Through the European Batteries Innovation Project (EUBatIn project), which is being carried out on the IPCEI platform, the European Commission is to promote the establishment of a European li-ion battery production with highly innovative and sustainable production technology for lithium-ion battery cells and modules. At Manz AG, the project is subsidized by the Federal Government and the state of Baden-Württemberg. Likewise, Manz Italy Srl. also receives subsidies from government-related institutions. A prerequisite for the disbursement of the subsidies at Manz AG was formal proof of the financing of the company´s own share. Manz AG was able to provide this proof in the 2023 fiscal year. The aim of the project is the development of innovative production processes on the associated systems based on a new, digitized and more cost-effective business model.

The expenses incurred for development services are capitalized. The associated scope for discretion is described in the chapter "Estimates and assessments by the management". In 2023, development services related to the IPCEI project in the amount of TEUR 7,585 were performed at Manz Italy Srl. in Italy and TEUR 10,805 at Manz AG in Germany. Subsidies of TEUR 9,768 granted to Manz Italy Srl. in Italy and TEUR 8,315 to Manz AG in Germany.

Until 2027, there are funding entitlements for the IPCEI project of a maximum of TEUR 71,335 at Manz AG in Germany and TEUR 48,694 at Manz Italy Srl. Grants for capitalized development projects reduce the acquisition and production costs of the assets concerned. The subsidy from the funding agency is recognized when there is sufficient certainty that the conditions will be met, and the subsidy will be granted.

Since the start of the IPCEI project in 2022, Manz AG in Germany has received a total of TEUR 25,097 and Manz Italy Srl. in Italy a total of TEUR 6,762 in funding.

In the context of funded development projects, there is a risk that the funding agency may demand repayment due to non-achievement of the agreed project objectives. Similarly, reclaims can arise if financial returns from technologies subsidized by the funding agency develop better than originally expected ("claw-back clause"). Manz AG assumes that the agreed project goals will be achieved. It also considers the risk of the claw-back mechanism to be manageable: A significant ex post improvement in customer returns from subsidized projects compensates for the risk of repayments of the funding bodies.

Government grants / subsidies received in 2023 and 2022 are shown in the table below.

(in TEUR)	2023	2022
As of January 1	–	–
Granted during the year	20,067	21,833
Capitalized R&D projects	–18,082	–20,112
Charged in income statement	–1,985	–1,721
As of December 31	–	–

Goodwill

Goodwill and intangible assets with indefinite useful lives (brand rights) are allocated to the individual business units as follows:

(in TEUR)	Goodwill 12/31/2023	12/31/2022
Mobility & Battery Solutions	6,682	6,682
Industry Solutions	8,192	8,892
	14,874	15,574

Goodwill and trademark right are tested for impairment at least once a year by comparing the carrying amounts of the units underlying the respective goodwill and trademark right with the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The Goodwill is impaired if the carrying amount of a cash-generating unit exceeds its recoverable amount. The segments Mobility & Battery Solutions and Industry Solutions are used as cash-generating unit.

The value in use is used to determine the recoverable amount and is determined by using the discounted cash flow method. The starting point is the current five-year plan for the respective business segment. Compared to the fiscal year 2022, the detailed planning horizon was extended from three to five years in the fiscal year 2023. The legal representatives consider this five-year period to be appropriate in order to fulfill the requirements for a steady state, taking into account the significant market growth and increase in demand for the corresponding technologies expected in the medium term.

As part of this test, estimates must be made in relation to future cash surpluses. For the development of estimates in the current uncertain macroeconomic environment, we refer to the chapter “Impact of Russia-Ukraine war and climate-related issues”. A risk-equivalent discount rate must be selected to determine the value in use.

The calculation of discount rates takes into account the circumstances of the peer groups and is based on its weighted average cost of capital (WACC). The cost of capital is calculated as the weighted average cost of debt and equity after taxes. The cost of equity is calculated from the base interest rate for quasi-safe government bonds plus a market risk premium and country-specific risk premiums. The segment-specific risk is taken into account by applying a beta factor derived from capital market data and the capital structure of companies comparable with the cash-generating units. Borrowing costs are based on the base interest rate for quasi-safe government bonds plus country-specific risk premiums and a premium resulting from the credit rating of comparable companies.

The key planning assumptions include, above all, the anticipated market development, the development of key production and other costs, as well as the discount factor and growth rates. General market forecasts, current developments and experience are taken into account

in establishing the assumptions. For the development of estimates in the current uncertain macroeconomic environment, we refer to the chapter “Impact of Russia-Ukraine war and climate-related issues“.

The demand for electric cars is constantly increasing, which is accompanied by an increase in the demand for battery drives. Manz AG should benefit from this positive market development with its broad customer base in the segment Mobility & Battery Solutions. A significant improvement in earnings and an increase in sales in the Mobility & Battery Solutions segment is therefore expected. The Mobility & Battery Solutions division is therefore expected to further significant expand sales and improve earnings in the future. The current business plan suggests that there will be an expand in sales and improvement in results.

In the Industry Solutions segment, Manz AG offers its customers production, assembly and handling equipment for the manufacture of displays for LCD, OLED and AMOLED flat screens, touch sensors, printed circuit boards and chip carriers, as well as smartphones, tablet computers, notebooks, wearables and other consumer electronics. Furthermore, the automated assembly solutions offer “Tier 1 and Tier 2 companies” in the automotive industry transformation solutions from the classic powertrain to the future e-drive train. A further increase in sales and improvement in earnings in the Industry Solutions segment is therefore expected in the future. The current business plan suggests that there will be an expand in sales and improvement in results.

Cash flows are predicted individually for each business segment to which goodwill and trademark right are allocated to it based on revenue and cost planning. Long-term growth rates were set at 0.5 % (previous year: 0.5 %) for the Industry Solutions division and at 1.0 % (previous year: 1.0 %) for the Mobility & Battery Solutions division. The cost of equity is calculated based on a comparable group (peer group).

The discount rates and growth rates are listed in the following table:

	Discount rate after taxes		Growth rate	
(in %)	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Mobility & Battery Solutions	9.3	10.8	1.0	1.0
Industry Solutions	11.4	11.7	0.5	0.5

Equity and borrowing cost rates calculated in this way were weighted on the basis of the peer group’s average capital structure.

The value in use of the respective cash-generating unit determined in the impairment test is recognizably higher than the respective carrying amount in both cases, so that the fair value less costs to sell was not determined. Overall, no impairment of recognized goodwill or intangible assets without definite useful lives was identified for the above-mentioned segments in the financial year 2023.

Due to a decline in the company´s market capitalization below the value of its net assets in the third quarter 2023, an additional impairment test was carried out. In this context, the carrying amounts of the cash-generating units were compared with the values in use. The value in use were based on the current corporate planning. No need for impairment was identified.

A WACC that is 1 % higher and a calculation without assumed growth in perpetuity does not influence the intrinsic value of goodwill. Even an additional reduction in order intake over the entire planning period of 20 % plus a margin erosion of 5 % would not have led to an impairment of the remaining goodwill or trademark right in the 2023 or 2022 financial year.

(15) Property, plant, and equipment

(in TEUR)	Land and buildings	Technical equipment and machinery	Other equipment, operating and business facilities	Right-of-use assets	Equipment under construction/ Advance payment	Total
Acquisition/manufacturing costs						
As of January 1, 2022	26,650	24,635	13,798	21,507	6,110	92,700
Currency adjustment	–445	–61	–61	–51	–	–618
Additions	1,320	1,840	1,614	3,648	1,857	10,279
Disposals	–46	–332	–607	–247	–4,938	–6,170
Reclassifications	135	41	73	–	–249	–
As of December 31, 2022	**27,614**	**26,123**	**14,817**	**24,857**	**2,780**	**96,191**
Amortization/Depreciation						
As of January 1, 2022	9,187	20,539	8,984	8,079	–	46,789
Currency adjustment	–159	–35	–56	–33	–	–283
Additions	859	1,233	1,004	3,456	–	6,552
Disposals	–45	–300	–605	–231	–	–1,181
Reclassifications	–	–	–	–	–	–
As of December 31, 2022	**9,842**	**21,437**	**9,327**	**11,271**	**–**	**51,877**

(in TEUR)	Land and buildings	Technical equipment and machinery	Other equipment, operating and business facilities	Right-of-use assets	Equipment under construction/ Advance payment	Total
Acquisition/manufacturing costs						
As of January 1, 2023	27,614	26,123	14,817	24,857	2,780	96,191
Currency adjustment	–1,015	–145	–146	–63	–	–1,369
Additions	702	3,260	714	2,003	3,755	10,434
Disposals	–	–4	–1,190	–1,882	–	–3,076
Reclassifications	380	–645	829	–	–564	–
As of December 31, 2023	**27,681**	**28,589**	**15,024**	**24,915**	**5,971**	**102,180**
Amortization/Depreciation						
As of January 1, 2023	9,842	21,437	9,327	11,271	–	51,877
Currency adjustment	–354	–66	–123	–31	–	–574
Additions	1,167	1,202	977	3,471	–	6,817
Disposals	–	–4	–1,053	–1,486	–	–2,543
Reclassifications	–	–448	448	–	–	–
As of December 31, 2023	**10,655**	**22,121**	**9,576**	**13,225**	**–**	**55,577**
Residual carrying amount Dec. 31, 2022	17,772	4,686	5,490	13,586	2,780	44,314
Residual carrying amount Dec. 31, 2023	**17,026**	**6,468**	**5,448**	**11,690**	**5,971**	**46,603**

The right-of-use assets from leases are subdivided as follows:

(in TEUR)	12/31/2023	12/31/2022
Right of use-assets – building	10,612	12,321
Right of use-assets – vehicles	1,058	1,118
Right of use assets – IT	20	147
	11,690	**13,586**

Depreciation of right of use assets have been recorded in accordance with the below breakdown.

(in TEUR)	2023	2022
Depreciation of right of use-assets – building	2,805	2,738
Depreciation of right of use-assets – vehicles	546	589
Depreciation of right of use assets – IT	120	129
	3,471	**3,456**

Land and buildings of Manz Slovakia s.r.o. with a carrying amount of TEUR 2,874 (previous year: TEUR 3,074), are used as collateral for bank loans.

(16) Investments accounted for using the equity method

Manz AG holds 40 % of voting rights and shares in CADIS Engineering GmbH, Schwendi, Germany. Manz AG has call options to buy the shares of the other shareholders. The call options are classified as insubstantial because the instrument is not in the money and Manz AG does not benefit from exercising the instrument for other reasons either. One of the former shareholders can demand the assignment of the shares from Manz AG through his call options. As the call options are deemed substantial, the shareholder holding them has gained control over the company. In contrast, Manz AG´s call option is not classified as substantial as of the balance sheet date.

(in TEUR)	12/31/2022	12/31/2022
Current assets	616	949
Non-current assets	2,602	2,707
Short-term debts	1,266	1,208
Non-current liabilities	1,546	1,297
Shareholders'equity	**406**	**1,151**
Stake of Group in equity capital	40 %	40 %
Book value of the share in the Group	**1,643**	**2,011**

(in TEUR)	01/01/–12/31/2023	01/01/–12/31/2022
Revenues	1,283	2,024
Operating earnings (EBIT)	–666	–556
Earnings before taxes (EBT)	–745	–607
Income tax expense	–	–
Earning after tax	–745	–607
Other comprehensive income	–	–
Overall result for the financial year	**–745**	**–607**

On June 14, 2023, a new investor invested in the associated company Q.big 3D GmbH. With this capital increase against the issue of new shares, Manz AG´s shareholding decreased from 24.99 % to 16.8 %. Despite a shareholding of less than 20 %, the company continues to be classified as an associated company, as a significant influence can be clearly demonstrated. Manz AG has call options to acquire the shares of the previous shareholder. The required revenue threshold to exercise the purchase options is significantly above the current revenue level of the company. This means that the company would need to achieve a significant increase in revenue to meet the conditions for exercising the options. Since the rights cannot be exercised on the balance sheet date, the purchase option is not considered substantial.

(in TEUR)	12/31/2023	12/31/2022
Current assets	2,211	518
Non-current assets	823	611
Short-term debts	897	811
Non-current liabilities	1,079	503
Shareholders´ equity	**1,058**	**–185**
Stake of Group in equity capital	16.8 %	24.99 %
Book value of the share in the Group	**274**	**496**

(in TEUR)	01/01/–12/31/2023	01/01/–12/31/2022
Revenues	1,213	527
Operating earnings (EBIT)	–1,343	–1,093
Earnings before taxes (EBT)	–1,279	–1,093
Income tax expense	–	–
Earning after tax	–1,279	–1,093
Other comprehensive income	–	–
Overall result for the financial year	**–1,279**	**–1,093**

As of December 31, 2023, the associated companies had no (previous year: no) contingent liabilities or capital commitments.

(17) Financial assets

Manz AG holds an investment of 11.1 % in NICE PV Research Ltd. Beijing, PRC. As of December 31, 2021, the fair value of NICE PV Research Ltd. has been decreased to zero. This decrease is due to the high reported liabilities and low cash position as of December 31, 2021, combined with minimal earning prospects.

Manz AG holds an investment of 0.95 % in MetOx Technologies Inc., United States of America. The fair value of the investment amounted to TEUR 1,423 as of December 31, 2023 (previous year: TEUR 1,798).

Manz AG holds an investment of 8.7 % in ThermAvant Technologies LLC, Columbia, United States of America. The entity valuation carried out at the end of the year, the fair value of the shares amounted to TEUR 2,262 as of December 31, 2023 (previous year: TEUR 2.031).

Manz AG held an investment of 4.97 % in Customcells Holding GmbH. On October 19, 2023, Manz AG exercised a put option to transfer the 4.97 % shares in Customcells Holding GmbH. The investment was sold to obtain financial resources. The fair value of the investment at the time of derecognition amounted to TEUR 11,500. The cumulative gain from the sale amounted to TEUR 1,150. The gain was recognized in other comprehensive income.

(18) Other non-current assets

The other non-current assets contains of non-current receivables of leases of TEUR 210 (previous year: TEUR 371) and tenant's loan of TEUR 2,328 (previous year: TEUR 1,836). The receivables of leases are corresponding to their fair value and not impaired. The tenant's loan will be repaid at the end of the lease agreement.

(19) Inventories

(in TEUR)	12/31/2023	12/31/2022
Materials and supplies	22,180	29.174
Unfinished goods and products	8,588	12.023
Finished goods and merchandise	2,014	1.364
Advance payments*	1,055	4.203
	33,837	**46.764**

*For further information regarding the change of the prior year please refer to section "Adjustment of prior-year figures".

The total valuation allowances on inventories increased to TEUR 6,130 (previous year: TEUR 4,836) after taking into account exchange rate differences and, scrapping and write up of inventory. In the reporting period, a write down of TEUR 1,425 (previous year: TEUR 408) and a write up of TEUR 30 (previous year: TEUR 281) were recognized. The carrying amount of inventories pledged as collateral amounts to TEUR 8,989 (previous year: TEUR 6,375).

The net realizable value is TEUR 33,837 (previous year: TEUR 46,764).

(20) Trade Receivables

Trade receivables do not bear interest and are usually due within one year.

(in TEUR)	12/31/2023	12/31/2022
Trade receivables from third parties	40,910	47,204
Trade receivables from associates	1,051	384
	41,961	**47,588**

Impairments on trade receivables have developed as follows:

	Dec. 31, 2023		Dec. 31, 2022	
(in TEUR)	**Stage 2**	**Stage 3**	**Stage 2**	**Stage 3**
As of January 1	342	25,181	129	1,306
Currency translation	–9	–9	–16	–3
Utilization	–	212	–	–
Reversal	106	–	–	10
Reclassification	–	–	–	23,827
Addition	147	241	229	60
As of December 31	**375**	**25,202**	**342**	**25,181**

The previous year reclassification in the table above in the amount of TEUR 23,827 corresponds to the reclassification of contract assets in note (21) and is mainly due to the final invoice for the major CIGSFab project issued in the 2022 financial year and the associated disclosure under the trade receivables.

Trade receivables by maturity as follows:

	Dec. 31, 2023		Dec. 31, 2022	
(in TEUR)	**Stage 2**	**Stage 3**	**Stage 2**	**Stage 3**
Gross value	42,323	25,215	47,774	25,337
thereof				
Not due	28,548	104	38,962	43
Overdue 1–30 days	3,114	0	1,501	23,827
Overdue 31–60 days	939	5	1,437	–
Overdue 61–90 days	328	7	1,237	–
Overdue 91–180 days	3,349	4	446	–
Overdue more than 180 days	6,045	25,095	4,191	1,467
Valuation allowance and impairment	–375	–25,202	–342	–25,181
Net carrying amount	**41,948**	**13**	**47,432**	**156**

In stage 2, a provision matrix is used to calculate a portfolio based valuation allowance. Receivables in stage 3 were impaired based on an individual risk assessment. Receivables in stage 2 are subject to the risk level with a low credit risk (not affected by credit rating), while receivables in impairment stage 3 are subject to the risk level with a high credit risk (affected by credit rating). In addition to the credit risk, there must be objective evidence of impairment for receivables in stage 3.

(21) Contract assets

Contract assets consisted of the following amounts:

(in TEUR)	Dec. 31, 2023	Dec. 31, 2022
Manufacturing costs, including profit or loss on the construction contracts	173,466	237,010
Minus advance payments received	–120,614	–163,314
	52,852	**73,696**

Impairments on contract assets developed as follows:

(in TEUR)	Dec. 31, 2023	Dec. 31, 2022
As of January 1	6,129	30,954
Currency translation	–167	–230
Utilization	–	0
Reversal	–	911
Reclassification	–	–23,827
Addition	272	144
As of December 31	**6,234**	**6,129**

The reclassification in 2022 in the table above relate to the impairment requirement for contract assets for the large-scale CIGSFab project in 2021. Please refer to chapter 20 "Trade Receivables".

(22) Derivative financial instruments

On the balance sheet date, the following forward exchange transactions were used to hedge the exchange rate of GBP/EUR transactions (previous year: USD/EUR transactions and GBP/EUR transactions) in the course of the following financial year:

(in TEUR)	Dec. 31, 2023	Dec. 31, 2022
Change in fair value	–980	1,536
Nominal value	40,617	59,485
Positive fair value	466	1,513
Negative fair value	135	202
Remaining term	max. 09/2024	max. 12/2024

There were no hedges within the meaning of hedge accounting in the 2023 financial year.

(23) Other current assets

(in TEUR)	Dec. 31, 2023	Dec. 31, 2022
Receivables from IPCEI Funding	5,820	7,266
Restricted cash	5,578	6,782
Tax receivables (not income and income taxes)	2,203	4,763
Other deferrals (primarily insurance policies)	1,631	3,551
Receivables for employees	322	441
Current receivables of leases	173	219
Other	3,382	3,585
	19,109	**26,607**

The reimbursement claims from IPCEI funding in the amount of TEUR 5,820 (previous year: TEUR 7,266) are costs incurred that have not yet been submitted to the funding agency but are covered by the funding commitment. These are submittable development costs with reasonable assurance of reimbursement.

The other current assets are not overdue and no impairment losses were recognized. "Other" mainly includes tax credits of TEUR 2,829 (previous year: TEUR 3,098) related to a grant for royalty, research and development activities in Italy. "Restricted cash" comprises cash deposits to banks as security for credit facilities in individual cases.

(24) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash accounts, and short-term bank deposits. On bank deposits and current cash investments a risk provision in the amount of TEUR 15 (previous year: TEUR 23) was recorded.

(in TEUR)	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents	**30,239**	33,604

(25) Equity

Changes in the equity and comprehensive income are presented separately in the "Consolidated Statement of Changes in Equity" (Appendix 5).

The Managing Board and Supervisory Board have defined a minimum equity ratio of 40 % as targets.

Issued capital

The subscribed capital of the parent company, Manz AG, is reported as issued capital. The issued capital of 8,542,574.00 (previous year 8,540,286.00) is divided into 8,542,574 (previous year 8,540,286) no-par-value registered shares with a proportional amount of subscribed of 1.00 Euro per share.

In the financial year 2023 2,288 (previous year: 9,074) new no-par-value shares were subscribed and issued from conditional capital (Conditional Capital II) in the financial year 2023 as a result of the exercise of subscription rights ("performance shares").

Authorized capital

By resolution of the Annual General Meeting on July 4, 2023, the company´s Management Board is authorized, with the approval of the Supervisory Board, to increase the company´s share capital in the period until July 3, 2028 once or in partial amounts by a total of up to EUR 4,270,143.00 by issuing a total of up to 4,270,143 new bearer shares (no-par-value shares) against cash or non-cash contributions (Authorized Capital 2023).

In principle, the new shares must be offered to shareholders for subscription. The new shares may also be acquired by banks determined by the Executive Board with the obligation to offer them to shareholders for subscription (indirect subscription right). However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholder´s subscription rights

- in the event of a capital increase against cash contributions, if the issue price of the new shares is not significantly lower than the stock market price of shares of the company with the same features at the time the issue price is determined, which should be as close as possible to the placement of the new shares, within the meaning of Section 203 (1) and (2) and Section 186 (3) sentence 4 AktG. This authorization to exclude subscription rights only applies insofar as the shares to be issued as part of the capital increase do not account for more than EUR 854,028.00 of the share capital and do not account for more than 10 % of the share capital at the time the authorization is exercised. This maximum amount for the exclusion of subscription rights shall include the pro-rata amount of the share capital of shares issued or sold during the term of this authorization on the basis of other authorizations in direct or analogous application of Section 186 (1) sentence 4 AktG with the exclusion of subscription rights;
- in the case of a capital increase against contributions in kind for the acquisition of entreprises, parts of entreprises or participations in entreprises or of other assets or for the implementation of mergers;
- to the extent necessary to grant to the holders of bonds with warrants or convertible bonds, profit participation rights or participating bonds (or combinations of these instruments) issued by the Company or direct or indirect group companies of the Company a subscription right to new shares to the extent to which they would be entitled after exercising their option or conversion right or after fulfilment of their conversion obligation;
- to exclude fractional amounts from the subscription right.

The Executive Board is authorized, with the consent of the Supervisory Board, to determine the further details of the implementation of capital increases from the authorized capital. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the implementation of the increase in the share capital through the exercise of the authorized capital and after the authorization period has expired.

Capital reserves

The capital reserve mainly contains the payments from shareholders in accordance with Section 272 (2) No. 1 HGB less the costs of raising capital after taxes. In addition, the value of the share-based remuneration granted as a salary component to managers (including the Management Board) in the form of equity instruments is recognized.

In the 2023 financial year, a total of TEUR 0 (previous year TEUR 30,000) was withdrawn from the capital reserve and transferred to retained earnings. The withdrawal was unanimously approved by the Board of Directors.

Revenue reserves

Revenue reserves include the earnings generated in the past by the companies included in the consolidated financial statements, insofar as they have not been distributed. It should be noted that both withdrawals from the capital reserve and transfer to the revenue reserve have been made and must therefore also be included in the calculation of the revenue reserve.

Accumulated other comprehensive income

Other comprehensive income includes reserves for the revaluation of pensions, financial assets measured at fair value through other comprehensive income (FVOCI), reserves for the subsequent measurement of cash flow hedges, income and expense recognized directly in equity from financial assets accounted for using the equity method, and currency translation adjustments from the translation of the financial statements of foreign subsidiaries.

Non-controlling interests

The non-controlling interests relate to the minority shareholders of Suzhou Manz New Energy Equipment Co. Ltd. in which Manz AG holds a 56 % interest. The share of equity and annual profit/loss attributed to the minority shareholders is disclosed separately in the balance sheet and/or income statement.

Proposed appropriation of profits

In accordance with Section 58 (2) of the German Stock Corporation Act (AktG), Manz AG's dividend payout is based on the retained profits disclosed in Manz AG's annual financial statements (individual financial statements) as of December 31, 2023. Manz AG's annual financial statements as of December 31, 2023, closed with a net loss for the year of TEUR 3,778 (previous year: net loss of TEUR 7,360).

Due to the loss-making situation, no dividend will be distributed.

Information regarding capital management

The objectives, methods and processes of capital management are described in the "Liquidity risks" section.

(in TEUR)	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents	**30,239**	33,604
Financial liabilities	66,084	44,279
Net financial liabilities	35,845	10,675
Total Manz AG shareholders equity capital	**99,459**	**102,057**
Equity ratio (in%)*	35.77 %	29.66 %

*Further information on the change in the equity ratio in the previous year can be found in the section "Adjustment of prior-year figures".

In the financial year 2023, net financial liabilities increased as a result of new bank liabilities granted in Europe. Cash and cash equivalents are lower than the level of financial liabilities. This shortfall is due to a delay in the project schedule for major orders and a lower order intake than in the previous year. The equity ratio increased due to the lower balance sheet total. It is below the targeted minimum equity ratio of 40 %. As a result of the increase in net financial liabilities, the ratio of net financial liabilities to equity before non-controlling interests, has increased to 36.0 % (previous year: 10.5 %).

Significant uncertainties in the assessment of the company´s ability to continue as a going concern are discussed in the section "Liquidity risk".

(26) Non-current financial liabilities

Non-current financial liabilities totaling TEUR 15,546 consist of long-term loans of TEUR 14,501 from Manz Italy S.r.l. which have a remaining term of up to five years, long-term loans of TEUR 163 from Manz Hungary Kft. which have a remaining term of up to five years and long-term loans of TEUR 882K from Manz AG which have a remaining term of up to two years.

(27) Non-current lease liabilities

Of the non-current lease liabilities, TEUR 3,209 have a remaining term of more than one year and TEUR 4,204 of more than two years.

(28) Pension Provisions

In the calculation of pension provisions, the selection of the discount rate or trend assumptions plus the formation of biometric probabilities, leads to differences in comparison to the actual obligations emerging over the course of time.

The components of expenses for pension benefits recognized in the Group's income statement and the amounts carried in the balance sheet are presented in the following tables.

The present value of performance-based obligations at the end of the year is balanced against the plan assets at fair market value (financing status).

(in TEUR)	2023	2022
Changes in the present value of benefits		
Present value of performance-based obligations as of January 1	5,512	6,850
Service cost	20	7
Interest cost	147	53
Benefits paid	–607	–470
Actuarial losses (+) / gains (–)		
due to changes in demographic assumptions	–	22
due to changes in financial assumptions	102	–854
due to adjustments based on past experience	511	0
Currency differences from international plans	–61	–94
Present value of performance-based obligations as of December 31.	**5,624**	**5,512**

(in TEUR)	2023	2022
Change in plan assets		
Value of plan assets as of January 1	909	710
Income from plan assets	16	5
Company contributions	182	377
Benefits paid	–185	–200
Actuarial losses (+) / gains (–)	–1	45
Currency differences from international plans	–29	–29
Value of plan assets as of December 31	892	909
Financing status (= pension reserves)	**4,732**	**4,603**
which apply to:		
Manz AG, Reutlingen	3,300	2,730
Manz Italy s.r.l., Sasso Marconi/Italy	695	894
Manz Taiwan Ltd., Chungli/ Taiwan	737	980

The pension obligations of Manz AG, Reutlingen consist of two different pension commitments:

1. a pension plan of the Maier company in Tübingen, which was purchased by Manz. All company employees over the age of 25 were pension beneficiaries. The pension plan was closed as of July 15, 1997. A reinsurance policy exists for this pension plan and the resulting claims.
2. a direct commitment with reinsurance for the former Executive Board member Otto Angerhofer. Mr. Angerhofer received a monthly benefit from this commitment until his death. His widow continues to receive 60 % of this benefit.

In addition, there is a reinsured provident fund for the Executive Board with a defined contribution plan.

The obligations at Manz Italy S.r.l. relate to pension provisions for the Italian statutory pension scheme.

There are currently two different pension funds in Taiwan. The Old Labor Pension Fund (OLPF) for pension commitments from 1984 to 2005 and the New Labor Pension Fund (NLPF) for pension commitments since 2005. With the introduction of the new one, the old pension fund was closed. Under the OLPF, only around 10 % of the employees registered in the private sector were eligible for benefits as a result of the payment requirement of 25 years of service. Eligible employees do not have individual accounts, but only company accounts, which were often not funded. With the NLPF, the system was changed to a defined contribution system. Each employee now has an account and old contributions from former employers are transferred. In addition, employees can make additional contributions of their own without obligation. The government also provides guarantees for a minimum return of 2 %. Employees have the opportunity to transfer from the OLPF to the NLPF during the period from 2005 to 2010. In the NLPF, the employer pays in 6 % minimum of the salary of its employees and the employees can pay in additional personal contributions of up to 6 % of their salary.

The following amounts have been included in the income statement:

(in TEUR)	2023	2022
Current service costs	–20	–7
Net interest costs	–131	–48

The service cost is reported in personnel expenses, while the interest cost is reported under financial expenses.

In the next financial year, the employer contributions to plan assets are expected to increase by TEUR 0 (previous year: TEUR 0) and the expected pension payments are TEUR 1,296 (previous year: TEUR 1,410). In the next two to five years, total expected pension payments are TEUR 1,134.

The plan assets for German pension obligations consist exclusively of reinsurance policies. The plan assets for Manz Taiwan Ltd. are legally required by law that must be paid into an external central trust (Taiwan's Labor Pension Fund). The fund's assets comprise reinsurance policies (Germany) and trust assets (Taiwan), which make up 3 % and 97 % of the fund's total assets, respectively. The assets held in trust are investment funds. The plan assets are measured at fair value.

For defined contribution plans, payments were made in the financial year under review in the amount of TEUR 374 (previous year: TEUR 554). In addition, the domestic companies also paid contributions to the state pension insurance fund in the amount of TEUR 3,027 (previous year: TEUR 2,915).

The calculation of pension reserves was carried out based on the following underlying assumptions:

	Germany		Italy		Taiwan	
	2023	2022	2023	2022	2023	2022
Discount rate	3,30 %	3,32 %	3,08 %	3,63 %	1,34 %	1,70 %
Salary and wage increases	2,80 %	2,80 %	1,00 %	2,30 %	5,00 %	5,00 %
Pension increases	**2,30 %**	**2,30 %**	**3,00 %**	**3,23 %**	**1,34 %**	**1,70 %**

An increase or decline in key actuarial assumptions would have the following effect on the present value of financing status:

(in TEUR)		2023	2022
Discount rate sensitivity	+0.50 %	–934	–1,065
Discount rate sensitivity	–0.50 %	920	1,144
Sensitivity for pension dynamics	+0.50 %	827	1,047
Sensitivity for pension dynamics	–0.50 %	–868	–998
Sensitivity for salary development	+0.50 %	697	895
Sensitivity for salary development	–0.50 %	–697	–895

The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation because of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

In case of one year higher life expectancy, the pension obligation would be increased of TEUR 2,479.

The weighted average term of the defined benefit obligations at the end of the reporting year is 10.1 years (previous year: 10.2 years).

(29) Other non-current provisions

Other non-current provisions developed as follows (in TEUR):

(in TEUR)	Jan. 1, 2023	Currency adjustment	Utili-zation	Reversal	Discount rate	Addition	Dec. 31, 2023
Warranties	2,086	–37	975	45	–7	733	1,769
Personnel	377	–	82	67	–8	0	236
	2,463	**–37**	**1,057**	**112**	**–15**	**733**	**2,005**

(in TEUR)	Jan. 1, 2022	Currency adjustment	Utili-zation	Reversal	Discount rate	Addition	Dec. 31, 2022
Gewährleistungen	2,419	–61	395	659	–8	774	2,086
Personal	358	–	28	–	–	47	377
	2,777	**–61**	**423**	**659**	**–8**	**821**	**2,463**

Long-term personnel obligations include obligations arising from partial retirement and long-service and anniversary bonuses. The provision for partial retirement in the amount of TEUR 37 was netted against the planned assets.

Provisions for warranty obligations are recognized based on past experience. It is expected that the costs will be incurred within the next two financial years.

The increased utilization of warranty obligations in 2023 is entirely attributable to a project of Manz Italy Srl.

(30) Current financial liabilities

Basically, current financial liabilities are due within one year. Due to the long-standing cooperation with the financing partners and the experience from the past that the credit lines were extended, the legal representatives consider it highly likely that the financing lines will continue to be available.

For the presentation of current financial liabilities, please refer to table “Development of liabilities from financing activities”.

(31) Trade payables

Trade payables are accounted for at amortized cost. Their balance sheet values generally correspond to their market values and they are due within one year.

(in TEUR)	Dec. 31, 2023	Dec. 31, 2022
Trade payables to third parties*	44,007	64,205
	44,007	**64,205**

*For further information regarding the change of the prior year please refer to section “Adjustment of prior-year figure”.

(32) Contract liabilities

Contract liabilities, which represent the surplus of advance payments from customer orders, consisted of the following amounts as of December 31, 2023:

(in TEUR)	Dec. 31, 2023	Dec. 31, 2022
Contract liabilities	22,567	74,243

The increase in contract liabilities is due to an increase in advance payments compared to the project work performed. The decrease on contract liabilities is mainly due to delay in order intake for new projects. The contract liabilities from January 1, 2023 of TEUR 70,985 were recognized as revenue in the period ending December 31, 2023.

(33) Other current provisions

Other current provisions developed as follows:

(in TEUR)	Jan. 1, 2023	Currency Adjustment	Utilization	Reversal	Addition	Dec. 31, 2023
Personnel	1,573	–48	1,130	152	1,757	2,000
Sales comissions	166	–4	–	–	406	568
Reworking	1,565	–	296	453	470	1,286
Other	2,844	–63	2,755	137	3,706	3,595
	6,148	**–115**	**4,181**	**742**	**6,339**	**7,449**

(in TEUR)	Jan. 1, 2023	Currency Adjustment	Utilization	Reversal	Addition	Dec. 31, 2022
Personnel	2,067	–19	1,009	562	1,096	1,573
Sales comissions	486	–21	278	21	0	166
Reworking	1,479	0	632	0	718	1,565
Other	2,482	–33	1,691	758	2,844	2,844
	6,514	**–73**	**3,610**	**1,341**	**4,658**	**6,148**

Tax provision of TEUR 507 (previous year: TEUR 0), Costs of the annual financial statements of TEUR 324 (previous year: TEUR 474), provisions for warranties of TEUR 307 (previous year: TEUR 420) and anticipated losses of TEUR 1,168 (previous year: TEUR 439) are recognized in the area "Other".

The corresponding costs are expected to be incurred in the following year.

(34) Other current liabilities

(in TEUR)	Dec. 31, 2023	Dec. 31, 2022
Personnel-related liabilities	6,186	6,481
Tax liabilities	3,364	1,672
Other	3,601	7,206
	13,151	**15,359**

The tax liabilities are primarily made up of value added tax liabilities. TEUR 1,200 outstanding contribution in kind to CADIS Engineering GmbH was reported under "Others". The contribution in kind is due in the balance sheet date. The outstanding contribution in kind is due at the balance sheet date. TEUR 1,012 outstanding cash contribution to ThermAvant was reported under "Others" in 2022, the payment has been made in January 2023. All liabilities are due within one year.

VIII. Leases

Presentation of the income statement

The following amounts were recognized in profit or loss in the financial year:

(in TEUR)	2023	2022
Income from subleases	11	15
Amortization expense for right-of-use assets	–3,471	–3,456
Interest expenses for lease liabilities	–401	–388
Expenses for current leases	–480	–608
Expenses for low-value lease assets	–98	–86
Variable lease payments	–337	–342
Total amount recognized in profit or loss	**–4,776**	**–4,866**

For the presentation of leases in the consolidated cash flow statement, please refer to NOTES TO THE CASH FLOW STATEMENT. The cash outflows for leases are included in the cash flow from financing activities and amount to TEUR 4,375 (previous year: TEUR 4,111) in the reporting year. Payments for short-term leases and for leases based on a low-value asset or for variable lease payments that are not recognized in the lease liabilities are allocated to cash flow from operating activities and amounted to TEUR 915 (previous year: TEUR 1,037).

In financial year 2019 subleases were concluded for parts of the building of the Tübingen location. It is identified as a finance lease contract as the terms of the subleases cover the major part of the economic life of the main lease contract. Accordingly, the right of use was reduced and at the same time receivables from subleasing relationships were recognized at the present value of EUR 795 thousand.

In the reporting period finance income of lease receivables of TEUR 11 (previous year: TEUR 15) were recorded.

Below the maturity analysis shows the lease receivables consisting of the non-discounted annual lease payments expected after the balance sheet date:

(in TEUR)	2023	2022
less than one year	173	219
one to two years	148	173
two to three years	75	148
three to four years	–	75
four to five years	–	–
more than five years	–	–
Total of non-discounted annual lease payments	**396**	**615**

IX. Report on Financial Instruments

Trade receivables, other current assets, cash and cash equivalents, trade payables and the majority of other liabilities within the scope of IFRS 7 have short remaining terms.

The following table shows the reconciliation of balance sheet items to the categories of financial instruments, broken down according to the carrying amounts and fair values of the financial instruments.

Assets as of Dec. 31, 2023

IFRS 9 – Financial Assets		Carrying amounts by measurement category				
(in TEUR)	Fair value	At continued acquisition cost	Fair value through other comprehensive income (equity instruments)	Fair value through profit or loss	Not in the scope of IFRS 7, IFRS 9	Carrying amount Dec. 31, 2023
Investments	3,685	–	3,685	–	–	3,685
Other non-current assets	3,517	3,307	–	–	210	3,517
Trade receivables from third parties	40,910	40,910	–	–	–	40,910
Trade receivables from associates	1,051	1,051	–	–	–	1,051
Derivative financial instruments	466	–	–	466	–	466
Other current assets	16,396	16,396	–	–	–	16,396
Cash and cash equivalents	30,239	30,239	–	–	–	30,239
	96,264	**91,903**	**3,685**	**466**	**210**	**96,264**

Liabilities as of Dec. 31, 2023

IFRS 9 – Financial Liabilities		Carrying amounts by measurement category				
(in TEUR)	Fair value	Fair value through profit or loss	At continued acquisition cost	Designated hedge instruments	Not in the scope of IFRS 7, IFRS 9	Carrying amount Dec. 31, 2023
Financial liabilities	66,084	–	66,084	–	–	66,084
Trade payables to third parties	44,007	–	44,007	–	–	44,007
Derivative financial instruments	135	135	–	–	–	135
Other liabilities	3,601	–	3,601	–	–	3,601
	113,827	**135**	**113,692**	**–**	**–**	**113,827**

Assets as of Dec. 31, 2022

IFRS 9 – Financial Assets		Carrying amounts by measurement category				
(in TEUR)	Fair value	At continued acquisition cost	Fair value through other comprehensive income (equity instruments)	Fair value through profit or loss	Not in the scope of IFRS 7, IFRS 9	Carrying amount Dec. 31, 2022
Investments	3,829	–	3,829	–	–	3,829
Other non-current assets	2,681	2,310	–	–	371	2,681
Trade receivables from third parties	47,204	47,204	–	–	–	47,204
Trade receivables from associates	384	384	–	–	–	384
Derivative financial instruments	1,513	–	–	1,513	–	1,513
Other current assets	21,624	21,624	–	–	–	21,624
Cash and cash equivalents	33,604	33,604	–	–	–	33,604
	110,839	**105,126**	**3,829**	**1,513**	**371**	**110,839**

Liabilities as of Dec. 31, 2022

IFRS 9 – Financial Liabilities	Carrying amounts by measurement category						
(in TEUR)	Fair value	Fair value through profit or loss	At continued acquisition cost	Designated hedge instruments	Not in the scope of IFRS 7, IFRS 9	Carrying amount Dec. 31, 2022
Financial liabilities	44,279	–	44,279	–	–	44,279
Trade payables to third parties	73,641	–	73,641	–	–	73,641
Derivative financial instruments	202	202	0	–	–	202
Other liabilities	7,205	–	7,205	–	–	7,205
	125,327	**202**	**125,125**	**–**	**–**	**125,327**

Measurement classes

The Group uses the following hierarchy to determine fair values of financial instruments for each valuation method:
Level 1: (unadjusted) prices for identical assets or liabilities quoted on active markets.
Level 2: input data that is observable either directly (i.e., as prices) or indirectly (i.e., derived from prices) for the asset or liability and that does not represent any quoted price as described in Level 1.
Level 3: input data that is not based on observable market data for the measurement of the asset or liability (unobservable input data).

The financial assets and liabilities recognized by Manz at fair market value are broken down by the fair market value hierarchy levels as follows:

Assigned to fair market value hierarchy levels

		Fair value hierarchy		
(in TEUR)	Dec. 31, 2023	Level 1	Level 2	Level 3
Assets at fair value – affecting net income				
Derivatives	466	–	466	–
Assets at fair value – not affecting net income				
Investments	3,685	–	–	3,685
Liabilities at fair value – affecting net income				
Derivatives	135	–	135	–
Liabilities at fair value – not affecting net income				
Derivatives with on-balance-sheet hedging relationship	–	–	–	–

		Fair value hierarchy		
(in TEUR)	Dec. 31, 2022	Level 1	Level 2	Level 3
Assets at fair value – affecting net income				
Derivatives	1,513	–	1,513	–
Assets at fair value – not affecting net income				
Investments	3,829	–	–	3,829
Liabilities at fair value – affecting net income				
Derivatives with a balance-sheet hedging relationship	29	–	29	–
Derivatives	173	–	173	–
Liabilities at fair value – not affecting net income				
Derivatives with on-balance-sheet hedging relationship	–	–	–	–

The measurement of the fair market value of the financial instruments in levels 1, 2, and 3 held as of December 31, 2023, resulted in the following total income and expenses:

(in TEUR)	2023	2022
Assets		
included in the income statement	–1,047	1,513
recorded in equity	144	–
Liabilities		
included in the income statement	67	23
recorded in equity	–	–

Financial assets of the fair market value hierarchy Level 3

Development (in TEUR)	2023	2022
As of January 1	3,829	1,798
Additions	10,350	2,031
Disposals	–11,500	–
Change in fair value	1,006	–
As of December 31	**3,685**	**3,829**

The Group holds a non-controlling 11.1 % stake in NICE PV Research Ltd. Beijing, PR China. This company is not listed on the stock exchange. The Group holds these shares as a strategic investment and has therefore measured them at fair value through other comprehensive income.

As of December 31, 2021, the fair value of NICE PV Research Ltd. has been decreased to zero. This decrease is due to the high reported liabilities and low cash position as of December 31, 2021, combined with minimal earning prospects.

If the underlying parameters (Equity) had been 10 % higher (lower) in the current periods, the value of the stake would have been TEUR 0 higher (lower).

The Group holds 0.95 % (previous year: 2.8 %) share in MetOx Technologies Inc., Houston, United States of America. This company is not listed on the stock exchange. The Group holds these shares as a strategic investment and has therefore measured them at fair value through other comprehensive income.

If the underlying parameters (Share price of last financing round) of MetOx Technologies Inc. had been 10 % higher (lower) in the current periods, the value of the share would have been TEUR 142 higher and TEUR 142 lower, respectively. The fair value of the investment as of December 31, 2023 is TEUR 1,423 (previous year: TEUR 1,798).

The Group holds 8.7 % share in ThermAvant technologies LLC, Columbia, United States of America. This company is not listed on the stock exchange. The Group holds these shares as a strategic investment and has therefore measured them at fair value through other comprehensive income.

If the underlying parameters (Pre-Tax Income) of ThermAvant Technologies LLC had been 10 % higher (lower) in the current periods, the value of the share would have been TEUR 226 higher and TEUR 226 lower, respectively. The fair value of the investment as of December 31, 2023 is TEUR 2,262 (previous year: TEUR 2,031).

On March 14, 2023, Manz AG exchanged 40 % of the shares in Customcells Tübingen GmbH for 4.97 % of the shares in Customcells Holding GmbH. The shares were included in the consolidated financial statements at fair value through other comprehensive income in the amount of TEUR 10,350. On October 19, 2023, Manz AG exercised a put option to transfer the 4.97 % shares in Customcells Holding GmbH. The option was triggered with an exercise price of TEUR 11,500.

Net results according to IFRS 9 valuation categories

Financial year 2023

(in TEUR)	From interest	At fair value	Currency translation	Loss allowance	From disposal	Net gain or loss
Financial assets measured at amortized cost	–	–	1,444	–118	–	1,326
Investments in equity instruments measured at fair value through profit or loss	–	466	–	–	–	466
Investments in equity instruments measured at fair value through other comprehensive income	–	–	–	–	–	–
Financial liabilities measured at amortized cost	–4,179	–	–607	–	–	–4,785
Financial liabilities measured at fair value through profit or loss	–	135	–	–	–	135
	–4,179	**601**	**838**	**–118**	**–**	**–2,858**

Financial year 2022

(in TEUR)	From interest	At fair value	Currency translation	Loss allowance	From disposal	Net gain or loss
Financial assets measured at amortized cost	–	–	9,864	–699	–	10,563
Investments in equity instruments measured at fair value through profit or loss	–	1,513	–	–	–	1,513
Investments in equity instruments measured at fair value through other comprehensive income	–	–	–	–	–	–
Financial liabilities measured at amortized cost	–1,410	–	–2,983	–	–	–4,393
Financial liabilities measured at fair value through profit or loss	–	202	–	–	–	202
	–1,410	**1,715**	**6,882**	**699**	**–**	**7,885**

The net gains and losses from the category “amortized costs (AC)” primarily include gains and losses from currency translation and changes in valuation allowances on receivables as well as losses on receivable from construction contracts.

Interest income for financial instruments in the “amortized costs (AC)” category is the result of investing liquid funds. The interest expenses within the category “amortized cost (AC)” relate to financial liabilities to banks.

Financial risk management and financial derivatives

As a company which operates internationally, the Manz Group is exposed to credit, liquidity, and market risks during the course of its ordinary business activities. Market risks particularly result from changes to exchange rates and interest rates. Financial risk management measures are designed to manage and limit these market risks within the scope of operating and financial activities. Depending on the risk assessment, derivative hedging instruments are used. To reduce the default risk, hedging transactions are entered into only with leading financial institutions which have excellent credit ratings.

The basic principles of Manz financial policy are regularly determined by the Managing Board and monitored by the Supervisory Board.

The development of production equipment for industrial companies harbors the risk of concentrating the order volume on individual projects, industries and customers. For example, the Manz Group generated around 40 % of its revenues with five customers in the 2023 fiscal year. In the event that the loss of a major customer cannot be compensated for, negative effects on the Manz group´s earnings are to be expected.

The sensitivity analyses in the following sections refer to the situation as of December 31, 2023 and 2022 respectively. The sensitivity analyses were carried out based on the hedging relationships existing as of December 31, 2023, and on the premise that net debt, the relationship between the fixed and variable interest rates of liabilities and derivatives, and the proportion of financial instruments held in foreign currencies will remain constant.

The sensitivity analyses were prepared under the assumption that the relevant items of the income statement reflect the effect of assumed changes in the corresponding market risks.

Credit Risks

Credit risk is the risk that business partners will not be able to meet their contractual obliga-tions, resulting in a financial loss for the Manz Group. Within the scope of its operating activities, the Group is particularly exposed to default risks when it comes to trade receiva-bles and contract assets, as well as risks associated with its financing activities, including cash investments with banks and derivative financial instruments.

The credit risk from receivables from customers is managed (locally) at the company level and monitored continuously. In project business, the risk of default is minimized by advance payments. If default risks are noticeable in the case of financial assets, these risks are recognized by means of valuation allowances. The risk of default with regard to cash investments and derivative financial instruments is reduced by distributing the investments across various banks.

The maximum credit risk of financial assets (including derivatives with a positive market value) corresponds to the carrying amount recognized in the balance sheet. As of the balance sheet date December 31, 2023, the maximum credit risk was TEUR 96,264 (previous year: TEUR 110,839).

In certain cases, Manz may assume that a financial asset will default if there are internal or external indications that the outstanding amounts will not be paid in full. Such information is available, e.g., if the debtor's financial difficulties become known or if the borrower becomes insolvent or goes bankrupt. A financial asset is impaired if there is certainty that the contractual cash flows will not be realized.

There were no indications of an impairment requirement for the trade receivables that were not impaired. In order to determine the recoverability of trade receivables, valuation models are used to determine possible default rates. Both the use of default rates under consideration of different regions and an examination of individual default rates by the responsible management were carried out. The recoverability of receivables that are neither overdue nor impaired is considered very high. This assessment based primarily on the long-standing business relationship with most of the customers and the creditworthiness of the customers.

The other assets are not overdue.

Liquidity Risks

Based on a decline in order intake of EUR 195.7 million in the 2023 fiscal year compared to the previous year (EUR 359.7 million) at the Manz Group and EUR 106.9 million (previous year: EUR 215.2 million) at Manz AG, advance payments received from customers as of the reporting date fell in particular. Over the course of the year, this led to a decline in cash and cash equivalents at the Manz Group (EUR 30.2 million, previous year: EUR 33.6 million) and at Manz AG (EUR 8.1 million, previous year: EUR 17.7 million) despite proceeds of EUR 11.5 million from the sale of the shares in Customcells Holding GmbH. Cash and cash equivalents fell to EUR 16.3 million for the Manz Group and EUR 3.3 million for Manz AG in the period up to April 30, 2024. Accordingly, liquidity and financing risks, including going concern risks, increased further in the 2023 financial year compared to the previous year.

In order to counter these going concern risks in the forecast period up to May 2025, the Managing Board of Manz AG has developed and implemented various measures to maintain solvency, which are already used as assumptions in the last updated version of the rolling liquidity planning described below in addition to current assumptions for the operating business.

A key ongoing assumption in the liquidity planning of the Manz Group and Manz AG is the receipt of the customer orders identified and planned as part of the budget planning discussions with regard to the order amount and the planned time of order receipt. Incoming orders are then linked to payments from the respective order at short intervals, which are followed by delayed payments for supplier orders. A delay or a change in the volume of planned incoming orders or payments from new and existing projects, higher project costs or repayment obligations from projects as well as the general absence of incoming orders or the loss of customer payments from existing projects can have a significant negative impact on the liquidity of Manz AG and the respective subsidiaries and thus also on the Group.

Other key assumptions for the liquidity planning of the Manz Group and Manz AG for the forecast period relate in particular to the amount and timing of payments from subsidies as part of the IPCEI project in the low double-digit million range.

Manz AG and the subsidiaries of the Manz Group work with rolling liquidity planning in order to promptly recognize the risks from delayed or non-receipt of payments and other significant liquidity-related issues. Based on the sensitivity analyses carried out with regard to the liquidity planning for Manz AG, the Managing Board has recognized that, taking into account a risk discount of 20% on incoming orders and a simultaneous 5% decline in the gross margin from projects in the forecast period, the Managing Board had to take immediate measures to maintain the solvency and thus the continuation of the business activities of Manz AG and the Manz Group.

In order to maintain solvency, the Managing Board has developed and implemented the aforementioned comprehensive package of measures. With the signing of the purchase agreement dated May 8, 2024, between Manz AG and Harro Höflinger Verpackungsmaschinen GmbH, Allmersbach im Tal, the sale of the shares in Manz Hungary Kft., Debrecen/Hungary, as part of a share deal was agreed between the two contracting parties subject to a deferred purchase price of EUR 8 million. The following conditions for the transfer of the shares and the receipt of the purchase price must be fulfilled in advance:

- Presentation of the audited consolidated financial statements and the audited annual financial statements of Manz AG as of December 31, 2023
- Duly confirmed by the Hungarian Minister of Domestic Economy in accordance with Government Regulation No. 561/2022 on foreign direct investment for the acquisition of shares in Manz Hungary Kft.
- Proper confirmation of the Hungarian Investment Promotion Agency to approve the change of ownership of Manz Hungary Kft. With simultaneous transfer of the subsidy commitments
- Application for subsidies until June 30, 2024 to the Hungarian state by Manz Hungary Kft.
- Conclusion of an IT framework agreement between Manz AG, Harro Höflinger Verpackungsmaschinen GmbH and Manz Hungary Kft.
- Approval of SAP license transfer and legal transfer of SAP licenses by SAP SE, Walldorf
- Approval of the legal license transfer of a CAD system by Siemens AG, Munich

The legal representatives of Manz AG assume that the conditions will be met within the second quarter of 2024 and that the purchase price will be paid by August 31, 2024 at the latest.

Furthermore, an agreement was concluded in May 2024 for a shareholder loan, which is structured as an overdraft facility in the amount of EUR 3 million and is available to Manz AG on demand for a period of 12 months from the conclusion of the agreement. In addition, advance payments were agreed with a major customer in April 2024, which would actually have been

due in the course of the third and fourth quarter of 2024. As agreed, these prepayments will lead to a cash inflow of around EUR 8 million in May and June 2024.

In addition, based on the liquidity planning of the relevant subsidiaries abroad, the Manz Group requires the regular extension of short-term overdraft facilities, particularly at the subsidiaries in Taiwan, China and Slovakia, for which Manz AG is a partial guarantor, in order to maintain solvency in the forecast period until the end of May 2025 and thus the Group´s ability to continue its business activities. In the case of the overdraft facilities to be extended, the Management Board assumes that it is highly likely that they will be extended.

All measures taken as part of the package of measures will make a significant contribution to maintaining solvency in the forecast period. The result of this analysis is that it is highly probable that the company will be able to maintain its financing throughout the forecast period.

However, if there are significant deviations affecting liquidity, in particular due to a lack of incoming orders, i.e. with a discount of 50% on the planned incoming orders in the forecast period, if Manz AG is called upon under other warranty bonds or if significant overdraft facilities at foreign subsidiaries are not extended, this will result in a liquidity shortfall in the second half of the forecast period, which will jeopardize the continued existence of Manz AG and the Manz Group.

The continued existence of Manz AG, and thus also the Group, depends crucially on the liquidity risks outlined above not materializing. These events and circumstances represent a going concern risk within the meaning of Section 322 (2) sentence 3 HGB.

Based on current corporate planning and an order backlog of TEUR 186,526 as of December 31, 2023 (previous year: TEUR 339,949), the Managing Board assumes that Manz AG will be able to meet its payment obligations in fiscal years 2024 and 2025.

The following lists show the contractually agreed, non-discounted interest and principal payments for the primary financial liabilities covered by IFRS 7. If the maturity date is not fixed, the liability is applied to the earliest maturity date. We mainly assume that the cash outflows will not occur earlier than shown.

Dec. 31, 2023 (in TEUR)	**Total**	**2024**	**2025**	**>=2026**
Financial liabilities	72,221	53,812	6,236	12,173
Trade payables	44,007	44,007	–	–
Lease liabilities	14,150	5,133	3,610	5,407
Derivative financial instruments*	40,617	40,617	–	–
Other liabilities	3,601	3,601	–	–
	174,597	**147,171**	**9,846**	**17,580**

*The derivative financial instruments shown in the table are offset by derivative assets to cover the derivative liabilities. The net effect when the contracts expire is TEUR 336.

Dec. 31, 2022 (in TEUR)	Total	2023	2024	>=2025
Financial liabilities	46,052	38,652	2,454	4,946
Trade payables	73,641	73,641	0	0
Lease liabilities	15,956	4,483	4,358	7,114
Derivative financial instruments*	59,485	18,597	40,889	0
Other liabilities	7,205	7,205	0	0
	202,339	**142,578**	**47,701**	**12,061**

Some of the Manz Group's cash and guarantee credits with banks that were utilised on the balance sheet date are secured in the form of pledges on land charges on buildings (see chapter (15) "Property, plant and equipment", inventories (see chapter (19) "inventories", receivables (in the amount of TEUR 4,041) and contract assets (in the amount of TEUR 4,056).

Currency risks

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Manz Group is primarily exposed to this risk from its business activities (if revenues and/or expenses are denominated in a currency other than the functional currency of the respective Manz company). In order to reduce the effects of exchange rate fluctuations, Manz AG continually quantifies exchange rate risks and hedges all major risks with forward exchange contracts and foreign exchange swaps whenever this is possible and economically meaningful. The hedging of value fluctuations of future cash flows from expected transactions involves planned sales in foreign currency. Differences resulting from the translation of financial statements into the Group currency are disregarded.

To present market risks, IFRS 7 requires sensitivity analyses which show possible effects of changes in relevant risk variables (e.g., exchange rates, interest rates) might have on earnings and equity. To determine the periodic effects, a possible change in the risk variables on the financial instruments held by the company on the reporting date is undertaken. It is assumed that the instruments held at the end of the year are representative for the financial year. Foreign currency derivatives are always assigned to hedged items so that no currency risks arise from these instruments.

With regard to foreign currency risks, in the 2023 fiscal year Manz was particularly exposed to exchange rate fluctuations of the Taiwanese dollar to the US dollar and the Chinese Renmimbi to the US Dollar, since a significant portion of the goods and services were traded in these currency pairs in the reporting year.

If the USD had appreciated by 5% against the TWD as of 31 December 2023 (2022), the consolidated result would have been TEUR 2,936 higher (previous year TEUR 2,867 higher). Equity before tax would have been correspondingly higher by TEUR 2,936 (previous year: TEUR 2,867 higher). If the USD had been devalued by 5% against the TWD as of 31 December 2023 (2022), the consolidated result would have been TEUR 2,936 lower (previous year: TEUR 2,867 lower). Equity before taxes would have been reduced accordingly by TEUR 2,936 (previous year: TEUR 2,867 reduced).

If the USD had appreciated by 5% against the CNY as of 31 December 2023 (2022), the consolidated result would have been TEUR 1,100 lower (previous year TEUR 928 lower). Equity before taxes would have been correspondingly lower by TEUR 1,100 (previous year: TEUR 928 lower). If the USD had been devalued by 5% against the CNY as of 31 December 2023 (2022), the consolidated result would have been TEUR 1,100 higher (previous year: TEUR 928 higher). Equity before taxes would have been increased accordingly by TEUR 1,100 (previous year: TEUR 928 higher).

Interest Rate Risks

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. The risk of fluctuations in market interest rates to which the Group is exposed results primarily from loans with variable interest rates.

Manz has loans with variable interest rates that were subject to interest rate changes as of December 31, 2023. A hypothetical increase in these interest rates by 100 basis points (previous year: 100 basis points) per year would have led to an increase in interest expenses of TEUR 556 (previous year: TEUR 511). A hypothetical reduction of 100 basis points (previous year: 100 basis points) per year would have led to a reduction in interest expenses of TEUR 556 (previous year: TEUR 511).

Manz holds a balanced portfolio of fixed-rate and variable-rate loans to manage interest rate risk.

The interest rates of the Manz Group´s financing agreements are based in part on reference interest rates such as EURIBOR and LIBOR. The current reform of the reference interest rates is of very minor importance for Manz, as the financing affected is largely short-term and the Group does not hold any derivatives in its portfolio that relate to reference interest rates. In the event of a significant change or the omission of the reference interest rates that affect the Group´s financing contracts, Manz intends to mutually agree on a standard market alternative with the banks.

X. Contingencies and other Financial Obligations

As of December 31, 2023, there are advance payment guarantees for the CIGS orders of Manz AG in the amount of TEUR 21,420 to the customer Chongqing Shenua Thin Film Solar Technology Co. Ltd. Despite services already rendered by Manz AG and an advance payment made by the customer, the project was terminated prematurely by the customer. Arbitration proceedings are currently underway to settle the discussions regarding outstanding payments by the customer Chongqing Shenua Thin Film Solar Technology Co. Ltd. As well as the repayment of the down payment by Manz AG. The customer Chongqing Shenua Thin Film Solar Technology Co. Ltd. may not submit a demand for payment under the bank guarantee after the decision of an arbitration tribunal during the arbitration proceedings taking place. The best estimate for this contingent liability amounted to TEUR 21,420.

As of December 31, 2023, Manz AG was involved in a legal proceeding with a customer. The best estimate for this contingent liability amounted to TUSD 1,025.

XI. Events after Reporting Period

With effect from March 19, 2024, Suzhou Manz New Energy Equipment Co., Ltd., located in Suzhou, PR China, was liquidated. This liquidation has no material impact on the group´s financial result.

In order to maintain solvency, a purchase agreement was signed between Manz AG and Harro Höflinger Verpackungsmaschinen GmbH, Allmersbach im Tal on May 8, 2024. In this purchase agreement, the sale of the shares in Manz Hungary Kft. Debrecen/Hungary, as part of a share deal, is agreed between the two contracting parties subject to a condition precedent. The following conditions must be fulfilled cumulatively until the transfer of the shares in Manz Hungary Kft.:

- Presentation of the audited consolidated financial statements and the audited annual financial statements of Manz AG as of December 31, 2023
- Duly confirmed by the Hungarian Minister of Domestic Economy in accordance with Government Regulation No. 561/2022 on foreign direct investment for the acquisition of shares in Manz Hungary Kft.
- Proper confirmation of the Hungarian Investment Promotion Agency to approve the change of ownership of Manz Hungary Kft. With simultaneous transfer of the subsidy commitments
- Application for subsidies until June 30, 2024 to the Hungarian state by Manz Hungary Kft.
- Conclusion of an IT framework agreement between Manz AG, Harro Höflinger Verpackungsmaschinen GmbH and Manz Hungary Kft.
- Approval of SAP license transfer and legal transfer of SAP licenses by SAP SE, Walldorf
- Approval of the legal license transfer of a CAD system by Siemens AG, Munich

The legal representatives of Manz AG assume that all conditions precedent will be fulfilled in the second quarter 2024, so that Manz AG will receive approximately EUR 8 million from this transaction by August 31, 2024, at the latest. Manz AG expects a profit in the low single-digit million range from this transaction.

On May 8, 2024, it was agreed as part of a shareholder loan that Manz AG, as the borrower, would receive a current account line of credit in the amount of EUR 3 million. This line is flexibly available to Manz AG for a period of 12 months after conclusion of the agreement.

In addition, advance payments were agreed with a major customer in April 2024, which would actually have been due in the third and fourth quarter of 2024. As agreed, these prepayments will lead to a cash inflow of around EUR 8 million in May and June 2024.

XII. Related Party Disclosures

IAS 24 requires disclosures of relationships, transactions and outstanding balances (including obligations) with related parties.

Natural related persons include the Supervisory Board and the Managing Board of Manz AG including their family members as related persons. In addition, the Manz family together holds 22.7 % of the shares in Manz AG:

It also includes companies that are controlled by a related party or are under the joint control of a related company or are involved with a related party, to the related company. The companies accounted for using the equity method are also assigned to related companies.

Accordingly, the associated companies Cadis Engineering GmbH, Schwendi, Germany and Q.big 3D GmbH, Aalen, Germany and Manz GmbH Management Consulting and Investment, Schlaitdorf, Germany were identified as related parties. Business relationships with related parties are summarized in the following table:

(in TEUR)	**Cadis Engineering GmbH**		**Q.big 3D GmbH**		**Manz GmbH Management Consulting and Investment**	
	2023	2022	**2023**	2022	**2023**	2022
Sales		222	**892**	490	–	–
Purchase of machines	**1,431**				–	–
Trade Receivables	**3**		**1,048**	384	–	–
Trade Payables	**2**				–	–
Contract Assets			**358**	408	–	–
Down payment made	**235**	1,503			–	–
Loans granted	**200**		**500**	200	–	–
Interest Income	**11**		**43**	15	–	–

In addition, there is an outstanding contribution in kind of TEUR 1,200 to CADIS Engineering GmbH. The outstanding contribution in kind is due on the balance sheet date.

Contract assets in the amount of TEUR 583 were recognized in connection with the former associated company Customcells Tübingen GmbH as at the reporting date 2022. There were no other outstanding balances. Manz AG has had a lease agreement with Customcells Tübingen GmbH since 2019. In 2022 the total lease payment amounted to TEUR 98.

Managing Board

The following persons were appointed as members of the Managing Board in the financial year 2023.

- Martin Drasch, Chief Executive Officer
- Manfred Hochleitner, Chief Financial Officer

Compensation of the Managing Board

The total compensation of the Managing Board in accordance with Section 314 Subsection 1 No. 6a) of the German Commercial Code amounted to TEUR 1.226 for the financial year 2023 (previous year: TEUR 1,243). The non-performance-related benefits amount to TEUR 694 (previous year: TEUR 732) and the performance-related benefits amount to TEUR 156 (previous year: TEUR 22). In the financial year 2023, this includes severance payments of TEUR 0 (previous year: TEUR 103). In the year under review, a total of 22,779 (previous year: 11,553) subscription rights to shares were granted to members of the Managing Board as part of the performance share plan with a total fair value of TEUR 376 (previous year: TEUR 386).

The subscription rights to shares of Manz AG based on the 2023 Manz Performance Share Plan and the 2019 Manz Performance Share Plan (tranches 2020, 2021, 2022 and 2023) were measured at fair value using recognized financial mathematical methods.

Managing Board member Martin Drasch has a defined contribution plan. For this purpose, TEUR 12 (previous year: TEUR 12) p.a. are paid into an externally funded pension fund.

Managing Board member Manfred Hochleitner has a defined contribution plan. For this purpose, TEUR 12 (previous year: TEUR 12) p.a. are paid into an externally funded pension fund.

There is a defined contribution plan for former Managing Board member Jürgen Knie. For this purpose, TEUR 0 (previous year: TEUR 6) p.a. are paid into an externally funded pension fund.

The former Executive Board member Otto Angerhofer (deceased in Oct. 2020) and his widow received a pension payment of TEUR 6 (previous year: TEUR 6) in fiscal year 2023. There is a pension obligation to the former Executive Board member or his widow in the amount of TEUR EUR 74 (previous year: TEUR EUR 76).

The following table provides an overview of the compensation paid to the members of the Managing Board for performing their duties in the financial year 2023 according to IAS 24.17:

(in TEUR)	2023	2022
Short-term employee benefits	850	754
Post-employment benefits	0	0
Other long-term benefits	0	0
Benefits on termination of employment	0	0
Share-based compensation	283	290

Supervisory Board

Prof. Dr. Heiko Aurenz, Dipl. oec., Chairman of the Supervisory Board. Dieter Manz, Dipl. Ing. (FH), Managing Director of Manz GmbH Management Consulting and Investment, Schlaitdorf, Deputy Chair of the Supervisory Board.

Prof. Dr.-Ing. Michael Powalla, Director of the Photovoltaics Division and a member of the board of directors of the Center for Solar Energy and Hydrogen Research in Baden-Württemberg (ZSW) and professor of thin-film photovoltaics at the Karlsruhe Institute of Technology (KIT), Institute of Light Technology, Faculty of Electrical Engineering and Information Technology.

Dr. Zhiming Xu, Chief Technical Officer of the Shanghai Electric Automation Group of Shanghai Electric Group Company Ltd., Shanghai, PR China and General Manager of Shanghai Rail Transportation Equipment Co., Ltd, Shanghai, PR China.

The Chairman of the Supervisory Board Heiko Aurenz is also Chairman of the Supervisory Board of Know How! Company for continuing education, Leinfelden-Echterdingen, Germany; Dep. Chairman of the Supervisory Board of MQ Result AG, Tübingen; Member of the Supervisory Board of Anna-Haag-Mehrgenerationenhaus e.V., Stuttgart; Member of the Supervisory Board of Anna Haag Stiftung GmbH, Stuttgart; Member of the Supervisory Board of TanDiEM gGmbH, Stuttgart; member of the Foundation Board of the Foundation Aufbruch und Chance, Stuttgart; Advisory Board Chairman of Sternenbäck Management GmbH, Hechingen; member of advisory board of Herrmann Ultraschalltechnik GmbH & Co. KG, Karlsbad and member of the advisory board of Herrmann Ultraschalltechnik Holding KG, Karlsbad.

The Deputy Chairman of the Supervisory Board Dieter Manz is a member of advisory board of Adlatus Robotics GmbH, Ulm, member of advisory board of Q. big 3D GmbH, Aalen and member of the Board of Directors of Scrona AG, Zürich, Switzerland.

Supervisory Board member Prof. Dr.-Ing. Michael Powalla does not hold any mandates in other statutory Supervisory Boards or comparable domestic and foreign supervisory bodies of commercial companies.

Supervisory Board member Dr. Zhiming Xu is a member of the Supervisory Board of Suzhou Manz New Energy Equipment Co., Ltd., Suzhou, People's Republic of China, Deputy Chairman of the Supervisory Board of NICE PV Research Ltd., Beijing, People's Republic of China and chairman of the Supervisory Board of Shanghai Tanzhen Laser Technology Co., Ltd., Shanghai, People's Republic of China.

Compensation of the Supervisory Board

For the financial year 2023 the members of the Supervisory Board were paid a basic compensation and additional compensation for committee activities and this was a total, including attendance fees, of TEUR 214 (previous year: TEUR 246).

Employees

The number of employees in the Manz Group breaks down as of December 31, 2023, and as an average over the 2023 reporting period as follow:

Average Headcount during the year	2023	2022
Commercial employee	675	659
Production	796	799
Total employees	**1,471**	**1,458**

Auditor fees

The auditor fees assessed for services is split up in the following table:

(in TEUR)	2023	2022
Audit services	341	398
Other attestation services	5	6
Tax services	0	0
Other services	0	0

The other attestation services relate to the fee for the formal review of the compensation report, which was carried out in accordance with Section 162 German Stock Corporation Act (AktG).

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart audited the consolidated financial statements of the financial years 2023.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart audited the consolidated financial statements of the financial years 2022.

In addition to the agreed fee, the fee for the audit of financial statements includes expenses for additional expenses incurred in connection with the audit of the 2022 financial statements.

Corporate Governance Code

Manz AG's Managing Board and Supervisory Board have issued the declaration required by Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on Manz AG's website at **www.manz.com/de/investor-relations/corporate-governance/.**

Reutlingen, May 17, 2024

The Managing Board of Manz AG

Martin Drasch Manfred Hochleitner

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the financial position, cash flows and profit or loss of the Group, and the combined management report, which is combined with the management report of Manz AG, includes a true and fair view of the development and performance of the business position of the Group together with a description of the principal opportunities and risks associated with the expected development of the Group.

Reutlingen, May 17, 2024

The Managing Board of Manz AG

Martin Drasch Manfred Hochleitner

Indpendent Auditor's Report

To Manz AG, Reutlingen/Germany

Report on the audit of the consolidated Financial Statements and of the combined Management Report

Audit Opinions

We have audited the consolidated financial statements of Manz AG, Reutlingen/Germany, and its subsidiaries (the Group) which comprise the consolidated statement of profit and loss and the consolidated statement of comprehensive income for the financial year from 1 January to 31 December 2023, the consolidated balance sheet as at 31 December 2023, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of Manz AG, Reutlingen/Germany, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the sustainability report that includes the separate consolidated non-financial reporting according to Section 315b (3) German Commercial Code (HGB), and of the combined corporate governance statement according to Sections 289f and 315d HGB, to which reference is made in the combined management report each. In addition, we have not audited the content of the section "Assertion extraneous to management reports (unaudited)" in the chapter "Report on opportunities and risks".

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above-mentioned sustainability report, of the combined corporate governance statement and the content of the above-mentioned section "Assertion extraneous to management reports (unaudited)".

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

Basis for the Audit Opinions

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

Material Uncertainty Related to Going Concern

We refer to the sections "General explanations" and "Liquidity risks" in the notes to the consolidated financial statements and the section "Risk report" subsection "Liquidity and financing risks, including risks endangering the existence as a going concern" in the combined management report. The executive directors refer in these sections to, on the one hand, uncertainty surrounding future developments in the Group's business and liquidity against a backdrop of substantially decreased order intake compared to the previous year and, on the other hand, the liquidity and financing situation as risks endangering the existence of the Company and Group as a going concern that continued to increase from the previous year. Developments in the financial year 2023 led, as the year progressed, to a decline in existing liquid funds of Manz AG (mEUR 12.2, prior year: mEUR 22.7) and of the Manz Group (mEUR 30.2, prior year: mEUR 33.6) as of the balance sheet date, despite a one-off effect of mEUR 11.5 that increased liquidity. Time delays or changes in the volume of planned order intake or cash receipts from new or existing projects, higher project costs or repayment obligations arising from projects, and a general lack of order intake or customers defaulting on cash to be received from existing projects can have a significant negative effect on the liquidity of Manz AG, the relevant subsidiaries and hence the Group. Because sensitivity analyses regarding liquidity planning for Manz AG were conducted, the executive directors realized that immediate action had to be taken in the forecast period until the end of May 2025 to maintain the ability to make required payments and hence continue the business operations of the Company and the Group, taking into account a risk discount rate of 20 % for order intake and a simultaneous 5 % decline in gross project margins. The executive directors have hence developed and implemented a corresponding action plan to maintain the ability to make required payments.

A contract between Manz AG and Harro Höfliger Verpackungsmaschinen GmbH, Allmersbach im Tal/Germany, the contracting parties, was signed on 8 May 2024 that sets out the terms by which shares in Manz Hungary Kft., Debrecen/Hungary, are sold in a share deal at a purchase price of mEUR 8, subject to satisfaction of conditions precedent (aufschiebend bedingt). The following conditions must be satisfied in advance to transfer the shares and receive the purchase price:

- Appropriate confirmation by Hungarian National Economy Minister according to Government Decree No. 561/2022 on foreign direct investments regarding the acquisition of shares in Manz Hungary Kft.;
- Appropriate confirmation by Hungarian Investment Promotion Agency regarding approval for a change of owner of Manz Hungary Kft., given a simultaneous transfer of promised subsidies;
- An application for subsidies submitted by 30 June 2024 to the Hungarian government by Manz Hungary Kft.;
- Conclusion of an IT framework agreement between Manz AG, Harro Höfliger Verpackungsmaschinen GmbH, and Manz Hungary Kft.;
- Consent to SAP licence transfer and legal transfer of SAP licences through SAP SE, Walldorf/Germany;
- Consent to legal licence transfer of a CAD system through Siemens Aktiengesellschaft, Munich/Germany.

The executive directors assume that the conditions will be satisfied within the second quarter of 2024 and the purchase price will be received by 31 August 2024 at the latest.

In addition, a contract was concluded in May 2024 that details the terms of a shareholder loan which is in the form of an overdraft line of credit of mEUR 3.

Moreover, prepayments to be made in advance were agreed with a major customer in April 2024 that would have become due, in some cases, during the third and fourth quarters of 2024. The prepayments have led, and will lead to a cash inflow of about mEUR 8 in May and June 2024 according to the terms of the agreement.

In addition, to maintain the ability to make required payments in the forecast period until the end of May 2025 and hence the Group's ability to continue its business operations, it is necessary for the Manz Group and Manz AG to extend the maturity dates of short-term overdraft lines of credit on a regular basis, particularly short-term overdraft lines of credit taken out by subsidiaries in Taiwan, China and Slovakia for which Manz AG acts as a guarantor in some cases, on the basis of liquidity planning of the relevant subsidiaries.

However, if significant deviations occur that affect liquidity, particularly because of a lack of order intake, i.e., a 50% discount for planned order intake in the forecast period, other payment guarantees require Manz AG to make payments, or the maturity dates of significant overdraft lines of credit taken out by foreign subsidiaries are not extended, a liquidity shortfall is faced in the second half of the forecast period that endangers Manz AG's and the Manz Group's ability to continue as a going concern. To that extent, Manz AG's and hence the Manz Group's ability to continue as a going concern depends crucially on the non-occurrence to a significant extent of the liquidity risks outlined above.

As is presented in the combined management report, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and constitutes a risk endangering the existence of the Company as a going concern within the meaning of Section 322 (2) sentence 3 HGB.

According to Article 10 (2) lit. c) point ii) of the EU Audit Regulation, we summarize our audit procedures with regard to that risk as follows: As part of our audit, we dealt with the topic, whether the use of the going concern basis of accounting and the disclosures on the material uncertainty related to going concern as expressed in the annual financial statements and in the combined management report are appropriate. In doing so, we analyzed rolling short-term and/or medium term liquidity planning of Manz AG and its subsidiaries on a monthly basis that extended to the end of May 2025, and corporate planning that the executive director of Manz AG had issued, and the supervisory board had approved for the financial year 2024 and taken note of for the financial year 2025, including the sensitivity analyses conducted by the executive directors, in which we involved our internal valuation specialists dealing with "Turnaround and Restructuring". More specifically, we evaluated the assumptions underlying the corporate planning to determine whether the assumptions made were plausible and planned actions were feasible, particularly through a review of existing order backlog as of the balance sheet date and order intake after 31 December 2023, based on an understanding that we obtained of the Company's business model, and identified and examined the difference between plan and actual derived from the assumptions used in the previous year. In addition, we used the results of the reports provided by an expert whose services had been engaged by the executive directors, Struktur Management Partner GmbH, Cologne/Germany, a consulting firm, on assistance offered in evaluating the plausibility of liquidity planning of Manz AG until May 2025, taking into account our evaluation of their competence, capabilities and objectivity. Moreover, we evaluated how paid and planned cash receipts associated with the action plan implemented by the executive directors affected liquidity planning and corporate planning, and analyzed their implications. This is the context in which we analyzed the contracts establishing the terms by which shares were sold, a shareholder loan was taken out, and prepayments were adjusted. Moreover, we obtained and assessed evidence of the more-likely-than-not satisfaction of the condition precedent associated with the sale of shares in Manz Hungary Kft. in particular. Regarding a lengthening of the maturities of short-term overdraft lines of credit of subsidiaries in Taiwan, China and Slovakia, we used and discussed with the executive directors of Manz AG evidence in particular of contract negotiations that had taken place, in which we involved the component auditors of the relevant companies. Finally, we verified the completenes and correctness of the disclosures in the consolidated financial statements and combined management report in connection with the risks endangering the existence of the Company as a going concern within the meaning of Section 322 (2) sentence 3 HGB.

Our audit opinions on the consolidated financial statements and on the combined management report were not modified in respect of these matters.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In addition to the matter described in section "Material Uncertainty Related to Going Concern", we have identified the matters described in the following as key audit matters, which are to be stated in our auditor's report:

1. Recognition of the revenue of contracts for production solutions over time
2. Recoverability of goodwill

Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements)
b) auditor's response

1. Recognition of the Revenue of Contracts for Production Solutions Over Time

a) In the financial year 2023, Manz AG achieved revenue from production solutions of mEUR 201.0 (i.e., 81 % of total consolidated revenue) over time. Revenue from these customer-specific manufacturing contracts is recognized over time when the seller's performance creates an asset with no alternative use, and the seller has an enforceable right to payment for performance completed to date. Revenue and planned contract margin are recognized according to IFRS 15 by reference to the stage of completion of a contract. Progress towards the completion of a contract is measured based on the proportion that contract costs incurred for work performed to date bear to the estimated total costs.

Recognition of revenue over time and accounting for construction contracts according to IFRS 15 is a key audit matter during our audit, because significant estimates are required primarily of the total cost of a contract, determination of the stage of completion, and consideration of contract changes and contract risks, that are made by the executive directors and require the exercise of judgment.

The disclosures by the executive directors on recognition of revenue over time, on accounting and valuation policies used to account for manufacturing contracts for production solutions, and on decisions requiring the exercise of judgment can be found in the chapters „II. Accounting policies" subchapter "Revenue, trade receivables, contract assets, contract liabilities and additional costs of obtaining a contract" and "Estimates and assessments of the management" as well as "IV. Explanations concerning the statement of profit and loss" item 1 "Revenue" and "VII. Explanations concerning the balance sheet" item 21 "Contract assets" in the notes to the consolidated financial statements.

b) During our audit, we obtained an in-depth understanding of the underlying processes from the proposal stage to the implementation stage of construction contracts, and evaluated the extent to which the processes and the related data can be influenced by subjectivity, complexity, or other inherent risk factors. In doing so, we considered compliance with the requirements for recognition of revenue from construction contracts over time according to IFRS 15 by considering, on a sample basis, contract analyses of significant contracts for production solutions conducted by the executive directors. We considered the design and establishment of internal controls relevant to the audit and designed to ensure that the revenue of contracts for production solutions is correctly recognized in the consolidated financial statements. For selected controls, we tested the operating effectiveness of these controls and relied on a control-based audit approach.

For the majority of revenues recognized over time, we tested the operating effectiveness of selected controls and relied on a control-based audit approach. To test the remaining revenues recognized over time, when we did not rely on a control-based audit approach, we increased the scope of our substantive procedures according to our audit approach.

For selected construction contracts, we performed substantive procedures. We:

- analyzed the contract costs originally planned and underlying the determination of the stage of completion of individual construction contracts, and updated planned costs used for the consolidated financial statements and updated;
- analyzed cost changes as the year progressed to identify irregularities, and took the knowledge obtained on this basis into consideration when we reviewed changes in planned costs and contract value;
- reperformed the appropriate and timely allocation of material costs and construction costs included in the relevant construction contract using purchase orders, performance records and supplier invoices;
- obtained evidence from third parties in particular cases, and considered the recognition of these items on the balance sheet;
- reperformed the recording of the amount of revenue by reconciling the underlying transaction prices to the relevant contractual arrangements;
- obtained and considered assessments of the stage of completion and project risks of significant projects from the individuals who were responsible for the projects and had been named by the executive directors;
- reperformed the appropriate recognition of construction contracts on the balance sheet and evaluated the recognition of any provisions for impending losses.

2. Recoverability of Goodwill

a) Goodwill of mEUR 14.8 (5 % of the consolidated balance sheet total) is recognized in the consolidated financial statements of Manz AG as of 31 December 2023 and subject to annual impairment testing according to IAS 36.

Goodwill is reviewed annually by the executive directors for impairment as of the balance sheet date. The Company determined that performed impairments tests did not result in the need to recognize impairment losses.

Impairment testing is based on the value of the businesses that is derived from their expected future cash flows under a discounted cash flow method. They are discounted back to their present value using the weighted cost of capital. Future cash flow projections are based on detailed corporate planning undertaken by the executive directors. Corporate planning is based on a detailed planning period of five years. Cash flow that is generated after the planning period is extrapolated from a company-specific growth rate which is oriented towards long-term inflation expectations. Corporate planning has been reviewd and issued by the executive directors of Manz AG. The supervisory board of Manz AG has approved budgetary planning for the financial year 2024 and taken note of planning for the following four years. The executive board of Manz AG also performs sensitivity analyses for the planning.

The valuation has been highly dependent on an assessment of future cash flows conducted by the executive directors that requires the exercise of judgment, and on the discount rate used by the executive directors, and is hence surrounded by substantial uncertainty. For this reason, we considered this issue to be of special importance when we conducted our audit.

The disclosures by the executive directors on accounting and valuation policies used to recognize goodwill and on goodwill and the related decisions that require the exercise of judgment can be found in the chapters "II. Accounting policies" in the section "Estimates and assessments of the management" as well as "VII. Explanations concerning the balance sheet" in the section "Intangible assets" in the notes to the consolidated financial statements.

b) During our audit, we obtained an in-depth understanding of the process of testing for impairment. We evaluated the design and establishment of selected internal controls relevant to the audit.

We reperformed the impairment test conducted by the executive directors, in which we involved our internal valuation specialists and, in doing so, assessed the extent to which the impairment test could be influenced by subjectivity, complexity, or other inherent risk factors, and assessed the reasonableness of methods applied, assumptions made, and data used when estimates were made by the executive directors. This is the context in which we also assessed whether the valuation procedure applied was methodologically and arithmetically appropriate. In relation to planning data included in the valuation, we performed reconciliations on the budgetary planning that the executive directors of Manz AG had issued, and the supervisory board had approved, and on the corporate planning that the supervisory board had taken note of.

In addition, we evaluated the plausibility of expected future cash flows used in budget calculations, including the underlying significant assumptions, using economic and industry-specific market data.

We also examined whether planning was consistent with information about control, about strategy, about medium-term planning, and about forecast reporting in the combined management report.

We considered sensitivity analyses conducted by the Company to determine whether significant assumptions were taken into consideration so that we could evaluate possible impairment risk when a significant assumption changes that was used in the valuation.

Moreover, we evaluated the determination of the discount rate. For this purpose, we concerned ourselves with the parameters used, which we reconciled to market data, including inflation data and the related expectations, in which we involved internal valuation specialists who we consulted.

Finally, we verified whether the disclosures made in the notes to the consolidated financial statements by the executive directors are complete and correct.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the sustainability report that includes the separate consolidated non-financial reporting,
- the combined corporate governance statement, including reporting on corporate governance,
- the section "Assertion extraneous to management reports (unaudited)" included in the chapter "Report on opportunities and risks" of the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Sections 297 (2) sentence 4 and 315 (1) sentence 5 HGB,
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement according to Section 161 (AktG) concerning the German Corporate Governance Code, which is part of the combined corporate governance statement, and for the remuneration report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report

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

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

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value f941b91e-6087b5e666c698ae4b4f1dee5717cd8427410425736dc628ff5d3bd1, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standards on Quality Management.

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

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as Group auditor by the general meeting on 4 July 2023. We were engaged by the supervisory board on 4 September 2023. We have been the Group auditor of Manz AG, Reutlingen/Germany, since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted to the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Jan Bühler.

Stuttgart/Germany, 17 May 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Jan Bühler	Katharina Niemann
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

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This Annual report is also available in an English translation. If there are any discrepancies, the German version of the report shall take precedence over the English translation.

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