

ANNUAL REPORT 2021



Thin-Film Coating and Surface Treatment



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REPORT OF THE SUPERVISORY BOARD

To the shareholders of the SINGULUS TECHNOLOGIES AG

Dear Shareholders!

In this report we predominantly provide details to the events in the business year 2021. Unfortunately, this business year was still impacted by the global effects of the COVID-19 pandemic. Supply chains were and are still disrupted, investments by customers were delayed. This holds particularly for our most important sales market China. Travel to China was very difficult and partly impossible. However, the cooperation with the Chinese China National Building Materials Group, Beijing, (CNBM), which through its subsidiary Triumph Science and Technology Group Co. Ltd., Beijing (Triumph), is also the largest shareholders in our company, is still stable. Against this global economic background, the development in the order intake for the business year 2021 was favorable overall. Additional agreements were concluded with CNBM for the delivery of new production machines for the manufacturing of thinfilm solar modules on the basis of CIGS and CdTe technologies. In addition to these new agreements and contracts for production machines in the Solar division, in particular the business situation in the segment Life Science improved significantly. Several machines of the MEDLINE type for the cleaning and coating of contact lenses were sold and several contracts were concluded for the coating machines POLYCOATER and DECOLINE II for the finishing of decorative products.

The Executive and Supervisory Boards intend to increase the share of business covering Semiconductors, Decorative Coatings and Medical Technology. The SINGULUS TECHNOLOGIES AG has the potential to successfully generate new projects in these market segments.

For further details regarding the company's development please refer to the Status Report 2021, which is presented in the Annual Report 2021 on pages 52 to 123 in detail.

ACTIVITIES OF THE SUPERVISORY BOARD IN THE BUSINESS YEAR 2021

In the business year 2021, the Supervisory Board performed all the duties prescribed by law, the articles of association and the bylaws. The Supervisory Board advised the Executive Board on the management of the company as well as on all important business events and monitored the activities of the Executive Board in the past business year 2021. The Executive Board of the SINGULUS TECHNOLOGIES AG timely updated the Supervisory Board with regards to all significant decisions and processes. It also informed the Supervisory Board about all relevant proceedings to a full extent. There were no objections on part of the Supervisory Board regarding the conduct of business in the course of the business year 2021 by the Executive Board of the SINGULUS TECHNOLOGIES AG.

A particular challenge for the company during the fiscal year was to prove the positive going-concern forecast to KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Frankfurt am Main, which was appointed by court as auditor for the year 2021, because no ordinary Annual General Meeting could be held in 2021. The positive going-concern forecast was a prerequisite for issuing the audit opinion for the 2020 and 2021 financial statements. The auditor required evidence of sufficient financing of the operating business for the relevant forecast period. In the course of the year, it was thus necessary to restructure the debt capital. The situation was exacerbated by the impact of the Corona pandemic, particularly the ongoing lockdowns in China and strict travel restrictions in the company's most important market. The development of the operating activities and the required restructuring of the debt capital were closely monitored by the Supervisory Board.

The auditor was not in a position to assess with sufficient certainty the company's positive going-concern assumption in the period from the beginning of 2021 to February 2023. As a result, the audit opinion could not be issued at the beginning of 2022 despite the otherwise fully prepared financial statements and the audit work performed. The auditor could not issue a final opinion on the going-concern forecast for a sufficient period until April 2023. As the annual financial statements for the business year 2021 could therefore not be audited and adopted until April 2023, no Annual General Meeting was held in fiscal year 2021. An Extraordinary General

Meeting was held only on October 29, 2021, at which capital measures were originally to be resolved, but which then became irrelevant due to the receipt of further contracts and the promise of financial support from the major customer and shareholder CNBM. The Annual General Meeting was nevertheless held as an online meeting in October 2021 to inform shareholders about the development of the business activities and equity.

SUPERVISORY BOARD MATTERS

In 2021, the Supervisory Board was still only comprised of three members and thus is able to work very efficiently. A formation of committees is not required. The bylaws of the Supervisory Board are publicly available on the website of the SINGULUS TECHNOLOGIES AG under https://www.singulus.de/de/corporate-governance/.

Due to the difficult situation of the company, there were thirteen meetings of the Supervisory Board in total during the business year 2021. Due to the ongoing COVID-19 pandemic, conference calls and video conferences were mostly conducted. Accordingly, there were only one meeting in presence and one conference call in 2021. Eleven meetings were held as video conferences. All members of the Supervisory Board appointed at the respective points in time participated in the Supervisory Board meetings held in the business year 2021.

Presence of the Supervisory Board in 2021

	DrIng. Wolfhard Leichnitz	Dr. Silke Landwehrmann	Dr. rer. nat. Rolf Blessing
February 11 Conference call	•	•	•
March 18 Video conference	•	•	•
May 6 Video conference	•	•	•
June 9 Video conference	•	•	•
August 3 Video conference	•	•	•
August 13 Extraordinary video conference	•	•	•
September 15 Video conference	•	•	•
October 1 Extraordinary video conference	•	•	•
October 27 Extraordinary video conference	•	•	•
October 28 Extraordinary video conference	•	•	•
October 29 Extraordinary presence	•	•	•
November 5 Video conference		•	•
December 6 Video conference	•	•	•
Total	13	13	13

Similar to the previous year, the Supervisory Board repeatedly reviewed the effectiveness of its work at its meetings and also further improved reporting by the Executive Board. Due to the difficult situation of the company, it was particularly important to the Supervisory Board that the Executive Board provide comprehensive and rapid information. With a Supervisory Board of three members, the direct exchange is more efficient to achieve improvements than a formalized process.

ADVISORY AND MONITORING OF EXECUTIVE BOARD BY THE SUPERVISORY BOARD

The Supervisory Board dealt with the course of business of the SINGULUS TECHNOLOGIES AG in the business year 2021 during all of its meetings. In addition, the Chairman of the Supervisory Board had almost weekly contact with the Executive Board to be informed about current developments and to discuss current problems. The Executive Board reported to the Supervisory Board continuously all important financial metrics, amongst others order intake, sales, earnings trend and liquidity, and explained the relevant backgrounds. The Executive Board provided its reports to the Supervisory Board about the current course of business of the individual segments including the developments of the respective market environments. The development of the business relationships with the shareholder and large customer CNBM as well as the order situation in view of the large projects in the work area thin-film solar technology was transparently presented to the Supervisory Board and discussed between the Executive Board and the Supervisory Board.

The global impacts of the COVID-19 pandemic on the business developments were detailed by the Executive Board and the effects on the course of business discussed. The Executive Board set fourth that also in 2021 the investment decisions with respect to the purchase of new machines and equipment covering all work areas were delayed, which had negative impacts on the order intake, sales and the financial results for the business year 2021. The course of business in the year 2021 was compared with the forecasts of the respective corporate budgets. All deviations of the course of business were documented and the required measures for potential adjustments were discussed with the Executive Board. Additional written and oral reports of the Executive Board, by other employees, the auditors as well as by external consultants supplemented the ongoing reporting.

A further focus of the Supervisory Board's activities was the monitoring of the restructuring of debt capital, which was a prerequisite for the positive going-concern forecast and the issuance of the audit certificate. In May 2021, by resolution of the bondholders' meeting, the maturity of the corporate bond was prolonged by five years

and the interest rate reduced. In December, the existing senior secured loan of EUR 4.0 million was refinanced. Finally, negotiations were conducted regarding a new working capital credit line of € 10.0 million with the Bank of Shanghai, Hong Kong, which were concluded in May 2022. The Supervisory Board was constantly kept informed by the Executive Board about the status of the negotiations. After extensive discussion, the Supervisory Board approved all these measures to safeguard the company's continued existence.

The development of the shareholders' equity of the SINGULUS TECHNOLOGIES Group (IFRS), the development of the shareholders' equity of the SINGULUS TECHNOLOGIES Aktiengesellschaft (HGB) as well as the liquidity situation within the Group were extensively monitored, reported by the Executive Board and discussed with the Supervisory Board. In particular, the reasons why the shareholders' equity pursuant to HGB and IFRS was negative during the entire business year 2021. Originally, the negative shareholders' equity had resulted from differing realization of sales pursuant to HGB and IFRS. As a result, there are always interim losses under the German Commercial Code, which are offset once the project in guestion has been completed and revenue has been recognized in full. From the year 2020, the Corona crisis then had an additional, substantially negative impact on the company. The loss of the shareholders' equity deepened, because sales and earnings were not sufficient to cover the general operating expenses. At the Extraordinary General Meeting on October 29, 2021, the Executive Board informed the General Meeting about the loss of equity pursuant to Art. 92 Para. 1 of the German Stock Corporation Act (AktG), explained the background and at the same time expressed the expectation that equity would return to positive territory in the medium-term as order intake and sales increased. The Supervisory Board shares this expectation. For some months now, we have again been able to see a revival in business activity in all segments, which is reflected in the increase in order intake.

One of the focal points of the Supervisory Board's activities throughout the financial year was monitoring the going-concern forecast and the liquidity development. The going-concern assumption, which was a prerequisite for issuing the audit certificate for the annual financial statements 2020 and 2021, was examined by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt (PwC).

As the issuance of the audit opinion was continually delayed, PwC's investigations had to be updated continuously. PwC informed the Executive Board regularly about the status of the analyses. PwC has reported to the Supervisory Board on the contents of the report on various occasions. The Executive Board reported the Supervisory Board in all of its meetings in the business year 2021 about the development of the liquidity situation and presented the respective projections for the future developments. The Supervisory Board reviewed the liquidity budgeting of the company and had the development of the key financial results explained in an analysis. The Executive Board reported on the respective status of the expected payments.

A working group headed by the Executive Board was set up to further develop the strategic alignment of the company. It has regularly informed the Supervisory Board on the results of the working group. These results were reviewed with the Supervisory Board and their implementations were discussed regularly. Another important topic was the continuation of activities in the field of wet-chemical processes at the Fürstenfeldbruck site. Various alternatives such as sale, relocation of the activities to the site in Kahl or shut-down were discusses.

The Supervisory Board has assured itself overall of the legitimacy, expediency and compliance of the presented business events under the particular consideration of the economic situation of the company. Business activities that had to be approved or were required to be discussed by the Supervisory Board due to company interests were discussed with the Executive Board and reviewed by the Supervisory Board. In addition to the restructuring of the corporate financing, this also included new, planned major projects and transactions with CNBM, insofar as these transactions, as related party transactions, required the approval of the Supervisory Board in accordance with Art. 111b of the German Stock Corporation Act (AktG). The Supervisory Board was directly involved in all decisions, which were significant for the company's course of business.

The Executive Board provided the Supervisory Board with the interim reports as well as the half-year report for 2021 in a timely manner ahead of the publication. The reports were presented by the Executive Board and important key figures and

statements explained in detail. In particular, the Supervisory Board had the profitand-loss statements, the liquidity situation and the trend in shareholders' equity as well as other selected balance sheet positions explained in detail. The recommendations of the Supervisory Board with regards to individual interim reports as well as to the half-year report were implemented by the Executive Board.

CONFLICTS OF INTEREST

In the past business year there were no conflicts of interest of members of the Executive or Supervisory Boards, which have to be disclosed to the Supervisory Board immediately and which the Annual General Meeting has to be informed about.

SHAREHOLDINGS OF SUPERVISORY BOARD MEMBERS

The stock holdings of Supervisory Board members are published in this Annual Report as well as on the internet (for a detailed presentation, please refer to the annotations on page 30 of this Annual Report 2021).

CORPORATE GOVERNANCE

The Supervisory Board regards good corporate governance as important. In the business year 2021, the company complied with the recommendations of the German Corporate Governance Code (GCGC 2019) with the exception of the deviations published in the "Declaration of Conformity 2021 with the German Corporate Governance Code". The most significant deviation is the failure to submit the 2020 and 2021 financial statements on time, the background to which has already been reported above. The current and previous declarations of conformity are publicly available on the website of the SINGULUS TECHNOLOGIES AG under https://www.singulus.de/de/corporate-governance/. A detailed presentation of corporate governance and the current Declaration of Conformity are included in the Corporate Governance Report within the Status Report on pages 16 to 31 of the Annual Report 2021.

EXECUTIVE BOARD MATTERS

At the Supervisory Board meeting on March 18, 2021, the Supervisory Board had approved the target agreements with the Executive Board members for the 2021 financial year. In the following year, the annual financial statements could not be adopted due to the lack of an audit certificate for the year 2021. In fiscal year 2021, the annual result amounted to a loss of minus EUR 14.2 million. The economic targets were thus missed. An assessment and determination of target achievement, which is the basis for calculating the amount of the bonus payment, was therefore not meaningful. Accordingly, the determination of target achievement and the resulting bonus payment was no longer possible in the manner provided for in the contract. In order to nevertheless reward the performance of the respective incumbent Executive Board members appropriately in accordance with the contractual agreements and the compensation system resolved by the Annual General Meeting, the Supervisory Board set the target achievement for 2021 for Dr. Rinck, Mr. Ehret and Dr. Strahberger at 25%.

Further details on the compensation of the Executive Board can be found in the Compensation Report on pages xx to xy of the Annual Report 2021. The compensation of the Executive Board was reviewed during the meeting on March 18, 2021. The Supervisory Board concluded that no adjustment was necessary, because the company's economic difficulties were due to the consequences of the pandemic and not to any failings on the part of the Executive Board. Overall, the Supervisory Board acknowledged the achievements of the Executive Board, especially during the difficult period of the pandemic, and commented positively on their dedication and commitment.

The remuneration system will be presented for approval during the course of the next Annual General Meeting. For additional details regarding the Executive Board's remuneration, please refer to the Compensation Report, which is printed in the Annual Report on pages 32 to 47.

RISK MANAGEMENT

According to relevant regulations of stock corporation and commercial laws, the SINGULUS TECHNOLOGIES AG has implemented an internal risk management system. The relevant monitoring system is adjusted to the respective current developments. The Supervisory Board reviewed the appropriateness and effectiveness of the company's internal control system and risk management system. The Supervisory Board was informed in detail about the risk management system and the identified main risks in the course of its meeting on December 16, 2021. During the course of the year, Dr. Landwehrmann met with the responsible risk manager and the Executive Board on behalf of the Supervisory Board to further improve and optimize the control and risk management system. Dr. Landwehrmann has reported to the Supervisory Board about the review and its results. Further improvement opportunities were identified and implemented by the company.

The main risks for the company are financial risks, in particular a lack of liquidity, project risks (miscalculation or delays in the implementation of projects) and sales market risks, in particular for the solar market. The Supervisory Board discussed with the Executive Board the weighting of risks, the control system and the measures to be taken, if necessary. The compliance management system was also discussed. The focus of compliance management in the business year 2021 was trainings.

Subject to the implementation of the identified improvement opportunities, the Supervisory Board regards the internal monitoring and risk system of the SINGULUS TECHNOLOGIES AG as appropriate and satisfactorily efficient and shares the risk assessment of the Executive Board in all aspects (the Risk Report can be found on pages 86 to 107 of the Annual Report 2021).

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AS WELL AS STATUS REPORT

In 2022, the auditor did not consider itself in a position to be able to conclusively assess the going-concern assumption. The core issue of the discussions was the proof of sufficient financing of the business plan. The auditor only completed its audit

work and issued an unqualified audit opinion when the new financing agreement with the shareholder and major customer CNBM was concluded and the going-concern forecast was confirmed by an expert opinion from PwC in March 2023.

The audited financial accounts of the SINGULUS TECHNOLOGIES AG, the audited consolidated financial statements as well as the combined status report as of December 31, 2021 were subject of the Supervisory Board meeting on April 11, 2023 concerning the adoption of the financial statements. The Executive Board has drawn up the financial statements and the status report of the SINGULUS TECHNOLOGIES AG for the business year 2021 pursuant to the regulations of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements were drawn up pursuant to the International Financial Reporting Standards (IFRS). The consolidated financial statements were supplemented by a respective consolidated status report, which was combined with the status report of the individual financial results pursuant to Art. 315 Para. 5 read in conjunction with Art. 298 Para. 2 Sent. 1 HGB. The auditor reviewed the financial statements and the consolidated financial statements as well as the combined status report considering the accounting principles and approved them without reservation.

The members of the Supervisory Board were provided with the audited financial results, the combined status report as well as the audit report of KPMG for review in a timely manner.

The auditor was also present at the meeting on April 11, 2023, where they explained the results of the audit of the annual financial statements and provided comprehensive answers to questions from the members of the Supervisory Board.

The Supervisory Board extensively discussed the financial statements, the consolidated financial statements, the combined status report as well as the audit by the auditor and did not have any objections. The assumptions, on which the going-concern assumption rested, as well as the conclusions drawn by the Executive Board and the auditor, were discussed. Requests by members of the Supervisory Board were answered by the Executive Board and by present auditors with due elaborateness.

There were no objections on part of the Supervisory Board regarding the annual accounts of the SINGULUS TECHNOLOGIES AG, the consolidated financial statements and the combined status report as of December 31, 2021 as well as regarding the audit by the auditor.

In its meeting on April 11, 2023, the Supervisory Board approved the financial statements of the SINGULUS TECHNOLOGIES AG drawn up by the Executive Board, the consolidated financial statements and the combined status report. The annual accounts have thus been finalized.

The Supervisory Board would like to express gratitude to the members of the Executive Board as well as to all employees within the company for their commitment in a business year 2021 characterized by the COVID-19 pandemic and would like to wish everyone good health and success in the future.

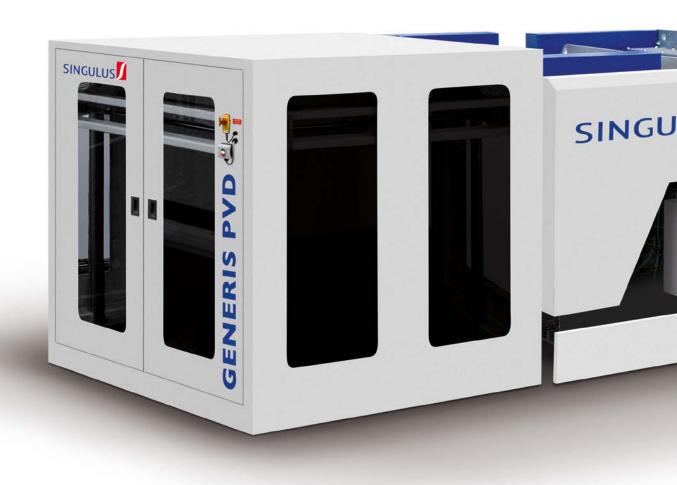
Kahl am Main, April 2023

Dr.-Ing. Wolfhard Leichnitz
Chairman of the Supervisory Board





INNOVATIVE VACUUM SPUTTERING SYSTEMS FOR THE PRODUCTION OF HIGH PERFORMANCE SOLAR CELLS







Declaration of Corporate Governance pursuant to Art 289f and 315D HGB Including Corporate Governance Report of the SINGULUS TECHNOLOGIES AG

The SINGULUS TECHNOLOGIES AG highly values proper and responsible corporate governance within the context of the guidelines of corporate governance. For the Executive and Supervisory Boards this means leadership and management of the Company aligned for the long-term success. Corporate governance aims to safeguard a targeted and efficient cooperation between Executive Board and Supervisory Board, the respect for the interests of our shareholders and employees, the suitable handling of risks and transparency as well as responsibility for all corporate decisions. The Executive and Supervisory Boards regard corporate governance as a process integrated into the Company's development, which is constantly progressed.

The declaration to the corporate governance for the business year 2021 is made pursuant to Art. 289f and 315d HGB and is a components of the Status Report. With the exception of the contents of the Declaration of Conformity published in June 2022 under item 1, the declaration relates to the date of publication of the management report. Pursuant to Art. 317 Para.2 Sent. 6 HGB, the review of the information pursuant to Art. 289f Para. 2 and 5 HGB is limited by the auditor to the extent whether the information was provided. According to Principle 22 of the German Corporate Governance Code as of December 16, 2019 (the "Code"), the declaration with respect to corporate governance pursuant to Art. 289f and 315d HGB is the central instrument of the corporate governance reporting. In the declaration with respect to corporate governance the Executive and Supervisory Boards thus also report on the corporate governance of the Company.

1. Declaration of conformity for 2021 of the SINGULUS TECHNOLOGIES AG to the Corporate Governance Code pursuant to Art. 161 Stock Corporation Act (AktG)

Executive Board and Supervisory Board of the SINGULUS TECHNOLOGIES AG have resolved the following declaration pursuant to Art. 161 Para. 1 AktG, which was published in June 2022 on the Company's website: https://www.singulus.com/corporate-governance/.

- The previous declaration of conformity was declared and published in December 2020. Since then the SINGULUS TECHNOLOGIES AG (the "Company") has adhered to the recommendations of the government commission German Corporate Governance Code with its code as of December 16, 2019, published in the Federal Gazette on March 20, 2020, ("DCGK 2019") excluding the following exceptions:
 - a) According to Recommendation F.2, DCGK 2019 the consolidated financial statements and the combined status report shall be publicly accessible within 90 days of the end of the financial year. The consolidated financial statements and combined status report for the fiscal year 2020 could not yet be published because the auditor's certificate is missing. The auditor will only issue the certificate if, in their view, the continuation of the Company's business appears assured for the next 12 -18 months. The auditor has requested further audit documents. The auditor's certificate is expected to be issued in the short term because the Executive Board and Supervisory Board believe that the continuation of the business over the relevant period is assured.
 - b) The consolidated financial statements and the combined status report for the financial year 2021 could also not be submitted within the period of 90 days pursuant to Recommendation F.2 DCGK 2019. Only after the 2020 consolidated financial statements have been audited and approved can the 2021 consolidated financial statements be audited and subsequently approved by the Supervisory Board. The auditor for the financial year 2021 has been appointed by the court.
 - c) Pursuant to the recommendations D. 2, D. 3, D. 4, D. 5 GCGC 2019 the Supervisory Board should form professionally qualified committees. The

Supervisory Board of the Company will not form any committees as long as the Board is only comprised of three members, since in the case of a three-member Supervisory Board a professional fulfillment of the tasks of the Supervisory Board can take place in the plenum. In this case, committees will neither provide enhancements in efficiency nor an improved handling of complex subject matters nor a more efficient or improved fulfillment of the duties of the Supervisory Board with respect to issues regarding accounting principles, risk management or auditing can be expected from such committees. In addition, corporate law provides that decision-making Supervisory Board committees have to be comprised of at least three Supervisory Board members. For this reason a delegation of tasks is not reasonable, either.

- d) Recommendation D.5 DCGK 2019 requires the audit committee to conduct a periodic review of the quality of the audit of the financial statements. The Company does not have an audit committee, but the Supervisory Board performs the assessment as a whole.
- With the exception of the deviations explained under section 1 c) and d) the SINGULUS TECHNOLOGIES AG will comply with the recommendations of the GCGC 2019 in the future. The Executive and Supervisory Boards expect that the consolidated financial statements and the combined status report for the business year 2022 can be submitted within the 90-day period of recommendation F.2 DCGK 2019.

Kahl am Main, June 2022

Dr.-Ing. Wolfhard Leichnitz (Chairman of the Supervisory Board)

Dr. rer. pol. Silke Landwehrmann (Deputy Chairwoman of the Supervisory Board)

Dr. rer. nat. Rolf Blessing (member of the Supervisory Board)

Dr.-Ing. Stefan Rinck (Chief Executive Officer)

Dipl.-Oec. Markus Ehret (member of the Executive Board)

2. Relevant information with regards to corporate governance

2.1 Management structure

The SINGULUS TECHNOLOGIES AG as a German corporation is subject to German Corporate Law and is thus comprised of a two-tiered management and monitoring structure consisting of Executive Board and Supervisory Board. The Executive Board manages the Company and is responsible for the Company's strategy, accounting, finances and development. It is advised and monitored by the Supervisory Board.

On the basis of the reports by the Executive Board the Supervisory Board discusses the business trends and planning, the corporate strategy and its implementation. Significant decisions by the Executive Board such as major acquisitions and financing measures are subject to the Supervisory Board's approval according to the bylaws governing the Executive Board. It issues the audit mandate for the auditor elected at the Annual General Meeting and is informed about the audit. After its own review the Supervisory Board adopts the annual reports and the consolidated financial statements.

The Executive Board and the Supervisory Board are currently comprised of three members each. The SINGULUS TECHNOLOGIES AG is not subject to the Co-Determination Act.

2.2 Risk Management

SINGULUS TECHNOLOGIES AG considers efficient and forward-looking risk management as an important and value-adding task. Risk management is one of the core functions of entrepreneurial endeavors and is a material element for the success of our business activities.

Specifically, risk management supports achieving the Company's goals by creating transparency about the risk situation of the Company as the basis for risk-aware decisions, the identification of potential threats to the assets, financial and earnings situation of the Company as well as prioritizing risks and the respective requirements to act. In addition, risk management safeguards the explicit management of risks by

respective measures and their monitoring. Furthermore, the risks should be limited to an acceptable level as well as the costs of risks optimized.

The risk management organization is integrated into the existing organization of the SINGULUS TECHNOLOGIES AG. It is not an independent structure. The respective heads of the departments, supported by the risk manager and the Chief Financial Officer, are responsible for the risk management organization at the SINGULUS TECHNOLOGIES AG. The Chief Financial Officer coordinates with the other members of the Executive Board all activities in connection with the risk management of the SINGULUS TECHNOLOGIES AG.

2.3 Ethics Code

Integrity characterizes the interaction of the SINGULUS TECHNOLOGIES AG with its business partners, employees, shareholders and the public. Respectful, loyal and fair interaction within the Company and with our business partners goes without saying for the SINGULUS TECHNOLOGIES AG. The fundamental statement is the basis for the self-imposed ethics code of the SINGULUS TECHNOLOGIES AG. It includes binding internal rules, which are subject to high ethical and legal standards. In this context, the Ethics Code focuses on integrity in the conduct with business partners, employees, shareholders and the public and describes the Company-wide applied management practices. The Ethics Code was adopted by the Executive and Supervisory Boards in spring 2015 and since then has been implemented group-wide in several steps. The content is disseminated to various groups of employees in regular intervals in the course of partially electronic training programs.

The goal of the Ethics Code is to inform the employees of the SINGULUS TECHNOLOGIES Group about the key compliance issues (competition regulations, corruption, handling of conflicts of interest, money laundering, embargo and trade restriction rules, data security, media and public affairs, workplace safety). This Ethics Code is supported by action guidelines to the Ethics Code, which amongst others includes rules regarding the granting and acceptance of gifts, and action guidelines for whistle-blowers, which governs specifics with regards to reporting of misdemeanor and illegal, immoral or inappropriate activities within the SINGULUS TECHNOLOGIES Group.

The complete ethics code is publicly available on the website of the SINGULUS TECHNOLOGIES AG under www.singulus.de/de/investor-relations/corporate-governance.html.

2.4 Compliance Management

For the Executive Board and the Supervisory Board of the SINGULUS TECHNOLOGIES AG, the adherence to extensive compliance is an essential prerequisite for sustainable economic success. As part of the risk management, compliance risk matters are analyzed and managed. In this connection there are quarterly reports to the Chief Financial Officer and annually to the Supervisory Board. In addition, extraordinary events and matters are directly reported to the Chief Financial Officer.

In the business year 2021 the compliance guidelines continued to be implemented. The employees of the SINGULUS TECHNOLOGIES AG were regularly trained, amongst others with respect to the code of conduct, export controls and embargos, information security, insider trading, information handling and prevention of corruption. There was also a training event for managers by an external consultant.

In case of actual or assumed compliance breaches, employees can – if preferred, also anonymously - contact their superiors, the Compliance officer or the SINGULUS TECHNOLOGIES ombudsperson.

3. Composition and work processes of Executive and Supervisory Boards

3.1 Close cooperation of Executive and Supervisory Boards

Executive and Supervisory Boards work closely together for the benefit of the Company. The Executive Board reports regularly, to the Supervisory Board about the relevant issues of corporate planning, the strategic development, the course of business activities and the overall situation of the Group.

The basis of the information and monitoring activities of the Supervisory Board is the detailed monthly reporting. Additional, written and oral reports of the Executive Board, by other employees, the auditors as well as by external consultants supplement the reporting. Furthermore, the Chairman of the Supervisory Board

regularly discusses the situation and the future development of the Company during individual talks with the Executive Board and subsequently informs the other members of the Supervisory Board about these discussions. The reports are reviewed and discussed within the Supervisory Board and also jointly with the Executive Board. According to the bylaws of the Supervisory Board, significant business decisions are subject to the approval by the Supervisory Board.

3.2 Members and work of the Executive Board

The Executive Board of the SINGULUS TECHNOLOGIES AG was comprised in business year 2021 of three members. It is the management body of the Company. In managing the Company the Executive Board is solely obligated to the interests of the Company and follows the goal of a sustainable increase in the enterprise value as well as the interests of the shareholders and of the employees.

The current members of the Executive Board are Dr.-Ing. Stefan Rinck and Mr. Markus Ehret. Since April 1, 2010 Dr.-Ing. Stefan Rinck is the Chief Executive Officer, Mr. Markus Ehret. was member of the Executive Board of the SINGULUS TECHNOLOGIES AG since April 19, 2010. The employment contract of Dr.-Ing. Stefan Rinck expires on December 31, 2023, Mr. Markus Ehret's contract has a term until March 20, 2024. Dr. rer. nat. Christian Strahberger was member of the Executive Board from November 1, 2019 to to October 31, 2022.

As Chief Executive Officer Dr.-Ing. Stefan Rinck is responsible for the departments Marketing & Sales, Technology, Research & Development as well as Strategy and International Operations. Mr. Markus Ehret is responsible for the areas Finance, Controlling, Investor Relations, Human Resources and IT. Until October 31, 2022, Dr. rer. nat. Christian Strahberger was responsible for the areas Procurement, Production, Semiconductor and the set-up of the production in China. Since November 1, 2022, Dr. Stefan Rinck has taken over the responsibilities for Production, Semiconductor and the set-up of the production in China. Mr. Markus Ehret took over the Procurement department.

3.3 Members and work of the Supervisory Board

The Supervisory Board of the SINGULUS TECHNOLOGIES AG is comprised of three members. No employee representative is a member of the Supervisory Board. The cooperation of the Supervisory Board was characterized by efficiency, professional competence and trust.

The Supervisory Board is currently comprised of Dr.-Ing. Wolfhard Leichnitz, Dr. Silke Landwehrmann and Dr. rer. nat. Rolf Blessing.

In the business year 2021 there were no changes in the Supervisory Board.

The bylaws of the Supervisory Board are publicly available on the website of the SINGULUS TECHNOLOGIES AG under https://www.singulus.de/de/corporate-governance/.

The Supervisory Board continued to refrain from forming an audit committee or other committees in the fiscal year 2021, because according to its assessment there is neither an increase in efficiency to be expected nor an improved handling of complex issues nor a more efficient or improved execution of tasks of the Supervisory Board in connection with issues about accounting principles, risk management or the audit. In addition, corporate law provides that decision-making Supervisory Board committees have to be comprised of at least three Supervisory Board members. For this reason a delegation of tasks is not reasonable, either.

The possibility for a Supervisory Board member to be appointed for a shorter tenure than the completion of the Annual General Meeting, which resolves on the discharge for the fourth business year after the start of the tenure, is still provided for and stated in the statutes of the Company. Overall, there were thirteen Supervisory Board meetings in the business year 2021, of which one meeting was held in presence.

The Supervisory Board is regularly performing self-assessments with respect to the efficiency of its work and identifies potential improvements. The Supervisory Board adheres to the recommendations of the Code and regularly assesses how efficiently the Supervisory performs its tasks and duties. For detailed information about the

work of the Supervisory Board in the business year 2021 please refer to the Report of the Supervisory Board in the Annual Report.

There were no advisory or other services or work contracts in place between the members of the Supervisory Board and the Company in the past business year.

All three members of the Supervisory Board are independent in the meaning of the Code.

According to the bylaws of the Supervisory Board, the Supervisory Board members are obligated to immediately disclose to the Chairperson of the Supervisory Board potential conflicts of interest, which could for example results from an advisory or board function for customers, guarantors, creditors or other business partners of the SINGULUS TECHNOLOGIES AG. No conflicts of interests of members of the Supervisory Board arose during the period under review.

4. Targets for the share of female members of the Executive Board and for the two management levels below the Executive Board

As an exchange-listed and non-codetermination stock corporation, the SINGULUS TECHNOLOGIES AG is obligated to resolve specific targets for the Company with regards to the women's quota and to publish them as part of the Status Report for the business year. The target for the Supervisory Board and the Executive Board has to be determined by the Supervisory Board pursuant to Art. 111 Para. 5 AktG and the targets for the two management levels below the Executive Board by the Executive Board pursuant to Art. 76 Para. 4 AktG. To determine the targets, the Supervisory and Executive Boards have to set deadlines, which cannot be more than five years into the future.

At the time of the determination and also currently, the Executive Board of the SINGULUS TECHNOLOGIES AG is comprised of three members with no female member. Against the background that at the time of the fixing in February 2020 the Supervisory Board did not intend any personnel changes with regards to the composition of the Executive Board nor to increase the number of members of the Executive Board, the target for the share of women on the Executive Board was set at zero percent until December 31, 2021.

The Supervisory Board of the SINGULUS TECHNOLOGIES AG in February 2020 determined a target share of female members to the Supervisory Board of 33 % until December 31, 2021. At the time of the determination and also currently the Supervisory Board is comprised of three members with one female member.

The Executive Board has set the target for the women's quota for the first management level below the Executive Board to 33 % and to 20 % for the second management level below the Executive Board until June 30, 2022. The target at the first management level below the Executive Board was achieved in the year under review. The target at the second management level was not achieved with around 17 % in the year under review. This development was due to the Company's economic situation in the year 2020 and 2021, which led two female managers to leave the Company. So far, the positions have not been filled. For additional positions, to be filled during the time of the implementation of the policy for the first and second management level, there were only male applicants and no female applicants. Nonetheless, the Executive Board aims to meet the determined targets for the share of female managers at the first and second management level.

5. Diversity concept with respect to the composition of the Executive Board and the Supervisory Board as well as competence profile

The Supervisory Board has anchored the diversity concept and competence profile of its composition with respect to for example age, gender, educational and occupational background in the bylaws. Accordingly, the Supervisory Board should not recommend anyone for appointment to the Supervisory Board for a tenure exceeding the person's age of 72. Candidates recommended to the Annual General Meeting for appointment to the Supervisory Board should have the following expertise and experience (while not all of the criteria have to be met): (i) know-how of the core business areas, in particular the competitive situation and requirements of customers, (ii) professional expertise with regards to technologic challenges, which are connected with the development of new machines, (iii) experience with complex development projects, (iv) international business experience, also outside of Europe, (v) experience with national and international marketing sales structures, (vi) expertise in the areas capital markets and investor relations and (vii) expertise in the area of mergers & acquisitions. At least one member of the Supervisory Board must

possess special, professional know-how in the areas of accounting or auditing. In its entirety the members have to be familiar with the sector, in which the Company is operating. Members should display personality, integrity, professionalism, willingness to perform and independence. Nationality should not play a role in the selection of a candidate. In addition, more than half of the members of Supervisory Board should be independent from the Company and the Executive Board. The Supervisory Board has set a target quota for the share of female members of the Supervisory Board.

The Supervisory Board is convinced that the described competence profile and diversity concept continues to be met by the tenure of one female and two male members and due to their age, educational and professional backgrounds.

Requirements for the diversity concept with respect to the Executive Board are also fixed in the bylaws of the Supervisory Board. Accordingly, the Chairperson of the Supervisory Board coordinates the long-term succession planning for the Executive Board, while a maximum age of 65 years is intended for the members of the Executive Board. For the appointment of the Executive Board, the Supervisory Board is also urged to consider diversity aspects. This is implemented on a case-by-case basis.

6. Additional corporate governance information

6.1 Transparency and communications

The Executive Board publishes potentially share price-relevant information concerning the SINGULUS TECHNOLOGIES AG immediately unless the Company is exempted in individual cases.

The SINGULUS TECHNOLOGIES AG makes sure that the shareholders of the Company are able to gain timely and extensive access about the situation of the Company through the information provided on its internet website. The SINGULUS TECHNOLOGIES AG reports about its business trends and the financial and earnings situation to its shareholders four times during the business year. All financial reports, current Company presentations, the corporate calendar as well as announcements pursuant to Art. 17 MAR, Directors' Dealings pursuant to Art. 19 MAR and voting right announcements pursuant to Art. 33ff. Wertpapierhandelsgesetz

(WpHG) are published under www.singulus.de in the segments Investor Relations and Press Releases. To improve transparency and to promote the shares of the SINGULUS TECHNOLOGIES AG held several analyst conferences and numerous one-on-one discussions with investors.

Also, all reports and documents concerning corporate governance including the declaration of conformity to the Code, an internet link to the full text of the code itself and the articles of the SINGULUS TECHNOLOGIES AG as well as the invitations to the Annual General Meetings and resolution results can be accessed through SINGULUS TECHNOLOGIES' website in the segment "Investor Relations".

6.2 Shareholders and Annual General Meeting

The shareholders of the SINGULUS TECHNOLOGIES AG exercise their rights in the course of the Annual General Meeting of the Company where each share grants one vote. In the course of the ordinary Annual General Meeting the shareholders resolve pursuant to the legal requirements the appropriation of the retained earnings, the discharge of Executive and Supervisory Boards and the appointment of the auditor. Changes in the bylaws and corporate actions are generally resolved by the Annual General Meeting and implemented by the Executive Board.

The Annual General Meeting of the SINGULUS TECHNOLOGIES AG usually takes place in the first half of the year. The Annual General Meeting of the SINGULUS TECHNOLOGIES AG could not take place in the business year 2021 because the auditor's certificate for the business year 2020 was missing. As already described, the auditor could only issue the audit certificate if from his point of view the continuation of the company's business appeared to be secured for the next 12 - 18 months. With the issuance of the audit certificate as of April 6, 2023 the Annual General Meeting of the SINGULUS TECHNOLOGIES AG will also be able to take place. However, the deadline for holding an Annual General Meeting in the first eight months of the business year pursuant to Art. 175 Para. 1 Sentence 2 AktG was not met. On October 29, 2021 an extraordinary Annual General Meeting of the SINGULUS TECHNOLOGIES AG took place. Due to the COVID-19 pandemic, this was held as a virtual Annual General Meeting without the physical presence of the shareholders and their proxies in accordance with Art. 1 Para. 2 of the Act on

Measures in Corporate, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the COVID-19 Pandemic (COVMG).

With the use of electronic forms of communication, in particular the internet and email, the Executive Board generally facilitates the shareholders' participation in the Annual General Meeting and enables them to exercise their voting rights by representatives. In addition, the Executive Board may allow the shareholders to exercise the voting rights in written form and through electronic media without having to participate in the Annual General Meeting in person. In addition, the Executive Board is authorized to stipulate that shareholders can attend the Annual General Meeting in accordance with the applicable statutory provisions even without being present on site and without a proxy, and that they can exercise their rights in whole or in part by electronic communication. All reports, annual financial reports and other documents, which have to be provided to the Annual General Meeting, as well as the agenda of the Annual General Meeting and counter-motions and additional request, if applicable, can be downloaded via the internet.

6.3 Accounting principles and audit of financial accounts

The consolidated financial statements and the interim reports of the SINGULUS TECHNOLOGIES Group are drawn up in accordance with IFRS as well as pursuant to applicable commercial law regulations pursuant to Art. 315e Para. 1 HGB. The individual financial statements of the SINGULUS TECHNOLOGIES AG are drawn up according to HGB and AktG principles as well as supplementary requirements according to the bylaws. The annual financial statements and consolidated statements for the business year 2021 drawn up by the Executive Board were audited by the auditor KPMG AG, Frankfurt am Main. The Supervisory Board reviewed the statements and the audit and adopted them. Important aspects were discussed with the Supervisory Board and the reports were approved by the Supervisory Board before publication.

Interim reports are published within 45 days after the respective end of the quarter. With the exception of the consolidated financial statements and Group management report for the 2020, 2021 and 2022 fiscal years, the consolidated financial statements

and annual financial statements are made available to the public within 90 days of the end of the fiscal year. Half-yearly and quarterly financial reports are not subject to an auditor's review.

The consolidated financial statements and Group management reports for fiscal years 2020 and 2021 could not be published until April 20, 2023, because the auditor issued the audit certificate only after new financing agreements had been concluded and new orders placed due to doubts about the going concern forecast. Due to the delayed publication of the consolidated financial statements and Group management reports for the 2020 and 2021 fiscal years, the publication of the consolidated financial statements and Group management report for the 2022 fiscal year will also be delayed.

The annual report for the business year 2021 and the interim reports can be viewed on the website of the SINGULUS TECHNOLOGIES AG.

6.4 Compensation of Executive and Supervisory Board members

Similar to the past years, SINGULUS TECHNOLOGIES individually reports the fixed and variable components of the compensation as well as the compensation components with long-term share-based incentives for the members of the Executive Board. In addition, also the contributions to pensions, which are based on a defined contribution scheme, are disclosed individually. The details are described in the Compensation Report. Pursuant to Art. 162 AktG, the Compensation Report lays out the compensation and the compensation scheme for the Executive Board in detail and on an individual basis and also explains the design of the compensation components with long-term incentives. In addition, the remuneration of the members of the Supervisory Board is stated individually.

SHAREHOLDINGS AS WELL AS REPORTABLE SECURITIES' DEALINGS OF EXECUTIVE AND SUPERVISORY BOARD MEMBERS

1. Shareholdings of Executive and Supervisory Board members

No member of the Executive or Supervisory Board holds directly or indirectly a share of the nominal capital of the Company exceeding 1 %.

The following members of the Executive and Supervisory Board held directly or indirectly shares in the SINGULUS TECHNOLOGIES AG as of December 31, 2021:

Shareholdings of Executive and	December 31,	December 31, 2020
Supervisory Board members	2021	
Supervisory Board		
DrIng. Wolfhard Leichnitz,	245	245
Chairman of the Supervisory		
Board		
Dr. Silke Landwehrmann	2,000	2,000
Dr. rer. nat. Rolf Blessing	0	0
Executive Board members		
DrIng. Stefan Rinck, CEO	122	122
DiplOec. Markus Ehret, CFO	43	43
Dr. rer. nat. Christian Strahberger,	2,000	2,000
COO*		

^{*} member until October 31, 2022

The sitting members of the Executive and Supervisory Boards did not hold subscription rights through stock options or convertible bonds as of December 31, 2021.

2. Directors' Dealings

Pursuant to Art. 19 MAR, members of the Executive and Supervisory Boards or related persons were obligated in the business year 2021 to report transactions with shares or debt instruments of the Company or related derivatives or with other related financial instruments, if the total volume of the activities within one calendar year exceeds a total volume of € 20,000. The Company was not notified of any relevant transactions for the business year 2021.

Compensation Report 2021

The Executive and Supervisory Boards have drawn up this compensation report pursuant to the requirements of Art. 162 German Stock Corporation Act ("**AktG**"). Due to the implementation of the second EU shareholder rights guideline in Art. 162 AktG, the reporting standard for the business year starting on January 1, 2021 has changed for the SINGULUS TECHNOLOGIES AG (the "**Company**").

The report clearly and comprehensibly explains the main features of the compensation system for the Executive Board and Supervisory Board and provides individualized information on the compensation granted and owed to current and former members of the Executive Board and Supervisory Board in the fiscal year 2021.

For ease of reading, the masculine form is used in this report when referring to persons. It is representative of persons of any gender.

Due to rounding, it is possible that some numbers in this report do not add up precisely to the totals shown and that percentages presented do not accurately reflect the absolute values to which they relate.

This report has been formally audited by the Company's auditors in accordance with Art. 162 (3) of the German Stock Corporation Act (AktG); the corresponding audit certificate is included in this report.

Review of the past business year 2021

The course of business continued to be impacted by the ongoing Covid-19 pandemic in the business year 2021. Despite the difficult market environment the company was able to increase sales from \leqslant 29.9 million in the prior year to \leqslant 68.8 million. The gross profit margin for the period under year developed favorably due to the significantly increased utilization at the company's sites and amounted to 26.3 % (previous year: -18.6 %).

In the fiscal year 2021, additional large orders were received. Here, the signing of contracts for machines for the production of thin-film solar modules with China Triumph International Engineering Co. Ltd. (CTIEC), Shanghai, China, a subsidiary of the China National Building Materials Group (CNBM), Beijing, China, stands out. The concluded order includes the delivery of production machines for manufacturing sites for the production of both CdTe and CIGS thin-film solar modules through sputtering, vaporization and sublimation. The total order value amounts to approximately € 25 million. In the Life Science segment, substantial orders in the area of Medical Technology were received.

During the course of the year the composition of the Executive and Supervisory Boards did not change.

A) Compensation of the Executive Board

I. Members of the Executive Board in the business year 2021

Dr.-Ing. Stefan Rinck

Chief Executive Officer; Executive Board member responsible for Marketing & Sales, Technology, Research & Development as well as Strategy and International (CEO)

Dipl.-Oec. Markus Ehret

Executive Board member responsible for Finance, Controlling, Investor Relations, Procurement, Human Resources and IT (CFO)

Dr. rer. nat. Christian Strahberger

Executive Board member responsible for Production, Semiconductor and set-up China production (COO)

II. Description of the compensation structure

1. Overview compensation structure

1.1. Design and goals of compensation structure

The compensation of the individual members of the Executive Board is determined and regularly analyzed by the Supervisory Board. It is the goal to appropriately remunerate the Executive Board members according to their functions and responsibilities and to consider the individual performance as well as the economic situation, the success and the future prospects of the company.

The compensation structure for the Executive Board of the SINGULUS TECHNOLOGIES AG is determined in accordance with the provisions of the Stock Corporation Act taking into account the recommendations of the German Corporate Governance Code and is geared towards a sustainable and long-term corporate development. The overall compensation of the members of the Executive Board is composed of a fixed and a variable compensation as well as benefits in kind. It is in line with its tasks and performance as well as with the situation of the Company. The compensation system ensures that both positive and negative developments are appropriately reflected in compensation (*Pay for Performance*). It takes into account both the performance of the Executive Board overall as well as the achievement of individual goals. The total compensation of the Executive Board is in line with the market in terms of its amount and structure and takes into account the size, complexity and economic situation of the Company.

The business strategy focuses on the intensive further expansion of the three segments Solar, Semiconductor and Life Science.

To plan, manage and control its targets, the Company relies on the key performance indicators order intake, order backlog, sales, EBIT and liquidity. The financing of the business operations is implemented via the capital market. Therefore, the share price is not only an important key indicator for the shareholders buy also for the Company.

Executive Board compensation is linked to these key performance indicators, the achievement of strategic goals and the share price via variable compensation. In this way, the compensation system makes a significant contribution to promoting the business strategy and the long-term and sustainable development of the Company. In particular, the variable components (annual bonus based on agreed targets and share-based compensation) are geared towards the objectives of the strategy and provide effective incentives for strengthening the operational success of the Company and sustainably increasing its value. The system aims to align the interests of the Executive Board with those of shareholders and other stakeholders. The aim is to retain Executive Board members in the Company for the long-term and give them an incentive to increase the value of the Company. In the case of variable compensation, the long-term component therefore predominates over the short-term component on the basis of a multi-year assessment. The compensation system is clear and also comprehensible to shareholders. It remunerates the work performed by the Executive Board members in a results-oriented and competitive manner and creates incentives for the Executive Board members to increase the value of the Company.

The fixed, non-performance-based part is composed of a fixed salary and benefits in kind. It counteracts taking disproportionately high risks in order to achieve short-term goals and thus contributes to the long-term development of the Company.

The performance-related components are split in a variable bonus and a share-based compensation component (phantom stocks). The variable bonus aims to increase the motivation and willingness to perform of each member of the Executive Board and to strengthen the loyalty to the company. The variable bonus is tied to achieving individual targets, which include financial, operating and strategic goals. These targets are reset annually by the Supervisory Board and individually agreed with the members of the Executive Board following the adoption of the budget for the subsequent year. The phantom stock program is intended to create a long-term incentive and commitment effect by issuing virtual shares. After the lapse of a waiting period of two years the phantom stocks can be exercise in tranches of 25 % semi-annually if the share price of the company exceeds a specified minimum percentage level above the exercise price. The phantom stocks thus represent a compensation component with a multi-year assessment basis that achieves a high degree of alignment between the interests of the beneficiaries and those of the shareholders,

as the resulting compensation of the Executive Board members is linked to the development of the share price and thus to the performance of the Company.

In its entirety, the compensation system takes into account the provisions of the German Stock Corporation Act as amended by ARUG II.

1.2. Process to determine, implement and review the compensation

Pursuant to Art. 87a AktG the Supervisory Board of the SINGULUS TECHNOLOGIES AG is responsible for the structure of the compensation system as such, the determination as well as the regular review of the Executive Board compensation system and the total compensation of the individual Executive Board members. In this regard, the Supervisory Board takes into account the long-term corporate strategy, the design principles, the legal requirements and the recommendations of the German Corporate Governance Code. In order to assess whether the compensation of the individual members of the Executive Board is in line with market practices, the Supervisory Board bases its determination of the amount of the target compensation on the situation of the Company and the compensation paid by comparable companies to the members of their management (horizontal comparison) as well as the salary level of the first and second management levels within the Company (vertical comparison). The market position (including market capitalization, sales, industry, size and country) and the general financial situation of the respective company are taken into account.

The Supervisory Board aims to commit the members of the Executive Board to the company in the long-term and to incentivize them to increase the company value. The variable compensation should also promote the motivation and commitment of the members of the Executive Board and provides an opportunity to take into account the economic situation of the company for the determination of the variable bonus as well.

The Supervisory Board regularly reviews the structure and appropriateness of the compensation in the course of its first Supervisory Board meeting of the year. In the review the Board takes into consideration the individual performance and the extent of the responsibilities assumed compared with the other members of the Executive Board as well as the economic situation of the company.

In case of material changes in the compensation system, however at least every four years, the compensation system is presented in the course of the Annual General Meeting for approval. If the Annual General Meeting does not approve the compensation system presented, a revised compensation system will be submitted for resolution at the latest at the following Annual General Meeting.

The effective compensation system for the members of the Executive Board was approved by the Annual General Meeting by resolution as of June 28, 2018. Pursuant

to Art. 87a (2) AktG, the Supervisory Board may temporarily deviate from the compensation system if this is necessary in the interests of the long-term welfare of the Company. Such deviations from the compensation system require a corresponding Supervisory Board resolution which specifically explains why the deviation is necessary in the interest of the long-term welfare of the Company. Furthermore, the Supervisory Board resolution shall specify the duration of the deviation and the components of the compensation system from which the deviation is made. If the Supervisory Board temporarily deviates from the compensation system, it will report on this transparently. The Supervisory Board has made use of this reduction option in the past due to the difficult economic situation of the Company. However, there was no reduction in compensation in the financial year 2021.

There were no personnel changes in the Executive Board of the SINGULUS TECHNOLOGIES AG in the business year 2021. By resolution of the Supervisory Board as of January 26, 2017 the appointment of Dr.-Ing. Stefan Rinck as member of the Executive Board was extended by five years until August 31, 2022 and the former employment contract was replaced with a newly concluded employment contract with effect from September 1, 2017. By resolution of the Supervisory Board as of March 20, 2019, the appointment of Mr. Markus Ehret as member of the Executive Board was extended for five year until March 20, 2024 and a new employment contract was concluded with effect from January 1, 2020. By resolution of the Supervisory Board as of September 17, 2019 Dr. rer. nat. Christian Strahberger was appointed as member of the Executive Board for three years from November 1, 2019 and an employment contact was concluded with effect from November 1, 2019.

1.3. Composition of the compensation

The compensation of the Executive Board is a key element for the long-term success of the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG. It contributes significantly to the implementation of the corporate strategy and the achievement of the operational and financial targets. The compensation generally includes fixed and performance-related components.

The fixed, non-performance-based part is composed of a fixed annual salary and benefits in kind. The non-cash benefits include company cars and insurance.

The performance-based components are split in a variable bonus and phantom stocks. Furthermore, the contracts of the members of the Executive Board provide the Supervisory Board the possibility to grant one-off special payments for extraordinary performance in addition to the variable compensation components ("One-time Bonus").

The compensation presented in this compensation system covers the entire activities of the Executive Board members, and accordingly also other Group-internal functions and activities of the respective Executive Board members.

At the request of the Executive Board, the Company takes out a life insurance policy for the Executive Board member concerned as part of a salary conversion scheme.

1.3.1. Fixed salary

The fixed, non-performance based, annual salary of the members of the Executive Board is paid in twelve equal partial payments at the respective end of the months and for the last time for the full month during which the employment contract terminates. It is reviewed annually according to appropriateness and adjusted, if required. An adjustment can also be made by granting one-time bonus payments.

1.3.2. Variable bonus (target agreements)

The variable bonus is tied to achieving individual targets, which include financial, operating and strategic goals. These targets are reset annually by the Supervisory Board and individually agreed with the members of the Executive Board following the adoption of the budget for the subsequent year. They are based on the respective strategic objectives for the Company, which have been defined by the Supervisory Board in consultation with the Executive Board. Generally, the targets consist of 50 % financial, 30 % operating and 20 % strategic targets. Strategic objectives also include the achievement of sustainability goals (ESG), which are set by the Supervisory Board. They are intended to guide the behavior of the Executive Board towards the implementation of the defined strategy. The amount of the bonus is subject to the respective percentage achievement of the target. The assessment basis is the amount corresponding to 80% of the applicable fixed salary. A weighted average is formed from the individual percentages achieved for each individual annual target. This is applied to the assessment basis to determine the amount of the bonus. The variable bonus may not exceed 80% of the fixed salary. If the annual targets are exceeded by the respective member of the Executive Board, the Supervisory Board may increase the target achievement to up to 120 % on a case by case evaluation at its sole discretion. In case of an assumed 100 % achievement of the annual targets on average the bonus corresponds to 80 % of the fixed salary. If the targets are not achieved or only partially by less than 50 %, the Supervisory Board decides at its sole discretion if and to what extent a bonus will be paid.

1.3.3. Phantom stocks

The phantom stocks program is the second component of variable compensation and is intended to provide a long-term incentive and retention effect by linking compensation to the sustainable performance of the Company. The best indicator of performance is the share price. The incentive effect is achieved through performance targets, vesting periods and staggered exercise. Effects from short-term share price increases, which are market-related and not company-related, are thus largely eliminated

The phantom stocks provide a compensation component with multiple-year criteria, which achieves a high alignment of interest between the beneficiaries and the shareholders and therefore creates shareholder value in the long-term.

The Supervisory Board determines the number of granted phantom stocks at its own discretion. Each individual phantom stock is designed as a virtual option and entitles after the lapse of a waiting period of two years and the achievement of a success target to receive a payment which corresponds to the difference at exercise between the respective exercise price and the reference price for a bearer share of the company with a nominal value of € 1.00 each. The exercise price corresponds to the simple average of the closing prices (or a relevant subsequent closing price) of the shares of the company on the Xetra platform (or a functionally equivalent subsequent system to the Xetra platform) at the Frankfurt Stock Exchange on the five trading days before the issue date. The reference price corresponds to the (non-weighted) simple average of the closing prices (or a relevant subsequent closing price) of the shares of the company on the Xetra platform (or a functionally equivalent subsequent system to the Xetra platform) at the Frankfurt Stock Exchange on the five trading days before the exercise date. The phantom stocks can be exercised for the first time after a vesting period of two years, which starts at the time of issuing the stocks.

After the end of the waiting period, the phantom stocks can be exercised each year within an exercise period. The first exercise period begins on the sixth stock market trading day after publication of the interim report for the first quarter and ends on June 20. The second exercise period begins on the sixth stock market trading day after publication of the interim report for the third quarter and ends on December 20 ("Exercise Period"). If the exercise was not possible during the exercise period due to a self-exemption pursuant to Art. 17 Para. 4 German Market Abuse Regulation, the exercise period is extended by the time of the self-exemption. During each exercise period only up to 25 % of the granted phantom stocks can be exercised. If an exercise tranche is not exercised during the exercise period, it can be additionally exercised during later exercise periods. Furthermore, the exercise of the phantom stocks is only possible upon reaching the success target, i.e. if the reference price at the time of the exercise is at least 15 % higher than the exercise price.

The term of the phantom stocks is five years each after the respective issue date. Phantom stocks, which are not exercised by the end of this term, expire without replacement and compensation.

1.4. Maximum compensation

Pursuant to Art. 87a Para. 1 Sent. 3 No. 1 AktG, the Supervisory Board has set the following maximum compensation:

In addition, separate maximum amounts are set for the variable compensation components. Pursuant to No. 2 the set maximum compensation was adhered to for the business year 2021. The maximum compensation laid out in No. 1.4 was not exceeded.

1.4.1. Variable remuneration

The variable annual bonus may not exceed 80 % of the fixed salary; this also holds true if the target achievement exceeds 100 %.

1.4.2. Phantom stocks

The granted cash compensation upon exercise of the phantom stocks is limited to three times the exercise price of each phantom stock. In addition, the granted cash compensation from the phantom stocks programs within a period of one year may not exceed the amount of the annual fixed salary. This also holds true if exercise tranches become due within one year, which result from phantom stock programs from different years.

1.4.3. One-time Bonus

A potential one-time bonus payment granted by the Supervisory Board may only amount to halve of the fixed salary and is subject to the overall limit of the compensation, which the member of the Executive Board may receive during the course of one year.

2. Compensation of the business year 2021

The Company uses the vesting-oriented view for "compensation granted". Accordingly, compensation is (already) stated in the compensation report for the financial year in which the activity on which the compensation is based (one or more years) was fully performed. This view enables a meaningful comparison, as, for example, the variable short-term remuneration for the year 2021 is set against the earnings situation of the financial year 2021.

2.1. Fixed salary

The fixed, non-performance based, annual salary of the members of the Executive Board is paid in twelve equal partial payments at the respective end of the months and for the last time for the full month during which the employment contract terminates. It is reviewed annually by the Supervisory Board according to appropriateness and adjusted, if required. The fixed compensation ensures a minimum income commensurate with the duties and responsibilities of a member of the Executive Board. It counteracts taking disproportionately high risks in order to achieve short-term goals and thus contributes to the long-term development of the Company. An adjustment can also be made by granting one-time extraordinary

payments. The contractually agreed annual fixed compensation of the Executive Board members in the fiscal year 2021 was €440k for the Chairman of the Executive Board Dr.-Ing. Stefan Rinck, €300k for Mr. Markus Ehret and €300k for Dr. rer. nat. Christian Strahberger.

The amount of the fixed compensation depends on the function on the Executive Board and the length of service on the Executive Board.

2.2. Short-term variable compensation

In addition to the fixed salary, the Company grants the members of the Executive Board a gross variable remuneration ("bonus") to be assessed on a one-year basis, the amount of which is determined by the Supervisory Board for the respective financial year on the basis of target agreements newly agreed each year. For the financial year 2021, a target agreement has been reached which corresponds to the principles of the compensation system as outlined above under 1.3.2.

The 100% fulfillment of the aforementioned target agreements corresponds to variable compensation for 2021 of €293 thousand for Dr.-Ing. Stefan Rinck, €187 thousand for Markus Ehret and €240 thousand for Dr. rer. nat. Christian Strahberger.

In fiscal year 2021, the annual result amounted to a loss of minus €14.2 million. The economic targets were thus missed. An assessment and determination of target achievement, which is the basis for calculating the amount of the bonus payment, was therefore not meaningful. Accordingly, the determination of target achievement and the resulting bonus payment was no longer possible in the contractually stipulated manner. The Supervisory Board therefore appropriately rewarded the performance of the respective incumbent Executive Board members in accordance with the contractual agreements and the compensation system resolved by the Annual General Meeting. Against the background of the economic situation of the Company in the fiscal year 2021, the Supervisory Board set the target achievement for Dr. Rinck, Mr. Ehret and Mr. Strahberger in each case at a flat rate of 25%. The variable compensation granted on this basis amounted to €73 thousand for Dr. Rinck, €47 thousand for Mr. Ehret and €60 thousand for Dr. Strahberger. The activity on which the variable compensation is based was performed in full by the balance sheet date.

Therefore, the variable compensation is classified as granted for the 2021 financial year, even if payment is made after the end of the 2021 financial year.

In addition, the Supervisory Board has the right to grant members of the Board of Management a one-time bonus for extraordinary performance at its own discretion. The Supervisory Board did not make use of the option to grant a one-time bonus to Executive Board members in fiscal year 2021.

In setting the specific target values, the Supervisory Board takes particular account of the long-term corporate planning and planning of future business development drawn up by the Executive Board.

2.3. Long-term variable compensation (phantom stocks)

The SINGULUS TECHNOLOGIES AG grants phantom stocks to the members of the Executive Board each year in accordance with the phantom stock program resolved by the Supervisory Board. Due to the economic situation of the company no phantom stocks were issued to the Executive Board for 2021.

In the financial year 2021, the Executive Board did not exercise any phantom stocks from previous years' programs.

Dr.-Ing. Stefan Rinck held 600,000 phantom stocks at the end of the 2021 financial year, comprising (i) 150,000 phantom stocks from the 2017 program, (ii) 150,000 phantom stocks granted in the 2018 financial year, (iii) 150,000 phantom stocks granted in the 2019 financial year and (iv) 150,000 phantom stocks granted in the 2020 financial year. Mr. Markus Ehret held 400,000 phantom stocks at the end of fiscal 2021, consisting of (i) 100,000 phantom stocks granted under the 2017 program, (ii) 100,000 phantom stocks granted in fiscal 2018, (iii) 100,000 phantom stocks granted in fiscal 2020. Dr. rer. nat. Christian Strahberger held 100,000 phantom stocks at the end of fiscal 2021, consisting of the 100,000 phantom stocks granted in fiscal 2020.

The allocation of the fair value of the phantom stocks on an accrual basis resulted in income of €82 thousand in fiscal year 2021. The phantom stock of Dr.-Ing. Stefan Rinck accounted for income of €82 thousand, the phantom stock of Markus Ehret accounted for income of €58 thousand, and the phantom stock of Dr. rer. nat. Christian Strahberger accounted for expenses of €57 thousand.

2.4. Other compensation

In addition, the members of the Executive Board receive fringe benefits in kind, such as company cars or lump-sum compensation for use of private cars for professional purposes as well as casualty and personal liability insurances. Each individual Executive Board member has to pay taxes on these fringe benefits as part of the overall compensation.

The other compensation for the business year 2021 amounted to € 49k for Dr.-Ing. Stefan Rinck, € 32k for Mr. Markus Ehret and € 7k for Dr. rer. nat. Christian Strahberger. The members of the Executive Board did not receive additional compensation in the business year 2021 for their activities as managing directors of subsidiaries. A lump-sum share in the amount of 15 % of the fixed salary and the annual variable compensation is deemed to be the compensation for these activities.

2.5. Application of malus and claw back during the reporting period

The compensation system applicable in the fiscal year 2021 does not provide for the possibility of withholding (malus) and reclaiming compensation already paid out (claw back) for any of the Executive Board members.

2.6. Overview individual compensation

The following table presents the individual total compensation of the Executive Board members and the relative share of the respective compensation component in total compensation in accordance with § 162 AktG. The activity on which compensation is based was performed in full by the balance sheet date. Compensation for the Executive Board activities is therefore classified as granted for the 2021 financial year, even if payment is not made until after the 2021 financial year.

Compensation granted and owed for fiscal year 2021												
			Fixed components			Variable components					Share of	Share of
						One-year	Multi-year			Total	fixed	variable
Current members of the Executive			Fixed	Fringe		variable	variable	Special		compen-	compen-	compen-
Board	Date of entry	Last position	compensation	benefits	Total	compensation	compensation	payments	Total	sation	sation	sation
			in € K	in € K	in € K	in € K	in € K	in € K	in € K	in € K	in %	in %
DrIng. Stefan Rinck	Sept 1, 2009	CEO	440	49	489	73	0	0	73	562	87	13
Markus Ehret	April 19, 2010	CFO	300	32	332	47	0	0	47	379	88	12
Dr. rer. nat. Christian Strahberger	Nov 1, 2019	coo	300	7	307	60	0	0	60	367	84	16
Total			1,040	88	1,128	180	0	0	180	1,308	86	14

3. Granted benefits after the regular termination of service on the Executive Board

The members of the Executive Board receive a company pension plan financed by the company in the form of defined contributions. The company pays the members of the Executive Board an annual pension contribution in the amount of a specific percentage of their gross fixed annual salary set out in the employment contracts. This percentage shall not exceed 35 % of pensionable income. This form of pension enables the company to reliably calculate the annual - and accordingly also the long-term - expenses. The amount of the pension payment was calculated as a percentage of the fixed salary on the basis of an approximately targeted pension level, a hypothetical tenure and the expected interest rate development according to actuarial principles. However, the actual pension level is not fixed for a defined-contribution pension, since it depends on the tenure as an Executive Board member and the interest rate development.

The pension benefits include pensions and surviving dependents' pensions. With respect to the pension it is determined that if a member of the Executive Board retires from the company after completion of the age of 63, a monthly pension or a lump sum will be paid. If a member of the Executive Board retires from the company before the age of 63 but after completion of the age of 60, as an early pension an early monthly pension or an early lump sum will be paid, if the member of the Executive Board asks for the payment of the early pension benefits at the time of leaving the

company. The amount of the (early) retirement benefit is based on actuarial principles. In case of death of a member of the Executive Board before claiming (early) pension benefits, the surviving spouse will receive a surviving dependents' lump sum. The amount of the surviving dependents' capital is determined when the insured event occurs and corresponds to the respective premium refund due in the event of death before the start of the pension.

In case of death after claiming the (early) pension benefits through monthly payments, but before the lapse of 20 years after retirement, the surviving spouse will receive a temporarily limited surviving dependent's pension until the lapse of this 20-year period. If there is no surviving spouse entitled for benefits, under certain conditions the surviving children will receive surviving dependents' payments in equal parts.

The pension plan is outsourced to Towers Watson Second e-Trust e.V. ("**Association**") and is not a charge to the Company's balance sheet. The Association concludes a corresponding liability insurance to insure the pension benefits.

If a member of the Executive Board leaves the SINGULUS TECHNOLOGIES AG before the pension benefits are due, the proportional claim for pension benefits remains, regardless whether at the time of leaving the legal vesting applies pursuant to the relevant regulations of the employers' retirement benefits law.

The annual pension contribution for Dr.-Ing. Stefan Rinck amounts to 59.97 % since January 2012, for Mr. Markus Ehret to 31.58 % since January 1, 2018 and for Dr. rer. nat. Christian Strahberger to 35.00 % since November 1, 2019 of the annual fixed salary. The annual pension contributions for the company paid in the year 2021 amounted to approx. € 464k, with approx. € 264k attributable to Dr.-Ing. Stefan Rinck, approx. € 95k attributable to Mr. Markus Ehret and approx. € 105k to Dr. rer. nat. Christian Strahberger.

The employment contracts also provide for D&O insurance, which includes the minimum deductible required under Art. 93 Para. 2 Sent. 3 AktG, and accident insurance.

4. Severance policies

In case of an early termination of the employment contract through statutory notice of termination or in case of termination of appointment to the Executive Board, the members of the Executive Board receive a severance payment limited to two years' compensation (severance cap). The amount is set according to the fixed salary excluding benefits in kind and ancillary benefits in addition to a lump-sum variable compensation in the amount of 25 % of the respective fixed salary considering the pension benefits. If the remaining term of the respective Executive Board employment contract is less than two years, the severance payment is reduced pro

rata temporis to the remaining term of the employment contract. In case of an extraordinary dismissal for cause by the Company, there is no right to a severance payment.

5. Claims in the event of death or permanent incapacity for work

In the event of death, the employment contracts of all current members of the Executive Board provide for the continued payment of the fixed remuneration to his widow and dependent children for the month in which the death occurred and for the following nine months, but no longer than until the end date of the respective employment contract.

In the event of permanent incapacity for work and receipt of sick pay, the employment contracts of all current members of the Executive Board provide for entitlement to the difference between the net fixed salary and the net sick pay for a further period of nine months, at the longest, however, until the end date of the respective employment contract.

6. Benefits by third parties

No benefits by third parties were granted or promised to members of the Executive Board with respect to their work as Executive Board members during the period under review

7. Change of control clauses

The employment contracts of the Executive Board members include a change of control clause. In the case of a change in control the members of the Executive Board of the SINGULUS TECHNOLOGIES AG have an extraordinary termination right, which entitles them to terminate their employment within a period of one year after the change in control at any time with a notice period of six months. A change in control exists in this meaning, if (i) a shareholder has gained control in the meaning of Art. 29 WpÜG, or (ii) a controlling agreement pursuant to Art. 291 AktG has been concluded and become effective with the company as dependent company, or (iii) the company is merged to a different non-Group entity pursuant to Art. 2 Umwandlungsgesetz (UmwG), provided that the value of the different entity amounts to less than 50 % of the value of the company according to the agreed exchange ratio, or (iv) the completion of a take over or mandatory offer in the meaning of the WpÜG.

If the employment contract is terminated because of member of the Executive Board has exercised the extraordinary termination right or the employment contract is not extended after a change in control, the member of the Executive Board is entitled to an extraordinary payment in the amount of the sum of (i) the last paid fixed salary for three years, (ii) the sum of the variable compensation (bonus payments), which were paid for the last three years as well as (iii) the addition to pension benefits for three

years. The entitlement to a special payment only exists if the employment contract at the time of a change in control has a remaining term of more than nine months. Furthermore, the employment contracts include clauses that the claim also persists in case of leave or termination of the employment contract by the company after a change in control.

Within the term of the phantom stocks programs the option rights from the phantom stocks can also be exercise ahead of schedule, i.e. outside of the respective exercise periods and before the completion of the waiting time, if for the shares of company (i) a takeover offer in the meaning of Art. 29 Para 1 WpÜG has been published or (ii) a person in the meaning of Art. 29 Para. 2 gains control. In these cases, all phantom stocks can be exercised irrespective of the achievement of the performance targets.

B) Compensation of the Supervisory Board

The system for the compensation of Supervisory Board members is based on the statutory requirements of the German Stock Corporation Act. The compensation for the Supervisory Board is set out in Art. 11 of the articles of incorporation of the SINGULUS TECHNOLOGIES AG. It is balanced overall and is based on the duties and responsibilities of the Supervisory Board members and on the situation of the Company, also taking into account the compensation arrangements of comparable companies. This enables the best possible monitoring and advice to be provided to the Executive Board, which in turn makes a significant contribution to a successful business strategy and the long-term success of the Company.

In addition to the reimbursement of expenses, the members of the Supervisory Board receive a fixed compensation in the amount of € 40,000 for each full business-year of being a member of the Supervisory Board, which is paid after completion of the business year. The Chairman of the Supervisory Board receives twice this amount, the Deputy Chairman one and a half times the fixed compensation. Members of the Supervisory Board, who are only members of the Supervisory Board or who are Chairperson or Deputy Chairperson in the Supervisory Board for parts of the business year, receive a pro-rated fixed compensation. No performance-related compensation or financial or non-financial performance criteria are provided for. This best reflects the independent control and advisory function of the Supervisory Board, which is not geared towards short-term corporate success but to the long-term development of the Company.

The respective amount of the fixed compensation takes into account the specific function and responsibility of the members of the Supervisory Board. In particular, in accordance with Section G. 17 of the GCGC, the higher time demands of the Chairman and Vice Chairman is also taken into account through the correspondingly higher compensation. Attendance fees are not paid. There are no attendance fees. Compensation does not change even if the Supervisory Board meets frequently.

The company is reimbursing each member of the Supervisory Board the value-added tax on their compensation.

The Annual General Meeting shall determine the compensation of the members of the Supervisory Board in the Articles of Association at the proposal of the Executive Board and the Supervisory Board. The Annual General Meeting shall resolve on the compensation of the members of the Supervisory Board at least every four years. In this context, a resolution confirming the existing remuneration is also permissible.

The contractually agreed total compensation of the Supervisory Board in the 2021 financial year was €180k plus value-added tax of €34k.

The following table presents the compensation granted and owed to members of the Supervisory Board in fiscal year 2021 in accordance with Art. 162 of the German Stock Corporation Act (AktG). The activity on which compensation is based was performed in full by the balance sheet date. Compensation for the Supervisory Board activities is therefore classified as granted for the 2021 financial year, even if payment of the Supervisory Board compensaiont pursuant to Art. 11 of the Articles of Association was not made until after the 2021 financial year.

			Fixed components		Variable components					Share of	Share of	
						One-year	Multi-year			Total	fixed	variable
Current members of the Supervisory			Basic			variable	variable	Special		compen-	compen-	compen-
Board	Date of entry	Last position	remuneration	Meeting fees	Total	compensation of	compensation	payments	Total	sation	sation	sation
			in € K	in € K	in € K	in € K	in € K	in € K	in € K	in € K	in %	in %
DrIng. Wolfhard Leichnitz	May 29, 2009	Chairman	80	0	80	0	0	0	0	80	100	0
Silke Landwehrmann	Aug 11, 2019	Vice Chairwoman	60	0	60	0	0	0	0	60	100	0
Dr. rer. nat. Rolf Blessing	May 31, 2011	Member	40	0	40	0	0	0	0	40	100	0
Total			180	0	180	0	0	0	0	180	100	0

In the year under review, the members of the Supervisory Board did not receive any compensation or benefits for personally-performed services, in particular consulting or agency services.

C) Loans granted to the members of the Executive and Supervisory Board

The company did not grant any members of the Executive Board or the Supervisory Board advance payments or loans during the year under review.

D) Comparative presentation of the change in compensation

In accordance with Art. 162 Para. 11 Sent. 2 No. 2 AktG, the following table presents the development of the Company's earnings, the total annual compensation granted and owed to current and former members of the Executive Board and the Supervisory Board, and the annual change in the average compensation of employees considered over the last five financial years on a full-time equivalent basis. In the business year 2021, this averaged 294 persons. The compensation of all employees of the Company in Germany, including senior executives as defined in Art. 5 (3) of the German Works Constitution Act (Betriebsverfassungsgesetz), was

taken into account. In each case, all collectively agreed salary components or agreed fixed salaries, agreed bonuses and supplements, and any variable compensation components attributable to the 2021 financial year, such as bonuses or special payments, were included in the analysis. The components of the average employee compensation presented therefore correspond in principle to the compensation granted and owed to the members of the Executive Board and the Supervisory Board pursuant to Art. 162 Para. 1 Sent. 1 AktG.

	2017 [in € K]	2018 [in € K]	Annual change [in %]	2019 [in € K]	Annual change [in %]	2020 [in € K]	Annual change [in %]	2021 [in € K]	Annual change [in %]
Current members of the Executive Board									
DrIng. Stefan Rinck (CEO) (thereof phantom stocks issued)	1,143 <i>4</i> 72	1,618 683	42	1,429 <i>516</i>	-12	1,250 <i>5</i> 88	-13	562 ¹⁾	-55
Markus Ehret (CFO) (thereof phantom stocks issued)	741 315	1,104 <i>4</i> 55	49	966 344	-12	835 392	-14	379 ¹⁾	-55
Dr. rer. nat. Christian Strahberger (COO) (Nov 1, 2019 - Oct 31, 2022) (thereof phantom stocks issued)	-	-	-	52 -	-	711 392	1,267	367 ¹)	-48
Former members of the Executive Board									
None	-		-		-		-	-	-
Current members of the Supervisory Board									
DrIng. Wolfhard Leichnitz	80	80	0	80	0	76	-5	80	5
Dr. Silke Landwehrmann (since Aug 11, 2019)			_	16	_	50	213	60	20
Dr. rer. nat. Rolf Blessing	40	40	0	40	0	38	-5	40	5
Former members of the Supervisory Board									
Christine Kreidl (Dec 4, 2012 - Aug 10, 2019) Average compensation of employees	60	60	0	36	-40	-		-	-
Employees of SINGULUS TECHNOLOGIES AG	70	76	8	73	-3	58	-20	69	18
Earnings development of the company	70	76	•	13	-3	56	-20	69	10
EBIT (IFRS) [in € million] Net income (HGB) [in € million]	-1.2 -30.0	6.8 -30.7	667 -2	-8.2 -17.5	-221 43	-36.8 -34.6	-349 -98	-12.4 -21.8	66 37

¹⁾ In 2021, no phantom stocks were issued, so that the issue values of the phantom stocks were not offset here

Report of the independent auditor on the audit of the compensation report in accordance with § Section 162 (3) of the German Stock Corporation Act (AktG)

To Singulus Technologies AG, Kahl am Main, Germany

Audit Opinion

We have audited the remuneration report of Singulus Technologies AG, Kahl am Main, for the financial year. We have formally audited the compensation report of Singulus Technologies AG, Kahl am Main, for the fiscal year from January 1 to December 31, 2021, as to whether the disclosures pursuant to Sec. 162 (1) and (2) AktG have been made in the remuneration report. In accordance in accordance with section 162 (3) AktG, we have not audited the content of the compensation report.

In our opinion, the attached compensation report complies in all material respects with the following requirements the disclosures required by § 162 (1) and (2) AktG. Our audit opinion does not the content of the compensation report.

Basis for the audit opinion

We conducted our audit of the remuneration report in accordance with § 162 (3) AktG in accordance with IDW Auditing Standards: The Audit of the Compensation Report in Accordance with § Section 162 (3) AktG (IDW PS 870 (08.2021)). Our responsibility according to this regulation and this standard is further described in the Auditor's Responsibility section of our Auditor's Responsibility" section of our report. As an auditing practice, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in in the Practice of Public Accountants (IDW QS 1). We have complied with the professional obligations pursuant to the Wirtschaftsprüferordnung (German Auditors' Code) and the Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer (Professional Statutes for Auditors/Sworn Auditors including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The Board of Management and the Supervisory Board are responsible for the preparation of the compensation report including the related disclosures, which complies with the requirements of § 162 AktG. AktG. They are also responsible for such internal controls as they determine are necessary to enable the preparation of a compensation report, including the related disclosures, report, which is free from material misstatement, whether due to fraud or error. misstatements, whether due to fraud or error.

Auditor's Responsibility

Our objective is to obtain reasonable assurance about whether the compensation report is, in all material respects report is free from material misstatement, whether due to fraud or error, whether the information and to express an opinion thereon in a report.

We planned and performed our audit to obtain reasonable assurance about whether the disclosures made in the report with the information required by § 162 (1) and (2) of the German Stock Corporation Act (AktG). the formal completeness of the compensation report. In accordance with § Section 162 (3) of the German Stock Corporation Act (AktG), we have verified the accuracy of the disclosures, the completeness of the of the individual disclosures or the fair presentation of the compensation report.

Frankfurt am Main, April 19, 2023

KPMG AG

Wirtschaftsprüfungsgesellschaft





ENVIRONMENTALLY FRIENDLY COATING OF 3-DIMENSIONAL COMPONENTS MADE OF PLASTIC, GLASS AND METAL







Combined Status Report of the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG

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Preface

The global impact of the COVID-19 pandemic was felt in all areas of SINGULUS TECHNOLOGIES in the business year 2020. The second wave of the pandemic further negatively impacted the business performance at the end of the business year 2020. These effects hampered the recovery in the business year 2021, so that significant delays in almost all projects had a significant negative impact on the key financial figures in the reporting period. Numerous investment decisions for the purchase of new machinery and equipment were postponed. As a result, the company realized significant losses.

For information on the risks and measures relating to the continued existence of the Company and thus the Group as a going concern, please refer to the comments in the risk report.

The opportunity and risk report reflects the current assessment of the business risks as of December 31, 2022.

Due to the extended preparation period of the financial statements for the fiscal year 2021, the forecast comparison was supplemented by the development of the fiscal year 2022. The Company therefore publishes a forecast for the current fiscal year 2023 in this report.

In connection with the Company's financing, we refer to the comments on financial risks in the risk report. The business year of the company corresponds to the calendar year and ended on December 31, 2021.

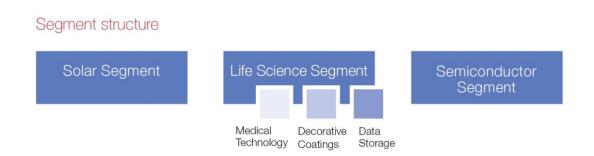
The Company exercised its right pursuant to Art 315 (5) German Commercial Code (Handelsgesetzbuch (HGB)) to prepare a combined status report for the SINGULUS TECHNOLOGIES Group and the SINGULUS TECHNOLOGIES AG. Since the course of business, the situation of the Company as well as the opportunities and risks of future developments of the SINGULUS TECHNOLOGIES AG and the SINGULUS TECHNOLOGIES Group broadly coincide, the following statements, in particular references to specific data, refer to the SINGULUS TECHNOLOGIES Group, if not stated otherwise. For information regarding the asset, financial and

earnings situation of the SINGULUS TECHNOLOGIES AG please refer to the Status Report on pages 73 to 80.

Basics of the Group

Business Model and Divisions of the SINGULUS TECHNOLOGIES Group

SINGULUS TECHNOLOGIES (in the following also the "Company") is a globally operating high-tech engineering Company. The Company focuses its activities on the development, manufacturing and selling of machines, plants and systems in the area of vacuum coating technology, surface technology, wet-chemical as well as thermal processing technology. The range of products and services includes machine sales as well as the service and replacement part activities.



The business operations of the Company are divided into the segments Solar, Life Science and Semiconductors. The segment Life Science is split into the work areas "Medical Technology", Decorative Coatings" as well as "Data Storage" (previously "Optical Disc").

Solar Segment

In the Solar segment SINGULUS TECHNOLOGIES focuses its activities on the processes and machines for the production of crystalline solar cells as well as thin-film solar cells on the basis of copper-indium-gallium-diselenide (CIGS) and cadmium-telluride (CdTe). This includes vacuum coating machines, systems for thermal processes as well as machines for wet-chemical processing. The work area of crystalline silicon solar cells includes production solutions for high-performance cell concepts such as HJT (heterojunction), IBC (interdigitated back contact) as well as TOPCon (tunnel oxide passivated contacts) solar cells and tandem solar cells

(e.g. Perovskite tandem solar cells). Moreover, SINGULUS TECHNOLOGIES offers complete production lines for this market.

For thin-film solar cells (CIGS and CdTe) the Company offers, amongst others, vacuum coating machines for cathode sputtering and vaporization technology, selenization equipment as well as machines for the production of CdTe cells with the close-space sublimation (CSS) technology.

Life Science Segment

In this segment SINGULUS TECHNOLOGIES combines the product solutions for Medical Technology, Decorative Coatings as well as machine and service solutions of the work area Data Storage. For several years, the Company has already been working extensively on the introduction of its processes and machines in new market segments. A focus is on vacuum coating machines for the finishing of surfaces as well as on various wet-chemical cleaning machines for applications in the medical technology and consumer goods industries.

For the consumer goods market a production line DECOLINE II as well as the inline vacuum cathode sputtering machine POLYCOATER were developed in the past couple of years. In the business year 2021, a new inline lacquering machine under the product name PAINTLINE was introduced to the market. Furthermore, SINGULUS TECHNOLOGIES has been marketing the production machine MEDLINE for applications in medical technologies such as for example the manufacturing of contact lenses. In the segment Data Storage (Optical Disc) only to a small extent machines for the production of the known optical disc formats (CD, DVD, Dual Layer Blu-ray Discs as well as Ultra HD Blu-ray Discs) are still offered. The activities within this work area are mainly focused on the replacement part and service operations.

Semiconductor Segment

SINGULUS TECHNOLOGIES is active in the semiconductor market as a supplier of special-purpose machines and offers the machine platform TIMARIS. The vacuum coating machine has a modular built and can be equipped with various processing and ancillary modules. Based on the TIMARIS concept SINGULUS

TECHNOLOGIES has developed and introduced to the market new processing machines for the coating of 300 mm wafers.

Corporate Structure

Subsidiaries/Sales & Services

Agents

At the headquarter in Kahl am Main, the Group's management as well as departments Construction, Research & Development, Procurement and Marketing & Sales as well as the central functions of the Company are concentrated. In Kahl, machines and production lines for all segments are produced. Exclusively at the site in Fürstenfeldbruck, production machines for wet-chemical processes were developed, which were used for applications in the Solar segment. The production of the wet-chemical production machines was relocated to Kahl am Main in mid-2022.

Headquarters **Branch Office** Kahl am Main, Germany Puchheim (Munich), Germany North America, Windsor, Ct France China, Shanghai North America West Coast China, Guangzhou Mexico Taiwan, Taipei Asia Pacific Singapore Latin America Sao Paulo Headquarters Branch Office Puchheim (Munich)

SINGULUS TECHNOLOGIES Subsidiaries & Agents Worldwide

The Company's operations involving equipment and machines are supplemented by global replacement part and service activities. The relevant sales and the corresponding expenses are grouped to the respective segments. SINGULUS TECHNOLOGIES has a marketing & sales and service network in all important regions worldwide and provides consulting and service activities globally. Subsidiaries in key regions are complemented by a network of representations.

Goals and Strategy

Development of markets with interesting growth rates

The Company focuses on markets where the employment of the offered machines enables a differentiation against competitors and value-added for the respective customers. The Company targets markets with attractive growth rates. SINGULUS TECHNOLOGIES' machine and plant portfolio is mainly expanded by our own and also by supported developments in the course of targeted cooperations with customers or research institutes.

In additional to new applications in the segments Solar and Life Science the Company reviews applications for coating technology in the work areas hydrogen and battery technology.

Target markets for SINGULUS TECHNOLOGIES



Photovoltaics



Semiconductor



Medical Technology



Packaging Industry



Glass / Automotive



Battery / Hydrogen

Solar Segment

Focus on thin-film solar technology and new cell concepts

SINGULUS TECHNOLOGIES' strategy targets the use and expansion of its existing core competencies to promising cell concepts. In the area of CIGS solar, together with the key customer CNBM, the introduction of a new generation of CISARIS selenization machines is progressed. Following the delivery of a prototype of the new generation, the first machine of the new CISARIS CX3 type was commissioned in the business year 2021. For thin-film solar cells according to the CdTe-process, the Company offers new machines operating pursuant to the close-space sublimation (CSS) technology.

In 2021, SINGULUS TECHNOLOGIES developed a new version of the fully-automated SILEX batch manufacturing machine for the production of high-efficiency solar cells and introduced this machine at the beginning of 2022. With the SILEX III the Company offers a wet-chemical system, which due to its modular build is suitable for traditional solar technologies (PERC) as well as for high-efficiency solar cells such as heterojunction (HJT), TOPCon and IBC. The newly developed SILEX III machine distinguishes itself in particular through its high output and highest productivity for all wafer sizes from M0 to M12plus as well as for half-cells.

Life Science Segment

Innovative use of existing core competencies

The medical technology sector is one of the most important growth markets in the long-term according to the Company's assessment. In 2021, SINGULUS TECHNOLOGIES worked on the further development of process equipment for the cleaning of medical products and plans to expand the process and equipment range for further applications with regard to various coating technologies. In the past business year 2021, several orders for the MEDLINE system were received.

In general, the Company is experiencing increasing interest in new, environmentallyfriendly and cost-efficient solutions for the finishing of surfaces in the automotive, consumer goods and packaging sectors. In addition to coating solutions, SINGULUS TECHNOLOGIES is also offering complete lacquering units in the meantime.

In terms of the activities for the work area Data Storage, the Company will mainly target its activities in the coming years on the global replacement part and service activities for the extensively installed machine base.

Semiconductor Segment

Market launch of production machines for semiconductor technology

SINGULUS TECHNOLOGIES is currently addressing the market for magnetic sensors with its production machines. Here, the key technology is the application of ultra-thin metallic coating systems. The Company offers the production systems of the TIMARIS platform for such applications. Combined with the various processing modules, the respectively modified manufacturing systems are marketed. Based on the machine platform TIMARIS, SINGULUS TECHNOLOGIES has introduced to the market a further developed cluster tool under the product name TIMARIS III, which meets the requirement of a fully-automated 300 mm wafer production facility within the traditional semiconductor technology. This system was sold to a key customer, the commissioning of the machine completed early 2022. The Company's goal is to win customers in the semiconductor market with this machine platform. Within the realm of the offered semiconductor applications, the Company is in a competitive environment with international competitors.

System for the Company's management

To enable the Company's management the Group is divided into reportable business segments. The management is aligned with financial earnings measures. For the management of the Group, the key figures "sales" and "EBIT" (earnings before interest and taxes) by segments are predominantly used to make decisions regarding the deployment of resources and to determine the earnings strength. The financing and liquidity situation of the Company is monitored and managed on a Group level. In addition to the aforementioned key performance measures pursuant to IFRS, the sales and earnings before taxes (net profit / loss less other taxes and expenses from

income and capital gains taxes) pursuant to commercial law are the main management indicators.

Essential features of the internal monitoring system and the risk management system of the SINGULUS TECHNOLOGIES AG Group with respect to accounting processes

Within the SINGULUS TECHNOLOGIES Group the internal control and risk management system is viewed as a holistic system. Accordingly, an internal monitoring system includes the principles, procedures and measures implemented by the management of the Company for the organizational implementation of the decisions of the management.

Specifically they include:

- securing the efficacy and efficiency of business operations
- the correctness and reliability of internal and external accounting
- the compliance with regulations relevant for the Company

The risk management system includes the entirety of all organizational rules and measures for the identification of risks as well as the handling of identified risks from entrepreneurial activities. With respect to the accounting process and the consolidated accounting process the following structures and processes have been implemented within the SINGULUS TECHNOLOGIES Group:

The overall responsibility for the internal monitoring system with respect to the accounting process and the consolidated accounting process rests upon the Executive Board. By means of a clearly defined management and reporting organization all companies included in the consolidated financial statements are included. In the course of the accounting process and the consolidated accounting process, the characteristics of the internal monitoring and risk management system are deemed important, which substantially affect the consolidated financial statements and the overall statement of the consolidated statements including the consolidated status report. This includes in particular the following elements:

- identification of material risk areas and monitoring the impact on the Groupwide accounting process
- monitoring of the Group-wide accounting process and the relevant results at the Executive Board level
- preventive monitoring measures in the finance and accounting departments of the Group as well as in the subsidiaries included in the consolidated financial statements

In addition, the insights gained from the ongoing reporting process influence the further development of the internal monitoring system.

Research, Development and Engineering

SINGULUS TECHNOLOGIES works specifically on the further development and optimization of its own systems and machines as well as on the new development of machines and processes for new applications.

In the Solar segment, SINGULUS TECHNOLOGIES focuses on the development of the next generation of production machines of the CISARIS type. In mid-2020, the first components of this new machine type were already delivered and tested in the production stage to Avancis, the German subsidiary of China National Building Materials (CNBM). In last year's summer it was agreed that SINGULUS TECHNOLOGIES constructs and assembles the first production machine of the CISARIS CX 3 type. It is the mutual goal to further reduce the production costs and to improve both the performance and the production output.

Furthermore, in 2021 in the course of the solar trade fair SNEC in Shanghai SINGULUS TECHNOLOGIES signed a memorandum of understanding (MoU) with CNBM, Beijing, for the delivery of machines for CdTe (cadmium telluride) thin-film solar technology. It is the mutual goal of SINGULUS TECHNOLOGIES and CNBM to develop new coating machines in order to further reduce the production costs, to improve cell performance and to also increase the production output.

In the area of crystalline high-performance cells the Company works, with the support from institutes, on the development and the respective production solutions for high-performance cell concepts such as HJT (heterojunction), IBC (interdigitated back contact) as well as TOPCon (tunnel oxide passivated contacts) solar cells and

Tandem solar cells (e.g. Perovskite tandem solar cells). In this context, a cathode sputtering machine (vacuum coating via sputtering) was delivered to the Fraunhofer-Institute for Solar Energy Systems ("Fraunhofer ISE") for the "Center for High Efficiency Solar Cells" (ZHS) in Freiburg, Germany. At the ZHS, innovative high-performance solar cells will be developed and produced, while a focus is already set on the industrial scalability of the processes and machines in this early technology maturity stage.

SINGULUS TECHNOLOGIES also continues to work on the use of PECVD technology for high efficiency solar cells. On the basis of the modular machine system GENERIS this process is targeted to also be established for the manufacturing of PERC and TOPCon solar cells.

Within the Life Science division the Company continues to work on the optimization of existing machine concepts for the manufacturing of contact lenses for the work area Medical Technology as well as on new wet-chemical processes and production machines, which are used in the area of the production of displays.

The DECOLINE II production line with the integrated cathode sputtering machine POLYCOATER was further automated and reaches a maximum output of around 10,000 substrates per hour. The applications were expanded so that not only components made out of plastics, but also glass and metal can be coated. Due to its flexibility the DECOLINE II offers the cosmetics sector the opportunity to finish diverse products made from plastics and also glass with a wide range of different colors.

For the Semiconductor segment SINGULUS TECHNOLOGIES has developed a production machine for the vacuum coating of 300 mm wafers, which was already delivered as a prototype. The machine has a modular built and was adjusted to the relevant requirements of the wafer production and equipped with new processing and ancillary modules. SINGULUS TECHNOLOGIES thus enables the ever increasing integration of components in the semiconductor production and the reduction of energy consumption.

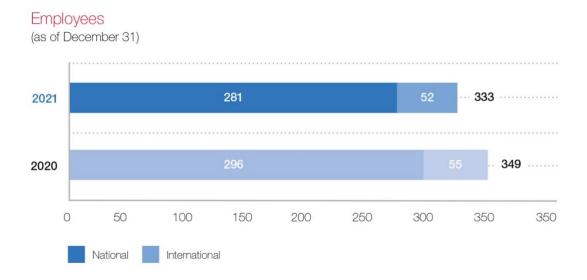
The capitalization ratio in the business year 2021 amounted to 4.7 % (previous year: 19.8 %). The scheduled depreciation on capitalized development expenses

amounted to € 1.5 million (previous year: € 1.8 million). The non-capitalized development expenses in the Group amounted to € 9.8 million in 2021 (previous year: € 9.7 million).

In the business year 2021, on average there were 95 full-time employees at SINGULUS TECHNOLOGIES employed in the divisions Research, Development and Construction (previous year: 94 employees).

Headcount

Despite the economically very difficult situation in the course of the entire business year 2021, SINGULUS TECHNOLOGIES was able to maintain the level of staff fluctuation at low levels and to stabilize the number of employees to a large extent. As of December 31, 2021, the headcount within the SINGULUS TECHNOLOGIES Group amounted to 333 full-time employees (previous year: 349 employees). In Germany, the number of employees as of the year-end amounted to 281 (previous year: 296 employees).



Economic Report

Overall Economic Conditions

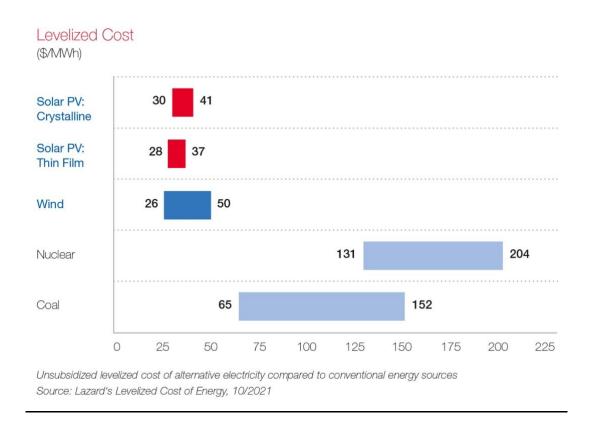
Although the recovery of the global economy from the Corona virus crisis continued in 2021, it lost some steam. In July 2022, the International Monetary Fund (IMF) reported that growth rate of 6.1% for the year 2021 was achieved.

For the US and the Euro-zone, the IMF reported a growth of just below 6.0 %. For China, a growth rate of 8.0 % was reported.

Sector-specific Conditions

Solar Segment

The cost-efficient generation of energy with wind and solar energy offers the basis for a faster achievement of the climate targets

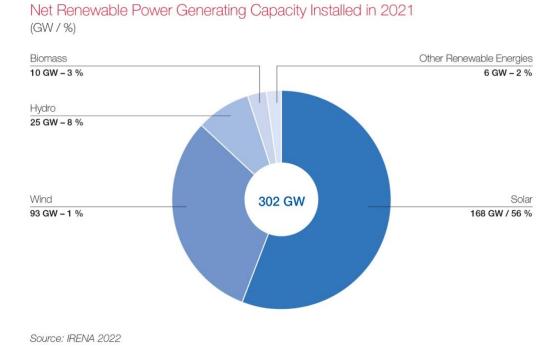


A new analysis published by the research Company Lazard in October 2021 compares the energy costs for various generation technologies on the basis of USD /

MWh and in turn showed that renewable energies, in particular solar and wind power, are economically leading technologies. This report shows that the installation of new solar plants is more cost-efficient than the continuing operation of coal power-plants. Solar and wind energy are thus the cheapest sources of electricity according to Lazard's published comparison of energy costs.

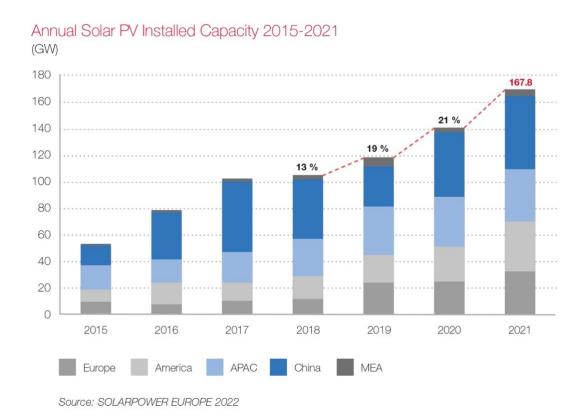
In the comparative analysis of levelized cost of energy (LCOE), solar power from thin-film solar technology or crystalline silicon, as well as wind power excluding subsidies, fuel prices or coal prices have the lowest LCOE of all analyzed sources. Accordingly, at the end of 2021 energy generated from solar power was traded at USD 1.04. The electricity generation costs for photovoltaics are in the meantime significantly lower than for electricity generated through fossil fuels.

Thus, photovoltaics are also internationally competitive against fossil fuels without subsidies and in many parts of the world the cheapest technology to set up new electricity generation capacities.



Solar energy is increasingly becoming the decisive factor for the set-up of a secure and sustainable energy system. All of the energy scenarios developed by the EU in the context of the climate goals for 2050 assign a key role to the photovoltaics technology.

SolarPower Europe reported a newly installed photovoltaics capacity of 167.8 GW in total for the year 2021. This level is 21 % higher than the level of 2020 at 139.2 GW. Cumulatively, a global capacity of 940 GW is installed.



SINGULUS TECHNOLOGIES' position in the solar market

In the market for production machines for thin-film solar modules (CIGS & CdTe) SINGULUS TECHNOLOGIES still regards itself being in a leading market position and offers the most important production machines for the processing steps relevant for cell efficiency. According to the Company's assessment there is currently no competitor in possession of the know-how comparable to SINGULUS TECHNOLOGIES' to offer seamless machines for the complex production process.

SINGULUS TECHNOLOGIES' largest customer, the Chinese state-owned enterprise China National Building Materials (CNBM), Beijing, China, holds 16.75 % of the shares of the SINGULUS TECHNOLOGIES AG. For the area of thin-film solar technology, SINGULUS TECHNOLOGIES expects that CNBM will invest in the additional expansion of capacities for thin-film solar modules as planned. During the first half of 2020 the production machines in the factory in Bengbu for the first expansion step of 150 MW capacity passed final acceptance and following the

accounting principles pursuant to HGB these machines were recorded as sales. An additional CISARIS machine of the second expansion stage was accepted towards the end of the year under review, the remaining four machines are currently in the final acceptance stage to then achieve the final capacity of 300 MW. The delayed set-up of machines for the production site in the city of Meishan, China, commenced in 2021. The commissioning of the machines is set to be finalized at the end of the second quarter 2023. On January 15, 2020 contracts for an additional major order were signed with the customer CNBM for the site in Xuzhou for the delivery of machines for the production of CIGS solar modules. The order volume for the planned factory in the city of Xuzhou was around € 56 million in the first expansion stage. In the meantime, in past business year's October 2021, the production of the first machines for this site has commenced at the site in Kahl. A majority of the machines were delivered in the business year 2022.

In addition to the CIGS thin-film technology, CNBM also plans to expand its CdTe thin-film solar production. In addition to machines for wet-chemical processing, SINGULUS TECHNOLOGIES offers for the CdTe thin-film module production the machine type HISTARIS (cathode sputtering machine with horizontal substrate transport) for the application of molybdenum or zinc-telluride. At the end of 2021, contracts for the development and delivery of additional production machines for the manufacturing of thin-film solar modules applying both CIGS as well as CdTe technology were signed.

With respect to the silicon solar cells the Company anticipates a move of the market towards highly efficient, crystalline solar cells, such as for example heterojunction technology (HJT). Simultaneously to the market introduction of HJT solar cells, the development of completely new cell systems such as for example IBC, HBC, TOPCon and tandem solar are progressed.

There are different initiatives in Europe discussing the set-up of cell production at GW scale. Sites at GW scale for hetero-junction solar cells as well as for TOPCon and IBC cells are planned in various European countries. SINGULUS TECHNOLOGIES is a member of the European Solar Manufacturing Council (ESMC) and has officially launched an "Important Project of Common European Interest" ("IPCEI") for photovoltaics in cooperation with the partners of the European

Solar Initiative. The goal of the IPCEI for photovoltaics is to mobilize support from EU member states for innovative and breakthrough PV manufacturing technologies and facilitate their implementation for commercial production.

Currently, the PV-IPCEI framework consists of six projects. Four projects each concern the set-up of production for solar cells in Europe.

SINGULUS TECHNOLOGIES has developed machines for the HJT technology and its various production steps. In spring 2022, the Company received an important order after the completion of the reporting period. SINGULUS TECHNOLOGIES has entered into an agreement with a major European energy supplier for the supply of production equipment for the manufacture of HJT solar cells. The total volume of the deliveries is in a low double-digit million € range. The European energy supplier plans to set up a new factory for solar cells with a capacity of several gigawatts and will employ the wet-chemical machines from SINGULUS TECHNOLOGIES for this.

Life Science Segment

For medical technology SINGULUS TECHNOLOGIES has production machines for wet-chemical processes as well as methods of vacuum coating technology in its product range. The Company is currently mainly focusing exclusively on the market for production machines for contact lenses. In 2020, several investment programs were delayed by customers due to the COVID-19 pandemic. In the meantime, these orders were placed in 2021. The addressed market for contact lenses is expected to reach its pre-crisis level again until the end of the year 2022.

With the machines of the POLYCOATER and DECOLINE II type SINGULUS TECHNOLOGIES offers a production method, which also enables the chrome (VI)-free coating of parts for various application areas. In addition to the applications in the cosmetics sector, these processes can also be used by supplier companies to the automotive industry for components in chrome appearance for control elements such as push buttons and levers for switches.

In the work area optical Data Storage the service and replacement part activities shadows the declining trend of optical storage media. The work area of optical data storage technology will remain a niche business.

Semiconductor Segment

Production machines for the semiconductor market

According to the forecast by World Semiconductor Trade Statistics (WSTS) for the year 2021, the global semiconductor market increased by 26.2 % in 2021. Pursuant to a report of the sector association Semicon dated December 12, 2022, growth of global sales of semiconductor production machines totaled 44 % in the year 2021 to an all-time record level of 102.5 billion US-Dollar (prev. year 71.2 billion US-Dollar).

For the second time, China secured the largest market for semiconductor equipment with a sales growth of 58 % to USD 29.6 billion and thus recorded the fourth year of consecutive growth. Korea, the second-largest machine market, posted an increase in sales of 55 % to USD 25.0 billion after strong growth in the year 2020. Taiwan recorded a growth rate of 45 % to 24.9 billion US-Dollar and thus came in third place. The annual expenses for semiconductor equipment increased by 23 % in Europe and by 17 % in North America, which continued to recover from a decline in the year 2020. Sales in the rest of the world increased by 79 % in 2021.

In the past, with its products SINGULUS TECHNOLOGIES addressed the semiconductor market in special niches such as sensory technology or the application of ultra-thin metallic coating systems and was to a large extent decoupled from the investment cycles of the global semiconductor market. Based on the machine platform TIMARIS, SINGULUS TECHNOLOGIES has in the meantime introduced to the market a concept for a production machine for manufacturing processes for 300 mm wafer technology. Further new developments for production systems for the traditional semiconductor industry are being developed. Within the realm of the offered semiconductor applications, the Company is in a competitive environment with international competitors.

Business Trends of the SINGULUS TECHNOLOGIES Group

Deviations from forecast for the business year 2021

The development of the COVID-19 pandemic in the first half of 2021 as well as the disrupted supply chains in particular in the second half of 2021 weighed on the recovery compared with the business year 2020. At first, the Company had expected

sharply increasing sales for 2021 within a range from € 105 to 125 million and an EBIT in a low single-digit million range. Here, substantial sales momentum was projected for the Solar segment and the work on the supply contract for the Xuzhou site contractually agreed in January 2020. Furthermore, new significant orders were expected for both the Solar and the Life Science segments, which should have had a positive impact on sales and EBIT.

	Forecast 2021	Actual result 2021
Consolidated sales	€ 105.0 to 125.0 million	€ 68.8 million
EBIT	low, single-digit million range	€ -12.4 million

At the time of the publication of this report it has become clear that the Company significantly fell short of the sales and earnings expectations for the segments Solar and Semiconductor. In the Solar segment the work on the order for the Xuzhou site fell short of expectations. In contrast to projections, in the area of wet-chemical no substantial sales could be generated. Also, the planned customer orders for the Semiconductor segment did not materialize.

However, in the Life Science segment the projections for sales and EBIT were significantly exceeded. This is mainly due to substantial orders for production machines in the area of Medical Technology.

Overall, in the business year 2021 the Company realized sales in the amount of € 68.8 million and an EBIT of € -12.4 million.

In terms of sales for the **Solar** division, a considerable increase was expected for the business year 2021 compared with the prior year. Compared with 2020, sales in this segment were projected to almost increase tenfold. The operating result (EBIT) was also expected to improve substantially and come in at a positive level. The Solar segment could not achieve these growth targets. Within this segment sales amounted to € 35.6 million (previous year: € 8.3 million). The operating result (EBIT) amounted to € -10.2 million (previous year: € -21.2 million). Accordingly, the sales and EBIT targets in the core segment Solar were substantially missed in the business year 2021.

The work areas Medical Technology, Decorative Coatings and Data Storage are combined in the **Life Science** segment. For the business year 2021 a slight increase compared to the prior-year level was projected. The operating result (EBIT) was expected to improve, but remain at a negative, low single-digit million amount. On a favorable note, the projects for the work areas Life Science and Decorative Coatings delayed in 2020 were realized in the business year 2021. The forecast sales were exceeded and amounted to € 27.1 million (previous year: € 15.9 million). The EBIT was nearly breaking even at € -0.1 million (previous year: € -9.3 million).

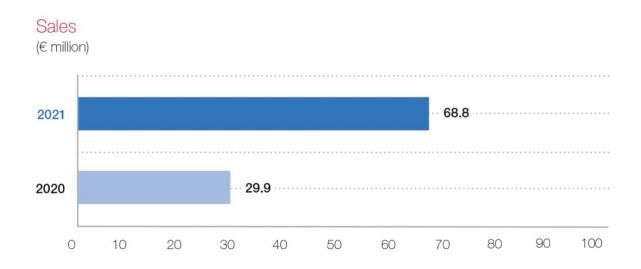
Starting from a low level in the **Semiconductor** segment, a significant increase in sales was expected for the business year 2021 compared with 2020. The operating result (EBIT) was expected to be slightly positive. In the business year 2021 the projections within this segment could not be achieved. However, compared with the prior year, sales in the amount of \in 6.1 million (previous year: \in 5.7 million) increased slightly and the resulting operating result (EBIT) was slightly negative at \in -2.1 million (previous year: \in -6.3 million).

Status Report

Earnings

The global impacts of the COVID-19 pandemic still resulted in a significant burden of the financial results for the fiscal year 2021. However, gross sales in the amount of € 68.8 million during the reporting period were higher than the sales of € 29.9 million realized in the previous year. This corresponds to a rise in sales of 130 % compared with the prior-year level.

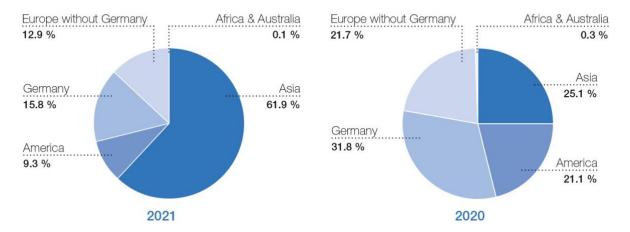
Specifically, sales in the business year 2021 are split into € 35.6 million in the Solar segment (previous year: € 8.3 million), Life Science at € 27.1 million (previous year: 15.9 million) and Semiconductor at € 6.1 million (previous year: € 5.7 million). Although the sales in the previous year were impacted by the low under-utilization due to the COVID-19 pandemic, in particular in the two core segments, sales were significantly increased in the year under review despite a continuing difficult environment.



For the business year 2021 the percentage regional sales breakdown was as follows: Asia 61.9 % (previous year: 25.1 %), Europe 28.7 % (previous year: 53.5 %), North and South America 9.3 % (previous year: 21.1 %) as well as Africa and Australia 0.1 % (previous year: 0.3 %).

Sales Split by Region

(in %)



The gross profit margin for the period under year developed favorably due to the significantly increased utilization at the company's sites and amounted to 26.3 % (previous year: -18.4 %).

The operating expenses in the business year 2021 in the amount of \in 30.5 million were slightly below the prior-year level (\in 31.3 million). However the prior-year included write-off charges from significantly declined probabilities of occurrence with respect to the realization of expected customers' orders amounting to \in 6.1 million. Specifically, research and development expenditures amounted to \in 8.1 million in the year under review (previous year: \in 10.1 million) in connection with strategic projects of the Company within the segment Solar and Life Science. The marketing and selling expenses increased by \in 0.7 million compared with the previous year, as did the general and administrative expenses by \in 1.1 million.

The other operating expenses came to \in 0.7 million (previous year: \in 0.6 million), the other operating income stood at \in 0.5 million (previous year: \in 5.9 million). The expenses are mainly attributable to foreign currency effects and expenses in connection with a penalty imposed by the German Federal Financial Supervisory Authority for the late publication of the 2020 annual financial statements (\in 0.3 million) The higher income in the previous year were mainly a result of reversals of provisions.

The earnings before interest and taxes (EBIT) in the year under review amounted to € -12.4 million (previous year: € -36.8 million).

Key Financial Figures (EUR million)

	2021	2020
EBIT	-12.4	-36.8
EBITDA	-8.6	-25.9
Net profit/loss	-14.2	-36.2
Financial result	-0.8	-2.1
Earnings per share in €	-1.60	-4.07

Specifically, the Solar segment recorded a negative EBIT in the amount of € -10.2 million in the year under review (previous year: € -21.2 million). The Life Science segment recorded an EBIT in the amount of € -0.1 million (previous year: € -9.3 million). In the Semiconductor segment an EBIT in the amount of € -2.1 million (previous year: € -6.3 million) was realized.

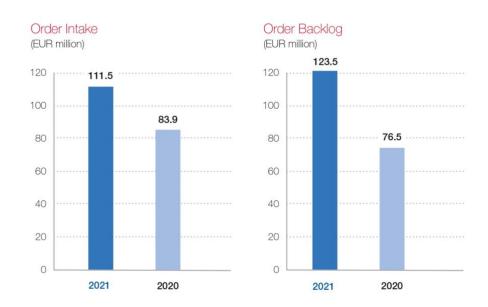
EBIT by Segments (EUR million)

	2021	2020
Solar	-10.2	-21.2
Life Science	-0.1	-9.3
Semiconductor	-2.1	-6.3

The financial result in the business year 2021 amounted to € -0.8 million (previous year: € -2.1 million). This only includes financing expenses as well as one-time income from the bond amendment (€ 0.9 million). The expenses mainly resulted from financing expenses for the corporate bond as well as from the senior loan granted within the scope of the bond's terms and conditions. During the year under review, tax expenses amounted to € 1.0 million. In the previous year the Company realized tax income in the amount of € 2.7 million mainly from reversal effects of deferred tax liabilities. The net result in the business year 2021 amounted to € -14.2 million (previous year: € -36.2 million).

Order intake and order backlog significantly above prior-year level

The order intake amounted to € 111.5 million (previous year: € 83.9 million) in the year under review. The order backlog amounted to € 123.2 million as of December 31, 2021 (previous year: € 76.5 million).



Assets

Assets and Capital Structure (EUR million)

	2021	2020
Cash and cash equivalents	15.0	9.8
Restricted financial assets	15.1	4.8
Accounts receivable and other assets (short-term)	17.9	10.8
Inventories	13.5	8.4
Long-term assets	21.8	24.7
Total assets	83.3	58.5
Short-term liabilities	92.0	62.8
Long-term liabilities	31.0	23.0
Shareholders' equity	-39.7	-27.3
Total liabilities and shareholders' equity	83.3	58.5

The balance sheet total increased compared with the prior-year level and amounted to € 83.3 million as of December 31, 2021 (previous year: € 58.5 million).

As of the end of the year under review the long-term assets amounted to € 21.8 million (previous year: € 24.7 million). This decline mainly resulted from the reduction of capitalized development expenses and property, plant and equipment.

As of the end of the period under review, the short-term assets amounted to € 61.5 million and are thus above the prior-year level (previous year: € 33.8 million). The reason for this development is mainly due to increases in cash and cash equivalents to € 15.0 million (previous year: € 9.8 million), in the restricted assets to € 15.1 million (previous year: € 4.8 million) as well as in other receivables and other assets to € 11.6 million (previous year: € 3.9 million). The increase in the other receivables and other assets is predominantly attributable to the increase in prepayments made in connection with the higher utilization rate. Moreover, inventories rose to € 13.5 million (previous year: € 8.4 million).

The short-term debt increased compared with the level at the end of 2020 and amounted to € 92.0 million as of December 31, 2021 (previous year: € 62.8 million). The liabilities from production orders increased by € 29.4 million due to the prepayments received and amounted to € 50.8 million as of the end of the business year (previous year: € 21.4 million). Furthermore, the financial liabilities from the issuance of the bond (€ 10.8 million) were regrouped from short-term to long-term debt due to the prolongation by another five years until July 22, 2026.

Accordingly, due to the aforementioned regrouping of the financial liabilities, the long-term debt in the amount of € 31.0 million as of the reporting year end was above the prior-year level (previous year: € 23.0 million).

The shareholders' equity within the Group pursuant to IFRS amounts to € -39.7 million as of the end of the business year due to the sustained losses, which is fully attributable to the shareholders of the parent Company (previous year: € -27.3 million). However, the Company expects a significant improvement in the shareholders' equity position in the coming years.

For the trends in shareholders' equity of the SINGULUS TECHNOLOGIES AG pursuant to HGB please refer to the information presented in the chapter "Financial Statements pursuant to HGB".

Financial Situation

Principles and goals of financial management

SINGULUS TECHNOLOGIES has a central financial management for the management of the liquidity. The goal of the financial management is securing liquidity to a sufficient extent. Excess liquidity at subsidiaries is pooled and monitored at the parent Company, if possible. Foreign exchange forwards are used to hedge foreign exchange risks. This predominantly includes foreign exchange forwards. The exclusive purpose of these derivatives is to hedge the currency risks stemming from the Group's business activities. Without the existence of a respective underlying business no derivative transactions are entered. To hedge the credit risk of accounts receivable, credit insurance or bank guarantees are used, if possible. For further information about the management of the specific financial risks please refer to Annotation 34 in the Annex of the consolidated financial statements.

Liquidity and capital management

The primary objective of capital management is to strengthen the capital structure in order to secure long-term corporate financing. In principle, the aim is to cover future financing requirements at appropriate conditions via the capital markets. In this context, the Company continuously reviews existing options with a view to achieving an optimal financing structure. In particular, the Company is currently validating the further development of equity on an ongoing basis.

Currently, the Company is mainly financed by advance payments from the contracted projects as well as various debt financing instruments.

In fiscal 2021, the Company received advance payments of €25.8 million for CNBM's large-scale CIGS project at the Xuzhou production site.

As of December 31, 2021, guarantee lines in the amount of €20.8 million were available to the corporate group. At the end of the fiscal year, €12.1 million of these had been utilized. At the balance sheet date, these utilized guarantee lines were largely secured with 100% cash deposits. The Company is currently negotiating the signing of further guarantee facilities with significantly reduced cash collateral. These are required for further down payments from various projects. Particularly within the

solar business, an increased guarantee requirement may become necessary depending on project-specific requirements.

For further information on the financing components we refer to the explanations of the financial risks in the risk report.

SINGULUS TECHNOLOGIES invests surplus liquidity exclusively in overnight money or time deposits. Foreign currency risks from business activities in other countries are assessed in a risk analysis. A portion of the SINGULUS TECHNOLOGIES Group's sales is generally subject to currency risk, in particular U.S. dollar (USD) exchange rate risk. For this reason, derivative financial instruments are used to hedge against exchange rate risks. However, the share of sales in foreign currencies was insignificant in the year under review. Risks from foreign currencies are assessed on an ongoing basis as part of the risk management system, insofar as they are material.

Cash Flow (EUR million)

	2021	2020
Cash flow from operating activities	24.1	2.7
Cash flow from investing activities	-0.9	-3.0
Free cash flow	23.2	-0.3
Cash flow from financing activities	-18.3	-4.5
Increase/decrease in cash and cash equivalents	4.9	-4.8
Cash and cash equivalents at the beginning of the fiscal year	9.8	14.8
Impact of exchange rates translation differences	0.3	-0.2
Cash and cash equivalents at the end of the business year	15.0	9.8

The operating cash flow within the Group was positive at € 24.1 million in the business year 2021 (previous year: € 2.7 million). This is mainly due to the receipt of prepayment and interim payments for large orders from the customer CNBM. The

cash flow from investing activities came to € -0.9 million (previous year: € -3.0 million). Within the cash flow from investing activities in 2021, payments for investments in development expenses in the amount of € -0.5 million were recognized (previous year: € -2.4 million). The payments for investments in other intangible assets and fixed assets amounted to € -0.4 million (previous year: € -0.6 million). The cash flow from financing activities came to € -18.3 million overall (previous year: € -4.5 million) mainly due to increased required guarantee lines and the resulting cash deposit. In total, as of December 31, 2021, the level of cash and cash equivalents increased to € 15.0 million (previous year: € 9.8 million).

At the end of the business year 2021 undrawn guaranteed credit lines amounted to € 8.6 million.

Forecast Report

Overall Economic Conditions

In its forecast from the end of January 2023, the International Monetary Fund (IMF) takes a more optimistic view of global growth. This is also due to China's departure from its strict zero-covid policy. The economists do not expect a recession in Germany. The IMF has slightly raised its forecast for the global economy in the current year. This is due not least to developments in China, the updated forecast says. Last October, the IMF had forecast growth of 2.7 percent for the global economy as a whole in 2022 - this forecast has now been raised to 2.9 percent. In 2022, growth was still 3.4 percent. However, the fact that the global economy is now expected to grow more strongly than assumed in October 2022 is, according to the report, also due to the fact that Europe has coped better than expected with the shocks in the energy sector caused by the war in Ukraine.

For the euro zone, the IMF forecasts growth of 0.7% in 2023. In Germany, gross domestic product (GDP) is still expected to grow by 0.1% in 2023. In the coming year, the German economy is then expected to grow by 1.4%.

The IMF expects global inflation to reach 6.6% in 2023 and 4.3% next year. Nevertheless, it will take time before price stability prevails again at an inflation rate of 2.0%. In the vast majority of countries, the inflation rate in 2024 will still be above the level before the Corona pandemic.

Deviations from forecast for the business year 2022

Despite the sustained difficult environment in particular in connection with interrupted supply chains and the Russia-Ukraine war, for the current fiscal year 2022 SINGULUS TECHNOLOGIES forecasted a significant increase in sales and earnings pursuant to IFRS compared with the prior fiscal year 2020 and 2021. In this context, sales in the business year 2022 should be in a range from € 105.0 million to € 115.0 million. The operating earnings before interest and taxes (EBIT) should also develop favorably and come in at a low double-digit million range. To achieve these financial forecasts required a course of business activities in all segments as planned.

The most important sales and earnings drivers were set to stem from the Solar segment and here from orders from the entry into cadmium-telluride activities for the major customer and shareholder CNBM. Furthermore, additional orders for the Medical Technology operations in the Life Science division were expected during the course of the year. For the Semiconductor segment, follow-up orders were also expected with positive effects on sales and EBIT.

Delays in the supply chains due to the Russia-Ukraine war as well as the COVID-19 pandemic also resulted in missing the sales and operating earnings targets in the course of the business year 2022.

	Forecast 2022	Preliminary, unaudited data 2022
Consolidated sales	€ 105.0 to 115.0 million	€ 86.0 to 91.0 million
EBIT	low, double-digit million range	€ 4.0 to 6.0 million

The operating result (EBIT) includes a one-time income in a high single-digit million range from the sales of the property at the Fürstenfeldbrück site. In contrast, in connection with the shut-down of production at the Fürstenfeldbrück site, one-time restructuring charges in a low, single-digit million range were incurred. Adjusted for these one-time effects, the preliminary EBIT for the business year 2022 is slightly negative.

Outlook for the Business Years 2023 and 2024

For the year 2023, pursuant to IFRS, SINGULUS TECHNOLOGIES expects based on an order backlog of € 86.7 million as of January 1, 2023 a significant increase in sales and earnings for 2023 compared with the previous business year 2022. In this context, sales in the business year 2023 should be in a range from € 140.0 million to € 150.0 million. The operating earnings before interest and taxes (EBIT) are expected to also develop favorably and come in at a low double-digit million range. To achieve these financial forecasts, a course of business activities in all segments as planned is required.

The most important sales and earnings drivers are set to stem from the Solar segment and here from orders from the CIGS factories and their expansions for the major customer and shareholder CNBM. Furthermore, additional orders for the Medical Technology operations in the Life Science division are expected during the course of the year. In the Semiconductor segment, mainly the completion of existing orders should make contributions with positive effects on sales and EBIT.

	Forecast 2023	Preliminary, unaudited data 2022
Consolidated sales	€ 140.0 to 150.0 million	€ 86.0 to 91.0 million
EBIT	low, double-digit million range	€ 4.0 to 6.0 million

The SINGULUS TECHNOLOGIES Group is highly dependent on the future development of the business activities with a few large customers with regard to the achievement of the expected financial ratios as well as the further liquidity development. Sufficient liquidity of the Company and the Group in the next 12 months from preparation can only be maintained if the planning can be realized in the next 12 months from preparation. A key prerequisite in the planning is that the partial payments to be made on the basis of the major orders already contracted with CNBM are actually made or not materially delayed in accordance with the customer's confirmation letter dated January 9, 2023. In addition, it is necessary to obtain further significant major orders with a contract value of €116.7 million in the next 12 months. Furthermore, the availability and maintenance of the committed €20.0 million CNBM financing beyond March 2024 and the availability and disbursement of the €4.0

million super senior loan must be guaranteed until at least the end of 2023. In addition, the guarantee of a material bondholder to compensate for any calls of the corporate bond must remain in place. Furthermore, the extension of the working capital credit line of €10.0 million must take place in April 2023 or alternatively be replaced by a shareholder loan from CNBM.

In addition, we refer to the explanations of the financial risks in the risk report in connection with the Company's financing.

For the year 2024, the company forecasts a significant increase in sales compared to 2023. The operating result (EBIT) will also continue to increase, remaining in the low double-digit million range. To achieve the forecast, a further growing solar market, the realization of the planned major projects with CNBM in China and the realization of further significant order intake are necessary.

Should the actual operating development in the coming months fall significantly short of these expectations, this would have a significant impact on the net assets, financial position and results of operations, and could even jeopardize the existence of the company.

The outlook for fiscal years 2023 and 2024 and figures for fiscal year 2022 relating to the annual financial statements prepared in accordance with German commercial law can be found in the section on the annual financial statements prepared in accordance with the German Commercial Code (HGB) within this management report.

Sector-specific Forecasts and Outlook for the Business Year 2023

Solar Segment

SINGULUS TECHNOLOGIES expects that due to the climate crisis and the sustained pressure on the availability on other energy sources such as gas and also coal, the installation and use of renewable energies such as wind and solar will internationally gain strong support.

In terms of sales for the Solar division, a considerable increase is expected for the business year 2023 compared with the prior years. The perquisite for this is to

receive substantial orders for CdTe and CIGS by CNBM in 2023. The operating result (EBIT) is considerably negative due to the short-fall in sales in the years 2021 and 2022. However, in 2023, it should improve substantially and end in a positive, low, double-digit million range.

Life Science Segment

Compared with the prior-year, sales in the Life Science segment increased by around 40 % in the business year 2021. For the business year 2022, the company achieved an additional improvement of sales by around 80 %. For the budget year 2023, it is expected to maintain the high level reached in 2022. The operating result (EBIT) in the business year 2021 is nearly balanced and thus improved significantly. For the business year 2022, the preliminary EBIT amounts to a mid-single-digit million range. For the budget year 2023, the company forecast a stable EBIT level.

Semiconductor Segment

Based on a low level for the Semiconductor segment in the year under review, sales remained nearly unchanged in the business year 2021. In the business year 2022, a slight decline in sales compared with the previous year was recorded. For the budget year 2023, once again a moderate increase in sales is expected, exceeding the level achieved in 2021. In the business year 2021, the operating result was significantly above the prior-year period, but still negative. In the business year 2022, the segment also was significantly negative. For the business year 2023, the company forecasts an improvement in the results to a slightly negative level.

Risks and Opportunities Report

The SINGULUS TECHNOLOGIES Group is subject to a multitude of risks, which are tied to entrepreneurial actions within the operating segments and which result from internal and external factors. A risk means the possibility that events, trends or actions cause the Group or one of its segments to fail to reach its goals.

At the same time it is important for the SINGULUS TECHNOLOGIES Group to identify opportunities in order to take advantage of these in the course of entrepreneurial actions and therefore to safeguard and expand the competitiveness of the Company. To identify and manage the entrepreneurial risks and opportunities at an early stage is the direct responsibility of the operating segments and divisions. An offsetting of risks and opportunities is not implemented.

The following information applies to the parent Company SINGULUS TECHNOLOGIES AG as well as to the SINGULUS TECHNOLOGIES Group. In the course of our opportunities and risk management, the parent Company occupied a leading role.

Goals and principles of the risk management

The risk management supports achieving the Company's goals by creating transparency about the risk situation of the Company as the basis for risk-aware decisions, the identification of potential threats to the assets, financial and earnings situation of the Company as well as prioritizing risks and the respective requirements to act. In addition, risk management safeguards the explicit management of risks by respective measures and their monitoring. Furthermore, the risks should be limited to an acceptable level as well as the costs of risks optimized.

Organization of the risk management

For the identification of new risks the risk environment is generally reviewed annually in the course of the Company's planning and new risks for the business development from the Company's perspective within all of SINGULUS TECHNOLOGIES' producing sites as well as sales subsidiaries are discussed. The last review of the risk matrix was performed in November 2021. Due to a weak independence of the sales subsidiaries their risks are generally directly included within the parent

Company. The respective department heads are responsible for the subsequent formulation and implementation of measures to handle risks. The departments Controlling and Finances support the department heads throughout the individual steps of the risk management process. The risk manager has the method and guideline competence within the Company and coordinates the reporting about the risks within the SINGULUS TECHNOLOGIES Group.

The risk management at SINGULUS TECHNOLOGIES is characterized by the following principles:

- The risk management is primarily implemented by the operating segments in the course of the management duties;
- The risk management must not be limited to financial risks, but must also include all risks associated with the business activities;
- The risk management has to be an integral part of the business processes;
- The precondition for an effective risk management is the clear and unambiguous assignment of tasks and responsibilities and a systematic risk management process;
- Support and active participation on part of the management team;
- Functionality and reliability of the risk management are to be supervised continuously and adjusted, if necessary;
- The risk management system has to be documented in a suitable manner, principles and guidelines of the risk management have to be in written form and communicated to the relevant people;
- Opportunities are not a component of the risk management.

In particular, risk management should make the following contributions:

- to improve the risk awareness and risk transparency;
- to identify, suitably manage and monitor all essential risks;
- to show accumulation of risks;
- to provide reliable management information about the risk situation of the Company.

The Executive Board has the overall responsibility for the implementation of an appropriate and functioning risk management, to safeguard the timely identification and mastering of trends threatening the continuation of the Company.

Risk management organization of the SINGULUS TECHNOLOGIES AG



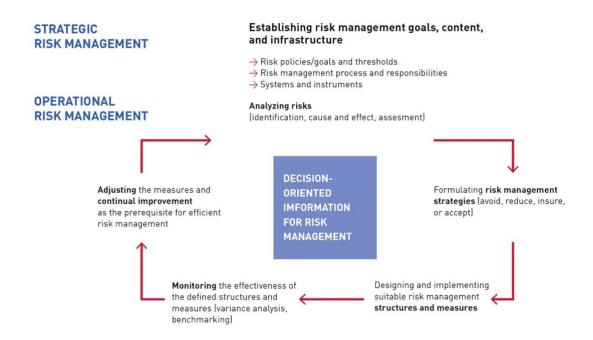
The risk management process in the SINGULUS TECHNOLOGIES Group

Overall, the risk management system is a continuous process according to the business risk management process:

Level 1: Identification of goals, extent and infrastructure

The basis of the strategic risk management process is formed by the alignment of risk policies (including targets and thresholds), the risk management processes and the definition of the required relevant systems and instruments. The original definitions are subsequently amended or modified in the course of a long-term control cycle.

Level 2: Analysis of risks



In a second step risks are initially identified and documented, afterwards analyzed from different perspectives and finally evaluated, if possible. To safeguard a complete risk inventory, a theoretical risk portfolio is applied. The analysis and update is generally performed in the course of the planning processes and for the past business year was performed in the first quarter 2021. On a quarterly basis, a risk reporting is established to document the essential risks.

The evaluation of risks is performed on an ordinal scale. The gross damage is evaluated. This assessment is renewed on a quarterly basis.



The gross damage is defined as the negative earnings impact on the Group's forecast EBIT. The probability of occurrence is the subjective assessment of the probability of the event occurring in the business year. Specifically, a low, medium or high probability is classified. The evaluation is performed on a "gross" basis, i.e. existing controls and measures are not taken into account. The relevant figures for the classification of the gross risk are defined in the following table. Here, the

assumptions with regards to the specific maximum damage (based on the Group's EBIT as well as on shareholders' equity) are derived from long-term historic analysis of the financial results. In addition, the short- and medium-term liquidity risk is continuously monitored.

During the second half of 2020 the Company significantly reduced the maximum damage amounts of the individual relevance classes due to the substantially negative shareholders' equity trend.

		Maximum damage		Maximum damage	
		amount from Ju	ıly 1,	amount until Ju	ne 30,
Relevance	Characteristics	2020		2020	
		from	to	from	to
1	Insignificant risks, not materially	€ 0	€ 0.2 million	€ 0	€ 0.5 million
	impacting EBIT.				
2	Medium risks, with a significant	€ 0.2 million	€ 1.5 million	€ 0.5 million	€ 2.5 million
	impact on EBIT.				
3	Significant risks, materially	€ 1.5 million	€ 5 million	€ 2.5 million	€ 10 million
	impacting the EBIT and significantly				
	reducing the Company value.				
4	Major risks resulting in a negative	€ 5 million	€ 10 million	€ 10 million	€ 20 million
	EBIT and materially reducing the				
	Company value.				
5	Continuation-threatening risks,	> € 10 million		> € 20 million	
	which threaten the continuation of				
	the Company.				

Subsequently, the probability of occurrence (classification high, medium, low) is estimated for the individual risks.

Level 3: Formulating risk handling strategies

On the basis of risk handling, strategies, specific measures can be derived. The definition of these strategies is made with respect to the overall strategy and the risk preference of the Company. Basically, management has the following alternative for the handling of risks at its disposal:

Eliminate risks

The elimination of risks results in a complete elimination of the risk, e.g. by leaving a risky or unprofitable business.

Reduce risks

The goal of the reduction of risks is to lower the probability of occurrence and/or the impact on the EBIT or the Company's target to an acceptable level, e.g. by improving the early detection of risks and thus the implementation of counter-measures.

Transfer (insure) risks

In case of an insurance / cover the potential damage is transferred to a third party, e.g. with a respective insurance cover.

· Bear (accept) risks

With the acceptance of risks the direct form of risk financing is carried out by SINGULUS TECHNOLOGIES, e.g. through financial cover via the addition of provisions. The development of the risks is monitored by the involved employees without introducing specific measures for the handling of risks.

Level 4: Design and implementation of appropriate structures and measures

On the basis of the above-formulated risk handling strategy, subsequently the required structures and measures are derived and implemented.

Level 5: Monitoring of efficiency

The implemented measures are regularly monitored and reviewed with respect to their efficiency. In addition, the legal documentation requirements are met.

Level 6: Adjusting the measures and continuous improvement process

The dynamic nature of the environment demands the risk management to be understood as a continuous process. For this reason continuous adjustments of the risk management process to external and internal developments are essential. To enable this, intensive knowledge management is still necessary. The starting point for the risk management process of SINGULUS TECHNOLOGIES is the corporate

strategy, on which the definition and communication of the business goals is based.

The review of the risk management systems is performed by impartials, i.e. people who are not directly involved in the management of risks. The Supervisory Board is responsible for the review of the efficiency of the risk management. For this, the Executive Board at least annually informs the Supervisory Board about the current state of the risk management.

Risk Report

Due to the long preparation period, the risk report reflects the assessment of business risks as of December 31, 2022. With regard to the development of material risks, the comparative date of December 31, 2019 is used.

As an internationally operating Company, SINGULUS TECHNOLOGIES continuously monitors the current developments in connection with the development of the COVID-19 pandemic and its economic consequences for our Company. In particular, the current development on the main sales market, China, is closely monitored by management.

Moreover, substantial risks could emerge from the Russia-Ukraine war. The war could negatively impact the sales trend, production processes as well as the procurement and logistics processes, for example, due to interruption of the supply chains or shortages for components as well as raw materials and pre-products. From today's point of view, the increases of commodities and energy prices do not appear to have a major impact on the Company. A majority of the purchase prices are already fixed for ongoing customer projects, for current customer negotiations potential increases of materials can be passed on to the contractual partners to a large extent from today's point of view. So far, there have not been any significant, negative impacts on the Company's main sales markets.

In summary, for the business year 2022 the following relevance scores for the individually identified, material risk group as well as their probability of occurrence each compared with December 31, 2019:

			_			
	Relevance*	Probability of occurrence	Relevance*	Probability of occurrence		
Sales market risk in Solar segment	• • • • •	high	••••	high	•	
Sales market risks Life Science segment	• • • • •	high	• • • •	high		
Project risks	• • • •	medium	• • • •	medium		
Technological risks	• • • •	medium	• • •	medium		

high

high

2022

2019

high

medium

The following paragraphs explain the risk areas and individual risks, which are able to materially affect the assets, the financial and the earnings position of the SINGULUS TECHNOLOGIES AG and of the Group from today's perspective, on the basis of the overall Group and which could result in a shortfall of the targets.

In addition, risks that are not known today or which are not assessed as being material, could impact the asset, financial and earnings situation of the Company.

Sales market risk

Financial risks

Procurement market risks

Risk description: The Company is generally subject to global economic cycles and geopolitical risks, which could impact the course of business. In particular, SINGULUS TECHNOLOGIES depends on the willingness of its international customers to invest into new production machines. Drops in demand or misjudgments in terms of the development of markets and products could have negative impacts on the Company's results.

From today's perspective the global economy is to a large extent dependent on the future development of the COVID-19 pandemic as well as on the Russia-Ukraine war. As a result, the recovery of the global economy, in particular in important sales markets for the Company, could further be delayed. However, the impacts cannot be reliably quantified from today's point of view.

^{*} Measured using relevance indicators from 1 through 5

Solar Segment

The market development for photovoltaic installations in the past couple of years relied to a large extent on the regulatory framework and global subsidies for investments in photovoltaic equipment. Even though the dependency of the competitiveness of photovoltaic installations from government subsidies is gradually decreasing due to the reduction in system costs for photovoltaic equipment, the market for these installations depends on the implementation of national energy policies and on the continuation of public support programs in the future as well. This holds mainly true for the main markets China and the US. In particular due to the enormous importance of China as the driver of growth for the solar industry in the past couple of years, the further development of the regulatory framework conditions and the public subsidy programs in this country pose a substantial risk with respect to the main business activities of the Company. In case the Chinese government repositions its energy policy and with that shift in the solar section in the course of its subsidy programs to other technologies than CIGS, CdTe, HJT or towards other new production processes or no longer implements the expansion of the production capacities to the currently announced extent, this would have material negative effects on the sales of the Company.

Furthermore, investments in the photovoltaics sector could be refrained from in general or partially or to a significantly smaller extent than expected by SINGULUS TECHNOLOGIES, since the solar technology could become less accepted in competition with other methods of electricity generation from renewable energy source in the future or other technologies could develop more favorably than photovoltaics from a technical, economic, regulatory or other reasons.

In the Solar segment the Company is currently engaged in business with a small number of large customers. This holds particularly true with respect to the current large orders as well as the future business relationships with the Chinese state-owned group CNBM. The liquidity and earnings situation is accordingly volatile and also dependent on large-volume projects in the short-term. Due to the current customer and project concentration, singular delays, considerable reduction or even a break-up of the respective business activities could have a material impact on the asset, financing and earnings situation. In such a case it will be improbable that the

Company will be successful in compensating for the lack of business volume by new customers in the short- or medium-term.

Moreover, the competitive intensity could further increase due to mergers or cooperation of individual competitors or the market entry of new competitors. Increasing competition could result in reduced prices for production machines of the Company or even to a material loss of market share.

Impact: Due to the high importance of this business segment, the market risk in the Solar segment is rated with a relevance score of 5 (December 31, 2019: 5).

Management expects sustained high sales in the Solar segment in the next couple of years. Despite the entry into new business areas, this business segment will continue to provide the largest share of sales and earnings contributions in the current business year 2023. In connection with the COVID-19 pandemic and the resulting significantly declining order intake in the business year 2021 as well as the sustained delays in contract conclusions of ongoing projects, the probability of occurrence as of the December 31, 2022 was rated high (December 31, 2019: high). Even after the signing of contracts with CNBM at the beginning of the business year 2020 for the production site in Xuzhou and the signing of a master contract for the delivery of CdTe equipment in the fourth quarter 2021, the Company currently rates the probability of occurrence of the sales market risk as Company threatening. This results from additional, required substantial order intake in the areas of CdTe as well as CIGS in the course of the business year 2023.

Measures: The Company monitors global market developments on an ongoing basis. This includes ongoing discussions with our customers and technology institutes. In addition, future projects are continuously coordinated with our main customer and major shareholder CNBM. The Company last received written confirmation of planned CIGS/CdTe orders for fiscal years 2023 and 2024 on January 9, 2023. Furthermore, the Company is striving to reduce its dependence on the Chinese solar market by diversifying into other markets and applications.

<u>Life Science Segment</u>

Besides the core segment Solar, the segment Life Science is gaining increasing importance for the further course of business in the next couple of years. The

Company expects a significant expansion of the business operations within this segment.

Impact: Due to the further increasing importance of this segment for the key financial results for the Company, the sales market risk for Life Science is rated with a relevance score of 5 (December 31, 2019: 4) as well as with a high probability of occurrence (December 31, 2019: high). If the anticipated order intake in this segment will fall significantly short of expectations in the current business year and the Company will not be successful in winning equivalent alternative projects, this would threaten the continuation of the Company.

Measures: External data such as market research results but also close contacts with our customers as well as monthly reviews of actual and forecast results help to improve the evaluation of future trends at an early stage.

Semiconductor Segment

Due to the low volumes in terms of the realizable sales the Semiconductor segment is not yet viewed as being material.

Project risks

Risk description: According to our definition project risks include orders, which concern non-standardized machines with a sales price usually exceeding € 3.0 million. Specifically, the resulting risks are the exceeding of forecast costs as well as of the project schedule, the failure of acceptance criteria as well as order cancellations and the resulting non-acceptance of machines and the resulting contractual risks.

Impact: If risks materialize in connection with the order processing, they could have a material adverse impact on the business activities in particular in connection with the implementation of larger projects. In particular, the risk of missing the project schedule or project expenses as well as failing to meet the acceptance criteria is viewed as being material. In particular, the work as planned for the delivery of machines for the production of thin-film solar modules for the large customer CNBM is of great importance for the continuation of the Company. Following substantial delays, the respective machines in the factory in Bengbu, China, have achieved the

final acceptance level. For the production site in Meishan the company expects the final acceptance of the machines in close cooperation with the customer by the first half of the business year 2023. However, we point out that the realization of project risks within these activities would have material negative impacts on the asset, financial and earnings situation of the Company and the group. If the projects fail as a whole or in parts or the planned economic success is not sufficiently realized, this could have material negative impacts up to threatening the existence of the Company. Furthermore, the successful completion of the recently supply contracts signed with CNBM for CdTe equipment as well as the fulfillment of the agreements with a European utilities company for the delivery of wet-chemical machines as planned are of integral importance.

Negative implications on the course of the projects could also result in connection with the further development of the COVID-19 pandemic, in particular within China. If measures to contain the virus are once again expanded, this could lead to substantial delays in the completion of ongoing projects.

In summary, we assess the project risks unchanged with the relevance score of 5 (December 31, 2019: 5). The probability of occurrence is assessed as being medium (December 31, 2019:medium).

Measures: To manage the risks, already in the proposal stage project calculations, project schedules as well as project-specific risk assessments and liquidity forecasts are conducted. With a continuing monitoring of changes in the parameters alongside to the project's progress, potential project risks should be identified at an early stage and necessary measures initiated. To reduce the risk of cancellations, prepayments as well as partial payments according to project progress are routinely agreed.

Financial risks

Risk description: The SINGULUS TECHNOLOGIES Group is exposed to financial risks in particular with respect to liquidity risks. This includes the default on receivables from customers and, in particular, the failure and delay to make advance payments for new order intake as well as partial payments in connection with the completion of major projects as well as the extension of various debt financing components.

In all segments additional financing agreements could become necessary subject to project-specific requirements. In particular, prepayments made by our customers are secured with guarantee pledges on a project-by-project basis. For this, according to agreements with creditors the Company has to deposit a high share of liquid funds as guarantees. This guarantee pledge is not at the Company's disposal for the financing of working capital and could result in liquidity squeezes subject to the course of the projects.

The SINGULUS TECHNOLOGIES Group is highly dependent on the future development of the business activities with a few large customers with regard to the achievement of the expected financial ratios as well as the further liquidity development. Sufficient liquidity of the Company and the Group in the next 12 months from preparation can only be maintained if the planning can be realized in the next 12 months from preparation. A key prerequisite in the planning is that the partial payments to be made on the basis of the major orders already contracted with CNBM are actually made or not materially delayed in accordance with the customer's confirmation letter dated January 9, 2023. In addition, it is necessary to obtain further significant major orders with a contract value of €116.7 million in the next 12 months. Furthermore, the availability and maintenance of the committed €20.0 million CNBM financing beyond March 2024 and the availability and disbursement of the €4.0 million super senior loan must be guaranteed until at least the end of 2023. In addition, the guarantee of a material bondholder to compensate for any calls of the corporate bond must remain in place. Furthermore, the extension of the working capital credit line of €10 million must take place in April 2023 or alternatively be replaced by a shareholder loan from CNBM.

The Executive Board expects with a high degree of probability that the partial payments to be made will be received as scheduled and that further major orders will be signed. In addition, the Executive Board considers the risk of effective notices of termination by the bondholders as a result of any delay in the submission or publication of the annual financial statements for fiscal year 2022 to be very low. This is based on past experience and the expected support of at least two significant bondholders, so that terminations representing more than 20% of the bonds are considered unlikely. To avert this situation, a significant bondholder issued a guarantee to the Company to compensate for effective calls. The Company plans to

convene a meeting of creditors in April 2023. The subject of the meeting will be the application for a temporary waiver of cancellation and the extension of the deadline for submission of the 2022 annual financial statements to August 31, 2023. In the view of the Executive Board, it is largely probable that the company will be financed through to April 6, 2024 on the basis of current corporate planning.

These events and circumstances indicate that there are material uncertainties, which can raise doubts as to the ability of the Company and the Group to continue to operate as a going concern within the meaning of Art. 322 Para. 2 Sent. 3 HGB. Accordingly, the SINGULUS TECHNOLOGIES Group might not be able to realize its assets as well as to cover its liabilities during the regular course of its operations.

The future development of the COVID-19 pandemic could have negative impacts on the course of business in particular with respect to the demand situation as well as the course of the projects of essential customer orders. In this connection there could be substantial delays or even the failure to receive relevant partial payments.

Impact: Currently, we still rate the liquidity risk unchanged with a relevance score of 5 (December 31, 2019: 5) and the credit risk with a relevance score of 3 (December 31, 2019: 3). Despite the receipt of additional partial payments by the customer CNBM during the reporting and preparation period, the provision of liquid funds in the amount of € 20.0 million, the successful agreement over a working capital credit line in the amount of € 10.0 million as well as the sale-and-lease-back transaction, we rate the probability of occurrence of the liquidity risk as high (December 19, 2019: high). In particular, the timely receipt of contractually agreed payments by the customer CNBM as well as the assignment of additional large projects are required. Material delays in payments or credit losses within these major projects could not be compensated for.

We rate the probability of occurrence of the default risk as low (December 31, 2019: low).

Measures: In order to ensure the solvency as well as the financial flexibility of the SINGULUS TECHNOLOGIES Group at all times, a liquidity reserve in the form of cash is maintained. In order to identify liquidity risks at an early stage, liquidity plans are regularly prepared and compared with the actual development.

At present, the Company finances itself mainly through advance payments from the contracted projects as well as various debt financing instruments.

Until the end of fiscal year 2022, the Company received advance payments totaling € 121.0 million for large CIGS/CdTe projects of the customer CNBM. Furthermore, the granting of new surety bonds with significantly reduced security deposits is currently being negotiated.

Furthermore, the Company is currently making use of the following debt financing instruments:

Financing component	Nominal value	Maturity
Corporate bond	€ 12.0 million	July 22, 2026 (repayment date)
Super Senior Loan in accordance with the terms of the bond	€ 4.0 million	Drawing no later than May 12, 2023, maturity until (at least) December 31, 2023
Working capital facility	€ 10.0 million	12 months after drawdown or until 14 days before expiry of letter of credit
CNBM financing	€ 20.0 million	1st tranche: August 2, 2024 2nd tranche: October 3, 2024

In connection with the corporate bond with a nominal volume of €12.0million, the 2nd creditors' meeting was held as a face-to-face meeting of bondholders in Frankfurt am Main on May 6, 2021. With a quorum of 34.37%, a resolution was passed to extend the term of the bond by a further five years to July 22, 2026 and to reduce the current interest rate from an average of 6.7% to 4.5%. The repayment amount was increased to 105% in this connection. The increased repayment amount is also applicable in the event of early repayment. The new bond terms came into effect on July 13, 2021.

In addition, the creditors' meeting approved further amendments to the bond terms by more than 98% by resolution on September 20, 2022. These include, among other things, a temporary waiver by the bondholders of possible cancellation rights due to the failure to publish the audited financial statements for 2020 and 2021 for nine months from publication of the resolutions (September 22, 2022). The audited

financial statements for the 2022 financial year must be submitted by April 30, 2023 in order to avert termination rights that would otherwise arise. After a 30-day period to cure the situation, bondholders will have termination rights. However, the termination rights of individual bondholders will only take effect if a total of more than 20% of the bonds are represented. In order to compensate for the financial impact of the potential termination rights, a major bondholder has issued a guarantee to the Company that it will grant a loan to the Company if the termination rights take effect. The Company plans to convene a meeting of creditors in April 2023. The subject of the meeting will be the application for a temporary waiver of notice and the extension of the deadline for submission of the 2022 annual financial statements to August 31, 2023.

In addition, a loan of €4.0 million is available to the Company in accordance with the bond terms and conditions. The loan originally matured on March 1, 2021. Following a temporary deferral, the loan was repaid in full in December 2021. Effective December 5, 2021, the Company signed a conditional loan agreement in the amount of €4.0 million with a new lender in 2021. The loan agreement is subject to the condition precedent of the issuance of the audit certificate. Once the conditions have been met, the Company can take out the loan until May 12, 2023. Repayment is agreed for December 31, 2023, but an automatic extension for a further 12 months will take place if both parties do not terminate the agreement.

Since May 2022, the Company has had access to a working capital credit line in the amount of €10.0 million. The repayment of the loan is guaranteed by the Chinese main shareholder CNBM. The term of the agreement was initially 12 months and was extended by a further 12 months effective January 31, 2023, subject to the occurrence of conditions precedent. In the event that the term extension is not granted by the disbursing bank, CNBM guarantees to provide the Company with sufficient financial resources to enable the Company to meet its obligations.

To secure the continued existence of the Company and thus of the Group, the Company signed an agreement with the major shareholder CNBM to provide liquid funds in the amount of €20.0 million effective February 3, 2023. In return, the Company granted various options relating to rights in connection with know-how in the field of solar technology. The total volume flowed to the Company in two tranches

in March in the amount of € 9.6 million and in early April 2023 in the amount of € 10.4 million. Both tranches have a maturity of at least 18 months, but the disbursed funds have to be repaid in full or in part only upon request of the lender. The Company also has the option to repay the funds in part or in full at any time. However, they cannot be drawn down again.

In order to analyze the default risk, the receivables portfolios of the individual companies in the SINGULUS TECHNOLOGIES Group are examined at close intervals. We use export credit insurance as the main instrument to hedge against payment defaults by foreign customers. The creditworthiness and payment behavior of customers are constantly monitored and corresponding credit limits are set. In addition, risks are limited as far as possible in individual cases by credit insurance and bank guarantees.

Technology risk

Risk description: The SINGULUS TECHNOLOGIES Group is operating in competitive markets. If the further or new development of products leads to erroneous trends, this could result in substantial costs.

Impact: We are currently assessing the risk of faulty or delayed development with a relevance score of 4 (December 31, 2019: 3) and an unchanged medium probability of occurrence.

Measures: A key aspect of the review of the technology risks is the analysis of market requirements. We reduce the risk of faulty or delayed developments through the cooperation with partners, research institutes and a continuous evaluation process, which continuously reviews the efficiency, opportunities and general conditions of the development projects. An essential part of this is the monitoring of the planning of the different development projects. For all capitalized development expenses not deemed recoverable, the required write-offs are incurred. The analysis of success probabilities as well as the identification and seizing of these opportunities, which safeguards the competitiveness of the Company and increases it, is therefore an essential aspect of the strategic planning.

Procurement market risks

Risk description: The availability, unexpected price increases and inadequate quality of procured components pose a risk for SINGULUS TECHNOLOGIES. An additional risk is the build up of excessive inventories.

Impact: We rate the inventory risk with respect to the level of inventories currently unchanged to the previous year with a relevance score of 3 (December 31, 2019: 3) und still assess the probability of occurrence as being low (previous year: low). From today's point of view, we overall expect this to sufficiently cover the inventory risks through the recognition of balance sheet write-offs. The risk with respect to availability, quality and price increase of procurement parts is assessed with a relevance score of 4 (December 31, 2019: 3) at the end of the business year, the probability of occurrence is assesses to be high (previous year: medium). In the short- and medium term we anticipate price increases for stainless steel and plastics from current contract negotiations and from the analysis of market expectations. Due to the global supply chain distortions, the average backlog rate and the number of quality complaints over the course of the year were mainly above the target range.

Measures: The deliverability as well as the fulfilling of our quality requirements for supplied parts is constantly monitored. The Company is constantly analyzing the impacts of the COVID-19 pandemic with respect to the supply chains to be able to implement potentially required counter-measures. In addition, the Company is currently evaluating potential impacts from the Russia-Ukraine war. A further part of the risk management is performed through inventory management. This area includes regular frequency and reach analyses of goods and procurement parts. To avoid unexpected price increases contracts either long-term contracts are concluded with suppliers or backup suppliers are established.

Compliance risks

Risk description: As on internationally operating Company the SINGULUS TECHNOLOGIES Group is exposed to a multitude of legal, tax and regulatory risks in addition to the operating and financial risks. In particular they include risks from the fields of product liability, patent rights and corporate laws. The outcome of legal disputes as well as legal proceedings could inflict substantial harm to the reputation

and the business activities of the Company or could at least incur high expenses.

In addition, the disregard of laws, regulatory requirements and referenced guidelines could have serious negative impacts, such as for example reputation damage or punitive payments, for the Company. This includes, for example, risks in connection with corruption as well as violations of export regulations.

Impact: Compliance violations could result in legal proceedings. The outcome of legal proceedings is uncertain and can result in material economic consequences. These could possibly not be covered or not to the full extent be covered by insurances and will thus have an impact on our business operations as well as the corresponding financial results.

There are currently no material ongoing legal proceedings against the SINGULUS TECHNOLOGIES AG and no significant compliance violations are known. The impact of compliance violations is rated with a relevance score of 3 (December 31, 2019: 3), the probability of occurrence is still assessed as being low.

Measures: Legal risks are identified using a systematic approach and attended to with the help of external lawyers.

The SINGULUS TECHNOLOGIES Group has established a group-wide Code of Conduct to prevent possible violations of laws. This code is intended to provide employees with specific rules of conduct in various situations. An additional measure to prevent compliance violations are individual employee trainings with respect to specific issues of various legal regulations.

Opportunities Report

SINGULUS TECHNOLOGIES addresses the global market for machines and systems for the manufacturing of solar cells. In the area of thin-film solar technology (CIGS & CdTe) the focus is mainly on the further expansion plans of the Chinese company CNBM. CNBM plans to set up a production capacity of 6 GW in total for CIGS at several sites in China in the medium- and long-term. Also for the manufacturing of CdTe solar, SINGULUS TECHNOLOGIES is in project talks with CNBM regarding follow-up orders for additional production machines. The set-up of

the CIGS factories in the cities Meishan and Xuzhou has been further delayed in the previous years due to the pandemic and is now scheduled for 2023. The fourth site is intended to be in the city of Weihai according to information provided. It is expected to once again achieve rising sales and positive earnings in the Solar segment in the future with the machines for the thin-film solar technology.

In the market for HJT solar cells new projects wee announced internationally, for which SINGULUS TECHNOLOGIES is in talks with the several potential customers. In various regions in Europe, such as Italy, France and in several Eastern European countries, the expansion and set-up of production capacities for HJT solar cells is also discussed. For this cell technology the Company expects that next to the production line SILEX II, also the GENERIS PVD will be marketable.

For the business year 2023 as well as for the coming years, SINGULUS TECHNOLOGIES sees good opportunities for the realization of new major projects in both segments: crystalline HJT and thin-film solar technology.

In the Life Science segment, in the future, in addition to machines from the wetchemical area also vacuum coating machines and complete production lines for the treatment of surfaces are expected to increase sales. The market opportunities in the work area Decorative Coatings are further supported by the environmental friendliness and the sustainability of the process as well as the advantage of potential cost savings in the production of the components. For the wet-chemical cleaning machines in Medical Technology, SINGULUS TECHNOLOGIES focuses mainly on the market for contact lenses and analyzes opportunities to develop new application areas in the future.

With the existing range of machines for the semiconductor technology, projects for the development of new applications are addressed. The Company sees good opportunities here to sell TIMARIS and ROTARIS machines. There is also the opportunity to win new customers on the basis of the machine for the manufacturing of 300 mm semiconductor wafers presented in 2020. Furthermore, SINGULUS TECHNOLOGIES intends to develop additional niche markets in the coming years, which can be addressed on the basis of the existing machine portfolio. The goal is to

develop coating systems with leading customers, which enable new applications and to develop these market for SINGULUS TECHNOLOGIES.

In addition to the established application areas for the existing machine platform, SINGULUS TECHNOLOGIES has extensively been reviewing opportunities offered by the coating of electrodes and bipolar plates. The mega-trend green hydrogen and its use by fuel cells will bring a great demand for innovative coatings and production equipment. Here, SINGULUS TECHNOLOGIES works with industrial partners on solutions for the supply of the rapidly growing market with relevant production solutions.

Summary of risks and opportunities

The project and the sales market risks for the Solar and Life Science segments as well as the liquidity risk are the material risks within the Group from today's point of view.

The Solar division is expected to provide the largest proportion of sales and earnings contributions in the current business year. Also against the background of establishing new business areas, the development of the solar market remains a critical criterion for the future continuation of the Company. In addition, the Company anticipates a significant increase in the business activities in the Life Science segment. If the forecast sales for these segments will not materialize in the coming years, this would have negative impacts on the financial and earnings situation of SINGULUS TECHNOLOGIES. Besides the core segment Solar, the segment Life Science is gaining increasing importance for the further course of business in the next couple of years.

If the risk of the order completion of current and future large projects materializes, this could have material negative impacts on the overall business operations of the Company.

The Executive Board expects with a high degree of probability that the partial payments to be made will be received as scheduled and that further major orders will be signed. In addition, the Executive Board considers the risk of effective notices of termination by bondholders as a result of any delay in the submission or publication

of the annual financial statements for the 2022 financial year to be very low. This is based on past experience and the expected support of at least two major bondholders, so that terminations representing more than 20% of the bonds are considered unlikely. In addition, CNBM, as a major shareholder of the Company, issued a guarantee to compensate for effective calls. The Company plans to convene a meeting of creditors in April 2023. The subject of the meeting will be the application for a temporary waiver of termination and the extension of the submission deadline for the 2022 annual financial statements to August 31, 2023. In the view of the Executive Board, it is largely probable that the company will be financed through to April 6, 2024 on the basis of current corporate planning.

These events and circumstances indicate that there are material uncertainties, which can raise doubts as to the ability of the Company and the Group to continue to operate as a going concern within the meaning of Art. 322 Para. 2 Sent. 3 HGB. Accordingly, the SINGULUS TECHNOLOGIES Group might not be able to realize its assets as well as to cover its liabilities during the regular course of its operations.

The future development of the COVID-19 pandemic could have negative impacts on the course of business in particular with respect to the demand situation as well as the course of the projects of essential customer orders. In this connection there could be substantial delays or even the failure to receive relevant partial payments.

Environment and Sustainability¹

Responsible and sustainable corporate governance is very important to the SINGULUS TECHNOLOGIES AG. For the Executive and Supervisory Boards this means responsible and sustainable leadership and management of the Company aligned for the long-term success. The principles of corporate governance safeguard a targeted and efficient cooperation between Executive Board and Supervisory Board, the respect for the interests of our shareholders and employees, suitable handling of risks and transparency as well as responsibility for all corporate decisions.

With its products for the solar technology SINGULUS TECHNOLOGIES actively works on the introduction and establishment of environmentally-friendly energy generation. The Company's products are continuously improved to follow the spirit of sustainability and to lower the energy consumption within its business operations. Here, sustainable thinking already starts with the design of the machines. The recycling of used materials within the Company goes without saying.

SINGULUS TECHNOLOGIES has installed an energy management system in the Company and adheres to the following rules:

- the energy consumption is systematically evaluated
- the energy flows are recorded and kept up-to-date
- energy saving programs are planned and introduced
- the planned activities to improve the energy efficiency are continuously updated
- the Executive Board publishes the goals with respect to the energy management

An energy management manager monitors and reviews the development to implement the energy policy. In order to adhere to corporate diligence duties, all strategic and operating targets as well as all required measures are specified in an energy management handbook.

¹ Unaudited statements

In 2021, approximately 6.085 GWh total energy was consumed at the sites in Kahl am Main and in Fürstenfeldbruck. In 2020, this number came to 5.920 GWh. This number includes electricity and gas. Parts of the consumed energy are generated by us through our solar panels at our site in Fürstenfeldbruck. At both sites, the lighting of the halls as well as the exterior lighting was converted to modern and efficient LED lighting appliances.

SINGULUS TECHNOLOGIES regards sustainability as an opportunity to position itself with innovative products that follow this spirit.

In the focus are:

- environmental awareness
- · efficient use of resources
- avoidance of unnecessary CO₂ pollution

TAKEOVER-RELEVANT DISCLOSURES PURSUANT TO SECTIONS 289A S. 1, 315A S. 1 HGB AND EXPLANATORY REPORT

1. Composition of the subscribed capital

As of December 31, 2021 the nominal capital of the SINGULUS TECHNOLOGIES AG amounted to € 8,896,527.00, divided into 8,896,527 bearer shares with a nominal value of € 1.00 each. The nominal capital has been completely paid. There are not different types of shares; all shares are common shares. All shares entitle to the same rights and duties. Each share has one vote and the same share to profits. The rights and duties from the shares result from the legal regulations. A claim of the shareholders of physical delivery of the shares has been excluded pursuant to Art. 6.4 of the articles of incorporation of the Company. In case of a capital increase the profit sharing of new shares can be determined pursuant to Art. 6.5 of the articles of incorporation of the Company, dissenting from Art. 60 AktG.

2. Restrictions concerning the voting rights or transfer of shares

Generally there are not restrictions concerning the voting rights or the transferability of the shares of the Company. All shares of the Company are unrestricted to be traded pursuant to the legal regulation governing the bearer unit shares.

3. Direct or indirect ownership of the capital exceeding ten % of the voting rights

Pursuant to the German Securities Trading Act (WpHG) investors are obligated to report to the Company any direct or indirect voting right thresholds gained through purchases, sales or in different manners pursuant to Art. 33 WpHG to a stock-listed Company.

As of the balance sheet date December 31, 2021, the Company was only informed that the Triumph Science and Technology Group Co., Ltd. ("Triumph") directly or directly held more than 10 % of the voting rights of the SINGULUS TECHNOLOGIES AG amounting to 16.75 % of the voting rights. The voting rights held by Triumph are attributed to the following notifying parties: People's Republic of China and China National Building Material Group Co., Ltd. ("CNBM"),

4. Shares with special rights granting controlling authority

There are no shares with special rights granting controlling authority.

5. Type of voting right monitoring if employees hold capital of the Company and do not directly exercise the monitoring rights

There are no investments of employees in the capital of the Company where the employees do not directly exercise their monitoring rights.

6. Appointment and dismissal of members of the Executive Board; changes in the articles of incorporation

The appointments and dismissals of members of the Executive Board are performed in adherence to the regulation of Art. 84, 85 AktG. Accordingly, members of the Executive Board are appointed by the Supervisory Board with a maximum term of five years. A repeated appointment or extension of the tenure is only authorized for a maximum of five years. Pursuant to Art. 7.1 of the articles of incorporation of the Company the Executive Board of the Company is comprised of at least two members. Furthermore, the Supervisory Board determines the number of members of the Executive Board. Pursuant to Art. 84 AktG and Art. 7.1 of the articles of incorporation of the Company, the Supervisory Board can appoint a Chairperson of the Executive Board as well as a Deputy Chairperson of the Executive Board. Pursuant to Art. 7.1. of the articles of incorporation, deputy members of the Executive Board can be appointed.

Pursuant to Art. 179 Para. 1 Sent. 1 AktG, the amendment of the articles of incorporation of the Company is effected by resolution of the Annual General Meeting. Pursuant to Art. 179 Para. 2 AktG, resolutions of the Annual General Meeting regarding changes of the bylaws require the capital majority representing at least three fourths of the nominal capital present at the resolution, if the articles of incorporation do no set out a different majority vote. Pursuant to Art. 15.2 of the articles of incorporation of the Company, in cases where the legal regulations require a majority of the nominal capital present during the time of the resolution and the law does not explicitly require a qualified majority, the simple majority of the nominal capital present is sufficient. Pursuant to Art. 5.2. and Art. 17.1, the Supervisory Board

is authorized to resolve changes of the bylaws only affecting amendments. This also holds true for the amendment of the bylaws due to a change in the nominal capital.

7. Authorization of the Executive Board to issue and buy-back shares

7.1. Authorized capital

By resolution of the General Annual Meeting on June 28, 2018 the Executive Board was authorized to increase the nominal capital of the Company with approval of the Supervisory Board against payment in cash and/or in kind by the issuance of up to 4,448,263 new, bearer shares with a nominal capital of € 1.00 (Authorized Capital 2018/1). Generally, the shareholders are granted subscription rights. The new shares can also be acquired by one or several financial institutions with the obligation to offer these shares to shareholders (indirect subscription right). However, the Executive Board is authorized, with the approval of the Supervisory Board, to completely or partially exclude shareholders' subscription rights. This authorization of the Executive Board to exclude shareholders' subscription rights was revised by resolution of the Annual General Meeting on May 20, 2020, so that subscription rights can be excluded in whole or in part

(1) to the extent necessary to offset fractional amounts: (2) to the extent necessary to grant holders or creditors of option rights or convertible bonds or profit participation rights that have been or will be issued by SINGULUS TECHNOLOGIES AG or its subordinated consolidated companies, a conversion or subscription right for new shares to the extent, such as it would be due to them after exercising the option or conversion rights or after exercising stock delivery rights or after fulfilling conversion or option obligations; (3) for capital increases against contributions in kind, in particular for the acquisition of companies, parts of companies or investments in companies: (4) if the new shares are issued against cash contributions at an issue price that is not significantly lower than the stock exchange price of shares in the company within the meaning of Art. 186 Para. 3 Sent. 4 AktG and the proportionate amount of the shares issued according to Art. 186 Para. 3 Sent. 4 AktG with exclusion of subscription rights in the company's share capital of the Company's share capital does not exceed 10 % of the share capital at the time this authorization

is entered in the Commercial Register or - if this amount is lower - at the time the authorization is exercised;

(5) as far as it is necessary to avoid the obligation to publish a prospectus, that results from the issue of new shares against cash contributions, provided (i) the new shares are issued at an issue price that is not materially lower than the share price of the company within the meaning of Art. 186 Para. 3 Sent. 4 AktG, (ii) the proceeds from these new shares issued are used to redeem financial liabilities, e.g. the bond of SINGULUS TECHNOLOGIES Aktiengesellschaft with WKN A2AA5H (ISIN: DE000A2AA5H5), and (iii) the pro rata amount of the new shares in the company's share capital issued with the exclusion of subscription rights does not exceed twenty out of a hundred (20 %) of the share capital at the time this authorization is entered in the commercial register or - if this amount is lower - at the time when the authorization is exercised. The two aforementioned limitations of 10 % and 20 %, respectively, includes the shares, which have been issued by the company during the term of the authorization under exclusion of the subscription rights pursuant or corresponding to Art. 186 Para. 3 Sent. 4 AktG in the course of a cash capital increase or which have been sold after a buyback. Shares are also to offset against the 10% limit, with respect to those based on option or convertible bonds or profit participation rights, which during the term of this authorization under the exclusion of subscription rights pursuant to Art. 221 Para. 4 Sent. 2 in conjunction with Art. 186 Para. 3 Sent. 4 AktG have been issued by the Company or its subordinated consolidated companies, there is an option or conversion right, a conversions of option obligation or a stock delivery right in favor of the Company.

7.2. Conditional capital

The nominal capital of the Company is conditionally increased by up to € 4,448,263.00 through the issuance of up to 4,448,263 bearer shares with a nominal capital of € 1.00 each (Authorized Capital 2020/I). The conditional capital increase will only be performed if the bearers of option or conversion rights or the parties obligated to convert or exercise options due to options or convertible bonds, which are issued or guaranteed pursuant to the authorization from the Annual General Meeting on May 20, 2020 under Agenda Item 5 by the SINGULUS TECHNOLOGIES AG or a Group Company of the SINGULUS TECHNOLOGIES AG in the meaning of

Art. 18 AktG, which the SINGULUS TECHNOLOGIES AG directly or indirectly holds at least 90 %, or if the SINGULUS TECHNOLOGIES AG exercises a right to completely or partly issue common shares of the SINGULUS TECHNOLOGIES AG instead of the payment of the amount due. The conditional capital increase is not implemented if a cash compensation is granted or own shares or shares from authorized capital or of a different stock-listed Company are used for the payment.

7.3. Share buyback authorization

There are not authorizations for the Executive Board to buy back shares of the Company.

8. Material agreements of the Company subject to a change-in-control due to a takeover offer and resulting effects

Pursuant to the terms and conditions of the corporate bond issued by the SINGULUS TECHNOLOGIES AG in July 2016 with a total nominal value of € 12,000,000.00, in the case of a change in control, bondholders are entitled to terminate their bonds and request the immediate repayment or, subject to the Company's discretion, to request the purchase by the Company or a third party at a price of € 105.00 per bond in addition to accrued interest.

The bondholders have to exercise the put-option within a period of time ("put exercise period") of 30 days after the notification about the change in control was published. However, an exercise of the put only becomes effective, if, within the put exercise period, the Company receives put exercise declarations from bondholders with an overall amount of at least 25 % of the total nominal capital of at that time still outstanding bonds. A change in control is present if the following event take place: (i) the Company is notified that a party or cooperating parties in the meaning of Art. 2 Para 5 German Securities Acquisition and Takeover Act (WpÜG) is or are the legal or economic owner(s) (directly or indirectly) of more than 30 % of the voting rights of the Company; or (ii) the merger of the Company with a party or to a third party or the merger of a third party with or to the Company, excluding in connection with legal actions, as a consequence the owner of 100% of the voting rights of the Company hold at least the majority of the voting rights of the surviving entity directly after such a merger.

9. Compensation agreement of the Company made with the members of the Executive Board or employees in case of a takeover offer

In the case of a change in control the employment contracts of the members of the Executive Board of the SINGULUS TECHNOLOGIES AG set out an extraordinary termination right for the members of the Executive Board. If the employment of a member of the Executive Board is terminated after a change in control because the member of the Executive Board has exercised its extraordinary termination right or if the employment contract is not extended after a change in control, subject to the case that the employment contract had a remaining term of more than nine months at the time of the change in control, the respective member of the Executive Board is entitled to an extraordinary payment. The same holds true in case of a leave or the termination of the employment contract by the Company after a change in control. The amount of this extraordinary payment is limited. A detailed description of the change-of-control clause and the compensations are included in the Compensation Report which is available on the homepage of SINGULUS TECHNOLOIES AG.

Financial Accounts pursuant to HGB

The consumption of more than half of the nominal capital pursuant to HGB was incurred in the business year 2017 and was reported on September 21, 2017. The extraordinary shareholders' meeting was convened on November 29, 2017. In the course of the extraordinary general meeting on October 29, 2021, pursuant to Art. 92 Para. 1 AktG the Executive Board again reported on the loss of the nominal capital pursuant to HGB of the parent Company. The background to the depletion of shareholders' equity was presented, which was mainly due to the timing of revenue recognition pursuant to HGB and IFRS and the operating losses resulting from the underutilization of the organization in recent years. As of December 31, 2021 the losses not covered by shareholders' equity amounted to € -103.8 million (previous year: € -82.1 million).

The development of the shareholders' capital pursuant to commercial law depends in particular on the remaining acceptances for machines in the factory in Meishan, China, as well as the work and acceptances of additional, major projects in the segments Solar and Life Science. In addition, in the long-term, the planned development of further future major projects in the coming years is required. The delays in the commissioning of the first two CIGS factory of the customer CNBM as well as the postponement of additional, significant projects in the past business years materially contributed to the fact that a recovery in shareholders' equity has not yet been achieved. However, the Executive Board expects the shareholders' equity to return to a positive balance in the long-term. Moreover, the Executive Board is currently reviewing additional measures to strengthen the shareholders' equity.

For information on the risks and measures relating to the continued existence of the Company as a going concern, please refer to the Risk Report.

Asset, financial and earnings of the SINGULUS TECHNOLOGIES AG Financial Accounts pursuant to HGB

(EUR million)

	2021	2020
Sales	43.2	54.2
Total output	54.5	30.3
Cost of goods sold	-34.1	-22.4
Personnel expenses	-26.5	-24.2
Balance of operating income and expenses	-11.9	-7.2
Net loss	-21.8	-34.6
Fixed assets	14.2	15.7
Current assets (excluding bank deposits)	4.0	6.4
Bank deposit thereof resticted	26.9 15.1	9.6 4.8
Loss exceeding shareholders' equity	-103.8	-82.1
Provisions	23.1	20.2
Bonds	12.6	12.0
Other liabilities	113.8	81.7

In the following, the effects with a material impact on the assets, liabilities, financial situation and the earnings in the previous business year are discussed.

The development of the COVID-19 pandemic in the first half of 2021 as well as the disrupted supply chains in particular in the second half of 2021 weighed on the recovery compared with the business year 2020. Planned final acceptances of many projects, in particular for machines stemming from major CIGS orders by CNBM, are delayed to the business year 2023. Overall, the company achieved sales in the amount of € 43.2 million in the year under review (previous year: € 54.2 million). Sales in the Solar segment amounted to € 29.3 million compared with € 33.4 million in the previous year. In the Life Science division sales at € 11.1 million also remained

below the prior-year level (previous year: € 16.1 million). Within the Semiconductor division sales amounted to € 2.6 million (previous year: € 4.4 million).

In contrast, the total output (sales plus changes in inventory and own work capitalized) increased slightly to € 54.5 million (previous year: € 30.3 million).

The other operating income in the amount of € 2.5 million (previous year: € 6.2 million) mainly include sales of previously rented machines in the amount of € 1.4 million.

The material expenses rose from € 22.4 million to € 34.1 million. The material expense ratio (material expenses / overall output) accordingly came to 62.6 % (previous year: 74.2 %). The reduction in the material expense ratio is mainly due to higher margins of processed customer orders.

Personnel expenses in the amount of € 26.5 million (previous year: € 24.2 million) were slightly higher than the prior-year level. The previous year mainly included positive effects from the reimbursement of salaries in the course of the short-term labor program applied for on April 1, 2020. In the past business year the SINGULUS TECHNOLOGIES AG employed 317 permanent employees based on an annual average (previous year: 329).

The other operating expenses in the amount of € 14.4 million (previous year: € 13.4 million) mainly include legal, consulting and auditing expenses, occupancy expenses, shipping and packaging expenses as well as travel and entertainment and rent expenses. The write-offs on accounts receivable amounted to € 0.0 million (previous year: € 0.0 million).

The interest result was negative at € -2.7 million (previous year: € -2.9 million). The interest and other expenses amounting to € -2.7 million were slightly improved compared with the prior-year level (previous year: € -2.9 million). Specifically, interest expenditures amounted to € 0.9 million in 2021 (previous year: € 1.1 million). From the borrowing through a senior-secured loan in the amount of € 4.0 million, interest charges in the amounted of € 0.3 million resulted (previous year: € 0.4 million).

Overall, a net loss of € -21.7 million (previous year: € -34.6 million) resulted (previous year: € -34.6 million).

The balance sheet total of the Company came to € 149.5 million as of December 31, 2021, which is above the prior-year level (previous year: € 113.9 million).

The fixed assets accounted for 9.5 % of the balance sheet total and amounted to € 14.2 million as of the balance sheet date (previous year: € 15.7 million). The fixed assets amounted to € 6.7 million (previous year: € 8.2 million). During the year under review, the capitalized Blu-lines, which were rented out and included under rented assets, were sold.

The prepayments received in the amount of € 203.5 million exceeded the level of inventories (€ 112.7 million) as of the end of the year under review. The excess amount is recognized on the liability side of the balance sheet (€ 90.8 million). The prepayments received mainly result from the orders in the Solar segment.

As of the balance sheet date the accounts receivable amounted to € 1.0 million and thus decreased compared with the previous year (€ 1.5 million).

Cash and cash equivalents amounted to € 26.9 million as of December 31, 2021 (previous year: € 9.6 million). Thereof, in the course of collateral management, € 15.1 million overall were transferred to blocked accounts (previous year: € 4.8 million). As of the end of the year under review, the available liquid funds amounted to € 11.8 million (previous year: € 4.8 million).

The shareholders' equity further declined by € 21.7 million in the year under review. Accordingly, as of the end of the year under review the SINGULUS TECHNOLOGIES AG reports losses in the amount of € 103.8 million not covered by shareholders' equity (previous year: € -82.1 million). With regards to the assessment of the Company to the future development of the shareholders' equity pursuant to HGB please refer to the information provided at the beginning of this chapter.

The debt amounted to € 149.5 million as of December 31, 2021 (previous year: € 113.9 million).

The provisions exceeded the prior-year level and stood at € 23.1 million as of the balance sheet date (previous year: € 20.2 million). The other provisions amounted to € 8.9 million as of December 31, 2021 (previous year: € 6.7 million). This mainly includes personnel provisions (€ 4.2 million), provisions for warranties (€ 1.0 million), provisions for contingent losses in connection with the under-utilization of production capacities (€ 0.9 million), provisions for auditing expenses (€ 1.5 million) as well as provisions for accounts receivable (€ 0.7 million).

The liabilities at € 126.4 million as of December 31, 2021 were above the prior-year level (previous year: € 93.7 million). This includes prepayments received. They were set against inventories. The excess amount is recognized on the liability side of the balance sheet (€ 90.8 million, previous year € 61.3 million). The bond liabilities still amount to € 12.6 million. The accounts payable increased from € 6.2 million the prior year to € 13.3 million as of December 31, 2021.

In addition, there are other liabilities from financing contracts in the amount of € 1.3 million (previous year: € 6.6 million). These result to the full amount from leasing liabilities for the office and production buildings on the site of the Company.

Forecast for the business years 2023 and 2024 as well as results for the business year 2021 and preliminary results for the business year 2022 of the SINGULUS TECHNOLOGIES AG pursuant to HGB

The sales and the earnings before taxes² pursuant to HGB in the business year 2021 fell significantly short of expectations. The reasons were delays of the schedules for nearly all of the projects with respect to the assembly and commissioning in connection with the COVID-19 pandemic. At the beginning of the business year 2021, the Company had still expected positive earnings before taxes pursuant to HGB in a range from € 14 to 19 million as well sales in a range from € 140 to 160 million. However, the final acceptance of machines for the major CIGS order by CNBM at the production site in Meishan was delayed further past the year 2022.

² Income before taxes is defined as net income/loss for the year less other taxes and taxes on income.

Accordingly, sales pursuant to HGB amounted to € 43.2 million and the result pursuant to HGB came to € -21.7 million. The business year 2022 is also below expectations. According to preliminary, unaudited results, the company achieved sales of € 47.2 million and a net result for the period of € -10.0 million in accordance with the German Commercial Code (HGB). At the beginning of 2022, sales of between € 180 and 200 million and earnings before taxes of between € 34 and 38 million were expected. The forecast shortfall is due to the delayed final acceptance of the machines of CNBM's large CIGS order at the production site in Meishan and Xuzhou.

The development of the COVID-19 pandemic in the first half of 2021 as well as the disrupted supply chains in particular in the second half of 2021 weighed on the recovery compared with the business year 2020. In the Solar segment the work on the order for the Xuzhou site fell short of expectations. These machines will therefore presumably be accepted by the customer in 2023 and then materially contribute to sales and earnings pursuant to HGB.

However, for the business year 2023 the company forecasts rising sales compared with the previous year. Overall, due to the upcoming final acceptances we project sales for the SINGULUS TECHNOLOGIES AG pursuant to HGB for the business year 2023 within a range from € 180.0 to 200.0 million. The earnings before taxes are expected to come in at a low, double-digit million range. For 2024, due to planned major projects in the Solar and Life Science segments, we project a continuing high level of sales at the prior-year level due to the extraordinary high number of final acceptances. For the earnings before taxes for 2024 the company expects a significantly positive result also in a low, double-digit million range.

With regards to the impact of the COVID-19 pandemic as well as of the Russia-Ukraine war on the Company, please refer to the outlook of the SINGULUS TECHNOLOGIES Group.

Corporate Governance declaration pursuant to Art. 289F and Art. 315D HGB

The corporate governance declaration pursuant to Art. 289f and Art. 315d HGB as well as the diversity concept with respect to the composition of the management and supervisory boards of the company is included in the corporate governance report and available on the company's website under www.singulus.de/de/investor-relations/corporate-governance.html.

Kahl am Main, April 6, 2023

SINGULUS TECHNOLOGIES AG

The Executive Board

Dr.-Ing. Stefan Rinck Dipl.-Oec. Markus Ehret

Declaration of the Executive Board pursuant to Art. 297 Para. 2 S. 4, Art. 315 Para. 1 S. 5 HGB³

We assert to our best knowledge and belief that pursuant to the applied principles of correct consolidated reporting the consolidated financial accounts pursuant to IFRS reflect the true situation of the asset, financial and earnings situation of the SINGULUS TECHNOLOGIES Group, that the combined status report of the SINGULUS TECHNOLOGIES AG as well as of the SINGULUS TECHNOLOGIES Group depicts the course of business including the business events and the situation of the SINGULUS TECHNOLOGIES Group in a way reflecting the true situation and that the material opportunities and risks of the foreseeable development of the Group have been described.

Kahl am Main, April 6, 2023

SINGULUS TECHNOLOGIES AG

The Executive Board

³ Unaudited statements

LIFE SCIENCE



EFFICIENT AND RESOURCE-SAVING PRODUCTION PROCESSES, WHICH ARE USED WORLDWIDE IN THE MEDICAL TECHNOLOGY







Consolidated Balance Sheet

as of December 31, 2021 and December 31, 2020

Assets		12/31/2021	12/31/2020
	Note	EUR million	EUR million
Cash and cash equivalents	(6)	15.0	9.8
Financial assets subject to restrictions on disposal	(7)	15.1	4.8
Trade receivables	(8)	2.8	3.2
Receivables from construction contracts	(8)	3.5	3.7
Other receivables and other assets	(9)	11.6	3.9
Total receivables and other assets		17.9	10.8
Raw materials, consumables and supplies		7.4	5.4
Work in process		6.1	3.0
Total inventories	(10)	13.5	8.4
Total current assets		61.5	33.8
Property, plant and equipment	(12)	10.0	12.0
Capitalized development costs	(11)	4.2	5.2
Goodwill	(11)	6.7	6.7
Other intangible assets	(11)	0.7	0.6
Deferred tax liabilities	(22)	0.2	0.2
Total non-current assets		21.8	24.7

Total assets	83.3	58.5

Equity and Liabilities		12/31/2021	12/31/2020
	Note	EUR million	EUR million
Trade payables		16.9	6.5
Prepayments received	(14)	5.6	2.7
Liabilities from construction contracts	(8)	50.8	21.4
Financing liabilities from the loan borrowed	(17)	0.0	4.0
Financial liabilities from the issuance of bonds	(16)	0.2	12.7
Current leasing liabilities		2.4	2.4
Other liabilities	(13)	8.2	6.4
Provisions for restructuring measures	(20)	0.2	0.2
Provisions for taxes		0.3	0.5
Other provisions	(19)	7.4	6.0
Total current liabilities		92.0	62.8
Figure significant from the circumses			
Financial liabilities from the issuance of bonds	(16)	10.8	0.0
Non-current leasing liabilities		2.9	5.4
Pension provisions	(18)	15.4	17.0
Deferred tax liabilities	(22)	1.9	0.6
Total non-current liabilities		31.0	23.0
Total liabilities		123.0	85.8
Subscribed capital	(21)	8.9	8.9
Capital reserves	(2-1)	19.8	19.8
Other reserves	(21)	-3.2	-5.0
Retained earnings	(~ 1)	-65.2	-51.0
Equity attributable to owners of the parent		-39.7	-27.3
Total equity		-39.7	-27.3
Total equity and liabilities		83.3	58.5

Consolidated Income Statement

for the period from January 1 to December 31, 2021 and 2020

1	/1	_	1	2	/31	

		2	021	2	020
	Note	EUR million	in %	EUR million	in %
Revenue (gross)	(5)	68.8	100.1	29.9	101.4
Sales deductions and direct selling costs	(24)	-0.1	-0.1	-0.4	-1.4
Revenue (net)		68.7	100.0	29.5	100.0
Cost of sales		-50.6	-73.7	-35.0	-118.6
Gross profit on sales		18.1	26.3	-5.5	-18.6
Research and development	(29)	-8.1	-11.8	-10.1	-34.2
Sales and customer service		-11.0	-16.0	-10.3	-34.9
General administration	(28)	-11.2	-16.3	-10.1	-34.2
Other operating expenses	(30)	-0.7	-1.0	-0.6	-2.0
Other operating income	(30)	0.5	0.7	5.9	20.0
Impairment losses	(31)	0.0	0.0	-6.1	-20.7
Total operating expenses		-30.5	-44.4	-31.3	-106.1
Operating result (EBIT)		-12.4	-18.0	-36.8	-124.7
Finance income	(32)	0.9	1.3	0.0	0.0
Finance costs	(32)	-1.7	-2.5	-2.1	-7.1
EBT		-13.2	-19.2	-38.9	-131.9
Tax expense/income	(22)	-1.0	-1.5	2.7	9.2
Profit or loss for the period		-14.2	-20.7	-36.2	-122.7
Thereof attributable to:					
Owners of the parent		-14.2		-36.2	
Non-controlling interests		0.0		0.0	
Basic earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(23)	-1.60		-4.07	
Diluted earnings per share based on the profit for the period (in EUR) attributable to owners of the parent	(23)	-1.60		-4.07	

Consolidated Statement of Comprehensive Income

for the period from January 1 to December 31, 2021 and 2020

	1/1 - 12/31		
		2021	2020
	Note	EUR million	EUR million
Profit or loss for the period		-14.2	-36.2
Items that will never be reclassified to profit and loss:			
Actuarial gains and losses from pension commitments	(18)	1.0	-0.7
Items that may be reclassified to profit and loss:			
Exchange rate differences in the fiscal year	(21)	0.8	-0.6
Total income and expense recognized directly in other comprehensive income		1.8	-1.3
Total comprehensive income		-12.4	-37.5
Thereof attributable to:			
Owners of the parent		-12.4	-37.5

Consolidated Statement of Changes in Equity

for the period from January 1 to December 31, 2021 and 2020

Equity Attributable to Owners of the Parent

	Equity Attributable to Owners of the Farent			
			Other Reserves	
	Subscribed Capital	Capital Reserves	Currency Translation Reserves	
	EUR million	EUR million	EUR million	
As of January 1, 2020 before correction	8.9	19.8	3.9	
Profit or loss for the period	0.0	0.0	0.0	
Other comprehensive income	0.0	0.0	-0.6	
Total comprehensive income	0.0	0.0	-0.6	
As of December 31, 2020	8.9	19.8	3.3	
As of January 1, 2021	8.9	19.8	3.3	
Profit or loss for the period	0.0	0.0	0.0	
Other comprehensive income	0.0	0.0	0.8	
Total comprehensive income	0.0	0.0	0.8	
As of December 31, 2021	8.9	19.8	4.1	

Equity Attributable to Owners of the Parent			Equity
	Retained Earnings		
Actual Gains and Losses from Pension Commitments	Other Retained Reserves	Total	
EUR million	EUR million	EUR million	EUR million
-7.6	-14.8	10.2	10.2
0.0	-36.2	-36.2	-36.2
-0.7	0.0	-1.3	-1.3
-0.7	-36.2	-37.5	-37.5
-8.3	-51.0	-27.3	-27.3
-8.3	-51.0	-27.3	-27.3
0.0	-14.2	-14.2	-14.2
1.0	0.0	1.8	1.8
1.0	-14.2	-12.4	-12.4
-7.3	-65.2	-39.7	-39.7

Consolidated Cash Flow Statement

for the period from January 1 to December 31, 2021 and 2020

	2021 EUR million	2020 EUR million
Cash flows from operating activities		
Profit or loss for the period	-14.2	-36.2
Adjustment to reconcile profit or loss for the period to net cash flow		
Amortization, depreciation and impairment of non-current assets	3.8	10.9
Contribution to the pension provisions	-1.4	1.0
Profit/loss from disposal of non-current assets	0.0	-0.1
Other non-cash expenses/income	-0.2	3.5
Net finance costs	0.8	2.1
Net tax expense	1.0	-2.7
Change in trade receivables	0.4	2.5
Change in construction contracts	29.7	25.8
Change in other receivables and other assets	-7.2	2.2
Change in inventories	-4.9	1.1
Change in trade payables	10.7	-2.0
Change in other liabilities	1.6	-2.9
Change in prepayments	3.1	0.0
Change in provisions from restructuring measures	0.0	0.0
Change in further provisions	1.0	-2.3
Interest paid	-0.1	-0.2
	0.0 38.2	0.0 38.9
Net cash from/used in operating activities	24.1	2.7

	2021 EUR million	2020 EUR million
Cash flows from investing activities		
Cash paid for investments in development projects	-0.5	-2.4
Cash paid for investments in other intangible assets and property, plant and equipment	-0.4	-0.6
Net cash from/used in investing activities	-0.9	-3.0
Cash flows from financing activities		
Cash used to pay bond interest	-1.2	-1.0
Cash received/used on the issuance of loans	-4.0	0.0
Cash used to pay loan interest	-0.2	-0.5
Cash used to pay leasing liabilities	-2.6	-2.6
Cash received/used on financial assets subject to restrictions on disposal	-10.3	-0.4
Net cash from/used in financing activities	-18.3	-4.5
Cash and cash equivalents at the beginning of the reporting period	4.9	-4.8
Effect of exchange rate changes	0.3	-0.2
Cash and cash equivalents at the beginning of the reporting period	9.8	14.8
Cash and cash equivalents at the end of the reporting period	15.0	9.8

Cash and cash equivalents comprise monetary investments with a remaining maturity of up to three months at the time of acquisition.

Financial assets subject to restrictions on disposal are presented separately in the balance sheet. These financial assets relate to the Company's financing transactions and are included in the consolidated cash flow statement as cash flows from financing activities.

SINGULUS TECHNOLOGIES Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

Note 1 - General Information

The consolidated financial statements present the operations of SINGULUS TECHNOLOGIES AG, Hanauer Landstrasse 103, 63796 Kahl am Main (hereinafter also referred to as "SINGULUS TECHNOLOGIES AG") and its subsidiaries (hereinafter also referred to as "SINGULUS TECHNOLOGIES," the "Company" or the "Group").

The Company is registered under HRB 6649 in the commercial register at the local court (*Amtsgericht*) of Aschaffenburg.

The consolidated financial statements were prepared in Euro (€). Unless stated otherwise, all figures are presented in millions of Euro (million €). Due to presentation in million €, differences in rounding may occur.

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were prepared in accordance with the International Financial Reporting Standards ("IFRSs") as adopted in the European Union ("EU") and the additional requirements of section 315e (1) of the German Commercial Code (*Handelsgesetzbuch*, "HGB").

The term "IFRS" includes all International Financial Reporting Standards and International Accounting Standards ("IAS") adopted by the EU with mandatory application as of the reporting date. All interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRS IC") – formerly the Standing Interpretations Committee ("SIC") and the International Financial Reporting Interpretations Committee ("IFRIC") – that were mandatory for fiscal year 2021 were likewise applied.

In order to improve the clarity and meaningfulness of the consolidated financial statements, individual items are aggregated in the balance sheet and income statement and presented separately and in the notes to the financial statements.

The consumption of more than half of the nominal capital pursuant to HGB was incurred in the business year 2017 and was reported on September 21, 2017. The extraordinary shareholders' meeting was convened on November 29, 2017. In the course of the extraordinary general meeting on October 29, 2021, pursuant to Art. 92 Para. 1 AktG the Executive Board again reported on the loss of the nominal capital pursuant to HGB of the parent Company. The background to the depletion of shareholders' equity was presented, which was mainly due to the timing of revenue recognition pursuant to HGB and IFRS and the operating losses resulting from the underutilization of the organization in recent years.

However, from today's point of view, the group has sufficient available liquid funds to safeguard the course of business and therefore draws up the financial statement according to the going-concern assumptions.

In connection with the going concern of the Company and thus of the Group, we refer to the comments under note 4.

Note 2 - Business activities

SINGULUS TECHNOLOGIES develops and builds machines for economic and resource-efficient production processes. The application areas include vacuum thin-film and plasma coating for wet-chemical processes as well as thermal process technologies. For all machines, processes and applications SINGULUS TECHNOLOGIES draws upon its know-how in the areas of automation and process technology. Additional fields of activity are being tapped into aside from the Solar, Semiconductor, Data Storage (Optical Disc), Decorative Coatings and Medical Technology divisions. The complete machines program of the company is complemented by a global network for replacement parts and service activities.

For more information, please refer to the comments on segmental reporting in Note 5.

Note 3 - New accounting standards

New accounting standards and interpretations requiring application

In previous years, the International Accounting Standards Board ("IASB") and the International Financial Reporting Standards Interpretations Committee ("IFRS IC") issued the following new accounting standards or interpretations. These standards/interpretations have been endorsed by the EU as part of the endorsement project and are mandatory for fiscal year 2021.

- Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 3 and IFRS 15 Reform of reference interest rates – Stage 2
- Amendments to IFRS 4
- Amendments to IFRS 16

The provisions which are relevant for the SINGULUS TECHNOLOGIES Group as well as their impact on these consolidated financial statements are outlined below:

• Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 3 and IFRS 15 – Reform of reference interest rates – Stage 2

The amendments in the second phase of the reform of reference interest rates project (amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases) supplement the requirements of the first phase of the project and are generally based on the replacement of a reference interest rate by another reference interest rate.

With respect to the mapping of financial instruments the following aspects are affected in particular:

In the event of changes in contractual cash flows, it may not be necessary to adjust or derecognize the carrying amount of financial instruments on the basis of the adjustments. Rather, under certain conditions, it is possible to adjust the effective interest rate to reflect the change in the alternative reference interest rate.

With regard to hedge accounting, based on the amendments, it is not necessary under certain circumstances to terminate a hedging relationship designated for hedge accounting purposes due to adjustments triggered by the reference interest rates reform.

New risks, arising from the reform, and moreover, how the transition towards alternative reference interest rates is managed, have to be disclosed.

In addition to amendments to IFRS 9, IAS 39 and IFRS 7, the IASB passed minor amendments to IFRS 4 and IFRS 16.

There was no significant impact on the consolidated financial statements of the SINGULUS TECHNOLOGIES AG.

• Amendment to IFRS 4 - Extension of the temporary waiver for IFRS 9

The amendments to IFRS 4 are intended to address temporary accounting issues arising from the different effective dates of IFRS 9 Financial Instruments and the future IFRS 17 Insurance Contracts. In particular, this will extend the temporary exemption from IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the effective date of the new IFRS 17.

There was no significant impact on the consolidated financial statements of the SINGULUS TECHNOLOGIES AG.

• Amendments to IFRS 16 - Covid-19 related rent concessions

IFRS 16 includes regulations with respect to the recognition of changes of leasing payments (amongst others, rent concessions) by the lessee. The lessee shall generally assess for each lease whether the lease concessions granted constitute modifications of the lease and shall make a resulting recalculation of the lease liability.

The amendment to IFRS 16 provides a practical simplification when it is applied. This is subject to certain conditions and limited in time. As a result of the simplification, the lessee does not have to account for lease concessions granted in connection with the Corona virus pandemic under the lease modification rules, but rather as if they were no modifications of the lease.

There was no significant impact on the consolidated financial statements of the SINGULUS TECHNOLOGIES AG.

New and revised accounting standards and interpretations that do not yet require application

In addition to the new accounting standards and interpretations published by the IASB and IFRS Interpretations Committee requiring application, other standards and interpretations have also been published, some of which have already been endorsed by the EU but will only become mandatory at a later date. The following standards will be applied on the date on which they became mandatory. Use was not made of the option to adopt the standards voluntarily at an earlier date in these financial statements. Unless otherwise indicated, the effects on the SINGULUS TECHNOLOGIES consolidated financial statements are currently being examined.

The new and revised standards and interpretations listed below have already been endorsed by the EU:

Amendments to IFRS 16 Covid-19 related rent concession after June 30, 2021

IFRS 16 includes regulations with respect to the recognition of changes of leasing payments (amongst others, rent concessions) by the lessee. The lessee shall generally assess for each lease whether the lease concessions granted constitute modifications of the lease and shall make a resulting recalculation of the lease liability.

In response to the sustained impacts of the COVID-19 pandemic, IFRS 16 Leases was amended on March 31, 2021 to provide a one-year extension of the practical expedient to assist the lessees in the accounting of COVID-19 related lease concessions. The amendments extend practical expedient relief to lease concessions that reduce lease payments originally due on or before June 30, 2022. Previously, only lease concessions that reduce lease payments that are or were due on or before June 30, 2021 were within the scope of the relief.

The amendments are to be applied to annual reporting periods beginning on or after April 1, 2021. An earlier application is permissible.

The Group is currently not expecting any material impact on the consolidated financial statements from this.

Amendments to IFRS 3 Reference to the Framework

Pursuant to the amended conceptual framework the references to the conceptual framework in various standards was amended for IFRS 3 as well. The accounting rules for business combinations are not changed in substance.

The amendments are applicable to business combinations for which the acquisition date is on or after January 1, 2022. An earlier application is permissible.

There will be no impacts on the consolidated financial statements from this.

Amendments to IAS 16

The amendments clarify that revenue received by an entity from the sale of items manufactured while preparing the asset for its intended use (for example, product samples) and the related costs should be recognized in the profit and loss statement. The inclusion of such amounts in the calculation of the acquisition costs is not permitted.

The amendments are to be applied to reporting periods beginning on or after January 1, 2022. An early application of the amendments is permissible.

The Group is currently not expecting any material impact on the consolidated financial statements from this.

• Amendments to IAS 37 Onerous Contracts - costs of fulfilling a contract

The amendments include the definition of which costs an entity can include when assessing whether a contract will be loss-making. Accordingly, costs for the performance of a contract are all costs that directly relate to the contract. This means that both costs that would not be incurred without the contract (incremental costs) and other costs directly attributable to the contract must be taken into account.

The amendments are to be applied to reporting periods beginning on or after January 1, 2022. An early application of the amendments is permissible.

The Group is currently not expecting any material impact on the consolidated financial statements from this.

Improvements to IFRS 2018 - 2020 - Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

The Annual Improvement to IFRS changed the following standards.

In IFRS 1, first-time adopters of IFRS 1.D16 (a) have the option to determine cumulative translation differences at the amounts recognized by the parent.

The amendment to IFRS 9 clarifies which fees are to be included in the 10% test (IFRS 9.B3.3.6) with regard to the assessment of whether a financial liability will be derecognized. Only fees paid or received between the company as a borrower and the lender are taken into account.

In IFRS 16, the representation of the reimbursement of leasehold improvements has been removed in Explanatory Example 13 to IFRS 16.

In IAS 41, the prohibition to include tax payments in the fair value measurement is removed.

The amendments are to be applied to reporting periods beginning on or after January 1, 2022. An early application of the amendments is permissible.

The Group is currently not expecting any material impact on the consolidated financial statements from this.

Amendments to IAS 1 and IFRS Practice Statement – Disclosure of Accounting Policies

The amendment to IAS 1 requires that only "material" accounting policies are disclosed in the annotations. To be material, the accounting policy has to be in connection with material transactions or other events and there has to be a reason for the presentation. A reason may be, for example, that the method has been changed, it is an option, the method is complex or highly judgmental, or it has been developed in accordance with IAS 8.10-11. The amendments to Practice Statement 2 accordingly indicate how the concept of materiality is applied to the disclosure of accounting policies. This means that in the future the focus will be on company-specific disclosures instead of standardized disclosures.

The Group is currently not expecting any material impact on the consolidated financial statements from this.

• Amendments to IAS 8 - Definition of Accounting—Related Estimates

The amendment to IAS 8 clarifies how companies can better distinguish changes in accounting policies from changes in accounting estimates. Therefore, it is defined that an accounting-related estimate is always related to a valuation uncertainty of a financial item in the financial statements. In additional to input parameters, a company also applies valuation procedures for the assessment of an estimate. Valuation principles can be estimates or valuation techniques.

The changes are applicable for reporting periods beginning on or after January 1, 2023. An early implementation of the changes is allowed.

The Group is currently not expecting any material impact on the consolidated financial statements from this.

Amendment to IAS 12 - Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction

The amendments address previously existing uncertainties in the accounting for deferred taxes in connection with leases and disposal or restoration obligations.

If assets and liabilities are recognized for the first time, the so-called "initial recognition exemption" (IAS 12.15) already applied under certain conditions. In these cases, deferred taxes are exceptionally not to be recognized. In practice, there was uncertainty as to whether this exemption also applied to leases and disposal or restoration obligations. A narrowly defined amendment to IAS 12 has now been made to ensure consistent application of the standard.

As a result of this amendment, the initial recognition exemption no longer applies to transactions in which both deductible and taxable temporary differences arise in the same amount on initial recognition, even if the other previously applicable conditions are met. It is thus a reversal exemption of the "initial recognition exemption" for narrowly defined cases. The amendments result in the recognition of deferred taxes, e.g. on leases accounted for by the lessee and on disposal or restoration obligations.

The changes are applicable for reporting periods beginning on or after January 1, 2023. An early implementation of the changes is allowed.

The Group is currently not expecting any material impact on the consolidated financial statements from this.

Amendments to IFRS 17 Initial application of IFRS 17 and IFRS 9 – Comparison Information

The amendment to IFRS 17 introduces the option of applying a so-called "classification overlay approach", if certain conditions are met. This will make the comparative information on financial instruments in the year prior to the first-time application of IFRS 17, i.e. for 2022, more meaningful. The "classification overlay approach" can be applied if no "restatement" of a financial asset is made when IFRS 17 and IFRS 9 are applied simultaneously for the first time with regards to the comparative information of IFRS 9 in 2022. When applying the "classification overlay approach", the classification into the categories of IFRS 9 is based on the information available at the time of transition, i.e. how the entity plans to classify its financial assets upon initial application of IFRS 9. Comparative information is generally disclosed as if the classification and measurement requirements of IFRS 9 had already been applied in the comparative period, with the exception of the impairment rules, where the "classification overlay approach" does not require disclosure in accordance with IFRS 9. Differences between the previous carrying amount of a financial asset and the amount resulting from the classification overlay approach are recognized in equity.

The extent to which an entity has made use of the approach (e.g., whether it has been applied to all financial assets to be disposed of in 2022) and whether and to what extent it has been disclosed in accordance with the impairment rules of IFRS 9, must also be disclosed.

When IFRS 9 is applied for the first time as of January 1, 2023, the transitional provisions applicable under IFRS 9 must be applied, irrespective of whether or not the "classification overlay approach" has been applied.

The changes are applicable for reporting periods beginning on or after January 1, 2023. An early implementation of the changes is allowed.

The Group is currently not expecting any material impact on the consolidated financial statements from this.

The new and revised standards listed below have not yet been endorsed by the EU:

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and an Associate and Joint Venture

The amendments address a known inconsistency between the requirements of IFRS 10 and IAS 28 (2011) for the case of disposal of assets to an associated company or joint venture or contribution of assets to an associated company or joint venture.

IFRS 10 requires a parent to recognize the full amount of the gain or loss on disposal of a subsidiary in profit or loss when control is lost. In contrast, the currently applicable IAS 28.28 requires that the gain or loss on disposal in a sale transaction between an investor and an investment accounted for using the equity method - whether an associated company or a joint venture - be recognized only to the extent of the other's interest in that entity.

In the future, the entire gain or loss on a transaction is to be recognized only if the assets sold or contributed constitute a business as defined by IFRS 3. This is independent of the fact, whether the transaction is structures as a share or asset deal. If the assets do not constitute a business, however, only a pro-rata recognition of gains or losses is permitted.

The IASB has postponed the date of first-time application of the amendments indefinitely.

• Amendments to IAS 1 - Classification of Debt as short- or long-term

The adopted amendments to IAS 1 relate to a limited adjustment of the assessment criteria for the classification of liabilities as current or non-current.

It is clarified that the classification of liabilities as current depends on the entity's rights at the reporting date to defer settlement of the liability for at least twelve months after the end of the reporting period: If such rights exist, the liability is classified as non-current. The right to postpone the fulfillment of the debt must be substantial in this respect. If the company has to meet certain conditions in order to exercise such a right, these conditions must be met at the reporting date; otherwise, the liability is classified as current.

For the classification of a liability, it is irrelevant whether management intends or expects that the liability will actually be settled within twelve months after the balance sheet date. For the classification it is only relevant whether the right exists at the balance sheet date to defer settlement of the liability for at least 12 months. This holds true in the event of performance within the value recovery period.

In July 2020, the date of initial application was deferred by one year to reporting periods beginning on or after January 1, 2023.

The changes are thus - subject to adoption into EU law - applicable for reporting periods beginning on or after January 1, 2023. An early implementation of the changes is allowed, but is generally subject to an EU endorsement.

The Group is currently not expecting any material impact on the consolidated financial statements from this.

Amendments to IFRS 16 - Lease liabilities from sale and leaseback transactions

The amendment relates to the accounting treatment of lease liabilities from sale and leaseback transactions and requires a lessee to measure the lease liability subsequent to a sale in such a way that it does not recognize in profit or loss any amount relating to the retained right of use. The newly added paragraphs explain, among other things with the help of examples, different possible approaches, particularly in the case of variable lease payments.

The amendments are effective - subject to adoption into EU law - for annual periods beginning on or after January 1, 2024.

Early application of the amendments is permitted, but requires EU endorsement.

Note 4 - Significant accounting principles

The company accounts under going concern premise and points out the following events and circumstances:

The SINGULUS TECHNOLOGIES Group is highly dependent on the future development of its business activities with a small number of large customers. both with regard to the achievement of the expected financial ratios and the further development of liquidity. Sufficient liquidity of the Company and the Group in the next 12 months from preparation can only be maintained if the planning can be realized in the next 12 months from preparation. A key prerequisite in the planning is that the partial payments to be made on the basis of the major orders already contracted with CNBM are actually made or not materially delayed in accordance with the customer's confirmation letter dated January 9, 2023. In addition, it is necessary to obtain further significant major orders with a contract value of €116.7 million in the next 12 months. Furthermore, the availability and maintenance of the committed €20.0 million CNBM financing beyond March 2024 and the availability and disbursement of the €4.0 million super senior loan must be guaranteed until at least the end of 2023. In addition, the guarantee of a material bondholder to compensate for any calls of the corporate bond must remain in place. Furthermore, the extension of the working capital credit line of €10.0 million must take place in April 2023 or alternatively be replaced by a shareholder loan from CNBM.

The Executive Board expects with a high degree of probability that the partial payments to be made will be received as scheduled and that further major orders will be signed. In addition, the Executive Board considers the risk of effective notices of termination by the bondholders as a result of any delay in the submission or publication of the annual financial statements for fiscal year 2022 to be very low. This is based on past experience and the expected support of at least two major bondholders, so that terminations representing more than 20% of the bonds are considered unlikely. In addition, one of the Company's major bondholders issued a guarantee to compensate for effective calls. The Company plans to convene a meeting of creditors in April 2023. The subject of the meeting is the application for temporary waiver of termination and the extension of the submission deadline for the 2022 annual financial statements to August 31, 2023. In the view of the Executive Board, it is largely likely that the company will be financed through to April 6, 2024 on the basis of current corporate planning.

These events and circumstances indicate the existence of a material uncertainty, which may cast significant doubt about the ability of the Company and the Group to continue as a going concern and represent a going concern risk within the meaning of Sec. 322 (2) Sentence 3 HGB. The SINGULUS TECHNOLOGIES Group may therefore not be able to realize its assets and settle its liabilities in the ordinary course of business.

In order to ensure the solvency and financial flexibility of the SINGULUS TECHNOLOGIES Group at all times, the Group currently makes use of the following debt financing instruments:

Financing component	Nominal value	Maturity
Corporate bond	€ 12.0 million	July 22, 2026 (repayment date)
Super Senior Loan in accordance with the terms of the bond	€ 4.0 million	Drawing no later than May 12, 2023, maturity until (at least) December 31, 2023
Working capital facility	€ 10.0 million	12 months after drawdown or until 14 days before expiry of letter of credit
CNBM financing	€ 20.0 million	1st tranche: August 2, 2024 2nd tranche: October 3, 2024

In connection with the corporate bond with a nominal volume of €12.0 million, the 2nd creditors' meeting was held in Frankfurt am Main on May 6, 2021 as an attendance event for bondholders. With a quorum of 34.37%, a resolution was passed to extend the term of the bond by a further five years to July 22, 2026 and to reduce the current interest rate from an average of 6.7% to 4.5%. The repayment amount was increased to 105% in this connection. The increased repayment amount is also applicable in the event of early repayment. The new bond terms came into effect on July 13, 2021.

In addition, the creditors' meeting approved further amendments to the bond terms by more than 98% by resolution on September 20, 2022. These include, among other things, a temporary waiver by the bondholders of possible cancellation rights due to the failure to publish the audited financial statements for 2020 and 2021 for nine months from publication of the resolutions (September 22, 2022). The audited financial statements for the 2022 financial year must be submitted by April 30, 2023 in order to avert termination rights that would otherwise arise. After a 30-day period to cure the situation, bondholders will have termination rights. However, the termination rights of individual bondholders will only take effect if a total of more than 20% of the bonds are represented. In order to compensate for the financial impact of the potential termination rights, a major bondholder has issued a guarantee to the Company that it will grant a loan to the Company if the termination rights take effect. The Company plans to convene a meeting of creditors in April 2023. The subject of the meeting will be the application for a temporary waiver of notice and the extension of the deadline for submission of the 2022 annual financial statements to August 31, 2023.

In addition, a loan of €4.0 million is available to the Company in accordance with the bond terms and conditions. The loan was originally due on March 1, 2021. Following a temporary deferral, the loan was repaid in full in December 2021. Effective December 5, 2021, the Company signed a conditional loan agreement in the amount of €4.0 million with a new lender in 2021. The loan

agreement is subject to the condition precedent of the issuance of the audit certificate. Once the conditions have been met, the Company can take out the loan until May 12, 2023. Repayment is agreed for December 31, 2023, but an automatic extension for a further 12 months will take place if both parties do not terminate the agreement.

Since May 2022, the Company has had access to a working capital credit line in the amount of €10.0 million. The repayment of the loan is guaranteed by the Chinese main shareholder CNBM. The term of the agreement was initially 12 months and was extended by a further 12 months effective January 31, 2023, subject to the occurrence of conditions precedent. In the event that the term extension is not granted by the disbursing bank, CNBM guarantees to provide the Company with sufficient financial resources to enable the Company to meet its obligations.

To secure the continued existence of the Company and thus of the Group, the Company signed an agreement with the major shareholder CNBM to provide liquid funds in the amount of ≤ 20.0 million effective February 3, 2023. In return, the Company granted various options relating to rights in connection with knowhow in the field of solar technology. The total volume flowed to the Company in two tranches in March in the amount of ≤ 9.6 million and in early April 2023 in the amount of ≤ 10.4 million. Both tranches have a maturity of at least 18 months, but the disbursed funds have to be repaid in full or in part only upon request of the lender. The Company also has the option to repay the funds in part or in full at any time. However, they cannot be drawn down again.

4.1 Consolidation principles and scope of consolidation

The consolidated financial statements include the financial statements of the SINGULUS TECHNOLOGIES AG and its subsidiaries as of December 31 of a given fiscal year.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which the Group obtains control. The consolidation is terminated when the control by the parent company ceases to exist.

The financial statements of the subsidiaries are prepared as of the same balance sheet date as that of the parent, using consistent accounting policies.

All intragroup balances, income and expenses and gains and losses resulting from intragroup transactions are eliminated in full.

In addition to the SINGULUS TECHNOLOGIES AG, the consolidated financial statements include all companies, which are controlled by the company. The companies are included on the basis of ownership of all voting rights.

The following subsidiaries are included in the consolidated financial statements:

- SINGULUS TECHNOLOGIES Inc., Windsor, USA
- SINGULUS TECHNOLOGIES MOCVD Inc., Windsor, USA
- SINGULUS TECHNOLOGIES ASIA PACIFIC Pte. Ltd., Singapore
- SINGULUS TECHNOLOGIES LATIN AMERICA Ltda., São Paulo, Brazil
- SINGULUS TECHNOLOGIES FRANCE s.a.r.l., Sausheim, France
- SINGULUS TECHNOLOGIES TAIWAN Limited, Taipei, Taiwan
- SINGULUS TECHNOLOGIES SHANGHAI Co. Ltd., Shanghai, China
- HamaTech USA Inc., Austin, USA
- STEAG HamaTech Asia Ltd., Hong Kong, China
- SINGULUS CIS Solar Tec GmbH, Kahl am Main, Germany
- SINGULUS New Heterojunction Technologies GmbH, Kahl am Main, Germany

For further details, please refer to Note 33.

4.2 Foreign currency translation

The financial statements of the foreign subsidiaries are prepared in the currency in which the majority of transactions are concluded (functional currency). The functional currency is the relevant local currency. For inclusion of the foreign financial statements in the Group's reporting currency, the balance sheet items are translated using the closing rate on the balance sheet date and income statement items are translated using the average rate for the fiscal year. The equity of equity investments is translated using the historical rate. Currency translation differences arising from the application of different exchange rates are recognized in other comprehensive income.

Foreign currency monetary items are translated using the closing rate. Exchange differences are recognized as income or expenses in the period in which they occur.

4.3 Management's use of judgment and main sources of estimating uncertainties

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions by management which have an effect on the amounts of the assets, liabilities, income, expenses and contingent liabilities reported. Assumptions and estimates generally relate to the uniform determination of useful lives of assets within the Group, impairment of assets, the measurement of provisions, the collectability of receivables, the recognition of realizable residual values for inventories and the probability of future tax benefits. The actual values can differ from the assumptions and estimates made on a case by case basis. Any changes are recognized as profit and loss at the time of the knowledge gained.

In the Group, the use of judgment and estimating uncertainties affect the following areas in particular:

4.3.1 Impairment of assets

The Group determines whether goodwill is impaired at least once a year. Moreover, if there is any indication that an asset may be impaired, that asset is tested for impairment by estimating its recoverable amount of the asset. If it is not possible to

estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset is allocated.

This requires an estimate of the recoverable amount of the assets or cash-generating units to which the goodwill or asset is allocated. Please also refer to the comments under 4.14 "Impairment of non-financial assets".

4.3.2 Deferred tax assets

Deferred tax assets are recognized for all temporary differences and for all unused tax loss carryforwards to the extent that it is probable that taxable profit will be available against which the tax assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the probable timing and level of future taxable profits together with future tax planning strategies. Please also refer to the comments in Note 20.

4.3.3 Share-based compensation

The Group measures the cost of granting equity-based instruments to employees by reference to the fair value of the equity instruments at the date on which they are granted. In order to estimate fair value, an appropriate measurement approach must be determined for grants of equity instruments. This approach depends on the terms and conditions of the grant. Furthermore, the appropriate data to be used in this measurement approach, including the anticipated option maturity, volatility, dividend yield and the corresponding assumptions, must be determined. The assumptions and approaches used are disclosed in Note 15.

4.3.4 Pension obligations

The cost of defined benefit pension plans is determined using actuarial calculations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. As these plans are of a long-term nature, such estimates are highly uncertain. Please also refer to the comments in Note 17.

4.3.5 Development costs

Development costs are capitalized in accordance with the accounting policies described under "Research and development costs". In order to test for impairment, the management must make assumptions regarding the amount of estimated future cash flows from assets, the discount rates to be applied, and the timing of the future cash flows expected to be generated by the assets. Please also refer to the comments in Note 11.

4.3.6 Leases

The Group has entered into lease agreements. The term of such agreements may be extended at the Group's discretion. Please refer to the comments below under Note 4.13 and Note 30.

4.3.7 Construction contracts

In order to evaluate the stage of completion of customer-specific construction contracts, the costs to complete the order must be estimated. Please also refer to the comments made below under 4.4 Revenue recognition

4.3.8 Provisions

Estimating future expenses is fraught with uncertainty. This is especially the case with provisions for warranties.

4.4 Revenue recognition

The Group generates revenue solely from contracts with customers. There are no sources of other revenue in accordance with IFRS 15.113. For the disaggregation of revenue in accordance with IFRS 15.114, please refer to Note 5.

The Group recognizes revenue when it satisfies a performance obligation by transferring a specified asset to a customer. An asset is deemed to have been transferred once the customer obtains control over that asset. Depending on the transfer of control, revenue is recognized either at a point in time or over time in the amount that reflects the consideration to which the Company expects to be entitled.

Revenue relating to the sale of equipment for manufacturing optical data storage devices in the Life Science operating segment is recognized when a contract has come into effect, the delivery has been made, and, if required, the equipment has been installed for and accepted by the customer and payment is reasonably certain. Revenue relating to services is recognized when the service has been rendered, a price has been negotiated and is determinable and payment thereof is probable. Revenue from the sale of individual components of equipment or replacement parts is recognized at a point in time when control is transferred (generally at the time of shipping) in accordance with the underlying agreements.

Given that the Solar, Life Science and Semiconductor segments do not manufacture the other equipment in serial batches but rather to individual customer order for which the Company has no alternative use, revenue for the majority of the equipment is recognized over time. The claim for payment of the service rendered is reviewed at the same time (IFRS 15.35(c)).

The relevant stage of completion is calculated using the input-oriented cost-to-cost method. The selected method enables the Company to make the most precise estimate of the percentage of completion because the Company uses an IT-based project controlling system that reliably estimates the budgeted costs and continuously monitors the total costs. The costs incurred to date are calculated as a proportion of the estimated total costs.

In addition, the company recognizes provisions for warranties on a time-apportioned basis using the percentage of completion method. However, this does not take into account the warranty expense to determine the stage of completion To determine the provisions for warranties please refer to Note 4.18.

Contracts are recognized on the balance sheet either as receivables from construction contracts (assets) or as liabilities from construction contracts if the prepayments received exceed the cumulative work performed. Once the final invoice has been issued, the closing balance is reclassified as trade receivables. If it is probable that the total contract costs exceed the total contract revenue, the expected loss is immediately expensed.

Whether the requirements for recognizing revenue over time are met in accordance with IFRS 15.35(c) is reviewed on an individual basis at the start of a customer order.

Revenue is recognized net of VAT, returns, sales deductions, credits and direct selling costs. Potential contractual penalties are assessed on a case-by-case basis.

The typical payment terms for the sale of equipment provide for a significant down payment at the commencement of production. Further payment terms are contractually defined and depend on the degree of completion, calling for a final payment upon transfer of the specified equipment. No material financing components exist. Typically, payment targets of between 30- and 60-days net are agreed for the replacement parts and service business. In addition, customer-specific advance payments are also agreed.

4.5 Goodwill

In all business combinations, the goodwill acquired was initially measured at cost, this being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed (partial goodwill method). In accordance with IFRS 3 and IAS 27, there is an option to recognize the total amount of the goodwill acquired, including goodwill attributable to non-controlling interests, in the case of business combinations (full goodwill method). After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The recognized goodwill is not amortized. It is tested for impairment annually or whenever there are indications of impairment. Impairment testing takes place at the cash-generating unit level. These groups of cash generating units correspond to the business segment according to IFRS 8 (c. Note 5). If the recoverable amount of the relevant business segment has fallen below the carrying amount of the unit, an impairment loss is recognized in accordance with IAS 36. Reversals of impairment losses are prohibited.

4.6 Research and development costs

Research costs are expensed in the period in which they are incurred. Pursuant to IAS 38, development costs are recognized as intangible assets at cost, provided that the conditions of IAS 38.57 are fulfilled. In addition to the technical feasibility of completing the intangible asset, this includes the generation of probable future economic benefits from the intangible asset (IAS 38.57(d)) and the ability to measure reliably the expenditure attributable to the intangible asset during its development (IAS 38.57(f)). Cost comprises all costs directly attributable to the development process as well as appropriate shares of development-related overheads.

Profitability calculations (project calculations) are used to demonstrate the condition under IAS 38.57(d). The respective net present value of the development project is calculated on the basis of specific budgeted results for revenue/contribution margins attributable to the project, applying the company-specific discount rate.

From the point at which they can be used, the developed products are amortized on a straight-line basis over a term of five years.

At each balance sheet date, it must be reviewed whether there are any indications of impairment. If this is the case, the asset must be tested for impairment and, if necessary, an impairment charge recognized. Prior-period impairment charges must be

reviewed annually to determine whether there are any indications that the impairment can be reversed.

Updated project calculations are used for the impairment tests and to calculate the recoverable amount of the capitalized development costs. Furthermore, an additional impairment test is performed at a higher level for own work capitalized allocated to the Solar operating segment as part of the goodwill impairment testing for the Solar operating segment.

Government subsidies received for research and development projects are offset against the research and development costs in the income statement.

4.7 Other intangible assets

Intangible assets acquired separately are recognized at cost. Intangible assets acquired in the course of a business combination are recognized at fair value as of the date of acquisition. Internally generated intangible assets are recognized, if the criteria for recognition are met. If the criteria are not met, the costs related to such intangible assets are recognized as expenses in the period in which they are incurred. Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortized, and are instead tested for impairment at least once a year. No intangible assets with indefinite useful lives were recognized in the reporting period.

The useful lives of intangible assets with finite useful lives are:

Software
Patents
Technology
3 years
8 years
5 to 8 years

4.8 Cash and cash equivalents

Cash and cash equivalents comprise monetary investments with a remaining maturity of up to three months at the time of acquisition as well as bills of exchange with an original maturity of up to three months.

Financial assets subject to restrictions on disposal are presented separately in the balance sheet. These financial assets relate to the Company's financing transactions and are included in the consolidated cash flow statement as cash flows from financing activities.

4.9 Inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Raw materials, consumables and supplies including spare parts are measured using the weighted average cost formula. In the case of manufactured products, the cost includes an appropriate share of the production overheads based on normal operating capacity. Appropriate allowances are made for potential losses due to obsolete or slow-moving inventories.

The five existing allowance classes for salability are derived from past experience and range between 0% and 100% of depreciated cost. The four existing allowance classes for days inventory held ("DIH") also range from 0% to 100% of depreciated cost.

In addition, inventories are individually tested for impairment and, if necessary, written down to their net realizable value.

4.10 Financial assets and liabilities

Recognition and subsequent measurement

Financial assets and financial liabilities are recognized in the balance sheet when an entity becomes party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially recognized at fair value (plus any transaction costs).

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

I. *Trade invoices* are issued mainly in euros and are recognized as *receivables* at the fair value of the *goods supplied or services rendered*.

If there is an objective indication that receivables carried at amortized cost are impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate determined on initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognized directly in profit or loss. For trade receivables, if there are objective indications that not all due amounts will be collected pursuant to the original payment terms (such as probability of insolvency or significant financial difficulties of the debtor), an impairment loss is charged. This only applies where there is no collateral (e.g., credit insurance policies, etc.). Receivables are derecognized when they are classified as uncollectible.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, the reversal must not result in the carrying amount of the asset exceeding what the amortized cost would have been at the date the impairment is reversed if the impairment had not been recognized.

Under the expected credit loss model set out in IFRS 9, portfolio loss allowances are recognized for trade receivables for which no individual loss allowance is recognized; the portfolio loss allowances are recognized based on the assets' statistical probability of default.

For details on the recognition of foreign currency receivables and the related hedging transactions, please refer to the comments under 4.11 "Hedge accounting" and 4.2 "Foreign currency translation".

II. The expected write-down on *cash and cash equivalents* and *financial assets* subject to restrictions on disposal was calculated on the basis of expected

losses within the respective maturity bands. Due to the availability of demand deposits at short notice and the outstanding creditworthiness of the credit institutions, it is assumed that cash and cash equivalents are exposed to low risk of default. The Finance department monitors changes in the default risk through quarterly observation of published external credit ratings. To the extent that the potential impairment losses remain small, the Company will opt not to recognize a write-down.

Financial assets held for trading are measured at fair value through profit or loss. Financial assets classified as "hold and sell" are measured at fair value through other comprehensive income.

The Group has not classified any financial assets as measured at fair value through profit or loss or fair value through other comprehensive income.

Financial liabilities include liabilities from bond issues, liabilities from loans, trade payables and other liabilities. The Group initially recognizes financial liabilities at the date they arise. These liabilities are measured at amortized cost.

Derecognition

Financial assets are derecognized if one of the following conditions is met:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without delay to a third party under an agreement that meets the conditions in IFRS 9.3.2 ("pass-through" arrangement); and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are derecognized when the contractual obligations have been settled, canceled or have expired.

4.11 Hedge accounting

Changes in the fair value of derivatives designated as a hedging instrument in a fair value hedge are recognized in profit or loss. The hedged item attributable to the hedged risk is also recognized at fair value, with the hedge expected to be highly effective in offsetting the changes in the fair value of the hedged item.

The derivative designated as a hedge in a cash flow hedge is carried in the balance sheet at fair value. However, changes in the value of the derivative are recorded in other comprehensive income if, and to the extent that, the hedging relationship is effective. The non-effective portion of the change in fair value continues to be recognized in profit or loss. The change in fair value recorded in equity is derecognized and recorded in profit or loss as soon as the hedged item has an effect on the income statement, or, if the hedged item is reversed, as soon as the hedged item ceases to exist.

In accordance with IFRS 9, effectiveness is tested on the basis of qualitative methods. The qualitative test must evaluate the economic relationship between the hedging instrument and the hedged item and ensure that the effects of a change in the credit risk is not so significant as to dominate the value changes of the changes in hedging instrument and the hedged item.

The Company primarily concludes forward exchange contracts to hedge foreign currency risks from trade receivables. In the case of hedges for existing receivables, the hedging transaction and the risk portion of the hedged item are carried at fair value. Changes in value are recognized in profit or loss.

In the case of cash flow hedges, the hedging instruments are likewise carried at fair value. Forward exchange contracts are valued using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency. Changes in value, provided that the hedges are deemed to be effective, are initially disclosed in other comprehensive income, taking into account any deferred taxes, and only recognized in profit or loss when the cash flow is realized.

4.12 Property, plant and equipment

Property, plant and equipment are carried at cost plus directly allocable costs, less depreciation and impairments. Finance costs relating to qualifying assets are recognized as part of the cost if the criteria set out in IAS 23 are met. Depreciation is charged on a straight-line basis over the economic lives of the assets. The economic life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The economic lives are estimated as follows:

Buildings 25 to 30 years
Plant and machinery 2 to 10 years
Other assets 1 to 4 years

Depreciation and impairment of property, plant and equipment are recognized in the functional area to which the respective assets are allocated.

4.13 Leases

The Company is a lessee of property, plant and equipment, primarily relating to two administration and production buildings in Kahl am Main and Fürstenfeldbruck. The Company has also entered into leases for motor vehicles and forklifts. These leases are accounted for in accordance with the criteria defined in IFRS 16 and recognized as right-of-use assets under property, plant and equipment and lease liabilities.

The Group also leases IT equipment; these leases are either short-term leases or their underlying assets are of low value. The Group has opted to not recognize any right-of-use assets or lease liabilities for these leases.

For further details, please refer to Note 30.

4.14 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is mandatory, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset/cash-generating unit exceeds its recoverable amount, the asset/cash-generating unit is considered impaired and is written down through profit and loss to the recoverable amount.

If a cash-generating unit is impaired, the assets in the unit are depreciated as follows:

- a) First, the carrying amount of goodwill allocated to the cash-generating unit; and
- b) then, the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These estimates are based on a five-year plan prepared by the Company. This plan is derived from the three-year plan approved by the Supervisory Board and extrapolated a further two years in order to determine the recoverable amount. The perpetual annuity is determined on the basis of the fifth planning year.

For purposes of impairment testing, the goodwill acquired in business combinations is allocated to the cash-generating units, which correspond to the Group's three operating segments. The goodwill recognized reflects the current and future business activities in the Solar segment and is tested for impairment on this basis.

4.14.1 Key assumptions used in the recoverable amount calculation

The recoverable amount of the cash-generating units was determined based on a value-in-use calculation, using cash flow projections based on financial budgets prepared by senior management covering a five-year period.

The following parameters of the assumptions used in the value-in-use calculation of cash-generating units leave room for estimating uncertainties:

- Development of revenue and future EBIT margins,
- Discount rates,
- · Development of the relevant sales markets,
- Growth rates used to extrapolate cash flow projections beyond the forecast period.

The EBIT margins are based on the revenue expectations of the management, which are in turn validated using market research forecasts for the industry. The corporate planning for planning years 2022 to 2024 (budget period) factors in both the order

backlog in the Solar segment and revenue estimated on the basis of customer requests and bids which are in the process of negotiation. Overall, management expects an increase in revenue in the Solar segment significantly greater than general market growth. The Executive Board also expects a significant improvement in EBIT margins in connection with the planned increase in revenue. Market expectations are factored in for 2025 and 2026 in particular. This revenue planning is used to determine the cost of sales and operating expenses based on current cost structures, budgetary calculations and past experience. Accordingly, the overall detailed budget period extends over five years.

Discount rates – The discount rates reflect estimates made by management on risks to be attributed to specific cash-generating units. The weighted average cost of capital ("WACC") for each cash-generating unit was used as the discount rate. The underlying base interest rate was determined using the Svensson method and yields of German government bonds (Bunds) for equivalent terms. Further components include the 7.80% market risk premium (previous year: 7.80%), beta factors, assumptions regarding country and credit risk premiums and the debt ratio using market data. The pre-tax discount rate applied to the cash flow projections is 16.0 % (previous year: 15.4%) in the Solar operating segment.

Management assumptions on market changes and growth are very significant in calculating value in use in the Solar segment. Specifically, technological trends, the future development of these trends, and the behavior of competitors is forecast for the budget period. The Company's own industry experience, dialog with customers and published industry-specific market research forecast continuing strong growth for the solar market despite the volatility prevalent in previous years.

Growth rate estimates – The forecast growth rates outside of the budget period are based on published industry-specific market research. The growth rate in the perpetual annuity using the discounted cash flow model ("DCF model") was extrapolated at 1% in the Solar segment.

The recoverable amount of the cash-generating units was determined based on a value-in-use calculation, using cash flow projections based on financial budgets prepared by senior management covering a five-year period.

Working capital attributable to the cash-generating unit is taken into account in calculating its carrying amount. This working capital was negative as of the reporting date due to prepayments received; the carrying amount of the cash-generating unit was also negative.

4.14.2 Sensitivity of assumptions made

For the Solar segment, the value in use exceeds the carrying amount by € 35.3 million. A change in the assumptions could lead to a situation in which the carrying amount of the cash-generating unit exceeds the recoverable amount. This could result from revenue in each case falling more than 19.8 % short of the budgeted figures in the five-year planning period as well as in the perpetual annuity. The Solar segment is likely to benefit from the expected global market growth. In particular, the further development of the Chinese solar market is highly significant for the Company. At the same time, management expects the EBIT margin to increase. This development is thus reflected in the value in use of the cash-generating units in this operating segment. EBIT margins will increase from a low level to 6.5 % by 2026. In the event the actual EBIT margin in the five-year planning period, as well as the perpetual annuity, is more than

4.8 percentage points lower than the assumed margin, the carrying amounts would be written down as a result.

4.15 Current tax assets and liabilities

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities using the tax rates and tax laws that have been enacted by the end of the reporting period. The calculation of the amount is based on the tax rates and tax laws applicable at the balance sheet date.

Current taxes relating to items which are recognized in comprehensive income are also recognized in other comprehensive income and not in profit or loss.

4.16 Deferred tax liabilities and assets

Deferred taxes are recognized for all temporary differences between carrying amounts in the tax accounts and the consolidated balance sheet using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses, to the extent that it is probable that taxable profit will be available for use of the deductible temporary differences and the carryforward of unused tax losses.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. Previously unrecognized deferred tax assets are reviewed at the end of each reporting period and recognized to the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be recovered. This decision is made based on internal tax forecasts.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable profit in the years in which these temporary differences are expected to be reversed. In the event of a change in tax rate, the effects on deferred tax assets and liabilities are recognized in profit or loss in the period to which the new tax rate applies.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or liabilities in the consolidated balance sheet.

Deferred tax assets and deferred tax liabilities are offset if SINGULUS TECHNOLOGIES AG or one of its subsidiaries has a legally enforceable right to set off a current tax asset against a current tax liability when they relate to income taxes levied by the same taxation authority.

4.17 Pension provisions

The actuarial measurement of pension provisions is based on the projected unit credit method prescribed by IAS 19 for benefit obligations for old-age pensions. This method takes into account the pensions and vested benefits known as of the balance sheet date as well as the increases in salaries and pensions to be expected in the future. The actuarial gains and losses are recognized in other comprehensive income.

4.18 Provisions

Under IAS 37, provisions are recognized if a present obligation toward a third party as a result of a past event exists which will probably result in a future outflow of resources, and whose amount can be reasonably estimated. Provisions that are not expected to lead to an outflow of resources in the subsequent year are carried at their discounted settlement amount on the balance sheet date. The discount factor is based on market interest rates. The settlement amount also includes the expected cost increases.

Provisions for warranty costs are recognized as soon as the respective revenue is realized. The provision is measured on the basis of historical estimates of the costs of meeting warranty obligations, including handling and transport costs.

For warranty claims, percentages are derived from experience for each product type and range between 2.75 % and 5.00 % (prev. year between 2.75 % and 5.5. %).

4.19 Share-based compensation

The Management Board and senior executives are granted share-based remuneration ("phantom stock") which is settled with a cash payment (cash-settled share-based payment transactions).

The cost of granting the share-based payments is measured at the fair value of these instruments on the date they were granted ("grant price"). The fair value is determined by an external expert using a suitable valuation model, further details of which are given in Note 15.

The recognition of the expenses incurred in connection with the issue of share-based payment instruments takes place throughout the period in which the exercise or performance condition must be fulfilled (vesting period). This period ends on the date on which the relevant employees become fully entitled to the award. The cumulative expenses recognized on each reporting date for equity-settled transactions until the vesting date reflect the extent to which the vesting period has expired and the number of awards that, in the opinion of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period. No expense is recognized for compensation rights that do not vest. This excludes compensation rights, whose vesting is subject to certain market conditions. These are deemed vested, irrespective whether market conditions are met or not, subject to all other performance conditions are satisfied.

The costs arising due to cash-settled share-based payments is initially calculated using a binominal model with reference to the fair value at the date on which they were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is recalculated at each balance sheet date and at the date of settlement. Changes in the fair value are recognized in profit or loss.

4.20 Earnings per share

Basic earnings per share are calculated by dividing profit by the weighted average number of shares outstanding. Diluted earnings per share are calculated by dividing profit by the weighted average number of shares outstanding plus the number of

convertible bonds and stock options outstanding, provided that the exercise of conversion rights and the stock options is reasonably certain.

The dilutive effect of the outstanding options would be reflected as additional share dilution in the determination of earnings per share, if vesting were deemed to be probable as of the balance sheet date.

Note 5 - Segmental reporting

The Group's business is organized by product for corporate management purposes and has the following three operating segments which are subject to disclosure:

Solar Segment

In the Solar division SINGULUS TECHNOLOGIES combines its activities for the manufacturing of crystalline solar cells with a focus on high-performance cells as well as for thin-film solar cells on the basis of copper-indium-gallium-diselenide (CIGS) and cadmium-telluride (CdTe). This includes various vacuum coating machines, systems for thermal processes as well as machines for wet-chemical processing. The work area of crystalline silicon solar cells includes production solutions for high-performance cell concepts such as HJT (heterojunction), IBC (interdigitated back contact) as well as TOPCon (tunnel oxide passivated contacts) solar cells. In this market SINGULUS TECHNOLOGIES also supplies complete production lines for crystalline silicon solar cells.

Life Science Segment

In the segment Life Science SINGULUS TECHNOLOGIES combined the new product solutions for Decorative Coatings, Medical Technology as well as machine and service solutions of the Data Storage areas (Optical Disc). A focus here is on vacuum coating machines for the finishing of surfaces as well as on various wet-chemical cleaning machines for applications in the medical technology and consumer goods industries.

For the consumer goods market an integrated production line DECOLINE II as well as the inline vacuum cathode sputtering machine POLYCOATER was developed in the past couple of years. Since 2017 SINGULUS TECHNOLOGIES has been marketing the production machine MEDLINE for applications in Medical Technology. In the segment Data Storage (Optical Disc) machines for the production of the known optical disc formats (CD, DVD, Dual Layer Blu-ray Discs as well as Ultra HD Blu-ray Discs) are offered.

Semiconductor Segment

SINGULUS TECHNOLOGIES is active in the semiconductor market as a supplier of special-purpose machines and offers the machine platforms TIMARIS and ROTARIS. The application range for the two machine platforms includes MRAM (magnetoresistive random access memory), sensory technology, power controllers and microelectromechanical systems (MEMS). The company has also regrouped the process solutions for the wet-chemical cleaning of electronic components to this segment.

The complete machines program of the company is complemented by a global network for replacement parts and service activities.

Directly attributable income, expenses and assets are generally reported directly under the segments to which they are directly attributable in the segment reporting. Income, expenses and assets which cannot be directly attributed to a given segment are allocated as a proportion of planned revenue for the fiscal year.

Management monitors the business segments' operating results separately in order to facilitate decisions regarding the allocation of resources and to determine the units' performance.

The key figures for management are net revenue and EBIT (operating result). Liabilities are managed at the group level. Revenue and operating results were allocated to the operating segments as follows in 2021:

	Segmer	nt	Segme	ent	Segn	nent		ULUS DLOGIES
	"Solai	"Solar" "Life Sci		ience"	"Semico	nductor"	Gro	oup
	2021	2020	2021	2020	2021	2020	2021	2020
	in million €	in million €	in million €	in million €	in million €	in million €	in million €	in million €
Gross revenue	35.6	8.3	27.1	15.9	6.1	5.7	68.8	29.9
Sales deduction and direct selling costs	0.0	-0.1	-0.1	-0.3	0.0	0.0	-0.1	-0.4
Net revenue	35.6	8.2	27.0	15.6	6.1	5.7	68.7	29.5
Operating result (EBIT) Amortization, depreciation and impairment	-10.2 -2.8		-0.1 -0.8		-2.1 -0.1		-12.4 -3.7	-36.8 -10.9
Financial result							-0.8	-2.1
earnings before taxes							-13.2	-38.9

The additions to capitalized development expenses concern the Semiconductor segment with € 0.5 million (previous year: € 0.0 million).

In the business year 2021, in the Solar division substantial sales were realized with the Chinese shareholder and major customer China National Building Materials (c. Note 35.). Of that revenue, € 23.2 million or 33.7% of total revenue was attributable to this customer. In the reporting period, significant revenue was generated with one customer in the Life Science segment. Of that revenue, € 11.1 million or 16.1 % of total revenue was attributable to this customer.

The table below displays information by geographical region as of December 31, 2021 based on assets:

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	in million €	in million €	in million €	in million €	in million €
Assets	75.6	0.3	3.2	4.2	0.0

The table below displays information by geographical region as of December 31, 2020 based on assets:

	Germany	Rest of Europe	North & South America	Asia	Africa & Australia
	in million €	in million €	in million €	in million €	in million €
Assets	49.0	0.5	4.3	4.6	0.0

Outside of Germany, significant revenue was generated in China (€ 25.1 million; previous year: 4.5 million) and in Singapore (€ 10.3 million; previous year: € 2.7 million) during the fiscal year.

The following matrix splits sales in the period under review according to the individual segments and selected categories.

January 1 to December 31, 2021	Solar	Life Science	Semiconductor	Total
2000111201 01, 2021	in million €	in million €	in million €	in million €
Revenue by country of destination				
Germany	4.9	1.9	4.1	10.9
Rest of Europe	0.5	7.6	0.8	8.9
North and South America	0.0	5.9	0.5	6.4
Asia	30.2	11.6	0.7	42.5
Africa & Australia	0.0	0.1	0.0	0.1
	35.6	27.1	6.1	68.8
Revenue by country of origin				
Germany	35.1	19.7	4.9	59.7
Rest of Europe	0.0	0.4	0.1	0.5
North and South America	0.1	5.1	0.5	5.7
Asia	0.4	1.9	0.6	2.9
Africa & Australia	0.0	0.0	0.0	0.0
	35.6	27.1	6.1	68.8
Products and services				
Production facilities	31.1	17.9	5.3	54.3
Service and spare parts	4.5	9.2	0.8	14.5
	35.6	27.1	6.1	68.8
Revenue recognition date				
Periodic revenue recognition	30.0	14.9	3.9	48.8
Revenue recognition as of a specific date	5.6	12.2	2.2	20.0
,	35.6	27.1	6.1	68.8

The Group reported an amount of € 123.2 million (previous year: € 76.5 million) as outstanding order backlogs for performance obligations not yet rendered in full. These are expected to be rendered in the next 24 months.

January 1 to Decemb er 31, 2020	Solar	Life Science	Semiconductor	Total
,	in million €	in million €	in million €	in million €
Revenue by country of destination				
Germany	4.5	2.7	2.3	9.5
Rest of Europe	0.1	5.4	1.0	6.5
North and South America	0.3	5.4	0.6	6.3
Asia	3.4	2.3	1.8	7.5
Africa & Australia	0.0	0.1	0.0	0.1
	8.3	15.9	5.7	29.9
Revenue by country of origin				
Germany	7.5	8.2	4.2	19.9
Rest of Europe	0.0	0.3	0.1	0.4
North and South America	0.3	4.9	1.0	6.2
Asia	0.5	2.5	0.4	3.4
Africa & Australia	0.0	0.0	0.0	0.0
	8.3	15.9	5.7	29.9
Products and services				
Production facilities	6.2	5.6	4.0	15.8
Service and spare parts	2.1	10.3	1.7	14.1
	8.3	15.9	5.7	29.9
Revenue recognition date				
Periodic revenue recognition	5.8	3.6	3.5	12.9
Revenue recognition as of a specific date	2.5	12.3	2.2	17.0
ac of a opposite date	8.3	15.9	5.7	29.9

Note 6 - Cash and cash equivalents

Bank balances earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods ranging between one day and twelve months, depending on the relevant cash requirements of the Group. These earn interest at the relevant rates applicable to short-term deposits. The fair value of cash and cash equivalents is \in 15.0 million (previous year: \in 9.8 million). For reasons of materiality, no loss allowances are recognized on the basis of the expected credit loss model because the bank balances are available at short notice and the selected banks have excellent credit ratings (Standard & Poor's A-3 or better).

Note 7 - Financial assets subject to restrictions on disposal

The Company has cash deposits of € 15.1 million (previous year: € 4.8 million) in blocked accounts over which it has no power of disposal. Accordingly, these deposits are included as cash flows from financing activities in the consolidated statement of cash flows if they are linked to the Group's financing transactions.

Note 8 - Trade receivables and receivables from construction contracts

	2021 in million €	2020 in million €
Trade receivables - current	2.9	3.3
Receivables from production contracts	3.5	3.7
Less allowances	-0.1	-0.1
	6.3	6.9

As of December 31, 2021, bad debt allowances of a nominal € 0.1 million had been charged on trade receivables (previous year: € 0.1 million). The development of the valuation allowances is presented below:

	2021 in million €	2020 in million €
As of January 1 Allowances recognized in profit	0.1	1.1
or loss	0.0	0.0
Utilization	0.0	-1.0
Reversals	0.0	0.0
As of December 31	0.1	0.1

If trade receivables become uncollectible, the associated receivables and allowances are derecognized.

As of December 31, the age structure of trade receivables and receivables from construction contracts, taking into account specific bad debt allowances, are broken down as follows:

	Total	Not due	Overdue by				
		In	less than 30 days	30-60 days	60-90 days	90-180 days	more than 180 days in
	in million €	million €	in million €	in million €	in million €	in million €	million €
2021	6.3	5.6	0.5	0.0	0.0	0.1	0.1
2020	6.9	6.6	0.3	0.0	0.0	0.0	0.0

The overdue trade receivables are secured in the form of retention of title, insurance policies and letters of credit. With regard to trade receivables for which no bad debt allowance was charged, there were no indications as of the balance sheet date that the debtors would not meet their payment obligations.

Receivables from construction contracts arise when revenue can be recognized according to the stage of completion (using the cost-to-cost method) and the criteria set forth in IFRS 15.35 have been fulfilled, but this revenue cannot yet be invoiced to customers under the respective contract. The costs and estimated profits include directly allocable costs and all production-related overheads. Receivables from construction contracts are all recognized in current receivables. The receivables from construction contracts and the project-related prepayments offset against them break down as follows:

	2020 in million €	2020 in million €
Aggregate amount of costs incurred and recognized profits (less any recognized losses)	22 4	17.2
Prepayments received	-18.9	-13.5
Receivables from production contracts	3.5	3.7

Gross amounts due to customers for construction contracts, which are reported as liabilities from construction contracts in a separate balance sheet item, break down as follows:

	2020 in million €	2020 in million €
Aggregate amount of costs incurred and recognized profits (less any recognized		
losses)	148.6	115.1
Prepayments received	-199.4	-136.5
Liabilities from construction contracts	-50.8	-21.4

During the period under review sales over a certain period of time in the amount of € 48.8 million (previous year: € 13.0 million) were recognized.

Revenue from construction contracts include contract commissions amounting to € 0.1 million.

Of the € 21.4 million in liabilities from construction contracts as of December 31, 2020, € 14.2 million was invoiced in the fiscal year.

Note 9 - receivables and other assets

Other receivables and other assets break down as follows:

	2021 in million €	2020 in million €
Prepayments made	10.2	2.2
Tax assets	0.3	0.6
Miscellaneous	1.1	1.0
	11.6	3.8

Tax assets for fiscal year 2021 essentially concern SINGULUS TECHNOLOGIES AG (€ 0.1 million) and result primarily from claims for VAT reimbursements. Prepayments to suppliers are generally short-term in nature. The creditworthiness of the individual suppliers is reviewed on a regular basis.

Note 10 - Inventories

The Group's inventories break down as follows:

	2021 in million €	2020 in million €
Raw materials. consumables and supplies	20.2	19.7
Work in process	19.1	15.5
Less allowances	-25.8	-26.8
	13.5	8.4

The inventory allowances relate to reductions in value in accordance with the "lower of cost or net realizable value" principle.

During the 2021 fiscal year, € 2.6 million in write-downs to the net realizable value of inventories were reported (previous year: € 4.5 million).

The carrying amount of inventories recognized at net realizable value amounts to € 1.2 million (previous year: € 2.2 million).

In the reporting year, gains of € 0.3 million were generated from the reversal of impairment losses (previous year: € 0.2 million). This resulted from the sale of impaired parts.

Note 11 - Intangible assets

In fiscal years 2021 and 2020, intangible assets developed as follows (all amounts in million €):

	Goodwill	Other intangible assets	Capitalized development costs	Total
Cost				
As of January 1, 2020	21.7	76.0	117.7	215.4
Additions	0.0	0.3	3 2.4	2.7
Disposals	0.0	0.0	0.0	0.0
As of December 31, 2020	21.7	76.3	120.1	218.1
Additions	0.0	0.2	2 0.5	0.7
Disposals	0.0	0.0	0.0	0.0
As of December 31, 2021	21.7	76.5	120.6	218.8
		An	nortization and	d impairment
As of January 1, 2020	15.0	75.6	108.2	198.8
Additions to amortization (scheduled)	0.0	0.1	1.8	1.9
Additions to impairment losses (unscheduled)	0.0	0.0) 4.9	4.9
Disposals	0.0	0.0	0.0	0.0
As of December 31, 2020	15.0	75.7	114.9	205.6
Additions to amortization (scheduled)	0.0	0.1	1.5	1.6
Additions to impairment losses (unscheduled)	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
As of December 31, 2021	15.0	75.8	116.4	207.2
Carrying amounts December 31, 2020		0.6	5.2	12.5
Carrying amounts December 31, 2021	6.7	0.7	4.2	11.6

As of the balance sheet date, the Solar segment reported goodwill with a carrying amount of € 6.7 million (previous year: € 6.7 million). For further information on goodwill, please also refer to the comments under 4.5 "Goodwill" and 4.14 "Impairment of non-financial assets".

€ 0.5 million of the development costs incurred in fiscal year 2021 qualifies for recognition as an asset under IFRS (previous year: € 2.4 million). Amortization and impairment of capitalized development costs is recognized under research and development expenses in the consolidated income statement.

Note 12 - Property, plant & equipment

In fiscal years 2021 and 2020, property, plant and equipment developed as follows (all amounts in million \in):

|--|

Cost				
As of January 1, 2020	17.1	12.6	8.8	38.5
Additions	0.0	0.0	0.9	0.9
Disposals	-0.3	-3.4	0.0	-3.7
As of December 31, 2020	16.8	9.2	9.7	35.7
Additions	0.0	0.0	0.4	0.4
Disposals	0.0	-1.1	-0.5	-1.6
As of December 31, 2021	16.8	8.1	9.6	34.5

Amortization and impairment					
As of January 1, 2020	6.7	8.4	7.8	22.9	
Additions to amortization (scheduled)	1.3	1.0	0.5	2.8	
Additions to amortization (unscheduled)	0.0	1.2	0.0	1.2	
Disposals	-0.1	-3.1	0.0	-3.2	
As of December 31, 2020	7.9	7.5	8.3	23.7	
Additions to amortization (scheduled)	1.2	0.5	0.6	2.3	
Additions to amortization (unscheduled)	0.0	0.0	0.0	0.0	
Disposals	0.0	-0.9	-0.2	-1.1	
As of December 31, 2021	8.7	7.1	8.7	24.5	

Carrying amounts December 31, 2020	8.9	1.7	1.4	12.0
Carrying amounts December 31, 2021	8.1	1.0	0.9	10.0

Note 13 - Other liabilities

Other liabilities are broken down as follows:

	2021	2020
	in million €	in million €
Outstanding liabilities to personnel	1.5	1.4
Executive Board and employee bonuses	2.2	1.7
Outstanding invoices	0.7	0.8
Financial reporting, legal and consulting fees	1.7	1.3
Services to be provided	0.1	0.4
Miscellaneous	2.0	0.8
	8.2	6.4

In the fiscal year, commitments for performance-related payments of € 2.2 million (previous year: € 1.7 million) to members of the Executive Board, managing directors of subsidiaries, senior executives and employees were recognized as a liability. Of this amount, € 0.8 million related to share-based compensation. For further details, please refer to Note 15.

Note 14 - Prepayments received

	2021 in million €	2020 in million €
Prepayments from customers	5.6	2.7
r repayments from customers	3.0	2.1

Prepayments received as of December 31, 2021 mainly relate to advances for orders received by the Solar and Life Science segments for non-customer specific equipment, which are reported in inventories under work in process.

Note 15 - Share-based remuneration

The various share-based remuneration plans launched in previous years are described below:

In order to provide Executive Board members and senior executives with a long-term incentive, SINGULUS TECHNOLOGIES AG launched a phantom stock program. Each stock option under this program entitles the beneficiaries to subscribe to one virtual bearer share of the Company with a par value of € 1.00 each at the exercise price. The stock options were issued free of charge. The phantom shares are not settled in shares of the Company, but in cash. The cash settlement is determined on the basis of the difference between the exercise price and the relevant closing price.

Phantom Stock Program 2017 (PSP XI and PSP XII)

By resolution dated July 21, 2017, the Supervisory Board resolved to issue 250,000 stock options to the Executive Board (PSP XI). A further 120,000 stock options were issued to senior executives (PSP XII). The underlying phantom stock program corresponds to the 2015 program. The exercise price of these stock options is € 8,7950.

Phantom Stock Program 2018 (PSP XIII and PSP XIV)

By resolution dated April 9, 2018, the Supervisory Board resolved to issue 250,000 stock options to the Executive Board (PSP XIII). A further 130,000 stock options were issued to senior executives (PSP XIV). The underlying phantom stock program corresponds to the 2015 program. The exercise price of these stock options is € 12.0160.

Phantom Stock Program 2019 (PSP XV and PSP XVI)

By resolution dated April 11, 2019, the Supervisory Board resolved to issue 250,000 stock options to the Executive Board (PSP XV). A further 140,000 stock options were issued to senior executives (PSP XVI). The underlying phantom stock program corresponds to the 2015 program. The exercise price of these stock options is € 9,1000.

Phantom Stock Program 2020 (PSP XVII and PSP XVIII)

By resolution dated April 3, 2020, the Supervisory Board resolved to issue 350,000 stock options to the Executive Board (PSP XVII). A further 140,000 stock options were issued to senior executives (PSP XVIII). The underlying phantom stock program corresponds to the 2015 program. The exercise price of these stock options is € 3.9200.

The specific terms and conditions of the above phantom stock programs are as follows:

The term to maturity of the subscription right amounts to five years. The subscription rights can be exercised after lapse of the waiting period of two years at the earliest within a period of time of 14 trading days, beginning with the sixth trading day after the publication of the quarterly report for the first or third quarter, while during the first exercise period up to 25 % of the Phantom Stocks held by the beneficiary and within each additional exercise period semi-annually up to additional 25 % of subscription rights can be exercised.

The subscription rights of the phantom stocks program PSP IX to PSP X can only be exercised if the non-weighted average of the closing prices of the shares of the SINGULUS TECHNOLOGIES AG (i) in the reference period for the first 25 % of the subscription rights (first exercise tranche) is at least 15 %, (ii) in the reference period for the next 25 % of the subscription rights (second exercise tranche) is at least 17.5 %, (iii) in the reference period for the following 25 % of the subscription rights (third exercise tranche) is at least 20 %, and (iv) in the reference period for the last 25 % of the subscription rights (fourth exercise tranche) is at least 22.5 % above the exercise price. For stock options issued under the Phantom Stock Programs PSP XI to PSP XVI, the reference price for all tranches as of the exercise date must be at least 15.0% above the exercise price.

If the subscription rights of an exercise tranche cannot be exercised during the respective exercise period because the share price target was not achieved, the Phantom Stocks of this exercise tranche can be exercised during the next or a following exercise period, if the share price target of the respective previous exercise tranche(s) were achieved in the next or a following reference period. The reference period is the period of five trading days from the publication of the quarterly report which is relevant for the beginning of the exercise period.

The development of the issued tranches is presented below:

	PSP	IX	PSP X	(
	2021		2021	
Change in stock options	Number of stock options	Average exercise price (€)	Number of stock options	Average exercise price (€)
Outstanding as of beginning of the				
Fiscal year	112,500	4.5974	73,500	4.5974
Issued in the fiscal year	-	-	-	-
Revoked in the fiscal year	-	-	-	-
Exercised during the fiscal year	-	-	-	-
Expired in the fiscal year	112,500	-	73,500	-
Outstanding at the end of the fiscal year	0		0	
Exercisable at the end of the fiscal year	0	-	0	-

	PSP	XI	PSP XII	
	2021		2021	
Change in stock options	Number of stock options	Average exercise price (€)	Number of stock options	Average exercise price (€)
Outstanding as of beginning of the				, ,
Fiscal year	250,000	8.7950	120,000	8.7950
Issued in the fiscal year				
Revoked in the fiscal year	-	-	-	-
Exercised during the fiscal year	-	-	-	-
Expired in the fiscal year	-		18,000	-
Outstanding at the end of the fiscal year	250,000	8.7950	102,000	8.7950
Exercisable at the end of the fiscal year	250,000	-	102,000	-

	PSP	XIII	PSP XIV	
	2021		2021	
Change in stock options	Number of stock options	Average exercise price (€)	Number of stock options	Average exercise price (€)
Outstanding as of beginning of the				
Fiscal year	250,000	12.0160	130,000	12.0160
Issued in the fiscal year				
Revoked in the fiscal year	-	•	•	-
Exercised during the fiscal year	-	-	ı	-
Expired in the fiscal year	-	-	18,000	-
Outstanding at the end of the fiscal year	250,000	12.0160	112,000	12.0160
Exercisable at the end of the fiscal year	125,000	-	56,000	-

	PSP	XV	PSP XVI	
	2021		2021	
Change in stock options	Number of stock options	Average exercise price (€)	Number of stock options	Average exercise price (€)
Outstanding as of beginning of the				, ,
Fiscal year	250,000	9.1000	130,000	9.1000
Issued in the fiscal year				
Revoked in the fiscal year	-		-	-
Exercised during the fiscal year	•	-		-
Expired in the fiscal year	-		18,000	-
Outstanding at the end of the fiscal year	250,000	9.1000	112,000	9.1000
Exercisable at the end of the fiscal year	62,500	•	28,000	

	PSP XVII		PSP XVIII	
	2021		2021	
Change in stock options	Number of stock options	Average exercise price (€)	Number of stock options	Average exercise price (€)
Outstanding as of beginning of the				, ,
Fiscal year	350,000	3.9200	130,000	3.9200
Issued in the fiscal year				
Revoked in the fiscal year	-		-	-
Exercised during the fiscal year	-	-	-	-
Expired in the fiscal year	-	-	18,000	-
Outstanding at the end of the fiscal year	350,000	3.9200	112,000	3.9200
Exercisable at the end of the fiscal year	-	-	-	-

The subscription rights were priced according to a binomial model. This considers the limit of the payment to be made to an amount equal to three times the exercise price. Following parameter were used for the valuation of the subscription rights:

Tranche	PSP XI	PSP XII	PSP XIII	PSP XIV
Grant date	21.07.2017	21.07.2017	09.04.2018	09.04.2018
Exercise price	8.7950 €	8.7950 €	12.0160 €	12.0160€
Dividend yield	0.00 %	0.00 %	0.00 %	0.00 %
Interest rate	-0.77 %	-0.77 %	-0.76 %	-0.76 %
Volatility of SINGULUS TECHNOLOGIES	66.77 %	66.77 %	65.95 %	65.95 %
Fair value of each stock option as of December 31, 2021	0.044 €	0.043€	0.078€	0.077€

Tranche	PSP XV	PSP XVI	PSP XVII	PSP XVIII
Grant date	11.04.2019	11.04.2019	03.04.2020	03.04.2020
Exercise price	9.1000 €	9.1000€	3.9200 €	3.9200 €
Dividend yield	0.00 %	0.00 %	0.00 %	0.00 %
Interest rate	-0.70 %	-0.70 %	-0.63 %	-0.63 %
Volatility of SINGULUS TECHNOLOGIES	76.63 %	76.63 %	68.94 %	68.94 %
Fair value of each stock option as of December 31, 2021	0.743€	0.724 €	1.665€	1.649€

The forecast for the expected volatility was derived from the historic share price movements of the SINGULUS TECHNOLOGIES AG. The historic calculation period corresponds to the term to maturity of the subscription rights.

The issuance of phantom stocks in the year under review resulted in income amounting to € 185k (previous year expense: € 62k). The program was treated as a cash-settled share-based payment within the meaning of IFRS 2.

Note 16 - Bond issuance

The secured bond (ISIN DE000A2AA5H5) with a volume of € 12.0 million was issued in July 2016 and has a term to maturity of five years as well as an annually increasing coupon. The initial interest rate amounted to 3.0 %. It increases annually, subject to an early repayment by the company, in steps to 6.0%, 7.0 %, 8.0 % up to 10.0% p.a.. The effective interest rate amounts to 6.70 % p.a.. The bond is secured primarily through cash (€ 15.0 million), receivables (€ 1.0 million), inventories (€ 6.6 million), property, plant and equipment (€ 1.7 million), and intangible assets (€ 4.2 million) of SINGULUS TECHNOLOGIES AG. The above figures are the carrying amounts recognized in accordance with IFRS as of December 31, 2021. The joint representative checks the Company's compliance with the bond terms and conditions on a regular basis. In the event of a violation, the bond may be terminated early.

On May 6, 2021, the term was extended by additional five years until July 22, 2026. Furthermore, the reduction of the interest rate to 4.5 % as well as an increased redemption amount of 105 % was resolved. The new terms and conditions of the bond became effective on July 13, 2021.

Financial liabilities accounted for at amortized costs resulted in a net loss of € 0.8 million in the period under review (previous year: € 0.8 million). The net losses are attributable to interest payments. Please refer to Note 34.

Note 17 - Pension provisions

Pension plans were granted by SINGULUS TECHNOLOGIES AG and by the previous HamaTech AG. They are defined benefit plans in both cases.

HamaTech AG's benefit obligations were transferred to SINGULUS TECHNOLOGIES AG in connection with the merger in fiscal year 2009. HamaTech AG's pension plan, which was transferred in the merger, was operated solely for former members of that company's Executive Board.

At SINGULUS TECHNOLOGIES AG company pension schemes in the form of direct pension commitments are provided for only some of the employees. On the one hand, beneficiaries are those employees who were employed at Leybold prior to the founding of the company in 1995 in accordance with the pension directives there in the versions dated January 1, 1969 and January 1, 1986 and, on the other hand, some former Executive Board members as well as a few employees who were granted corporate pension benefits based on an individual contract. New pension commitments have not been issued for some time. In particular, there are no pension plans open for new employees.

The existing pension obligations are all based on defined benefit plans. In a special case based on individual contractual arrangements, a one-time capital payment is promised when the age limit is reached, otherwise all benefits are in the form of lifetime pensions upon disability, age or death (to survivors). The amount of the pensions is contractually stipulated for the individual commitments. The commitments under the Leybold pension directives are based on the length of service in the company and the pensionable income; the total pension from the company pension and statutory

pensions has an upper limit that may not exceed the last net pay received. The age limit is the last day on which the beneficiary is 65.

All benefits are financed internally by the regular accumulation of provisions. There are no plan assets within the meaning of IAS 19, nor are there other employers' pension insurance plans.

The company is not charged with taxes or social security contributions on the retirement benefits.

Other than the general risks arising from interest rates, inflation, longevity and case law, there are no special risks specific to the company for these pension commitments. The longevity risk is taken into account through the use of cohort tables when calculating the obligation. The cohort tables make appropriate assumptions, in particular with respect to the further increase in life expectancy in the future.

The risk of inflation is factored in sufficiently by a long-term estimate of 1.60% p.a. when calculating the obligation based on current knowledge. Moreover, this risk primarily impacts the adjustment when reviewing current pensions. Currently, there are no known risks arising from labor law by virtue of supreme court rulings which would impact the commitments.

HamaTech AG's pension plan, which was transferred in the merger, was operated solely for former members of that company's Executive Board.

The pension plan is not covered by plan assets. Pension provisions are determined on the basis of an independent actuarial report. Pension benefits under the plan are based on a percentage of the employees' current pensionable compensation and their years of service.

The pension obligations and underlying assumptions are described below.

The change in SINGULUS TECHNOLOGIES AG's pension obligations as of December 31, 2021 and 2020 is presented in the following tables:

Change in pension obligations:	2021	2020
	in million €	in million €
Present value at the beginning of the fiscal year	17.0	16.2
Recognized in profit or loss:		
Service cost	0.2	0.2
Interest expense	0.1	0.1
Recognized in other comprehensive income:		
Actuarial gains/losses from:		
financial assumptions	-1.4	0.9
demographic assumptions	0.0	0.0
experience-based adjustments	0.0	0.1
Miscellaneous		
Payments made	-0.5	-0.5
Present value at the end of the fiscal year	15.4	17.0

Net pension expenses break down as follows:

	2021 in million €	2020 in million €
Service cost	0.2	0.2
Interest expense	0.1	0.1
	0.3	0.3

While service cost was mainly recognized under selling costs and general and administrative expenses as well as cost of sales, interest expense was disclosed in the financial result.

The figures for the current and previous four periods are as follows:

	2021	2020	2019	2018	2017
	in million €				
Present value of the defined benefit obligation	15.4	17.0	16.2	13.9	13.3

The assumptions underlying the calculation of the pension provision are as follows:

	2021	2020
Biometrics	Heubeck 2018 G actuarial	Heubeck 2018 G actuarial
Discount rate (future pensioners)	tables 1.10 %	tables 0.55 %
Discount rate (current pensioners)	1.10 %	0.55 %
Estimated future wage and salary increases	2.00 %	2.00 %
Estimated future pension increases	1.60 %	1.60 %

As of December 31, 2021 the weighted average term of the defined benefit obligation was 15.5 years.

Contributions by the Company to the statutory pension insurance system amounted to € 1.6 million in the year under review. This is a defined contribution plan.

In addition, members of the Executive Board received a defined-contribution company pension benefit financed by the company. € 0.4 million was paid out for this in the year under review.

Keeping all other assumptions constant, from a reasonable perspective, possible changes to one of the significant actuarial assumptions as of the reporting date would have affected the defined benefit obligation in the following amounts.

	Defined benefit obligation		
Effect in million €	Increase	Decrease	
Discount rate (0.5 percentage point change)	-1.1	1.3	
Estimated future wage and salary increases (0.25 percentage point change)	0.1	-0.1	
Estimated future pension increases (0.25 percentage point change)	0.5	-0.5	
Life expectancy (+1 year change)	1.0	-	

The premiums expected for fiscal year 2022 amount to € 0.5 million.

Note 18 - Other provisions

Other provisions developed as follows in the fiscal year:

	01.01.2021	Utilizations	Reversals A	Additions	31.12.2021
	in million €	in million €	in million € i	n million € i	in million €
Warranties	5.1	-0.1	0.0	1.8	6.8
Miscellaneous	0.9	-0.3	0.0	0.0	0.6
	6.0	-0.4	0.0	1.8	7.4

Provisions for warranty costs are recognized as a percentage of product cost. The percentages used are derived from experience for each product type and range between 2.75% and 5.00 % (previous year: between 2.75% and 5.50%). The guarantee period, and thus a possible utilization, ranges from 1 month to 23 months as of December 31, 2021.

Note 19 - Shareholders' equity

On September 21, 2017, SINGULUS TECHNOLOGIES AG disclosed in accordance with section 92 (1) AktG that half of its share capital had been eroded as of August 31, 2017. This loss was announced to the shareholders at an extraordinary shareholders' meeting on November 29, 2017. In the course of the extraordinary general meeting on October 29, 2021, pursuant to Art. 92 Para. 1 AktG the Executive Board again reported on the loss of the nominal capital pursuant to HGB of the parent Company.

As of December 31, 2021, the share capital amounted to € 8,896,527.00, divided into 8,896,527 bearer shares with a par value of € 1.00. Authorized capital 2018/1 amounted to € 4,448,263.00 as of the balance sheet date.

Other reserves

Other reserves include currency translation differences from translating the financial statements of foreign entities as well as actuarial gains and losses from pension commitments.

Capital reserves

The capital reserves amounting to € 19.8 million result from capital increases in previous years. For information on the capital management principles, please refer to the Status Report.

Note 20 - Tax expense/tax income; deferred tax assets/deferred tax liabilities

The disclosures on income taxes for 2020 and 2019 are as follows:

	2021	2020
	in million €	in million €
<u>Current income taxes</u>		
Germany	0.0	0.0
International	0.0	0.0
Sub-total	0.0	0.0
<u>Deferred taxes</u>		
Germany	-1.0	2.6
International	0.0	0.1
Sub-total	-1.0	1.2
Total tax expense/income	-1.0	2.7

Pursuant to German tax law, the income taxes comprise corporate income tax, trade income tax and the solidarity surcharge.

Deferred tax assets relate to the following:

	2021	2020
	in million €	in million €
Inventories	7.8	8.5
Pension provisions	2.4	2.9
Trades receivables	0.1	0.1
Provisions for restructuring measures	0.3	0.3
Goodwill	0.4	0.4
Deferred taxes on loss carryforwards	2.9	0.9
Other liabilities	0.3	0.3
	14.2	13.4
Netting with deferred tax liabilities	-14.0	-13.2
Deferred tax assets	0.2	0.2

The deferred tax assets (before netting with deferred tax liabilities) of \in 14.2 million were above the prior year's level (\in 13.4 million). After being offset against deferred tax liabilities, there were deferred tax assets in the amount of \in 0.2 million (previous year: \in 0.2 million).

Deferred tax assets developed as follows:

	2021 in million €	2020 in million €
Balance as of January 1	0.2	0.0
Recognized in other comprehensive income: Change in actuarial gains and losses from pension commitments	0.0	0.3
Recognized through profit and loss:		
Change in temporary differences	1.2	0.3
Netting with deferred tax liabilities	0.8	-0.2
Balance as of December 31	0.2	0.2

As of December 31, 2021, SINGULUS TECHNOLOGIES AG (excl. foreign operating facilities) had preliminary corporate income tax loss carryforwards in the amount of € 212.8 million (previous year: € 192.9 million) and municipal trade tax loss carryforwards of € 204.9 million (previous year: € 185.2 million). In 2021, € 1.6 million was added to the € 16.2 million in interest carryforwards from previous years; these amounted to € 17.8 million as of December 31, 2021.

Deferred tax assets are recognized for all temporary differences and for all unused tax loss carryforwards to the extent that it is probable that taxable profit will be available against which the tax assets can be utilized. In accordance with IAS 12.34f in conjunction with IAS 12.31, in addition to the fact that this is netted with deferred tax liabilities, there were no deferred tax assets in the balance sheet due to the history of losses by SINGULUS TECHNOLOGIES AG.

In accordance with the disclosures under 4.14 Impairment of assets, the Company expects a positive business development and SINGULUS TECHNOLOGIES AG to utilize existing loss carryforwards to a limited extent in the next three fiscal years.

Deferred tax liabilities break down as follows:

	2021 in million €	2020 in million €
Receivables and liabilities from construction contracts	14.8	12.5
Capitalized development costs	1.1	1.3
Other receivables	0.0	0.0
	15.9	13.8
Netting with deferred tax assets	-14.0	-13.2
	1.9	0.6

At €15.9 million, deferred tax liabilities (before netting with deferred tax claims) are above the previous year's level (previous year: €13.8 million) due to higher temporary differences on receivables and liabilities from construction contracts. After netting with deferred tax assets, deferred tax liabilities amount to €1.9 million (previous year: €0.6 million).

Deferred tax liabilities developed as follows:

	2021 in million €	2020 in million €
Balance as of January 1	0.6	3.4
Recognized through profit and loss:		
Change in temporary differences	-1.4	-4.8
Netting with deferred tax assets	2.7	2.0
Balance as of December 31	1.9	0.6

The amount of the temporary differences related to investments in subsidiaries for which no deferred tax liabilities have been recognized totaled € 0.3 million.

The effective tax rate in Germany (for corporate income tax, trade tax and the solidarity surcharge) was 29.13% (previous year: 29.13%). The effective tax rate is reconciled to the actual tax rate as follows:

	2020 in million €	2020 <u>in million</u> €
Consolidated earnings before taxes	-13.2	-38.9
Anticipated tax * Adjustment of temporary differences and loss and interest carryforwards of the current period for which no deferred	-3.8	-11.3
taxes were recognized	4.3	9,2
Other permanent differences	0.5	-0,6
Current taxes *	1.0	-2.7

^{*} A minus sign denotes tax income

The most recent tax field audit of SINGULUS TECHNOLOGIES AG covered the period from 2010 up to and including 2013.

Note 21- Earnings per share

For the calculation of the undiluted earnings per share the earnings attributable to the bearers of the common shares of the parent company are divided by the weighted average number of shares in circulation during the period under review.

For the calculation of the diluted earnings per share the earnings attributable to the bearers of the common shares of the parent company are divided by the weighted average number of common shares in circulation during the period under review in addition to the weighted average number of shares resulting from the conversion of all potential common shares with dilution effect into common shares. Dilution effects were neither recorded in the period under review nor in the same period one year ago.

The following table includes the amounts applied for the calculation of the undiluted and diluted earnings:

	2021 in million €	2020 in million €
Profit attributable to owners of the parent for calculating basic earnings per share	-14.2	-36.2
Weighted average number of ordinary shares used to calculate basic earnings per share	8,896,527	8,896,527
Dilutive effect	-	-
Average weighted number of common share adjusted for dilutive effect	8,896,527	8,896,527

In the period from the balance sheet date until the drawing up of the consolidated financial statements there were no transactions of common shares or potential common shares.

Note 22 - Sales deductions and direct selling costs

The sales reductions include all cash discounts granted. Direct selling costs essentially include expenses for commissions.

Note 23 - Cost of materials

The cost of sales for fiscal year 2021 includes material costs of € 35.7 million (previous year: € 23.9 million).

Note 24 - Personnel expenses

The income statement for fiscal year 2021 includes personnel expenses in the amount of € 30.6 million (previous year: € 28.4 million). Expenses for wages and salaries in the year under review totaled € 24.6 million (previous year: € 22.6 million); expenses for social security contributions totaled € 4.6 million (previous year: € 4.3 million); postemployment expenses were € 1.4 million (previous year: € 1.4 million).

Note 25- Depreciation and amortization

Depreciation and amortization expenses amounted to € 3.8 million (previous year: € 4.7 million).

Note 26 - General administrative expenses

Administrative expenses include management expenses, HR expenses and finance and accounting expenses as well as the premises and vehicle expenses attributable to such areas. Ongoing IT costs, legal and consulting fees, investor relations costs as well as costs of general meetings and the financial statements are also recognized in this item.

Note 28 - Research and d7velopment

Research and development costs relate not only to research and non-capitalizable development costs but also to the amortization of capitalized development costs of € 1.5 million (previous year: € 1.8 million).

Totaling € 10.3 million in 2021, the expenditures for research and development (including development services included in cost of sales) were below the prior-year level (€ 12.1 million). € 0.5 million of these expenditures were capitalized (previous year: € 2.4 million).

The Company received national and EU subsidies amounting to € 0.6 million in the fiscal year (previous year: € 0.8 million).

Note 28 - Other operating income/expenses

In the reporting year, other operating income includes primarily income from the reversal of provisions amounting to € 0.3 million (previous year: € 0.5 million).

Other operating expenses in the fiscal year primarily included foreign currency losses amounting to € 0.2 million (previous year: € 0.5 million) as well as expenses in connection with a penalty imposed by the German Federal Financial Supervisory Authority for the late publication of the 2020 annual financial statements (€ 0.3 million).

Note 29 - Financial income and financing expenses

The financial income / financing expenses break down as follows:

	2021	2020
	in million €	in million €
Financial income from the bond amendments	0.9	0.0
Interest expenses from leases	-0.4	-0.4
Finance costs from the		
bond issue (including incidental expenses)	-0.8	-0.8
Interest expense from interest accrued on the pension provisions	-0.1	-0.1
Other financing expenses and income	-0.4	-0.8
	-0.8	-2.1

The financing costs from the bond issue result from the bonds issued in 2016.

Note 30 - Leases

As a lessee, the Group leases various assets, including real estate, motor vehicles and IT equipment. The remaining terms of the real estate leases amount to one year for the production and administration building in Kahl am Main and three years for the production and administration building in Fürstenfeldbruck. At the end of the term, ownership of the building in Kahl am Main will transfer to the Company. The terms of the other leases are between three and five years.

The leases for IT equipment are of low value, meaning that no right-of-use assets or lease liabilities are recognized in accordance with IFRS 16.

i. Right-of-use assets

None of the right-of-use assets in connection with real estate leases meet the definition of investment property. These properties are reported under property, plant and equipment. For more details, please refer to Note 13.

in million €	Land and buildings	Operating and office equipment	Total
January 1, 2021	7.8	0.5	8.3
Depreciation charge	-1.4	-0.2	-1.6
Additions of right-of-use assets	0.0	0.2	0.2
Disposals of right-of-use assets	0.0	0.0	0.0
December 31, 2021	6.4	0.5	6.9

II. Amounts recognized in the income statements

2021	in million €
Interest expenses for lease liabilities	0.4
Expenses for leases with underlying assets of low value	0.1
Total	0.5

III. Amounts recognized in the statement of cash flows

2021	in million €
Total cash outflows for right-of-use assets	2.5
Total cash outflows for assets of low value	0.1

As of December 31, 2021, the future minimum payments arising from leases in the Group were:

	in million €	
2022	3.1	
2023	1.6	
2024	1.0	
2025 and thereafter	0.0	
	5.7	

Note 31 - Events after the Balance Sheet Date

Adjustment of the corporate bond

The creditors' meeting approved further amendments to the terms and conditions of the bond by more than 98% of the votes cast on September 20, 2022. These include, among other things, a temporary waiver by the bondholders of possible cancellation rights due to the failure to publish the audited annual financial statements for 2020 and 2021 for nine months from publication of the resolutions (September 22, 2022).

Agreement to provide liquid funds

In order to secure the continued existence of the Company and thus of the Group, the Company signed an agreement with the major shareholder CNBM effective February 3, 2023, for the provision of liquid funds in the amount of EUR 20.0 million. In return, the Company granted various options relating to rights in connection with know-how in the field of solar technology. The total volume flowed to the Company in two tranches in March in the amount of EUR 9.6 million and in early April 2023 in the amount of EUR 10.4 million. Both tranches have a maturity of at least 18 months, but the disbursed funds have to be repaid in full or in part only upon request of the lender.

Receipt of major customer orders for the delivery of production equipment

In April 2022, a pre-contractual agreement was reached with a major European energy supplier for the supply of production equipment for the manufacture of heterojunction

(HJT) solar cells. The advance payment was received in May 2022. The total volume of deliveries is in the lower double-digit million range.

Conclusion of additional working capital credit line of € 10 million

To further secure liquidity, the Company has had access to a working capital credit line of €10.0 million since May 2022. Repayment of the loan is guaranteed by the Chinese main shareholder CNBM. The term of the agreement was initially 12 months and was extended by a further 12 months effective January 31, 2023, subject to the occurrence of conditions precedent. If the term extension is not granted by the paying bank, CNBM guarantees to provide the Company with sufficient financial resources to meet its obligations.

Sale-and-lease-back of building in Fürstenfeldbruck

Furthermore, at the time of preparing this report the company signed a sale-and-lease-back agreement for the administrative and production buildings at the site in Fürstenfeldbruck. In this connection, the Company received liquid funds in a high single-digit million range in August 2022 after the effective entry into the Land Register.

Reduction of business activities at Fürstenfeldbruck site

SINGULUS TECHNOLOGIES initiated a reduction in the activities at the site in Fürstenfeldbruck and transfered the production and commissioning of wet-chemical processing machines to Kahl am Main. In addition to the actual assembly of the wet-chemical machines, the focus of the production includes related and supporting functions for production and logistics. With this step, SINGULUS TECHNOLOGIES will reduce the costs for wet-chemical machines and therefore improve competitiveness. Individual, technical functions remains and will be continued as a center of competence for wet-chemical processes in Puchheim.

In connection with the shut-down of production at the Fürstenfeldbruck site, one-time restructuring charges in a low, single-digit million range were incurred.

Russia-Ukraine war

Moreover, substantial risks could emerge from the Russia-Ukraine war. The war could negatively impact the sales trend, production processes as well as the procurement and logistics processes, for example, due to interruption of the supply chains or shortages for components as well as raw materials and pre-products. From today's point of view, the increases of commodities and energy prices do not appear to have a major impact on the Company. A majority of the purchase prices are already fixed for ongoing customer projects, for current customer negotiations potential increases of materials can be passed on to the contractual partners to a large extent from today's point of view. So far, there have not been any significant, negative impacts on the Company's main sales markets.

There were no further events after the end of the fiscal year requiring disclosure.

Note 32 - Related party disclosures

In accordance with IAS 24, those persons and companies which are able to exercise control or a significant influence over SINGULUS TECHNOLOGIES AG are deemed related parties. At the balance sheet date, the members of the Supervisory Board and the Executive Board of SINGULUS TECHNOLOGIES AG and associates were identified as related parties.

In accordance with the articles of incorporation, the Supervisory Board of SINGULUS TECHNOLOGIES AG has three members. During the business year 2021 the members of the Supervisory Board included:

Dr.-Ing. Wolfhard Leichnitz, Essen Chairman

Dr. Silke Landwehrmann, Düsseldorf Deputy Chairwoman

Dr. rer. nat. Rolf Blessing, Trendelburg Member

The above members of the Supervisory Board were elected for the period until the end of the annual shareholders' meeting that resolves the ratification of their actions for the fourth fiscal year following the beginning of their term of office; the fiscal year in which their term of office begins is not included in this calculation.

In addition to compensation for expenses, each member of the Supervisory Board is entitled to fixed remuneration of € 40 thousand for each full fiscal year of board membership. The Chairman receives twice this amount, the Deputy Chairwoman one and a half times this amount. Members of the Supervisory Board not sitting on the Board for the full business year will receive a pro-rata compensation.

For their work in the fiscal year, taking into account the waiver the Supervisory Board members are therefore entitled to fixed remuneration in accordance with the articles of incorporation of € 180k (previous year: € 164k). In addition, the Supervisory Board members were reimbursed expenses of € 2k.

Dr.-Ing. Leichnitz held a total of 245 shares in the Company as of December 31, 2021 (previous year: 245 shares). Dr Landwehrmann held a total of 2,000 shares in the Company as of December 31, 2021 (previous year: 2,000 shares).

Companies are deemed related parties if they are able to exert control or a significant influence over the reporting entity and hence SINGULUS TECHNOLOGIES AG (associates). With effect from September 20, 2018, Triumph Science and Technology Group Co., Ltd (a wholly owned subsidiary of China National Building Materials, Beijing, China, "CNBM") acquired 13.11% of shares in SINGULUS TECHNOLOGIES AG. In January 2019, CNBM acquired a further 3.64% of shares in the Company. Its shareholding of SINGULUS TECHNOLOGIES AG was thus 16.75%. At the same time, CNBM is currently the Company's largest customer and has therefore been classified as a related party within the meaning of IAS 24 since September 20, 2018.

During the period from January 1 to December 31, 2021, revenue amounting to € 23.2 million was generated from the manufacturing and delivery of equipment for CNBM and its subsidiaries. As of the balance sheet date, liabilities from production orders amounted to € 27.4 million.

The current occupations of Supervisory Board members are listed as follows:

	Occupation	Membership of other supervisory boards and similar oversight bodies
DrIng. Wolfhard Leichnitz	Construction Engineer	None
Dr. Silke Landwehrmann	Diplom-Kauffrau, Managing Director of Aufam Asset Management GmbH, Rheinberg	Wuppermann AG, Leverkusen, Deputy Chairwoman
Dr. rer. nat. Rolf Blessing	DiplPhysicist	None

In the business year 2021 the Executive Board was comprised of the following members:

Dr.-Ing. Stefan Rinck

Chief Executive Officer

Dipl.-Oec. Markus Ehret

Chief Financial Officer

Chief Operating Officer

Chief Operating Officer

The total remuneration received by the Executive Board in the reporting period was as follows:

	2021				
	Fixed remuneration	Other compensation	Variable remuneration	Components with long-term incentive	Total
	in '000 €	in '000 €	in '000 €	in '000 €	in '000 €
DrIng. Stefan Rinck	440	49	234	0	723
DiplOec. Markus Ehret	300	32	149	0	481
Dr. rer. nat. Christian Strahberger	300	7	192	0	499
	1,040	88	575	0	1,703

The remuneration of the Executive Board for the previous year is broken down as follows:

	2020	2020			
	Fixed Other remuneration compensation		Variable remuneration	Components with long-term incentive	Total
	in '000 €	in '000 €	in '000 €	in '000 €	in '000 €
DrIng. Stefan Rinck	418	48	73	588	1,127
DiplOec. Markus Ehret	285	27	47	392	751
Dr. rer. nat. Christian Strahberger	285	12	47	392	736
	988	87	167	1,372	2,614
					•

Members of the Executive Board receive a defined-contribution company pension benefit financed by the Company. The Company grants Executive Board members an annual pension contribution amounting to a certain percentage of their respective gross annual fixed remuneration. For Dr.-Ing. Stefan Rinck, this amounted to 59.97 %

beginning on January 1, 2012, for Mr. Markus Ehret, this percentage was 31.58 % and for Dr. rer. Nat. Christian Strahberger 35.00 %. The annual expense for the Company in fiscal year 2021 was € 464 thousand (previous year: € 464 thousand), of which € 264 thousand (previous year: € 264 thousand) was for Dr.-Ing. Stefan Rinck, € 95 thousand (previous year: € 95 thousand) for Mr. Markus Ehret, and € 105 thousand (previous year: € 105 thousand) for Dr. Christian Strahberger.

Former members of the Executive Board of SINGULUS TECHNOLOGIES AG received total remuneration of € 0.4 million in the fiscal year. As of December 31, 2021, the provisions for pension claims for former board members stood at € 6.5 million. In addition, the members of the Executive Board held the following number of shares in SINGULUS TECHNOLOGIES AG from their own purchases as of the fiscal year-end:

	2021	2020
	shares	shares
DrIng. Stefan Rinck	122	122
DiplOec. Markus Ehret Dr. rer. nat. Christian	43	43
Strahberger	2.000	2.000
	2,165	2,165

Note 33 - Disclosures on shareholdings

	Equity interest	shareholders ' equity in '000 €	Net income/ loss in '000 €
Germany			
SINGULUS CIS Solar Tec GmbH, Kahl am Main,			
Germany	100	12	-1
SINGULUS New Heterojunction Technologies	400	000	00
GmbH, Kahl am Main, Germany	100	-308	-28
International *			
SINGULUS TECHNOLOGIES Inc.,			
Windsor, USA	100	9,290	7
SINGULUS TECHNOLOGIES MOCVD			
Inc., Windsor, USA	100	-641	0
SINGULUS TECHNOLOGIES ASIA Pacific			
Pte. Ltd., Singapore	100	2,314	448
SINGULUS TECHNOLOGIES LATIN AMERICA			
Ltda., Sao Paolo, Brazil	98.8	-5,251	-325
SINGULUS TECHNOLOGIES FRANCE	400	0.4	405
S.A.R.L., Sausheim, France SINGULUS TECHNOLOGIES TAIWAN Ltd.	100	21	-165
Taipeh, Taiwan	100	-1,899	35
SINGULUS TECHNOLOGIES SHANGHAI Co.,	100	-1,099	33
Ltd., Shanghai, China	100	136	-223
STEAG HamaTech Asia Ltd.	100	100	220
Hongkong, China	100	0	0
HamaTech USA Inc.,			
Austin/Texas, USA	100	-1,063	13

^{*} Equity and net income/loss were taken from the IFRS annual financial statements

SINGULUS TECHNOLOGIES Inc., Windsor, USA, wholly owns SINGULUS TECHNOLOGIES MOCVD Inc.

1.2% of the interest in SINGULUS TECHNOLOGIES LATIN AMERICA Ltda. is held by New Heterojunction Technologies GmbH.

STEAG HamaTech Asia Ltd. discontinued its operating business in April 2003.

Note 34 - Financial risk management

The financial liabilities contained in the consolidated financial statements essentially concern the bond placed in 2016. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

In accordance with group policy, in fiscal years 2021 or 2020, no derivatives trading took place nor will take place in the future for speculative purposes.

The operating and financing activities can essentially give rise to interest rate, credit, liquidity and foreign currency risks.

The individual risks are described in greater detail below. Additional remarks may be found in the risk report within the Status Report.

Foreign currency risk

Foreign currency risks from operations abroad are assessed as part of a risk analysis. Some sales of the SINGULUS TECHNOLOGIES Group are subject to the US dollar (USD) currency risk. For this reason derivatives to hedge the USD foreign exchange risk are used. Risks from foreign currencies are continually assessed as part the risk management system.

The following table shows the sensitivity of consolidated earnings before taxes (due to the change in the fair values of monetary assets and liabilities) and of consolidated equity (due to the changes in fair values of forward exchange contracts recognized in other comprehensive income) to a change in the USD/€ exchange rate generally possible based on reasonable judgment. There were no open forward exchange contracts as of the balance sheet date. All other factors remain unchanged.

	Price change of USD	Effect on earnings before taxes	Effect on shareholders' equity
		in million €	in million €
2021	+10 %	-0.6	0.0
	-10 %	0.6	0.0
2020	+10 %	0.4	0.4
	-10 %	-0.3	-0.3

The effect of potential changes in the USD exchange rate on SINGULUS TECHNOLOGIES' earnings results from bank balances, unhedged trade receivables and payables as well as unhedged intragroup receivables and payables denominated in USD. As of the balance sheet date, the net value of these items amounted to USD 3.0 million.

Liquidity risk

The processing of the major orders as scheduled in 2023 will be critical for the Company's future solvency. In particular, the Company is dependent on the major Chinese customer CNBM in this regard. The management also expects further order intake and thus additional cash and cash equivalents from prepayments for new projects.

The Group still has access to bank guarantee lines in the amount of € 20.8 million. € 12.1 million of these had been drawn down as of the end of the fiscal year. Cash and cash equivalents are deposited as collateral to secure these loan commitments. For further details, please refer to Note 8.

The table below summarizes the maturity profile of the Group's financial liabilities as of December 31, 2021. The disclosures are made on the basis of the contractual, non-discounted payments.

Fiscal year ended	Payable on	Up to 3	3 to 12	1 to 5	More than 5	
December 31, 2021	demand	months	months	years	years	Total
	in million €	in million <u>€</u>	in million €	in million €	in million €	in million €
Bond repayment Bond interest Liabilities from	0.0 0.0	0.0 0.2	0.0 0.0	10.8 0.0	0.0 0.0	10.8 0.2
loan Other liabilities Accounts receivable	0.0 0.6	0.0 2.5	0.0 5.1	0.0 0.0	0.0 0.0	0.0 8.2
Todolivable	4.1	12.8	0.0	0.0	0.0	16.9
	4.7	15.5	2.3	13.6	0.0	36.1
Fiscal year ended	Payable on	Up to 3	3 to 12	1 to 5	More than 5	
Fiscal year ended December 31, 2020		Up to 3 months	3 to 12 months	1 to 5 years		Total
•	on	•			than 5	Total in million €
•	on demand	months in million	months in million	years in million	than 5 years in million	in million
Bond repayment Bond interest Liabilities from loan	on demand in million € 0.0 0.0 0.0	months in million € 0.0 0.4 0.0	months in million € 12.0 0.3 4.0	years in million € 0.0 0.0 0.0	than 5 years in million € 0.0 0.0 0.0	in million € 12.0 0.7 4.0
Bond repayment Bond interest Liabilities from	on demand in million € 0.0 0.0	months in million € 0.0 0.4	months in million € 12.0 0.3	years in million € 0.0 0.0	than 5 years in million € 0.0 0.0	in million € 12.0 0.7
Bond repayment Bond interest Liabilities from loan Other liabilities Schulden aus	on demand in million € 0.0 0.0 0.0	months in million € 0.0 0.4 0.0	months in million € 12.0 0.3 4.0	years in million € 0.0 0.0 0.0	than 5 years in million € 0.0 0.0 0.0	in million € 12.0 0.7 4.0

Interest rate risk

The Group is exposed to the risk of fluctuations in market interest rates. A shift in the yield curve by +/- 50 basis points would not have any significant effect on the Group's earnings before taxes since none of the interest-bearing liabilities are subject to a variable interest rate.

Credit risk

The credit risk is the risk of financial losses if a customer or contractual party to a financial instrument fails to meet its contractual obligations. The credit risk generally arises from trade receivables and the Group's receivables from construction contracts and other receivables. The Group uses export credit insurance as the primary instrument to hedge against specific country risks. Customers' creditworthiness and

payment history are continually monitored and corresponding credit limits are set. In addition, risks in individual cases are limited where possible through credit insurance, bank guarantees and retention of title. From the current perspective, the Group assumes sufficient coverage of the receivables default risk.

On the basis of expected credit losses in accordance with IFRS 9, loss allowances are recognized for unsecured trade receivables according to the following probabilities of default. The effect on earnings as of the end of the year amounted to \in 0.0 million (previous year: \in 0.0 million).

	Carrying amount in million €	Estimated loss rate (weighted average)
Not overdue	2.2	0.00 %
1-30 days overdue	0.5	0.10 %
31-60 days overdue	0.0	0.63 %
61-90 days overdue	0.0	0.89 %
91-180 days overdue	0.1	1.50 %
More than 180 days overdue	0.1	28.19 %
Total	2.9	

The future probability of default was derived from historical credit losses. Due to its business model, the Group has a limited number of customers and can thus ensure that it can estimate the credit losses of its individual customers. For more information on the application of the expected credit loss model, please refer to Notes 6, 8 and 9.

Significance of the credit risk:

The carrying amounts of the financial assets and receivables from construction contracts (contract assets) correspond to the maximum credit risk. The Group's maximum credit risk as of the reporting date is presented below:

	2021	2020
	in million €	in million €
Cash and cash equivalents	14.9	9.8
Financial assets subject to restrictions on disposal	15.1	4.8
Trades receivables	2.9	3.2
Receivables from production contracts	3.5	3.7
Other receivables	11.6	3.8
	48.0	25.3

Capital management

The Group analyzes its capital based on the "net liquidity" (as the total of cash and cash equivalents, short-term deposits and financial assets subject to restrictions on disposal less the bond and interest-bearing loans). As of the end of the fiscal year, the net liquidity was as follows:

	2021	2020
	in million €	in million €
Cash and cash equivalents	14.9	9.8
Financial assets subject to restrictions on disposal	15.1	4.8
Financing liabilities from bond issue	-11.0	-12.7
Liabilities from loans	0.0	-4.0
Net liquidity	19.0	-2.1

In order to identify liquidity risks at an early stage, cash flow forecasts are prepared every month on the basis of a three-month forecast horizon. The insolvency risk is thus reviewed on a regular basis.

Note 35 - Financial instruments

Fair values

The following table shows the carrying amounts and fair values of all financial instruments recognized in the consolidated financial statements by category. Cash and cash equivalents, restricted cash, trade receivables, other receivables, trade payables, liabilities from borrowings and other liabilities regularly have short remaining terms. The balance sheet figures approximate the fair values, taking into account the expected credit loss model and are thus not disclosed separately.

		Carrying amount		Fair values	
		2021	2020	2021	2020
	Measurement method	in million	in million <u>€</u> €	in million €	in million €
Financial assets Cash and cash equivalents ** Financial assets subject to restrictions on disposal** Derivatives Hedging derivatives ** Trade receivables ** Other receivables	AC AC HD AC AC	15.0 15.1 - 2.8 3.5	9.8 4.8 - 3.2 3.8		
Other receivables	70	5.5	3.0		
Financial liabilities					
Liabilities from loans Derivatives Hedging derivatives**	AC AC HD	11.0 0.0	12.7 4.0	8.1	12.5
Trade payables**	AC	16.9	6.5		
Other liabilities	AC	8.2	6.4		
Total	AC	72.6	51.2		
Total	HD	0.0	0.0		
Abbreviations:					
AC:			ssets and liabilities	s measured	
HD:	at amortized cos Hedging Derivat	,			

* The fair value measurement was classified as Level 1 fair value based on the inputs to the valuation techniques used.

^{**} The fair value measurements were classified as Level 2 fair values based on the inputs to the valuation techniques used.

Forward exchange contracts are measured using the ECB reference rates for spot currency and the valid forward exchange rates of the respective commercial bank for forward currency. There were not foreign exchange forwards at the balance sheet date.

The fair value of the exchange-listed bond equals the market price as of the balance sheet date plus the carrying amount of accrued interest liabilities as of the balance sheet date.

The maximum credit risk is reflected in the carrying amounts of the financial assets and liabilities.

The table below shows changes in liabilities held for financing purposes.

	As of January 1, 2021 in million €	Additio n/dispo sal in million	Cash flows for interest and principal payments in million €	As of December 31, 2021 in million €
Bond	12.0	-1.2*	0.0	10.8
Interest	0.7	0.7	-1.2	0.2
Liabilities from loans	4.0	0.2	-4.2	0.0
Leases	7.8	0.1	-2.6	5.3
	24.5	-0.2	-8.0	16.3

^{*} disposal from the amendment of the bond terms (c. Note 16)

Note 36 - Headcount

In the fiscal year, the Company had an annual average of 341 (previous year: 354) permanent employees. The annual average distribution of employees (FTEs) by functional area in the fiscal year is presented below:

	2021	2020
Assembly, production and logistics	106	110
Development	92	94
Sales	100	104
Administration (excluding Executive Board		
members)	43	46
	341	354

The Group had 333 employees as of December 31, 2021 (previous year: 349).

Note 37 - Auditor's fees (disclosures pursuant to Art. 314 (1) No. 9 HGB)

In the year under review, SINGULUS TECHNOLOGIES AG and its subsidiaries were charged the following fees by the auditor of the consolidated financial statements:

	2021
	in '000 €
a) for the audit of the financial statements	300
b) for other auditing services	73
c) Other	14
Total	387

The fee for KPMG AG Wirtschaftsprüfungsgesellschaft's auditing services related to the audit of the annual and consolidated financial statements.

The other auditing services include audits for the preparation of a capital market transaction.

The other services include auditing-related consulting services.

Note 38 - Corporate governance

The Executive Board and the Supervisory Board made the declaration required under section 161 AktG in June 2022 and have made it available to shareholders on a permanent basis on the Company's website at https://www.singulus.com/en/corporate-governance/.

Note 39 - Publication

The consolidated financial statements of SINGULUS TECHNOLOGIES AG were released for publication by the Executive Board on April 6, 2023.

Kahl am Main, April 6, 2023

SINGULUS TECHNOLOGIES AG

The Executive Board

Dr.-Ing. Stefan Rinck Dipl.-Oec. Markus Ehret





ADVANCED THIN-FILM DEPOSITION EQUIPMENT FOR MAGNETIC SENSORS, INTEGRATED INDUCTORS, MRAM, LED, ADVANCED PACKAGING, INTERCONNECTS, AND OTHER SEMICONDUCTOR APPLICATIONS







Independent Auditor's Report

To SINGULUS TECHNOLOGIES Aktiengesellschaft, Kahl am Main

Report on the Audit of the Consolidated Financial Statements and the Combined Status Report

Audit Opinions

We have audited the consolidated financial statements of Singulus Technologies Aktiengesellschaft, Kahl am Main, and its subsidiaries (the Group), which comprise the balance sheet as of December 31, 2021, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the business year from January 1 to December 31, 2021 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the combined management report of the Company and the Group (hereinafter referred to as the "combined status report") of Singulus Technologies Aktiengesellschaft for the business year from January 1 to December 31, 2021.

In accordance with German legal requirements, we have not audited the content of the components of the combined status report referred to in the "Other information" section of our audit opinion.

In our opinion, based on the findings of our audit, the consolidated financial statements

- the accompanying consolidated financial statements comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Art. 315e Para. 1 HGB and in accordance with these requirements give a true and fair view of the net assets and financial position of the Group as of December 31, 2021 and of its results of operations for the fiscal year from January 1 to December 31, 2021 and
- the accompanying combined status report as a whole provides a true view of the Group's position. In all material respects, this combined status report is consistent with the consolidated financial statements, complies with German legal requirements, and accurately presents the opportunities and risks of future development. Our opinion on the combined status report does not cover the content of the components of the combined status report mentioned in the section "Other information".

In accordance with Art. 322 Para.3 Sent. 1 HGB, we declare that our audit has not led to any reservations concerning the propriety of the consolidated financial statements and the combined status report.

Basis for audit opinions

We conducted our audit of the consolidated financial statements and the combined status report in accordance with Art. 317 HGB and the EU Regulation on Auditors (No. 537/2014; hereinafter "EU Statutory Audit Directive") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and principles is further described in the section "Auditor's responsibility for the audit of the consolidated financial statements and the combined status report" of our auditor's report. We are independent of the Group companies in accordance with European law and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Art. 10 Para. 2 (f) EU Statutory Audit Directive, we declare that we have not performed any prohibited non-audit services as defined in Art. 5 Para. 1 EU Statutory Audit Directive. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the combined status report.

Material uncertainty related to the going concern assumption

Please refer to section "4. Significant accounting principles" in the Notes and to the disclosures in the "Risk and opportunities report" section of the combined status report.

There, the legal representatives state that the SINGULUS TECHNOLOGIES Group is highly dependent on the business activities with a few large customers with regards to both the achievement of the expected financial ratios as well as the further liquidity development between the future development. Sufficient liquidity of the Company and the Group in the next 12 months from preparation can only be maintained if the planning can be realized in the next 12 months from preparation. The essential prerequisites for the plans are that the partial payments of the customers, which are payable due to the already contracted large orders with CNBM pursuant to the customer's letter of acknowledgement dated January 9, 2023, are actually made and without material delays. In addition, it is necessary to receive further major orders with an order value of €116.7 million in the next twelve months. Furthermore, the availability and maintenance of the committed € 20.0 million CNBM financing beyond March 2024 as well as the availability and disbursement of the super senior loan in the amount of € 4.0 million must be safeguarded until at least the end of 2023. In addition, the guarantee of a material bondholder to compensate for any calls of the corporate bond must remain in place. In addition, the extension of the working capital credit line in the amount of € 10.0 million must take place in April 2023 or alternatively be replaced by a shareholder loan from CNBM.

As outlined in section "4. Significant accounting principles" in the Notes as well as in the disclosures in the section "Risk and opportunities report" of the combined status report, these events and circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and constitute a going concern risk within the meaning of Art. 322 Para. 2 Sent. 3 HGB.

In order to ensure the solvency and financial flexibility of the SINGULUS TECHNOLOGIES Group at all times, the following measures were taken by the Executive Board:

In order to secure the continued existence of the company and thus of the Group, the company signed an agreement with the major shareholder CNBM with effect from February 3, 2023 for the provision of liquid funds in the amount of \in 20.0 million. In return, the company granted various options with respect to rights in connection with know-how in the area of solar technology. The total volume was received by the Company in two tranches in March in the amount of \in 9.6 million and in early April 2023 in the amount of \in 10.4 million. Both tranches have a maturity of at least 18 months, but the disbursed funds have to be repaid in full or in part only upon request of the lender.

To further secure the liquidity, the Company has a working capital credit line in the amount of € 10.0 million at its disposal since May 2022. The repayment of the loan is guaranteed by the Chinese main shareholder CNBM. The term of the agreement amounted to twelve months initially and was extended by another twelve months with effect from January 31, 2023, subject to the occurrence of conditions precedent. In the event that the maturity extension is not granted by the disbursing bank, CNBM guarantees to provide the Company with sufficient financial resources to enable the Company to meet its obligations.

In connection with the corporate bond with a nominal volume of €12.0 million, it was resolved to extend the term of the bond by another five years until July 22, 2026, effective July 13, 2021, and to reduce the current interest rate from an average of 6.7% to 4.5%. In addition, the creditors' meeting approved further amendments to the bond terms and conditions by resolution on September 20, 2022. The audited annual financial statements for the fiscal year 2022 must be submitted by April 30, 2023 in order to avert extraordinary termination rights that might otherwise arise. In order to compensate for the financial impact of the potential termination rights, a major bondholder issued a guarantee to the Company to grant a loan to the Company in the event of effective terminations. The Company plans to convene a bondholders' meeting in April 2023. The subject of the meeting will be the proposal for a temporary waiver of notice and the extension of the submission deadline for the 2022 annual financial statements to August 31, 2023.

Furthermore, in December 2021, the Company signed a conditional loan agreement in the amount of € 4.0 million. Upon occurrence of the conditions, the Company can take out the loan until May 12, 2023. Repayment is agreed for December 31, 2023, but an automatic extension for a further twelve months will take place if the agreement is not terminated by either party.

In accordance with Art. 10 Para, 2 (c) (ii) EU Statutory Audit Directive, we summarize our audit response with respect to the risk presented above as follows:

As part of the audit, we therefore identified the appropriateness of the going concern assumption and the reasonable presentation of the material uncertainty related to the going concern as a significant risk and performed the following audit procedures, among others:

In a first step, we analyzed the current liquidity situation of the Company and the Group. Based on this, in a second step we reviewed the liquidity planning in the forecast period. The basis for this liquidity planning is the Company's current three-year plan.

We first gained an understanding of the planning process and discussed the significant planning assumptions with those responsible. In addition, we examined the Company's previous forecasting performance by comparing the forecasts of previous fiscal years with the actual results and analyzing deviations. In particular, we assessed the most significant assumptions, such as sales development, in the light of any deviations from the plan.

As part of our critical examination of the planning, we relied in particular on the findings of an external expert (restructuring consultant).

This expert was commissioned by the Company to prepare an expert opinion on the going concern forecast up to March 31, 2024. In this context, the expert examined the Company's planning in detail and assessed it. With the help of KPMG's internal restructuring specialists, we satisfied ourselves of the competence, capabilities and objectivity of the external expert and analyzed the results of the report in detail.

In its opinion on the going concern assumption dated March 31, 2023, the external expert listed the necessary conditions that must be met cumulatively in the future in order to ensure the liquidity of the Company and the Group until March 31, 2024.

The legal representatives then explained in their written going concern forecast why they assume with a significant degree of probability that these necessary conditions will be realized. On the basis of this written going concern forecast, we have dealt in detail with the feasibility of these criteria. In order to account for the existing forecast uncertainty, we have analyzed the impact of different scenarios on the going concern as determined by the external expert.

We do not express a separate opinion on these matters.

The assumptions made by the Executive Board and the presentation in the Notes and combined status report are reasonable.

Our audit opinions on the consolidated financial statements and the combined status report have not been modified with respect to this matter.

Particularly important audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of highest significance in our audit of the consolidated financial statements for the fiscal year from January 1 to December 31, 2021. These matters were considered in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters. In addition to the matter described in the section "Material Uncertainty Related to Going Concern", we have identified the matters described below as key audit matters to be communicated in our audit opinion.

Recoverability of goodwill

For information on the accounting principles applied and the assumptions used, please refer to Notes 4.5 and 4.14. Information on the amount of goodwill is provided in Note 11 to the consolidated financial statements.

RISK TO THE FINANCIAL STATEMENTS

Goodwill amounted to € 6.7 million as of December 31, 2021 and, at 8.0 % of total assets, is of material significance for the financial position.

Goodwill relates exclusively to the "Solar" business segment and is tested for impairment at this level in accordance with IAS 36 on an annual basis and, if necessary, on an ad hoc basis. For this purpose, the carrying amount is compared with the recoverable amount of the Solar business segment. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. For the impairment test, the Company compares the higher value in use determined as the recoverable amount with the respective carrying amount. The value in use is determined using a valuation model based on the discounted cash flow method. The impairment test date is December 31, 2021. The goodwill impairment test is complex and is based on a number of judgmental assumptions. These include the expected development of sales and earnings, the assumed long-term growth rates and the discount rate used.

As a result of the impairment tests performed, the Company has not identified any impairment of goodwill. However, the Company's sensitivity calculations for the value in use indicated that a shortfall of more than 19.8 % in planned sales in the planned five-year period and in the perpetual annuity or a shortfall of more than 4.8 percentage points in the planned EBIT margin in the planned five-year period and in the perpetual annuity would cause goodwill to be written down to the recoverable amount.

There is a risk for the consolidated financial statements that an existing impairment of goodwill has not been recognized. There is also a risk that the disclosures in the notes on the recoverability of goodwill are not appropriate.

OUR APPROACH TO THE AUDIT

Based on our obtained understanding of the processes, we assessed the design and set-up of identified internal controls with regard to the performance of an impairment test for goodwill.

In addition, we assessed the appropriate delineation of the cash-generating units and reconciled the carrying amounts used in the impairment test for the cash-generating units with the accounting system.

With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the discount rate used for the impairment test. In addition, we discussed the expected revenue and earnings development of the Solar segment as well as the assumed long-term growth rates with those responsible for planning. We also performed reconciliations with other internally available documents, such as the

three-year plan prepared by the Executive Board and approved by the Supervisory Board. In addition, we assessed the consistency of the assumptions with external market estimates and the market capitalization of Singulus AG.

In addition, we examined the Company's previous forecasting performance by comparing the forecasts of previous fiscal years with the actual results and analyzing deviations. As changes in the discount rate can have a material impact on the results of the impairment test, we compared the assumptions and data underlying the discount rate, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to assess the methodologically and mathematically appropriate implementation of the valuation method, we used our own calculations to reconstruct the valuation performed by the Company and analyzed deviations.

In order to account for the existing forecast uncertainty for the impairment test, we performed our own sensitivity analysis to examine the effects of possible changes in the development of earnings (in particular, revenues and EBITDA margins in perpetuity), the discount rate or the long-term growth rate on the recoverable amount by calculating alternative scenarios and comparing them with the Company's values.

Finally, we assessed whether the disclosures in the Notes regarding the recoverability of goodwill are appropriate. This also included assessing the appropriateness of the disclosures in the Notes on sensitivities in the event of a change in key assumptions underlying the valuation.

OUR CONCLUSIONS

The calculation method used for the impairment test of goodwill for the Solar division is appropriate and in line with the applicable valuation principles. The Company's assumptions and data underlying the valuation are balanced overall. The disclosures in the Notes on the recoverability of goodwill are appropriate.

Revenue recognition for construction contracts

For information on the accounting principles applied, please refer to Note 4.4 to the consolidated financial statements. Information on the amount of recognized revenue from construction contracts can be found in Note 8 to the consolidated financial statements.

RISK TO THE FINANCIAL STATEMENTS

Sales from construction contracts recognized exceeding one reporting period amounted to € 48.8 million in fiscal year 2021.

The Singulus Group recognizes revenue from production orders when it satisfies a performance obligation by transferring a specified asset to a customer. An asset is deemed to have been transferred once the customer obtains control over that asset. Depending on the transfer of control, revenue is recognized either at a point in time or over time in the amount that reflects the consideration to which the Singulus Group expects to be entitled.

The Singulus Group has determined for certain construction contracts based on the existence of the following criterion that the performance obligation will be fulfilled over a period of time and therefore revenue is recognized on a time-period basis: The Group's output creates an asset that has no alternative use to the Group and the Group has a legal right to payment for work already performed, including an appropriate margin.

Under the time-period revenue recognition method, revenue and progress billings are recognized in accordance with the stage of completion of the contract. The prerequisite for this is that the results from the contract can be reliably estimated. If a loss is expected from the contract as a whole, this loss is immediately recognized in full.

Accounting for construction contracts is complex and subject to judgment. Estimation uncertainties exist in particular with regard to the expectation of the total contract costs incurred, which is based on continuously updated plans and serves as the basis for determining the percentage of completion (cost-to-cost method).

Due to the complex contractual agreements and the scope for discretion in assessing the criteria for the timing of the transfer of control, there is a risk for the consolidated financial statements that the revenues and results from construction contracts are inaccurately allocated to the financial years and that impending losses from construction contracts are not recognized in a timely manner.

OUR APPROACH TO THE AUDIT

Based on our obtained understanding of the process, we assessed the design and set-up of identified internal controls, in particular regarding the determination of the stage of completion of individual projects.

In addition, as part of our audit, we assessed the accounting for selected construction contracts based on risk-oriented aspects.

For this purpose, we reconciled the order value with the corresponding contracts for the selected construction contracts and verified the allocation of actual costs to the respective projects on a sample basis. In addition, we traced the recording of contract changes for selected construction contracts.

In addition, we focused our audit on assessing the interpretation of the criteria for period-based revenue recognition made by the legal representatives. To this end, we assessed selected new construction contracts concluded in the fiscal year on the basis of a risk-oriented selection.

For contracts concluded in the fiscal year, we compared the actual costs with the expectation of the total contract costs incurred in the previous year in order to be able to assess the general planning quality.

For contracts selected on a sample basis from a risk-oriented perspective, we assessed the appropriateness of significant discretionary decisions, such as the estimate of costs still to be incurred. In doing so, we discussed the selected

contracts, including existing risks, with the relevant contacts of the Company (e.g. the Executive Board, sales management, controlling, and the project managers), analyzed their updated contract costings, including changes in the planned production costs, and the respective degree of completion, and assessed related documents (e.g. contracts, acceptance reports). Based on our findings, we assessed the appropriate determination of the respective stage of completion and the recognition in the balance sheet and income statement.

Due to the long preparation period for the consolidated financial statements as of December 31, 2021, we also assessed the impact of value-relevant events on revenue.

OUR CONCLUSIONS

The Singulus Group's approach to recognizing revenue from construction contracts over time is appropriate. The assumptions underlying the recognition of revenue from construction contracts are appropriate.

Recognition and evaluation of development costs

For information on the accounting principles applied, please refer to Note 4.6 to the consolidated financial statements. Information on the amount of capitalized development expenses can be found in Note 11 to the consolidated financial statements.

RISK TO THE FINANCIAL STATEMENTS

As of December 31, 2021, capitalized development expenses recognized within intangible assets amount to € 4.2 million, of which € 2.5 million are attributable to the "Solar" segment, € 1.1 million to the "Life Science" segment and € 0.5 million to the "Semiconductor" segment.

The Singulus Group capitalizes development expenses at cost if the requirements of IAS 38.57 are met. In addition to the technical feasibility of completing the intangible asset, this includes the generation of probable future economic benefits from the intangible asset (IAS 38.57(d)) and the ability to measure reliably the expenditure attributable to the intangible asset during its development (IAS 38.57(f)).

From the time the asset is available for use, the capitalized development expenses are amortized over a period of five years.

For the presentation of the requirement according to IAS 38.57 (d), the Singulus Group uses profitability calculations (project calculations). The respective net present value of the project is calculated on the basis of specific budgeted results for revenue/contribution margins attributable to the project, applying the company-specific discount rate.

Updated project calculations are used for the impairment tests and to calculate the recoverable amount of the capitalized development costs. Furthermore, an additional impairment test is performed at a higher level for capitalized development expenses

allocated to the Solar operating segment as part of the goodwill impairment testing for the Solar operating segment.

The determination of the recoverable amount on the basis of project calculations includes estimates regarding future profit contributions of the individual projects and is complex as well as discretionary. These include, among other things, the expected sales and earnings contributions of the projects and the discount rate used. There is a risk for the financial statements that the requirements for capitalization in accordance with IAS 38.57 are not met and that impairment losses existing at the reporting date have not been recognized.

OUR APPROACH TO THE AUDIT

On the basis of our acquired process understanding, we assessed the design and set-up of identified internal controls with regard to the criteria of the first-time recognition and the review of the respective recoverability of capitalized development expenses for the following periods.

For the development expenses capitalized for the first time, we verified the assumptions made by the legal representatives regarding the fulfillment of the recognition criteria by inspecting internal records of the Company (e.g. release protocols, approval for development, project calculations) or by discussing the development projects with the relevant contacts of the Company (e.g. the Executive Board, Controlling as well as the project managers). In addition, we reconciled the project costings with the relevant details of the overall corporate planning.

In testing the recoverability of capitalized development expenses, we compared the development of deliberately selected projects in the current fiscal year with the previous year's planning and reconciled the updated project calculations with the corresponding details of the overall corporate planning.

We also assessed the appropriateness of the discount rates used.

In addition, we assessed whether the goodwill impairment test for the "Solar" segment indicated any further impairment of the capitalized development expenses allocated to this segment (we refer to our explanations on the recoverability of goodwill).

OUR CONCLUSIONS

The Singulus Group's approach to capitalizing development expenses is appropriate. The determination of acquisition or production costs when development costs are capitalized for the first time and the determination of the recoverable amount when capitalized development expenses are subsequently measured are appropriate.

Other information

The Executive Board or the Supervisory Board is responsible for the other information. The other information comprises the following components of the combined status report which have not been audited as to their content:

- the combined corporate governance statement of the Company and the Group referred to in the combined status report, and
- the information contained in the combined status report that is unrelated to the status report and marked as unaudited.

The other information also includes the annual report expected to be made available to us after the date of this auditor's report. The other information does not include the consolidated financial statements, the content of the audited information in the combined status report, or our audit opinion thereon.

Our opinions on the consolidated financial statements and the combined status report do not cover the other information, and accordingly, we do not express an opinion or any other form of conclusion on it.

In connection with our audit, we are responsible for reading the above-mentioned other information and, in doing so, evaluating whether the other information is

- materially inconsistent with the consolidated financial statements, the content of the audited information in the combined status report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibility of the Executive Board and the Supervisory Board for the consolidated financial statements and the combined status report

The Executive Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Art. 315e Para. 1 HGB and for such internal control as the Executive Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement. The Executive Board is further responsible for such internal control as the Executive Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Executive Board is responsible for assessing the Group's ability to continue as a going concern. It is also responsible for disclosing, as applicable, matters related to the Group's ability to continue as a going concern. In addition, it is responsible for preparing the financial statements on the basis of 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.

In addition, the Executive Board is responsible for the preparation of the combined status report, which as a whole provides a true view of the Group's position, is consistent in all material respects with the consolidated financial statements, complies with German legal requirements and in a true and fair way presents the opportunities and risks of future development. Furthermore, the Executive Board is responsible for the arrangements and measures (systems) it has determined are

necessary to enable the preparation of a combined status report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence to support the statements in the combined status report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined status report.

Auditor's responsibility for the audit of the consolidated financial statements and the combined status report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined status report as a whole provides a true and fair view of the Group's position and is consistent, in all material respects, with the consolidated financial statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements and the combined status report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and EU Statutory Audit Directive and German generally accepted standards for the audit of financial statements 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 interested parties taken on the basis of these consolidated financial statements and combined status report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore, we

- identify and assess the risks of material misstatement of the consolidated financial statements and the combined status 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 opinion. The risk that material misstatements will not be detected is higher for noncompliance than for inaccuracy because noncompliance may involve fraudulent collusion, forgery, intentional omissions, misleading representations, or override of internal controls.
- obtain an understanding of internal control relevant to the audit of the
 consolidated financial statements and of arrangements and actions relevant to the
 audit of the combined status report in order to design audit procedures that are
 appropriate in the circumstances, but not for the purpose of expressing an opinion
 on the effectiveness of those systems.
- evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.

- conclude on the appropriateness of the Executive Board's accounting principles for going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the combined status report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may result in the Group being unable 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 represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRSs as adopted by the EU, and the additional requirements of German law pursuant to Art. 315e Para. 1 HGB.
- obtain sufficient appropriate audit evidence regarding the accounting information
 of the entities or business activities within the Group to express opinions on the
 consolidated financial statements and the combined status report. We are
 responsible for the direction, supervision and performance of the audit of the
 consolidated financial statements. We bear sole responsibility for our audit
 opinions.
- we assess the consistency of the combined status report with the consolidated financial statements, its compliance with the law, and the understanding of the Group's position given by it.
- perform audit procedures on the forward-looking statements made by the
 Executive Board in the combined status report. Based on sufficient appropriate
 audit evidence, we verify in particular the significant assumptions underlying the
 forward-looking statements made by the Executive Board and evaluate the
 appropriateness of the information derived from these assumptions. We do not
 express an independent opinion on the forward-looking statements or on the
 underlying assumptions. There is a significant unavoidable risk that future events
 may differ materially from the forward-looking statements.

We discuss with those in charge of governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We provide those in charge of governance with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence, and the safeguards that have been put in place.

From the matters we discussed with those in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial

statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of the matter.

Other statutory and other legal requirements

Declaration of non-issuance of an audit opinion on the electronic reproductions of the consolidated financial statements and the combined status report to be prepared for disclosure purposes in accordance with Art. 317 Para. 3a HGB

We were engaged to perform a reasonable assurance engagement in accordance with Art. 317 Para. 3a HGB to express an opinion on whether the reproductions of the consolidated financial statements and the combined status report to be prepared for disclosure purposes (hereinafter also referred to as "ESEF documents") comply in all material respects with the requirements of Art. 328 Para. 1 HGB on electronic reporting format ("ESEF format").

We do not express an opinion on the ESEF documents. Due to the significance of the matter described below, we were unable to obtain sufficient appropriate audit evidence to provide a basis for our audit opinion on the ESEF documents.

As the Executive Board has not provided us with ESEF documentation for audit by the date of our audit opinion, we do not express an opinion on the ESEF documentation.

The Executive Board of the Company is responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the combined status report in accordance with Art. 328 Para. 1 Sentence 4 No. 1 HGB and for the representation of the consolidated financial statements in accordance with Art. 328 Para. 1 Sentence 4 No. 2 HGB.

Furthermore, the Executive Board of the Company is responsible for such internal controls as the Executive Board determines are necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of Art. 328 Para. 1 HGB.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

It is our responsibility to perform an audit of the ESEF documents in accordance with Art. 317 Para. 3a HGB and in compliance with the IDW Auditing Standard: Audit of electronic reproductions of financial statements and status reports prepared for disclosure purposes in accordance with Art. 317 Para. 3a HGB (IDW PS 410 (10.2021)). Due to the matter described above, we were unable to obtain sufficient appropriate audit evidence to provide a basis for our audit opinion on the ESEF documents.

Other disclosure pursuant to Art. 10 EU Statutory Audit Directive

We were appointed as auditors by court order of the Aschaffenburg Local Court on May 12, 2022. We were engaged by the Supervisory Board of Singulus Technologies Aktiengesellschaft on October 7, 2022. We have served as auditors of the consolidated financial statements of Singulus Technologies Aktiengesellschaft without interruption since the 2012 fiscal year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 EU Statutory Audit Directive (audit report).

Auditor in charge

The auditor responsible for the audit is Dirk Janz.

Frankfurt am Main, April 6, 2023

KPMG AG Wirtschaftsprüfungsgesellschaft

Janz Certified Public Accountant

Jennes Certified Public Accountant

SINGULUS TECHNOLOGIES AG

Balance Sheet as of Dezember 31, 2021

Assets	12/31/2021		12/31/2020	
	EUR k	EUR k	EUR k	EUR k
A. Fixed assets				
I. Intangible fixed assets				
Purchased industrial and similar rights				
and assets	529		682	
2. Goodwill	0		0	
3. Prepayments	447		244	
		976		926
II. Tangible fixed assets				
1. Land, land rights and buildings,				
including buildings on third-party land	5,248		6,094	
2. Plant and machinery	891		1,410	
 Other equipment, operating and office equipment 	601		738	
4. Prepayments	0	6,740	730	8,242
н. Пераутненко	U	0,7 40	O	0,242
III. Long-term financial assets				
Shares in affiliates		6,508	6,508	
		14,224		15,676
B. Current assets				
I. Inventories				
1. Raw materials, consumables and supplies	6,133		3,817	
2. Work in progress	96,577		85,246	
3. Prepayments	9,990		2,179	
4. Prepayments received	-112,700	0	-91,242	С
II. Receivables and other assets				
Trade receivables				
- thereof with a maturity of more than one year			4 470	
EUR Ok	979		1,470	
2. Receivables from affiliates	2,451	0.050	3,735	0.404
3. Other assets	529	3,959	1,199	6,404
III. Cash and bank balances		26,850		9,585
		30,809		15,989
C. Prepaid expenses		667		121
D. Deficit not covered by equity		103,831		82,093
Total assets		149,531		113,879

Equity and liabilities	12/31/2021	12/31/2020	
	EUR k EUR k	EUR k EUR k	
A Equity			
A. Equity	0.006	0.006	
I. Subscribed capital	8,896	8,896	
II. Capital reserves	19,697	19,697	
III. Balance sheet loss	-132,424	-110,686	
IV. Deficit not covered by equity	103,831	82,093	
	0	0	
B. Provisions			
1. Provisions for pensions and similar obligations	13,740	13,006	
2. Provisions for taxes	455	454	
3. Other provisions	8,939	6,721	
	23,134	20,181	
C. Liabilities			
1. Bonds	12,600	12,000	
Payments received on account of orders	90,846	61,348	
3. Trade payables	13,309	6,230	
Liabilities to affiliated companies	7,017	6,127	
5. Other liabilities from financing contracts	1,322	6,581	
6. Other liabilities	1,022	0,001	
- thereof in relation to taxes EUR 552k			
(PY: EUR 378k)	1,303	1,412	
	126,397	93,698	
D. Deferred items	0	0	

Total equity and liabilities	149,531	113,879
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SINGULUS TECHNOLOGIES AG

Income Statement for the Period from January 1 to December 31, 2021

		2021		2020	
		EUR k	EUR k	EUR k	EUR k
1.	Revenue		43,210		54,204
2.	Decrease in work in progress		11,331		-23,935
3.	Own costs capitalized		0		0
4.	Other operating income - thereof currency translation gains EUR 114k (PY: EUR 759k)		2,548		6,182
5.	Cost of materials a) Cost of raw materials, consumables and supplies and of purchased merchandise	-26,320		-17,233	
0	b) Cost of purchased services	-7,799	-34,119	-5,212	-22,445
6.	Personnel expenses a) Wages and salaries b) Social security, pension and other benefit costs - thereof for old-age pensions EUR 1.410k (PY: EUR 1.381k)	-21,309 -5,228	-26,537	-19,240 -4,914	-24,154
	Amortization or depreciation of intangible and tangible fixed assets		-1,788		-8,232
	Other operating expenses - thereof expenses from currency translation EUR 667k (PY: EUR 101k)		-14,357		-13,385
9.	Income from investments		650		0
	Income from long-term loans - thereof from affiliates EUR 229k (PY: EUR 223k)		229		223
	Other interest and similar income - thereof from affiliates EUR 0k (PY: EUR 0k) - thereof income from discounting EUR 0k (PY: EUR 0k)		0		0
12.	Write-downs of financial assets		-150		-175
	Interest and similar expenses - thereof to affiliates EUR 750k (PY: EUR 734k) - thereof expenses from interest EUR 303k (PY: EUR 342k)		-2,724		-2,882
14.	Tax income		-4		-8
15.	Earnings after taxes		-21,711		-34,607
16.	Other taxes		-27		-26
17.	Net loss for the year (PY: net profit)		-21,738		-34,634
18.	Retained earnings (PY: loss carryforward)		-110,686		-76,052
19.	Withdrawals from other revenue reserves		0		0
20.	Income from capital reduction		0		0
21.	Balance sheet loss (PY: net profit)		-132,424		-110,686

SINGULUS TECHNOLOGIES AG

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