max automation

FINANCIAL REPORT 2020

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FOREWORD

Dear Shareholders,

We look back on a financial year that was unprecedented, largely due to the COVID-19 pandemic. The pandemic had a significant impact on the global economy and on us too. We reacted immediately to the lockdown in Germany and Europe in March in a decisive manner to minimize the risks for our Group and to ensure our ability to act. The health and safety of our Group's employees has always been and remains our top priority. Hygiene measures were adapted at all MAX sites and conditions were created to enable mobile working wherever it made sense and was possible. At the same time, we have taken measures to secure the liquidity of the MAX Group. In addition to reducing external services and putting a freeze on spending and hiring, we re-evaluated our own investments against the backdrop of our customers' investment behavior and carried them out with prudence and a sense of proportion. We will continue to adhere to these measures.

Cost discipline and the efforts undertaken to safeguard liquidity, as well as our continued efforts to work through the problem areas in the Non-Core business, meant that we were able to close the financial year with a positive operating result (EBITDA) of mEUR 5.7 with sales of mEUR 307.0. Nevertheless, after an initially positive start to 2020, the pandemic has set us back quite a bit in the realignment of the Group that we had initiated. The fact that we were nevertheless able to hold our own in a market environment characterized by the corona crisis and can therefore at least look back on a satisfactory year is due to the broad positioning of our core business units Process Technologies, Environmental Technologies and Evolving Technologies in industries with a promising future.

Overall, our core business units recorded a strong performance in the corona year with a comparatively small decline in order intakes of under 10 percent. This was mainly driven by the strong positive demand in the Evolving Technologies segment. Here, the Medical Technology area achieved an exceptional performance with its Tip & Cup technology and successfully entered the in-vitro diagnostics market. Sales of our solutions in packaging automation also developed encouragingly. These developments helped to compensate for the situation in robotics, which remained tight. Demand in the Environmental Technologies segment was impacted not only by the pandemic but also by the low oil price, which reduced demand for alternative fuels. Planned growth in the Process Technologies segment slowed significantly. In the automotive market, economic uncertainties were particularly noticeable and the awarding of major projects was delayed in the wake of the pandemic. However, initial signs of recovery in the automotive industry and the increasing commitment of governments and companies to e-mobility allow us to remain confident with regard to the growth opportunities for Process Technologies.

We believe that the MAX Group is strategically well positioned with its core businesses. The financial and operational challenges still ahead of us as a result of the pandemic, as well as possible losses from the Non-Core business, will have to be overcome in financial year 2021. We will continue to drive forward the initiated transformation of the MAX Group into a stable, profitable and future-oriented Group. Our new Group strategy, which we will publish this financial year, will set further important milestones for this. Our goal is to create added value for our shareholders and to leverage the Group's potential.

We are confident that the further increase in the availability of vaccines will accelerate the recovery of the economy in general and the industries of our Group companies in particular. The current order backlog forms the starting point for a solid business development in financial year 2021. Compared to the challenging previous year, we should be able to increase sales and earnings. Our expectations for this year depend on there being no further unexpected worsening of the pandemic and an associated significant deterioration in the economic situation.

Our special thanks in these times go to our approximately 1,800 employees in the individual Group companies. Through their high level of commitment and flexibility, they have contributed to the MAX Group's ability to overcome the difficult challenges. The increased resilience of the MAX Group in the past year is thus the achievement of a high-performance team. Our thanks also go to our shareholders, customers, suppliers and partners for the trust they have placed in us and for their support.

Dusseldorf, 12 March 2021

The Managing Directors

Dr. Christian Diekmann **Werner Berens** **Dr. Guido Hild** **Patrick Vandenrhijn**

SUPERVISORY BOARD

Dear Shareholders,

In the monistic management system of MAX Automation SE, the Supervisory Board determines the basic outline of the company's activities and supervises their implementation by the Managing Directors.

The Supervisory Board appointed in accordance with section 7 of the Articles of Incorporation of MAX Automation SE submits the following report to the shareholders' meeting in accordance with section 47 (3) of the Act on the Implementation of the Regulation (EC) No. 2157/2001 of the Council of the European Union of 8 October 2001, on the Statute of the European Company (SE) (SE Implementation Act, SEAG) in conjunction with section 171 (2) of the German Stock Corporation Act:

General information

In the 2020 fiscal year, the Supervisory Board intensively dealt with the strategic, economic and human resources development of MAX Automation SE and the Group. Based on the timely oral and written reports of the Managing Directors on the business situation of MAX Automation SE and the Group, the Supervisory Board monitored the management of MAX Automation SE in the 2020 fiscal year in accordance with the provisions of Council Regulation (EC) No. 2157/2001 of 8 October 2001, on the Statute of the European Company (SE) (SE Regulation), the SEAG and the German Stock Corporation Act. The reports of the Managing Directors related to matters including fundamental issues of financial and investment policy as well as the profitability and risk/financing situation of MAX Automation SE, the Group and the Group companies.

The Supervisory Board's work was also materially driven by the operational and financial challenges of the COVID-19 pandemic. Together with the Managing Directors, the Supervisory Board continuously analyzed the effects of the coronavirus crisis on the individual segments of Process Technologies, Environmental Technologies and Evolving Technologies as well as the Non-Core segment (ELWEMA Automotive GmbH and IWM Automation GmbH) and on the Group companies of MAX Automation SE. A crisis task force was set up in the Management Board to be able to counter potential risks at an early stage. It continuously analyzed and assessed the situation and initially informed the Supervisory Board about the status on a weekly basis. Due to the impact of the COVID-19 pandemic, the forecast for the 2020 fiscal year published in the 2019 financial statements could not be achieved. In addition, the detected irregularities in the inventory valuation at the subsidiary iNDAT Robotics GmbH in 2017 and 2018 were analyzed and conclusions for improvements were implemented. These irregularities made it necessary for MAX Automation SE to retroactively adjust its previous-year figures as part of the consolidated financial statements as of 31 December 2019. The irregularities in inventory valuation were due to deficiencies in the internal control system of iNDAT Robotics GmbH, which have since been corrected. In the 2020 fiscal year, the Supervisory Board again dealt first with the sale and then the restructuring process of ELWEMA Automotive GmbH and the winding down of the IWM companies (IWM Automation Bodensee GmbH, IWM Automation GmbH). In addition, Mr. Marcel Neustock and Ms. Karoline Kalb succeeded Mr. Oliver Jaster and Mr. Andreas Krause as members of the Supervisory Board in the 2020 fiscal year. Dr. Christian Diekmann has been further appointed as Chairman of the Supervisory Board with effect from 1 January 2021 and has been appointed as a Managing Director with the function of CEO/CFO of the company. In addition, the strategy, financial and investment policy of the Group, ongoing litigation and corporate governance of the company were the subject of deliberations. The Supervisory Board performed the duties incumbent upon it under the law and the company's articles of incorporation with great care and concerned itself intensively with the business transactions of the company and the Group.

The Supervisory Board received regular reports on the performance of the business with analyses of deviations from the budget and the previous year, including documentation of the liquidity and financial position. The members of the Supervisory Board were also in close contact with the Managing Directors outside the meetings and discussed the further development of the companies and the Group with them in detail. All business transactions requiring approval were discussed in depth with the Managing Directors and approval was granted where necessary.

On the basis of the reports and information provided by the Managing Directors, the Supervisory Board was assured of the proper conduct of business. Likewise, the Supervisory Board interviewed the Managing Directors, the management of the subsidiaries and the auditor that all requirements of the risk management system were met both in the parent company and in the Group.

Meetings of the Supervisory Board and resolutions outside meetings

In the reporting year, 17 meetings of the Supervisory Board were held in the form of face-to-face meetings and conference calls. Due to the COVID-19 pandemic, the majority of Supervisory Board meetings were conducted via phone. With the exception of the respective excused absences of Mr. Krause at the Supervisory Board meeting on 11 May 2020 and of Ms. Kalb at the Supervisory Board meeting on 23 September 2020, all members of the Supervisory Board who held office in the 2020 fiscal year attended the meetings of the Supervisory Board during the reporting period. Absent members were able to participate in the adoption of resolutions by having another member of the Supervisory Board present a vote submitted in writing. The monitoring and advisory activities of the Supervisory Board primarily related to the following items in the meetings of the Supervisory Board:

The Supervisory Board met in a conference call on 9 January 2020, during which a decision was made on the planning for 2020 in particular.

In the conference call of 11 February 2020, the Supervisory Board focused on the draft report prepared by the auditor of MAX Automation SE to correct the irregularities in the inventory valuation of iNDAT Robotics GmbH in 2017 and 2018. In addition, the status of the audit of the annual and consolidated financial statements was discussed and the Group's financing situation was addressed.

In the meeting held on 28 February 2020, the Supervisory Board primarily dealt with the following topics: A decision was made regarding the procedure for remedying the irregularities in the inventory valuation of iNDAT Robotics GmbH in 2017 and 2018. The development of the Process Technologies, Environmental Technologies and Evolving Technologies segments was discussed, also in regard to precautionary measures relating to the COVID-19 pandemic. Other topics of discussion included investment budgeting and the 2020 financing strategy, as well as the status of the disposal process in regard to ELWEMA Automotive GmbH.

On 10 March 2020, Mr. Andreas Krause notified the company and the Chairman of the Supervisory Board that he was resigning as a member of the Supervisory Board effective as of the end of the ordinary shareholders' meeting on 29 May 2020, and that he was resigning as a Managing Director and member of the Management Board effective as of the end of 15 June 2020. In addition, the current and future business performance of the three segments Process Technologies, Environmental Technologies and Evolving Technologies was again discussed, particularly with regard to the impact of the coronavirus crisis.

At the meeting on 13 March 2020, the Supervisory Board approved the financial statements of MAX Automation SE and the consolidated financial statements of the Group and adopted the financial statements of the SE. In addition, the Report of the Supervisory Board, the Corporate Governance Report, the Explanatory Report of the Supervisory Board, the Sustainability Report and the Dependence Report were approved. The focus of this meeting was once again on the analysis and measurement of business performance in the individual segments under the conditions of the coronavirus crisis.

In the conference call of 7 April 2020, the Supervisory Board primarily dealt with the particularities of holding the 2020 shareholders' meeting, which was planned to be virtual due to the COVID-19 pandemic. In addition, the Supervisory Board discussed the business performance of the individual segments Process Technologies, Environmental Technologies and Evolving Technologies as well as of the Non-Core segment. The current and potential future impact of the coronavirus crisis on the various segments was analyzed together with the Managing Directors. Other topics included the Group's liquidity planning and the restructuring of ELWEMA Automotive GmbH.

In the conference call on 15 April 2020, the primary topic of discussion was the experiences of management and the Supervisory Board with the audit. The decision was reached to propose to the shareholders' meeting that PricewaterhouseCoopers GmbH be again appointed as auditor. Furthermore, the invitation to the virtual shareholders' meeting 2020 was approved.

On 11 May 2020, the Supervisory Board resolved that Dr. Diekmann would be appointed as Managing Director with the position of CEO of the company, with simultaneous resignation of his office as Chairman of the Supervisory Board. This change was proposed to take effect on 1 April 2021. Dr. Guckert was authorized to conclude a corresponding employment contract with Dr. Diekmann, which will be discussed in advance by the Supervisory Board.

In the conference call on 12 May 2020, the resolutions recommended by the Audit Committee were adopted with regard to contractual amendments within the scope of the syndicated loan, review of further financing and the contribution of Vecoplan AG to MAX Management GmbH. In addition, the members of the Supervisory Board and the Managing Directors continued in particular to discuss the company's business performance and development under the circumstances of the coronavirus crisis. Furthermore, the current status of the litiation in conjunction with the sale of NSM Packtec GmbH were discussed.

At its constituent meeting on 29 May 2020, the Supervisory Board elected Dr. Christian Diekmann as Chairman of the Human Resources Committee, Dr. Ralf Guckert as Deputy Chairman and Dr. Jens Kruse as an additional member. Dr. Jens Kruse was elected Chairman of the Audit Committee and Dr. Christian Diekmann was elected Deputy Chairman. At the shareholders' meeting on 29 May 2020, the newly elected members of the Supervisory Board Ms. Karoline Kalb and Mr. Marcel Neustock were appointed as additional members of the Audit Committee in place of Mr. Krause and Mr. Jaster.

In the conference call on 9 June 2020, Dr. Christian Diekmann, Chairman of the Supervisory Board of MAX Automation SE, was appointed as Managing Director of the company with effect until 1 January 2021 at the latest. The Supervisory Board further noted that Dr. Diekmann will simultaneously resign from his position as Chairman of the Supervisory Board and exercise his Supervisory Board mandate as an ordinary member for the remainder of his term in office.

In the Supervisory Board meeting on 6 August 2020, MAX Automation SE's contribution of shares in Vecoplan AG to MAX Management GmbH, the increase in subscribed capital of MAX Management GmbH and the conclusion of a profit and loss transfer agreement between MAX Management GmbH and Vecoplan AG were approved. The focus of the meeting was also on the business performance of the three segments Process Technologies, Environmental Technologies and Evolving Technologies as well as the Non-Core segment. The effects of the coronavirus crisis on the various segments were elaborated in particular. The financing status of the Group and the procedure for the 2021 planning process were also discussed.

At the Supervisory Board conference call on 23 September 2020, the Supervisory Board and the Managing Directors discussed the business performance in the individual segments and the general situation of the Group, including the financing situation. The status and further planning of restructuring measures at ELWEMA Automotive GmbH and iNDAT Robotics GmbH were also discussed. In addition, changes to the business allocation plan, possible implementation of new requirements under ARUG II and the German Corporate Governance Code of 16 December 2019, and tax topics were considered. The status of current litigation was also examined.

On 20 October 2020, the focus of the Supervisory Board meeting was on the fundamental positioning of a possible new strategy for the MAX Group.

The conference call on 10 November 2020, focused on audit planning by the auditor. Aside from that, the Supervisory Board approved MAX Automation SE's issuance of a letter of comfort to MAX Management GmbH and to Mess- und Regeltechnik Jücker GmbH as well as the issuance of a letter of comfort by MAX Management GmbH to Vecoplan AG. It was then decided to exempt the domestic subsidiaries of MAX Automation SE from exemption options with regard to the preparation of notes and a management report. MAX Automation SE's planning was also discussed. Furthermore, the business performance and planning of the Process Technologies, Environmental Technologies and Evolving Technologies segments as well as the Non-Core segment were primarily discussed.

On 9 December 2020, the 2021 planning of MAX Automation SE was conclusively discussed and approved. In addition, the financing situation of the Group, the business performance of the individual segments and succession planning in the subsidiaries of MAX Automation SE and for the Managing Directors of the company were discussed in particular. The Supervisory Board also discussed the results of the anonymous assessment of the effectiveness of the work of the Supervisory Board and, after evaluating the results, examined possible measures for improving the Supervisory Board's work.

In the 30 December 2020 conference call, it was determined that Dr. Diekmann will assume his duties as a Managing Director and the position of CEO/CFO of the company on 1 January 2021. It was also resolved that Dr. Diekmann would continue to chair the Supervisory Board after 31 December 2020. In addition to that, further development of the company's strategy and an associated governance structure were discussed.

Where necessary, the Supervisory Board also made decisions using circular resolutions. These related in particular to contractual amendments in connection with the syndicated loan, and the adoption of the Declaration of Conformity as well as the Corporate Governance Statement. Furthermore, early repayment of the loan from the former associated company ESSERT GmbH was approved by circular resolution. Other resolutions concerned the management of Elwema Automotive GmbH, amendment of the general commercial powers of representation of MAX Automation SE, the company car policy and the business allocation plan of the Managing Directors. Measures relating to further handling of projects of IWM Automation Bodensee GmbH and IWM Automation GmbH were also decided by circular resolution.

The Supervisory Board also regularly reviewed the monthly reports sent out prior to the Supervisory Board meetings. These reports include information on the sales and earnings performance of the companies and the Group by segment and presentation and analysis of the liquidity and financial position as well as any deviations from the budget. The risk management system is also discussed on a regular basis. Where conflicts of interest existed in regard to individual resolutions, the Supervisory Board responded appropriately.

Organization of the work of the Supervisory Board

To optimize processes and coordination within the Supervisory Board, the committees listed in the following were appointed in 2020 in accordance with section 34 (4)(1) SEAG. Due to the COVID-19 pandemic, the majority of committee meetings were held as conference calls.

Human Resources Committee

The Human Resources Committee met six times in 2020, with the following topics discussed at the meetings:

At the meeting of 28 February 2020, the focus was on Mr. Krause's announcement that he would resign from his positions as a member of the Supervisory Board and Managing Director. In addition, the strategic positioning of the MAX Group and the cooperation between the Supervisory Board and the Managing Directors were discussed. In the conference call on 30 March 2020, ROCE targets (STIP) and LTIP targets were set for the Group and the three segments Process Technologies, Environmental Technologies and Evolving Technologies. The successor to Mr. Krause was discussed on 7 April 2020. In addition, a revision of the variable compensation structure for the Managing Directors was considered. In the conference call on 20 April 2020, Dr. Guckert was authorized to conduct negotiations with Dr. Diekmann for the assumption of a CEO position in the company. On 11 May 2020, the Human Resources Committee resolved to recommend to the Supervisory Board the appointment of Dr. Diekmann as Managing Director of the company in the position of Group CEO and to submit to the Supervisory Board the draft of a corresponding employment contract for Dr. Diekmann. Dr. Diekmann was authorized to conduct salary negotiations with Dr. Hild within a specified framework due to the expansion of his area of responsibility. In view of his future position as Managing Director, Dr. Diekmann announced his resignation as Chairman of the Human Resources Committee in the conference call on 12 October 2020. Dr. Guckert was elected as the new Chairman of the Human Resources Committee and Dr. Kruse was re-elected as Deputy Chairman. It was also decided that the revision of the variable compensation structure of the Managing Directors would be launched after adoption of the new MAX strategy. Furthermore, the date on which Dr. Diekmann would begin serving as Managing Director was set as 1 January 2021.

Until 12 October 2020, Dr. Christian Diekmann (Chairman), Dr. Jens Kruse (Deputy Chairman) and Dr. Ralf Guckert (ordinary member) were the members of the Human Resources Committee.

Since that date, the members of the Human Resources Committee have been:

- Dr. Ralf Guckert (Chairman)
- Dr. Jens Kruse (Deputy Chairman)
- Dr. Christian Diekmann (ordinary member)

All members of the Human Resources Committee who held office in the 2020 fiscal year attended all six meetings of the Human Resources Committee in the reporting period.

Audit Committee

The Audit Committee met five times in 2020. An additional meeting was held in the extended Audit Committee at the Supervisory Board meeting on 23 September 2020. The Audit Committee conducted the following discussions in the reporting period:

On 10 March 2020, the Audit Committee discussed questions regarding the 2019 financial statements with the auditor of MAX Automation SE. During the conference call on 13 March 2020, the auditor's report on the audit of the annual and consolidated financial statements was discussed, and it was decided to recommend to the Supervisory Board the approval of the 2019 financial statements and other reports to be prepared for the 2019 fiscal year. In the conference call on 14 April 2020, the quality of the audit planning and execution by the auditor of MAX Automation SE was discussed in detail. The conference call on 12 May 2020, focused on items for improving the financing situation, the planned enhancement of the internal control system and the contribution of Vecoplan AG to MAX Management GmbH. On 6 August 2020, various topics of the financial statement in the context of the financial reporting for the second quarter of 2020 and the audit priorities for the 2020 audit were discussed in particular. On 23 September 2020, the Extended Audit Committee dealt with the remuneration of the auditor for non-audit services.

Until 29 May 2020, the Audit Committee consisted of Dr. Jens Kruse (Chairman), Dr. Christian Diekmann (Deputy Chairman), Andreas Krause and Oliver Jaster (both ordinary members).

Since that date, the members of the Audit Committee have been:

- Dr. Jens Kruse (Chairman)
- Dr. Christian Diekmann (Deputy Chairman)
- Karoline Kalb (ordinary member)
- Marcel Neustock (ordinary member)

Apart from the excused absence of Ms. Kalb from the meeting on 23 September 2020, all members of the Audit Committee who held office in the 2020 fiscal year attended all meetings of the Audit Committee during the reporting period. At its meeting on 23 September 2020, the Audit Committee did not pass any resolutions. Ms. Kalb provided her approval of the minutes of the last meeting in advance by e-mail.

Personnel changes

Mr. Oliver Jaster and Mr. Andreas Krause each resigned as a member of the Supervisory Board with effect from the end of the Annual General Meeting on 29 May 2020. Mr. Krause also resigned from his office as Chief Operating Officer (CFO) and Chairman of the Management Board with effect from 15 June 2020. As successors, the Annual General Meeting elected Mr. Marcel Neustock and Ms. Karoline Kalb as members of the Supervisory Board. Dr. Christian Diekmann, Chairman of the Supervisory Board, continued to be appointed Chairman of the Supervisory Board with effect from 1 January 2021, and was appointed Managing Director of the MAX Automation SE company.

Risk management

All risk areas identifiable from the perspective of the Supervisory Board were discussed. The Supervisory Board was satisfied that the Managing Directors had installed a functioning risk management system. The auditor subjected the early warning system for risks to an audit. This audit confirmed that the Managing Directors have taken the measures required under art. 9 (1) (c) (ii) SE Regulation and section 22 (6) SEAG in conjunction with section 91 (2) of the German Stock Corporation Act and have set up a monitoring system suitable for identifying at an early stage any developments which might jeopardize the continued existence of the company and the Group. In the context of this audit, the auditor did not identify any matters to be reported to the Supervisory Board.

Annual and consolidated financial statements 2020

As a capital market-oriented corporation, MAX Automation SE is subject to the statutory audit obligation pursuant to art. 9 (1) c) (ii) and art. 61 SE Regulation in conjunction with sections 316 (1) (1), 267 (3) (2) and 264 d) of the German Commercial Code. The financial statements for MAX Automation SE and the consolidated financial statements as of 31 December 2020, as well as the combined management report, including the bookkeeping, were audited by the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, and were provided with an unqualified audit opinion. This means that the auditor confirmed that, in its assessment and based on the findings of the audit, the financial statements and the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of MAX Automation SE and the Group in accordance with the applicable financial reporting guidelines. The auditor also confirmed that the combined management report is consistent with the annual and consolidated financial statements, provides a suitable view of the position of MAX Automation SE and the Group and suitably presents the opportunities and risks of future development.

After being proposed by the Supervisory Board, the auditor was elected by the ordinary shareholders' meeting on 29 May 2020, and was appointed in writing by the Audit Committee to audit the accounting after the shareholders' meeting. In this context, the Audit Committee also agreed with the auditor that the auditor will inform the Audit Committee and make a note in the audit report if facts are ascertained during the performance of the audit that reveal a misstatement in the declaration issued by the Supervisory Board, including the Managing Directors, on the version of the German Corporate Governance Code (GCGC) dated 16 December 2019, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on 20 March 2020. Before the Supervisory Board proposed to the shareholders' meeting that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, should serve as auditor and Group auditor, this firm confirmed in writing to the Chairman of the Audit Committee that there were no circumstances that could impair the firm's independence as an auditor or give rise to doubts about its independence. It was also agreed with the auditor that the Chairman of the Supervisory Board would be informed immediately of any grounds for disqualification or partiality arising during the audit unless such grounds were eliminated without delay. Additionally, it was agreed that the auditor would promptly report on all findings and occurrences of significance for the tasks of the Supervisory Board that arose during performance of the audit.

The Supervisory Board received the drafts and copies of the accounting documents for the company and the Group, as well as the proposal of the Managing Directors for the appropriation of retained profit, with sufficient advance notice to allow for a thorough review of all documents.

At the meetings of the Supervisory Board on 15 and 16 March 2021 to discuss the financial statement, the Managing Directors explained the accounting and consolidated financial statements and their proposal for the appropriation of retained profit. Furthermore, questions from the members of the Supervisory Board were answered by the Managing Directors. The Supervisory Board reviewed the financial statement documents after they were explained by the Managing Directors, taking into account the auditor's reports. The auditor, who was present at the meeting of the Supervisory Board to discuss the financial statement, reported there in detail on the audit and the audit results, explained the audit report and answered the questions of the members of the Supervisory Board. The auditor also informed the Supervisory Board that its audit had not revealed any material weaknesses in the internal control and risk management system relating to the accounting process within the meaning of section 171(1)(2) of the German Stock Corporation Act. The auditor also provided information on the absence of any circumstances giving rise to concern about the auditor's bias or regarding services provided by the auditor outside the audit. The Supervisory Board came to the conclusion that the auditor has the required independence.

The Supervisory Board was satisfied that the auditor conducted the audit properly. In particular, it came to the conclusion that the audit reports – as well as the audit itself – comply with the legal requirements. The Supervisory Board then approved the results of the audit and, as there were also no objections to be raised following the final results of its own review, approved the financial statements, the consolidated financial statements and the combined management report on the position of the company and the Group (including the Corporate Governance Statement pursuant to section 289 (f) of the German Commercial Code). The financial statements are thus approved. In its assessment of the position of the company and the Group, the Supervisory Board concurs with the assessment expressed by the Managing Directors in the combined management report of the company and the Group. This also applies in particular to statements on the further performance of the company. The Supervisory Board has examined the proposal for the appropriation of retained profit submitted by the Managing Directors, in particular with regard to the company's performance, the impact on liquidity and the interests of the shareholders, and concurs with it. The Supervisory Board also included the Corporate Governance Statement in its review and expressly approved it.

In addition, the Supervisory Board examined the separate non-financial report to be prepared in accordance with section 289 b), section 315 b) of the German Commercial Code.

Finally, at its meeting on 16 March 2021 to discuss the financial statement, the Supervisory Board approved this report to the shareholders' meeting.

Corporate governance and Declaration of Conformity

The Supervisory Board dealt intensively with the rules of good corporate governance in the 2020 fiscal year.

In accordance with art. 9 (1) c) (ii) SE Regulation and section 22 (6) SEAG in conjunction with section 161 (1) of the German Stock Corporation Act, on 5 February 2021, the Supervisory Board and the Managing Directors issued the annual Declaration of Conformity with the recommendations of the German Corporate Governance Code in the version dated 16 December 2019, which was in force at the time the Declaration of Conformity was issued, and published this Declaration of Conformity on the Internet. Further details on the principles of corporate governance and their implementation are presented here.

Support for the members of the Supervisory Board

Members of the Supervisory Board are appropriately assisted in getting started in their work. An introduction to the activities of MAX Automation SE and a presentation of the various segments takes place on a regular basis. Both Ms. Kalb and Mr. Neustock also regularly attended meetings of the Supervisory Board prior to taking office and were thus able to familiarize themselves with the company's business operations.

The members of the Supervisory Board also receive appropriate support in the performance of their duties. For example, existing training and development needs of the members of the Supervisory Board are determined on a regular basis. General and legal training was supported in the reporting year. In particular, the members of the Supervisory Board regularly attended events on corporate governance topics organized by auditing firms and events on questions relating to appropriate administration of their duties and financial reporting.

Dependency Report

According to the requirements of section 314 of the German Stock Corporation Act, the Supervisory Board also examined the report submitted to it on relationships with affiliated companies (Dependency Report) for the 2020 fiscal year. The Dependency Report was also audited by the auditor, which issued the following opinion:

"After our compulsory audit and assessment, we confirm that:

(1) The factual statements of the report are correct,

(2) for the legal transactions listed in the report, the company's payments were not inappropriately high."

The auditor's report on the Dependency Report was also made available to all members of the Supervisory Board. The Supervisory Board raised no objections after explanation by the auditor and the Managing Directors. It noted and agreed with the results of the audit of the Dependency Report by the auditor.

Conflicts of interest and how they are handled

Where transactions exist between MAX Automation SE or companies of the MAX Automation Group and companies for which individual members of the Supervisory Board act, these are discussed in the Supervisory Board. To avoid even the appearance of a conflict of interest, the affected members of the Supervisory Board do not take part in the discussion or in any resolutions.

The Supervisory Board would like to thank the Managing Directors as well as the Management Boards and Managing Directors of the subsidiaries and all employees of the MAX Automation Group for their dedicated and successful work over the past fiscal year.

Dusseldorf, 16 March 2021

Chairman of the Supervisory Board

Dr. Christian Diekmann

GROUP MANAGEMENT REPORT

Combined Management Report of MAX Automation SE for the Financial Year 2020

BASIS OF THE PARENT COMPANY AND THE GROUP

Business Model

MAX Automation SE, headquartered in Düsseldorf, Germany, is the holding company of a Group of small and medium-sized companies that operates on a global level. The Group companies provide their customers with innovative solutions and complex systems for the purpose of enabling efficient production and automation. As full-range suppliers of machinery, installations and integrated automation solutions, the companies develop solutions in close cooperation with customers in Germany and beyond. In addition, they offer complementary services such as consulting (including analysis, testing and feasibility studies) and production support, along with servicing, repair and software development. The MAX Group companies operate in a variety of different sales markets, sectors and business areas, ensuring a high degree of diversification within the Group. Some of the companies serve niche markets and strive to achieve a leading position in terms of the product or quality.

The MAX Group companies operate through an international network of sales offices and service locations in Europe, North America, South America and Asia. The development and production sites are primarily located in Germany with others located in the United States, Poland and Italy. As of the reporting date, the MAX Group consisted of MAX Automation SE and its 11 shareholdings and the subsidiaries of these shareholdings in Germany and abroad.

Governance structure

With the conversion into a "European Company" (Societas Europaea, SE) in the 2017 fiscal year, MAX Automation SE opted for a monistic management system. The monistic management system is characterized by the fact that the management of the SE is incumbent on a single management body, the Supervisory Board. The Supervisory Board directs the company, defines the guidelines of its activities and supervises their implementation. The Managing Directors conduct the business of the company, represent the company in legal matters and in direct relations with other parties, and are bound by the instructions of the Supervisory Board. The operational management of the MAX Group subsidiaries is incumbent upon the General Managers of these subsidiaries.

Operating Segments

Subsidiaries of the MAX Group are allocated to four operating segments, which corresponded to the reportable segments in line with IFRS requirements in the 2020 fiscal year.

In the Process Technologies segment, the focus of bdtronic GmbH and its subsidiaries is on the development and production of machinery and installations with integrated software solutions for high-precision production processes such as dispensing and impregnation, especially for customers in e-mobility, the electronics industry and medical engineering.

In the Environmental Technologies segment, Vecoplan AG and its subsidiaries develop and install machinery and installations for the sustainable use of primary and secondary raw materials and biomass, in particular for the recycling, energy and raw materials industries.

The Evolving Technologies segment brings together five different companies offering optoelectronic solutions, plant and machinery for use in medical engineering and packaging systems, as well as robotic production systems and automation solutions.

The three segments - Process Technologies, Environmental Technologies and Evolving Technologies - represent the core business areas of MAX Automation.

The Non-Core Business segment comprises companies that are no longer part of MAX Automation's core business. This primarily includes ELWEMA Automotive GmbH, which develops manufacturing solutions for cleaning, testing and assembly technology, in particular for engines, steering systems and transmissions. The other companies in the segment have ceased operations and are only completing existing customer projects (IWM Automation Bodensee GmbH, IWM Automation GmbH). IMW Automation Poland will cease operations in the course of 2021.

Strategic Positioning

The MAX Group's focus is on growth industries with low dependence on economic cycles and fluctuations. The goal of MAX Automation is to create added value for shareholders and stakeholders and to achieve above-average growth in sales, earnings and cash flow.

Long-term trends drive the growth of MAX Automation's activities, among them increased health awareness and rising demand for medical technology due to demographic shifts. Other trends include the increase in automation, the trend towards electrification in the automotive sector, growing needs and desires for sustainability, the digital transformation in industrial production with the associated networking of plants and machinery, and rapidly growth in industrial sectors such as micro-automation and robotics. The ability to quickly pick up on trends and to subsequently identify innovative solutions and further develop technologies are therefore of key strategic importance for the long-term business success of the MAX Group.

MAX Automation SE is currently working on further developing its group strategy and on establishing a suitable governance structure that meets changing operational requirements while continuing to satisfy the highest standards. The new strategy is expected to be rolled out over the course of 2021.

Controlling System

Planning and management for the MAX Group is conducted on the level of the individual Group companies and through MAX Automation SE directly. The subsidiaries define their strategy for the coming fiscal years and plan their individual business performance targets based on the long-term focus of the MAX Group. This planning process culminates in a investment plan and a cost budget with targets relating to sales and revenue performance for the purpose of budget and medium-term planning. The results of the annual planning discussions between the MAX Management Board and the General Managers of the

Group companies lead to a Group plan that is discussed and approved by the Supervisory Board.

Monthly review meetings between the Group companies and the MAX Automation SE as the holding company provide an ongoing insight into the overall economic situation of the MAX Group. The monthly reports are used to identify deviations from Group company planning at an early stage and to discuss options for action.

Control Variables

To manage and evaluate its operating business, the MAX Group uses financial performance indicators that are suitable for companies in the machinery and plant engineering sector. These indicators are recorded on the level of the Group companies individually and are consolidated on the level of MAX Automation SE. The MAX Group is primarily managed on the basis of the key performance indicators "Sales" and "EBITDA" respectively the "EBITDA margin". In addition, ratios are used to measure the order situation, such as order intake and order backlog, as well as for the development of working capital.

The objective is to identify trends at an early stage by analyzing these key control variables and thus to ensure and enhance the long-term earnings performance of the MAX Group. Non-financial performance indicators are not used for internal control of the Group.

In addition, the covenant agreements regarding the syndicated loan agreement are included in the management of the MAX Group. The covenants include limits for absolute equity and absolute EBITDA for the last 12 months of the MAX Group. The control is carried out by setting and reviewing target corridors.

In 2020, the Group recorded the following changes in key performance indicators:

	2020	2019	Change
	in mEUR	in mEUR	in %
Order Intake	319.6	379.9	-15.9
Order Backlog[1]	209.4	199.5	5.0
Working Capital	39.1	72.0	-45.6
Sales	307.0	425.5	-27.8
EBITDA	5.7	-0.9	733.7
EBITDA-Margin (in % of Sales)	1.8%	-0.2%	

[1] as of December 31

Research and Development

As a strategic management company, MAX Automation SE does not conduct its own research and development activities (R&D), but it does consider such activities to be essential to the future success of the Group companies in their respective markets. The market environment in which the companies operate is subject to rapid changes in technology and intense competition. Customers require tailored technical solutions based on the latest processes and technologies. Political demands and government regulations, especially of an environmental nature, are increasingly becoming growth drivers of development processes.

The MAX companies are responsible for ensuring that their products and solutions satisfy the latest technological standards and are strategically well-positioned in their markets. R&D is conducted on a decentralized basis in the companies, such as in the form of specialized departments or technology centers. As small & medium-sized enterprises, the MAX companies organize their R&D activities largely within the framework of specific customer projects, focusing on the market situation and the needs of their customers. However, the MAX companies do not conduct research for purely scientific purposes. In order to live up to its claim of technological and quality leadership, the subsidiaries continuously expand their technological skill sets. Accordingly, some of the products in their portfolios are quite recent and innovative.

Information on development costs can be found in the notes to the consolidated financial statements under other disclosures in the section on research and development.

GROUP ECONOMIC AND BUSINESS REPORT

General economic and business conditions

Overall economic environment

In 2020, the global economy was significantly affected by the COVID-19 pandemic, contracting by 3.5% in the past year according to analyses by the International Monetary Fund (IMF). In the previous year, the global economy had grown by 2.8%. This means the decline was 0.9 percentage points lower than assumed in the October 2020 WEO forecast, according to the IMF. The second half of the year saw a recovery that was stronger than expected. Massive political support programs to contain the crisis prevented a more dire outcome. Central banks, including the U.S. Federal Reserve ("Fed") and the European Central Bank (ECB), supported fiscal stimulus programs by further expanding their expansionary monetary policy measures. The renewed spread of the pandemic at the end of the year demonstrated the global economy's continued vulnerability to setbacks. Economic growth declined in all developed economies as well as in the emerging markets and developing countries – with the exception of China – in 2020.[1]

According to the IMF, the U.S. economy contracted by 3.4% in 2020, 0.9 percentage points less than assumed in October 2020. The second half of the year in particular featured elevated economic momentum, a declining unemployment rate and a recovery in consumption. U.S. growth was 2.2% in 2019.[2 3]

In the People's Republic of China, the economy grew by 2.3% in 2020, weakening by 3.5 percentage points compared with the previous year. Rapid containment of the pandemic, public investment and liquidity support from the central bank ensured that the Chinese economy returned to growth starting in the second quarter of 2020.[4]

Economic activity in the eurozone declined by 7.2% in 2020, compared with economic growth of 1.3% in 2019, according to the IMF.[5] A decline of 8.2% was still being forecast as of October 2020. An additional

1 https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
2 https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020
3 https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
4 https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
5 https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update

bond-buying program by the ECB and extensive measures by Member States, including short-time work programs, wage subsidies, loan and aid programs for businesses and tax deferrals cushioned the economic impact of the pandemic in the third and fourth quarters.

According to the Federal Statistical Office (Destatis), Germany's economic output declined by 4.9% in 2020, following growth of 0.6% in the previous year.[6] With a decline of 11.3%, the second quarter of 2020 was the low point. Economic activity recovered in the third and fourth quarters but remained negative in the face of a new wave of infections in the fall and additional lockdown measures. Overall, the economic slump was less severe than the -5.7% experienced in the financial and economic crisis of 2008/2009, but it left clear traces in all sectors of the economy. Production was massively curtailed in both the service and manufacturing sectors. Economic output in the manufacturing sector declined by 9.7% compared with 2019 and by as much as 10.4% in the processing industry.

The impact of the pandemic was also clearly visible on the demand side. At 3.5%, gross fixed capital formation recorded its sharpest decline since the financial and economic crisis of 2008/2009. Capital expenditure for machinery, equipment and vehicles decreased by 12.5% compared with the previous year.[7] COVID-19 also had a massive impact on foreign trade, with exports and imports of goods and services declining in 2020 for the first time since 2009, while exports shrank by 9.3% and imports fell by 7.1% compared with the previous year. Export business slowed noticeably, especially at the beginning of the pandemic: In March 2020, with closed borders, disrupted logistics and broken supply chains restricting exports. Although exports picked up again in the eight months that followed, this was not enough to compensate for the slump.[8]

Numerous measures to cushion the economic impact included a temporary reduction in the rate of value-added tax, an extension of short-time work to 24 month (instead of the previous 12 months), financial support measures for businesses, and an economic stimulus package from the federal government. The outbreak of the COVID-19 pandemic ended a 10-year period of growth in Germany's economy.[9]

6 https://www.destatis.de/DE/Presse/Pressemitteilungen/2021/02/PD21_081_81.html
7 https://www.destatis.de/DE/Presse/Pressemitteilungen/2021/01/PD21_020_811.html
8 https://www.destatis.de/DE/Presse/Pressemitteilungen/2021/02/PD21_054_51.html
9 https://www.destatis.de/DE/Presse/Pressemitteilungen/2021/01/PD21_020_811.html

Development of relevant industries

In Germany, the recovery of the German machinery production industry from the pandemic-related slump in the spring of 2020 was largely better than expected in the second and third quarters of the past fiscal year. By the end of the fourth quarter of 2020, COVID-19 again had an increasingly firm grip on the world and the capital goods industry.[1] However, the containment measures were less drastic than in the first half of the year, particularly in industry. In view of a better-than-expected third quarter, the German Engineering Federation (VDMA) revised its expectations for the past fiscal year slightly upward. According to preliminary calculations, the VDMA expects a somewhat smaller decline of 14% to 197 billion euros instead of the 17% drop in production originally forecast for 2020. Accordingly, order intake and sales were both 9% below comparative figures from 2019. However, the VDMA reports that many businesses are reporting lower losses than feared in the summer. By contrast, the impact of the pandemic on the export-centric German machinery sector was also reflected in order intakes. While domestic business remained 6% below the previous year's level, foreign demand fell by 13%.[2,3] In the months of

1 VDMA Mechanical Engineering International Business Outlook
2 https://www.vdma.org/v2viewer/-/v2article/render/57181145
3 https://www.vdma.org/v2viewer/-/v2article/render/60417916

November and December 2020, the prevailing reluctance to invest began to subside, and order intake in the mechanical engineering sector exceeded the comparatively low previous-year level for both domestic and foreign orders. The recovery thus continued with a hopeful outlook.[4]

The robotics and automation sector also expects a 2020 slump that is similar in its severity to that experienced by the mechanical engineering sector. Due to the pandemic, the VDMA expects a decline of 11% in order intake and 19% in sales for the past fiscal year 2020, with heterogeneous trends seen in the subsectors. While Integrated Assembly Solutions and the robotics subsector recorded a 12% decline in order intake and a 23% drop in sales, industrial image processing orders were down by 7% and sales dropped by 8%.[5] According to the VDMA Robotics + Automation Association, the pandemic has demonstrated how vulnerable industrial production has become in global value chains. At the same time, it also harbors great opportunities in the fight against the pandemic. The rapid conversion of production lines for the production of respirator masks as well as medical equipment and accessories underscores the potential of great automation depth.[6]

According to the German Association of the Automotive Industry (VDA), the 2020 coronavirus crisis had an enormous impact on international markets. Sales fell in almost all countries throughout the world, in some cases quite drastically. Of the three major sales regions, Europe suffered the greatest decline. The five largest markets in Europe saw double-digit declines across the board. In Europe, 24% fewer new passenger cars were registered overall in 2020. Sales volumes declined by 25% percent in France, by 28% in Italy and by 29% in the United Kingdom. Spain was hit comparatively hard with a decline of 32%. Following a mild recovery in the third and fourth quarters, European passenger car sales in December 2020 remained 4% below the previous-year level.[7] 2020 was also a challenging year for the German automotive market. In 2020 as a whole, the domestic market contracted by 19%, while exports shrank by 24%. In December 2020, the German automotive market grew by 10% despite the lockdown in the second half of the month.[8] In the United States, the light vehicle market (cars and light trucks) finished the year with an overall decline of 15%. This was the first time since 2012 that the U.S. market dropped below the 15 million mark. U.S. light vehicle sales were up by 6% in December 2020. By contrast, China was largely able to put the pandemic and its consequences for automotive sales behind it. Following a rapid recovery, the decline was reduced to 6% overall in 2020. In December of the past year, the Chinese automotive market again achieved growth of 7%, marking the eighth consecutive month of increase.[9]

For 2020 as a whole, a decline in sales of around 4% is expected in the medical technology industry according to an October survey of the members of industry association SPECTARIS, although signs of recovery were also seen at the beginning of the fourth quarter, mirroring that of other industries. The expected decline for international business was 6%. It was claimed that smaller businesses in particular would suffer more from the consequences of the pandemic, with higher declines in sales expected.[10] Compared with other sectors, the vision care industry in Germany came through the coronavirus year relatively unscathed, according to the association. However, it will be forced to absorb the highest revenue losses within the SPECTARIS sectors in 2020. The German vision care industry expects a decline of around 10%, although the final figures were not yet available at the time this report was in preparation.[11]

4 VDMA Mechanical Engineering Business Outlook for Germany
5 VDMA Mechanical Engineering Business Outlook for Germany
6 https://rua.vdma.org/viewer/-/v2article/render/49257709
7 https://www.vda.de/de/presse/Pressemeldungen/210119-Europ-ischer-Pkw-Markt-bricht-2020-um-ein-Viertel-ein.html
8 https://www.vda.de/de/presse/Pressemeldungen/210108-Corona-Effekt—Austausch—lterer-Autos-stockt.html
9 https://www.vda.de/de/presse/Pressemeldungen/210119-Europ-ischer-Pkw-Markt-bricht-2020-um-ein-Viertel-ein.html
10 https://www.spectaris.de/medizintechnik/aktuelles/detail/leichte-erholung-im-krisenjahr-deutsche-medizintechnik-daemmt-umsatzrueckgang-auf-vier-prozent-ein/
11 https://www.spectaris.de/consumer-optics/aktuelles/detail/die-augenoptik-war-2020-auf-achterbahnfahrt-sehversorgung-der-bevoelkerung-ist-unveraendert-gesicher/

After 11 years of growth, the waste and recycling technology sector is looking back on 2020 with a decline in sales of approximately 3%. In the spring of 2020, the Waste and Recycling Technology Association of the German Engineering Federation (VDMA) was still expecting another year of growth. The industry as a whole is quite diverse in its positioning. Manufacturers of mobile waste treatment technologies suffered from supply chain problems due to the pandemic. Plant engineers faced project delays related to the coronavirus. By contrast, specialized manufacturers of machinery such as shredders have been able to finish the year with positive results, according to the association. On the other hand, order intake declined, falling short of the previous year's level by 2.9%. As previously, the 27 countries of the European Union remain the sector's most important sales market. With an export share of 12.4%, North America again takes first place among the non-European markets. Asia follows with a share of 6.2%. According to the trade association, the export ratio is a stable 68%.[12]

12 https://art.vdma.org/documents/266241/57307734/VDMA%20Abfall-%20und%20Recyclingtechnik_Branchenkonjunktur_final_1607595529775.pdf/2fddc30a-3d22-cb0b-b2d4-a421e475ab29

Business development of the Group

The 2020 fiscal year of MAX Automation SE was significantly influenced by the COVID-19 pandemic. In the first half of the year in particular, the effects of the coronavirus crisis were visible in a significant decline in order intake in the MAX Group. As a result, at the end of April 2020, MAX Automation had to retract the forecast for the 2020 fiscal year published with the 2019 annual financial statements and, in view of the high volatility of business development and the associated lack of forecasting ability, was also unable to issue a new forecast in the further course of the fiscal year. It was not possible to issue a full-year forecast for fiscal 2020 for sales and operating earnings before interest, taxes, depreciation and amortization (EBITDA) until February 2021. This amounted to mEUR 305 for sales and mEUR 5.5 for EBITDA.

Immediately after the pandemic containment measures were imposed in March 2020, the Management Board set up a crisis task force to continuously analyze and assess the situation and make decisions on this basis. In addition, measures to safeguard liquidity and reduce costs were adopted in order to keep the risks for the MAX Group as low as possible and to ensure the company's ability to operate. The Group companies largely kept their respective operations running. Short-time working was used selectively where it was sensible and necessary. The health and safety of MAX Group employees has always been a top priority.

Consolidated order intake of the MAX Group decreased by 15.9 % to mEUR 319.6 in 2020 due to pandemic-related investment reluctance (previous year: mEUR 379.9). From the third quarter of 2020, the MAX Group once again recorded a more stable trend in order placement and achieved high order intake, particularly in the month of December. Overall, the core business areas recorded a robust performance in the pandemic environment. The performance here was driven primarily by demand in the medical technologies and packaging automation fields in the Evolving Technologies segment. While demand in Environmental Technologies was lower year-on-year due to the pandemic and low oil prices, the planned growth in the Process Technologies segment failed to materialize against the background of the pandemic with delays in awarding major e-mobility projects. The Non-Core Business was characterized by further restructuring. Accordingly, order intake declined as planned with the plant closures of the IWM Automation companies.

At the Group level, the order backlog increased to mEUR 209.4 (31 December 2019: mEUR 199.5), up 5.0 % on the previous year. The order backlog in the core business areas increased in 2020 particularly with the growth in medical technology in the Evolving Technologies segment. While Environmental Technologies recorded a slightly lower order backlog than a year earlier, this decreased in the Process Technologies segment as existing projects were processed. The order backlog in Non-Core Business decreased as planned with the termination of projects in the closed IWM Automation companies. The MAX Group's consolidated order development reached a book-to-bill ratio of 1.04 (previous year: 0.89).

The MAX Group achieved sales of mEUR 307.0 in 2020 (previous year: mEUR 425.5). The expectation originally formulated at the beginning of the year that sales would be between mEUR 380 and 410 in 2020 was therefore not achieved. The adjusted forecast for sales was mEUR 305. The Group's sales performance was impacted in particular by COVID-19-related delays in projects and commissionings. Business was impacted in almost all Group companies in the core business areas Process Technologies and Evolving Technologies by production interruptions with customers, border closures and quarantine regulations. In contrast, with a high order backlog and only insignificant delays due to the pandemic, production in the Environmental Technologies segment continued almost under normal conditions. In the Non-Core Business, sales decreased in particular due to the closure of the IWM Automation companies and as a result of production stops during the pandemic with customers in China and Europe.

The pandemic significantly slowed down the targeted earnings growth of the MAX Group. However, operative earnings before interest, taxes, depreciation and amortization (EBITDA) improved to mEUR 5.7 compared to the previous year (2019: mEUR -0.9). Nevertheless, the original expectation of an EBITDA of between mEUR 16 and 20 could not be maintained here either. The full-year forecast published in February 2021 showed a figure of mEUR 5.5 for EBITDA. The improvement in EBITDA is attributable in particular to the significantly reduced loss situation in the Non-Core Business. Although the core business was clearly positive overall, it had to report a sharp year-on-year decline in its operating result against the background of the pandemic. EBITDA decreases in the Process Technologies and Evolving Technologies segments resulted mainly from lower sales. In contrast, the Environmental Technologies segment exceeded its prior-year earnings. The segment therefore made the largest contribution to the Group's overall result.

In summary, the MAX Group can look back on a satisfactory year against the background of the coronavirus crisis. In a market environment characterized by the pandemic, the Group was able to hold its ground and close the year in line with adjusted expectations.

Sales and result of operations

In 2020, the MAX Group recorded a 27.8 % drop in sales to mEUR 307.0 in line with adjusted expectations, in particular as a result of COVID-19-related delays in projects and commissionings (previous year: mEUR 425.5). The export share of sales rose to 72.2% (previous year: 63.2%). In the North American business and in China, the MAX Group increased its sales, whereas the Group's sales markets in Germany, Europe and the rest of the world were affected by sales declines. The share of the service and spare parts business rose to 21.6% in the same period (previous year: 18.6%).

The Group's total output in 2020 decreased by 25.1 % to mEUR 299.2, mainly due to slower project progress and changes in inventories (previous year: mEUR 399.3). The Group's lower total output was offset by cost savings and higher project margins. Other own work capitalized decreased slightly to mEUR 2.2 (previous year: mEUR 2.3).

MAX Automation's other operating income increased by 26.7 % to mEUR 14.1 (previous year: mEUR 11.1). The background to this is that it was possible to release warranty provisions for projects that had fallen out of warranty. Provisions for vacation and bonuses were also reversed and positive currency effects were achieved at some Group companies.

The MAX Group's cost of materials decreased by 32.5 % to mEUR 136.9 due to the lower project volume (previous year: mEUR 202.7). At 45.8%, the cost of materials ratio was below the level of the previous year despite lower total output (2019: 50.8 %).

Personnel expenses decreased by 12.9 % to mEUR 121.2 in 2020, mainly due to the closure of the IWM companies and the use of short-time working as a result of the coronavirus crisis (previous year: mEUR 139.1). The personnel expense ratio rose to 40.5% with lower total output (previous year: 34.8%). With the exception of a few employees, the workforce was deliberately not adjusted to the reduced overall output since the MAX Group will be dependent on its well-trained specialists once the economic crisis triggered by the pandemic is over.

MAX Automation's depreciation and amortization increased by 68.7 % to mEUR 25.1 (previous year: mEUR 14.9). As a result of the coronavirus crisis, the goodwill of ELWEMA Automotive GmbH and iNDAT Robotics GmbH had to be written down as part of the annual impairment tests. In addition, impairment losses were recognized on the fixed assets of ELWEMA Automotive GmbH as a result of the impairment test.

The MAX Group's other operating expenses decreased by 30.2 % to mEUR 48.5 in 2020 (previous year: mEUR 69.4), mainly due to lower additions to warranty provisions, lower travel expenses due to the pandemic as well as lower legal and lower consulting costs. In addition, expenses for the closure of IWM Bodensee were still included in the previous year. Expenses from exchange rate differences rose to mEUR 2.2 (previous year: mEUR 1.2).

Group earnings before interest and taxes (EBIT) fell by 23.4 % to mEUR -19.5 in 2020 (previous year: mEUR -15.8) as a result of COVID-19-related changes, and the EBIT margin – in relation to sales – decreased to -6.3% (previous year: -3.7%).

The Group financial result improved to mEUR -9.0 (previous year: mEUR -18.1) and mainly includes interest expenses for the syndicated loan. The previous year included valuation allowances for a loan and the use of a bank guarantee for the equity-accounted investment MAX Automation (Asia Pacific) Co. Ltd. as well as for a payment claim against a former Group company.

MAX Automation's result from income taxes amounted to mEUR 2.2 (previous year: mEUR -1.2). The deviation from the previous year is mainly based on the fact that the recognition of deferred tax assets on loss carryforwards was adjusted upwards due to a higher recoverability.

The pandemic slowed down the targeted recovery of the MAX Group. However, with the further streamlining of the non-core business, it was possible to reduce the loss for the year by 25.8 % to mEUR -26.3 (previous year: mEUR -35.5), corresponding to earnings per share of EUR -0.90 (previous year: EUR -1.18).

Asset position

In 2020, the MAX Group recorded a decline in total assets of 15.2 % to mEUR 281.8 (31 December 2019: mEUR 332.4). Fixed assets (excluding deferred taxes) are financed through equity and non-current liabilities. Current assets cover current liabilities.

Non-current assets decreased by 13.8 % to mEUR 121.9 (31 December 2019: mEUR 141.4), in particular due to the impairment losses recognized as a result of the impairment tests of ELWEMA Automotive GmbH and iNDAT Robotics GmbH. Intangible assets also decreased by 53.6 % to mEUR 3.2 (31 December 2019: mEUR 6.8) and goodwill by 16.6 % to mEUR 38.6 (31 December 2019: mEUR 46.2). Property, plant and equipment decreased by 4.9 % to mEUR 44.1 (31 December 2019: mEUR 46.3), mainly as a result of reclassifications due to the intended sale of the land and building from the closed IWM Automation GmbH to assets held for sale.

Investment property, after impairment losses from fair value adjustments, amounted to mEUR 6.4 (31 December 2019: mEUR 7.5). The value of other long-term financial assets decreased by 71.2 % to mEUR 1.9 (31 December 2019: mEUR 6.7). The main reasons for this were the repayment of a silent partnership in the amount of kEUR 800, which arose in connection with the management buy-out of altmayerBTD GmbH & Co. KG, and the repayment of a bridging and vendor loan in the amount of mEUR 2.5 by the former non-controlling interest ESSERT GmbH. Part of the outstanding loan to ESSERT GmbH was also written off in the amount of mEUR 1.6.

Deferred tax assets increased by 25.8 % to mEUR 13.1 (31 December 2019: mEUR 10.4), mainly as a result of the increased value of losses carried forward due to the integration of Vecoplan AG into MAX Management GmbH.

Overall, the share of non-current assets in total assets rose to 43.3% in 2020 (31 December 2019: 42.5%).

Current assets decreased by 16.3 % to mEUR 159.9 in 2020 (31 December 2019: mEUR 191.0), in particular as a result of inventory reductions due to the lower volume of business, which was caused by the coronavirus. Contractual assets were recognized mainly as a result of the closure of IWM Automation companies with a decrease of 18.1 % to mEUR 33.6 (31 December 2019: mEUR 41.0). Trade receivables decreased by 40.4 % to mEUR 27.1 due to payments received (31 December 2019: mEUR 45.4).

Tax receivables increased by 68.6% to mEUR 2.2 in 2020 (31 December 2019: mEUR 7.1).

Cash and cash equivalents increased by 17.6 % to mEUR 47.7 in 2020 due to the increase in operating cash flows (31 December 2019: mEUR 40.6). Overall, the share of current assets in total assets fell to 56.7% (31 December 2019: 57.5%). At the Group level, working capital decreased by 45.6 % to mEUR 39.1 due to high advance payments from customers and a simultaneous reduction in inventories and receivables (31 December 2019: mEUR 72.0).

Financial position

The capital structure of the MAX Group in the 2020 fiscal year was influenced by the further restructuring of the non-core business and by pandemic-related devaluations of companies. Accordingly, the equity of MAX Automation as of 31 December 2020 decreased by 41.2 % to mEUR 39.9 (31 December 2019: mEUR 67.9). The MAX Group thereby reported an equity ratio of 14.2 % at the end of 2020 (31 December 2019: 20.4 %).

In 2020, non-current liabilities decreased by 6.9 % to mEUR 142.0 (31 December 2019: mEUR 152.5). The MAX Group reduced non-current liabilities to banks by 5.3 % to mEUR 114.2 (31 December 2019: mEUR 120.6). Deferred tax liabilities decreased by 24.6 % to mEUR 8.2 (31 December 2019: mEUR 10.9) mainly due to the impairment losses recognized at ELWEMA Automotive GmbH and the final acceptance of projects whose sales is recognized over time according to the cost-to-cost method.

Current liabilities decreased by 10.8 % to mEUR 99.9 in 2020 (31 December 2019: mEUR 112.0). Trade payables decreased by 52.5 % to mEUR 23.7 (previous year: mEUR 49.8), mainly due to the closure of the IWM Automation companies and the reclassification of advance payments received to contractual liabilities for projects with non-periodic revenue recognition. As a result, contractual liabilities increased to mEUR 41.1 (previous year: mEUR 18.6). Miscellaneous other current provisions decreased by 25.4 % to mEUR 11.7 (previous year: mEUR 15.6). The decrease is mainly due to the fact that it included obligations for restructuring of mEUR 3.6 in 2019.

As a result of the COVID-19 pandemic and the closure of the IWM Automation companies, other current financial liabilities, which are characterized by vacation benefits and overtime, decreased by 15.9 % to mEUR 13.2 (31 December 2019: mEUR 15.7). Liabilities from income taxes increased to mEUR 3.3 (31 December 2019: mEUR 2.2).

Net debt including lease liabilities of the MAX Group decreased to mEUR 85.3 as of 31 December 2020 (31 December 2019 incl. lease liabilities: mEUR 101.0; 31 December 2019 excl. lease liabilities: mEUR 81.3).

Liquidity development

The MAX Group recorded a cash inflow from operating activities for 2020 of mEUR 32.0 (previous year: cash outflow of mEUR 20.9). With a negative cash-effective annual result, the inflow resulted in particular from high advance payments from customers and a simultaneous reduction in inventories and receivables.

The cash outflow from investing activities of mEUR 5.2 (previous year: mEUR -10.3) reflects investments of mEUR -7.4 in property, plant and equipment and inflows of mEUR 3.4 from the repayment of loans to third parties.

In 2020, the cash outflow from financing activities of mEUR 19.8 resulted in particular from a lower utilization of the syndicated loan (previous year: cash inflow of mEUR 38.8).

Overall, there was an increase in cash and cash equivalents of mEUR 7.0 to mEUR 47.7 in the 2020 fiscal year (previous year: mEUR 40.6). After taking into account changes in cash and cash equivalents due to exchange rate movements and changes in the scope of consolidation, cash and cash equivalents amounted to mEUR 47.7 as of 31 December 2020 (31 December 2019: mEUR 40.6).

Investments

The MAX Group invested mEUR 10.5 in non-current assets in the 2020 fiscal year (2020: mEUR 8.5). Investments in the coronavirus year mainly related to investments in IT, technical equipment and machinery and plant and office equipment, in particular investments in new ERP systems at the companies and in a new turning and milling center at Vecoplan AG that had already been decided. Detailed information on investments in the segments can be found in the attached Segment Reporting in the notes.

Segment reporting

MAX Automation SE and its Group companies meet the demand for technologically complex and innovative components and system solutions for efficient, flexible and networked automation in industrial production. The individual companies focus on solutions for specific sectors.

Process Technologies segment

In the Process Technologies segment, the focus of bdtronic GmbH and its subsidiaries is on the development and production of machinery and equipment with integrated software solutions for high-precision production processes such as dispensing and impregnation, especially for customers in e-mobility, the electronics industry and medical engineering.

Due to the decline in production in the global automotive industry due to the coronavirus pandemic, order intake in the Process Technologies segment fell by 25.2 % to mEUR 46.8 (previous year: mEUR 62.5). The pandemic situation made negotiations difficult and led to order postponements. Typical customer acquisition activities, such as at trade fairs or exhibitions with normal and extensive levels of customer contact, could not take place. A general reluctance to invest also led to delays, particularly in the awarding of major projects in e-mobility. The expected growth in impregnation technology thus failed to materialize. At the end of the year, demand remained intact but was at a low level and below original expectations due to COVID-19. Projects in dispensing technology and service projects dominated order intake. As of December 31, 2020, the order backlog decreased by 18.3 % to mEUR 20.2 as a result of the fulfillment of existing orders (December 31, 2019: mEUR 24.7).

The Process Technologies sector recorded a drop in sales of 30.7 % to mEUR 50.9 (previous year: mEUR 73.4) as a result of COVID-19-related delays in projects and launches due to factors including lack of access to construction sites. The pandemic caused the growth originally targeted for 2020 to not be achieved. Projects in dispensing technology and a higher proportion of service projects made a particularly large contribution to sales revenues. Process Technologies generated 59.3 % of sales from orders outside Germany (previous year: 63.5 %).

As expected, earnings before interest, taxes, depreciation and amortization (EBITDA) fell to mEUR 6.9 (previous year: mEUR 14.8), a decrease of 53.7 % that was primarily attributable to lower sales. The segment made various growth investments in the first half of 2020, which led to an increase in the cost basis. Contrary positive effects on EBITDA were generated by the use of short-time work and the reversal of accruals for vacation and bonuses, among other measures. Although the EBITDA margin fell to 13.5% (previous year: 20.2%), it remained at a high level. EBITDA margins, which remain in the double-digit range, are primarily the result of unique selling proposition in dispensing technology.

Working capital decreased due to a reduction in project volume of 20.1 % to mEUR 13.3 (previous year: mEUR 16.6).

Excluding trainees, the number of employees in the Process Technologies segment rose by an annual average of 11.4 % to 409 (previous year: 368) in preparation for future growth. Due to the fact that well-trained professionals are needed for future growth, staffing levels were deliberately not adjusted to the reduced overall output. Instead, reduced working hour arrangements were used and credits in vacation and overtime accounts were used up in response to the reduced overall output.

Environmental Technologies segment

In the Environmental Technologies segment, Vecoplan AG and its subsidiaries develop and install machinery and equipment for the sustainable use of primary and secondary raw materials and biomass, particularly for the recycling, energy and raw materials industries.

The business segment's order intake for 2020 decreased by 20.7 % year-on-year to mEUR 111.3 (previous year: mEUR 140.3). Overall, the trend in order development under the conditions of the pandemic exceeded management expectations. In addition to that, the order situation in the previous year was influenced by two major orders of a one-off nature in the United States amounting to 18 million euros. Demand for recycling solutions in the substitute fuel market was slowed primarily by lower oil prices. In Europe, the coronavirus pandemic affected demand for recycling and waste solutions for wood and biomass mainly in the second half of the year. A generally lower propensity to invest was reflected in particular by a reduction in the awarding of contracts for major projects. It was not until the end of 2020 that demand picked up again, allowing Vecoplan AG to record higher order intake. The order backlog as of December 31, 2020, was at mEUR 47.2, putting it slightly above the previous-year's level (December 31, 2019: mEUR 47.5).

Due to the drop in order intake, the segment's sales fell by 13.6 % year-on-year to mEUR 110.3 (previous year: mEUR 127.6). With a high order backlog and only insignificant project delays stemming from the pandemic, production was able to continue under conditions that were almost normal, making it unnecessary to use short-time work. However, segment sales were below management expectations overall. Sales were impacted by a major project in the United States that could not be commissioned in 2020, causing the revenue from this project to go unrecognized until the 2021 fiscal year. 90.2 % of segment sales were attributable to international business (previous year: 83.1 %). With a share of more than 30 percent, the service share of sales reached a high level.

Despite lower sales, earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 9.5 % to mEUR 14.2 (previous year: mEUR 12.9). High-margin services and reduced sales and marketing costs contributed to the higher-than-expected EBITDA. In addition, Vecoplan's U.S. subsidiary benefited from a government loan from the Paycheck Protection Program in the amount of USD 950,900. The segment's EBITDA margin improved to 12.8% (previous year: 10.1%).

Working capital decreased slightly by 2.2 % to mEUR 17.2 (previous year: mEUR 17.6).

Excluding trainees, the average number of employees in the Environmental Technologies segment rose by 4.0 % to 420 (previous year: 404), with an order situation that remains positive.

Evolving Technologies segment

The Evolving Technologies segment brings together five different companies and offers its customers optoelectronic solutions, plants and machinery for use in medical engineering and packaging systems, along with robotic production systems and automation solutions.

In the 2020 fiscal year, the coronavirus crisis affected order intake to varying degrees at the companies in the segment. Thanks to ongoing high demand, packaging automation, medical technology and optoelectronics recorded very good order intake. For example, medical technology achieved, as expected, a major order in the field of in vitro diagnostics at the end of the year and will build systems for the fully automated production of pipettes (tip and cup technology) for its client over the next two years. By contrast, the onset of the pandemic had automation and robotics contending with declining demand. Nevertheless, order intake in the segment increased overall by 15.0 % to mEUR 130.5 (previous year: mEUR 113.5). The low level of order intake received by robotics during the year was compensated for by the other companies. Although the rise in demand in press automation from the third quarter onwards was not able to fully compensate for the declines of the previous months, orders were received from U.S. e-mobility suppliers and from China at the end of the year. Overall, Evolving Technologies recorded a 34.8 % increase in the order backlog to mEUR 108.7 (December 31, 2019: mEUR 80.7).

On the sales side, production interruptions at customers, border closures and quarantine regulations, along with ensuing delays in assembly and commissioning during the pandemic, weighed on the situation at all Group companies in the segment. The service business development was also negatively affected. However, based on a lower order backlog at the beginning of 2020, the overall decline in sales was in line with expectations adjusted for the pandemic. Sales decreased by 23.0 % to mEUR 104.9 (previous year: mEUR 136.2), with the segment's international business generating 53.6 % of sales (previous year: 31.3 %).

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the Evolving Technologies segment were primarily affected by pandemic-related delays in the progress of press automation and robotics projects. The project delays combined with the slump in orders led to losses in robotics. Medical technology again made the largest contribution to EBITDA. Overall, the segment recorded a year-on-year decrease in EBITDA of 57.0 % to mEUR 7.3 (previous year: mEUR 16.9). The previous year's figure also included special effects from fair value measurements. The segment's EBITDA margin fell accordingly to 6.9 %, compared with 12.4 % in the previous year.

Working capital decreased to mEUR -2.9 (previous year: mEUR 7.7) as a result of high advance payments in medical technology and the reduction in receivables in press automation.

Excluding trainees, the average number of employees in the Evolving Technologies segment rose slightly to 558 (previous year: 549). In the course of the year, short-time work were selectively put to use at some Group companies. Vacation and overtime accounts were systematically used up in order to accommodate reduced workloads in some areas.

Non-Core Business segment

The Non-Core Business segment brings together companies that are no longer part of the MAX Group's core business. This primarily includes ELWEMA Automotive GmbH (ELWEMA), which develops manufacturing solutions for cleaning, testing and assembly technology, in particular for engines, steering systems and transmissions. The remaining companies in the segment have either ceased operations or are completing existing customer projects (IWM Automation Bodensee GmbH, IWM Automation GmbH, IMW Automation Poland).

Accordingly, in contrast to previous years, the segment's order intake is now determined solely by ELWEMA. Overall, order intake in 2020 fell by 51.3 % to mEUR 31.0 (previous year: mEUR 63.6) due to the closure of IWM Automation companies. In the meantime, ELWEMA benefited from strong demand for conversion and repeat projects relating to plant optimization and recorded a high number of order intake, especially in the second half of the year. However, a major order already in progress from a long-standing ELWEMA customer was canceled in January 2021. The project was originally scheduled for completion in 2022. With the completion of projects in the closed companies, the Non-Core Business recorded a decrease in the order backlog of 28.6 % to mEUR 33.3 (December 31, 2019: mEUR 46.6).

Segment sales were down from the previous year, primarily due to closures of IWM companies and coronavirus-related factors. Lockdowns and production shutdowns at customers in China and Europe affected project acceptances, resulting in major delays and underutilization. Overall, the segment recorded a decline in sales of 51.4 % to mEUR 43.6 (previous year: mEUR 89.8), with 85.2 % of sales (previous year: 82.6 %) being generated outside Germany.

The coronavirus-related project delays were also reflected in earnings before interest, taxes, depreciation and amortization (EBITDA). The cancellation of a major order was taken into consideration in the annual financial statements as a value-enhancing event within the scope of the inventory valuation, and inventories at ELWEMA were devalued accordingly. Internally generated intangible assets at the company were also adjusted in response to the coronavirus situation. Together with provisions for non-profitable projects at the IWM companies, the segment posted a decline in EBITDA to mEUR -13.3mEUR (previous year: mEUR -36.6), corresponding to an improvement of 63.6 %. The EBITDA margin rose to -30.5 % (previous year: -40.7 %).

As a result of the closures and final acceptance of projects still open, working capital in the Non-Core Business segment fell by 61.9 % to mEUR 11.9 (previous year: mEUR 31.2).

Excluding trainees, the average number of employees in the Non-Core Business segment fell by 46.7 % to 259 (previous year: 486) due to the closures. Due to underutilization of the company's capacity, short-time work were introduced at ELWEMA. Vacation and overtime accounts were also used up in response to the reduced workload situation.

PERSONNEL REPORT

In 2020, the MAX Group with its Group companies responded to the requirement – as in previous years – to adjust the number of employees in line with business and operational developments in an appropriate manner. In the 2020 fiscal year, the COVID-19 pandemic had an impact on human ressources.

Because of COVID-19, some companies of the MAX Group used short-time work (KUG), which largely prevented layoffs due to the pandemic. Thanks to the introduction of hygiene measures, changes to processes in production and administration and the temporary use of so called "home office" solutions, health-related downtime in the MAX companies did not lead to serious limitations in day-to-day business.

As of 31 December 2020, the MAX Group had a total of 1,814 (annual average: 1,876) employees, including trainees (31 December 2019: 1,928, annual average: 2,023). Of these, 1,577 employees (annual average: 1,562) worked in the core business areas of Process Technologies, Environmental Technologies and Evolving Technologies (31 December 2019: 1,518, annual average: 1,474).

The average number of employees (FTE) – excluding trainees – decreased by 8.5 % to 1,661 (previous year: 1,816). The decrease in staff is mainly due to the discontinuation of operations of IWM Automation Bodensee GmbH as of 31 December 2019 and IWM Automation GmbH as of 30 December 2020. Neither company was part of the core business. The companies in the core business accounted for 1,387 employees (previous year: 1,321), an increase of 5%.

The strategic growth targets of the MAX Group call for strong performance motivation on the part of our employees and qualified specialists. In order to counteract the expected shortage of skilled workers, almost all MAX companies engage in active training. At the same time, the respective personnel policy includes high training standards and the promotion of young talent. The MAX Group employed an average of 142 trainees in 2020 (previous year: 140).

MAX Automation perceives its employees in the Group companies and in the holding company as an essential resource for business success. Consequently, the company aims to create attractive and comprehensive opportunities for professional and personal development and thereby to promote the bond of qualified and committed employees to the MAX Group. Our employees have access to an extensive range of further training offerings and opportunities to develop their skills and abilities.

MAX AUTOMATION SE

The Annual Financial Statement of MAX Automation SE was prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch - HGB). The regulations set out in the German Stock Corporation Act (Aktiengesetz - AktG) were also followed. The Annual Financial Statement was prepared in accordance with the regulations for large corporations.

Earnings situation and appropriation of profits

The financial performance of Max Automation SE is highly dependent on the development of the results of the group companies. Control and profit loss transfer agreements were concluded with three group companies (IWM Automation GmbH, bdtronic GmbH and NSM Magnettechnik GmbH) by resolution of the Annual General Meeting on 18 May 2018. The distributions of the other companies to the parent company are based on the results and take into account the future needs of the group companies for capital expenditure.

The development of the group companies' earnings situation is shown in the segment report. The following figures are based on the commercial results of MAX Automation SE.

MAX Automation SE reports income from profit transfers of mEUR 5.1 (previous year: mEUR 12.2) as well as expenses from profit transfers of mEUR 7.7 (previous year: mEUR 12.4) in the 2020 fiscal year.

Sales revenues, which mainly include group allocations with affiliated companies, amounted to mEUR 2.1 (previous year: mEUR 3.3).

2020, no depreciation on current assets incurred (previous year: mEUR 9.2). The previous year included the depreciation of the recovery claim towards MAX Automation (Shanghai) Co. Ltd from a drawdown of a bank guarantee amounting to mEUR 4.5 as well as a valuation allowance for a loan towards the buyer of Finnah Packtec GmbH (previously: NSM Packtec GmbH) amounting to mEUR 0.7 and the valuation allowance from a recovery claim towards the buyer of Finnah Packtec GmbH (previously: NSM Packtec GmbH) from the drawdown of an advance payment bond amounting to mEUR 4.0.

Other operating expenses fell from mEUR 9.6 to mEUR 7.0 mainly as a result of the discontinuation of restructuring consulting for group companies.

The loss from the sale of financial assets amounting to mEUR 1.7 in the previous year related to the sale of minority shares of ESSERT GmbH.

The net interest result stood at mEUR -3.7 after mEUR -0.8 in the previous year. This mainly includes expenses for the syndicated loan and interest income from affiliated companies.

Amortization of financial assets of a total of mEUR 1.6 (previous year: mEUR 22.9) includes valuation allowances in connection with the investment in MAX Automation North America Inc. amounting to kEUR 5 as well as amortization on the vendor loans, which was related to the sale of ESSERT GmbH, in the amount of mEUR 1.6. The previous year included amortization of the investment in MAX Automation (Asia Pacific) Co. Ltd., Hong Kong, amounting to mEUR 12.8, amortization of the investment in IWM Automation GmbH, Porta Westfalica, amounting to mEUR 6.9 and value allowances for liabilities of Finnah Packtec

GmbH (previously NSM Packtec GmbH) assigned to MAX Automation SE amounting to mEUR 4.9, which should be considered a loan, economically speaking. In 2020, there was an inflow of kEUR 50 from this loan.

The company reported earnings before taxes of mEUR -16.6 (previous year: mEUR -44.0). Tax income of mEUR 0.1 was reported (previous year mEUR 0.0).

The annual result amounts to mEUR -16.6 (previous year: mEUR -44.0). No distributions were made in the 2020 financial year from the net retained profits of the previous year.

Assets and financial position

As of 31 December 2020, total equity and liabilities of MAX Automation SE stood at mEUR 222.8. This corresponds to a decrease of mEUR 16.0 compared to the reporting date of the previous year (mEUR 238.8).

Receivables and other assets decreased by mEUR 139.6 to mEUR 128.8. This includes mEUR 121.6 from receivables from group companies from syndicated financing (previous year: mEUR 114.0). Cash and cash equivalents amounted to mEUR 4.0 at the reporting date (previous year: mEUR 5.0).

MAX Automation SE reports equity of mEUR 48.7 as of 31 December 2020 (previous year: mEUR 65.3). The equity ratio was 21.9% (previous year: 30.1%).

Liabilities to banks as of 31 December 2020 decreased from mEUR 119.9 to mEUR 114.5. These have a term until 2022. As of 31 December 2020, liabilities to group companies amounted to mEUR 55.8, compared to mEUR 48.4 in the prior year, and mainly comprise loans/contributions granted.

The net assets, financial position and results of operations of MAX Automation SE is in order.

NON-FINANCIAL REPORT ACCORDING TO SECTION 315B HGB

The non-financial report according to Section 315B HGB of MAX Automation SE is based on the standard of the German Sustainability Code and provides information in a separate non-financial report about the companies listed in accordance with sections 289 a-e HGB in conjunction with Section 315 b-c HGB.

The separate non-financial report of MAX Automation can be viewed on the internet under the link https://www.maxautomation.com/de/ueber-max-automation/nachhaltigkeit/ and is deposited in the Federal Gazette.

In its meeting on 16 March 2021, the Supervisory Board of MAX Automation SE dealt with the structure and content of the separate non-financial report. Subsequent to detailed discussion and examination, the Supervisory Board approved the separate non-financial report of MAX Automation SE. Following the successful reorientation of the MAX Group, the Supervisory Board declared aim is to further underpin sustainability reporting with defined performance indicators in the coming years.

The auditing company PriceWaterhouseCoopers GmbH was not assigned to audit the separate non-financial report of MAX Automation SE.

DISCLOSURES PURSUANT TO SECTION 315A (1) AND SECTION 289A (1) OF THE GERMAN COMMERCIAL CODE

(also the explanatory report of the Supervisory Board pursuant to Section 48 (2) sentence 2 SEAG in conjunction with Section 176 (1) sentence 1 AktG)

Pursuant to Section 289a (1) and Section 315a (1) of the German Commercial Code (HGB), listed parent companies are required to provide information in the Group management report on the composition of capital, shareholders' rights and their restrictions, shareholdings and Managing bodies of the company that constitute takeover-relevant information.

The legal representatives of a corporation headquartered in Germany whose voting shares are admitted to a regulated market within the meaning of Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG) must provide such information, regardless of whether a takeover bid has been made or is expected. The purpose of the information is to enable potential bidders to obtain a comprehensive picture of the company and of any obstacles to the takeover.

In accordance with Section 48 (2) sentence 2 of the European Company Statute Implementation Act (SEAG) in conjunction with Section 176 (1) sentence 1 of the German Stock Corporation Act (AktG), the Supervisory Board must make an explanatory report available to the Annual General Meeting on the information provided. The disclosures pursuant to Sections 315a (1) HGB and 289a (1) HGB are summarized below together with the corresponding explanations in accordance with Section 48 (2) sentence 2 SEAG in conjunction with Section 176 (1) sentence 1 AktG.

a) Composition of the subscribed capital

The subscribed capital (share capital) of MAX Automation SE amounts to 29,459,415 euro and is divided into 29,459,415 no-par shares, each of which grants the same rights, particularly the same voting rights. Each share grants one voting right in this respect. The shares are registered shares. There are no different classes of shares. Each no-par share has a notional amount in the share capital of 1.00 euro each. The company currently holds no treasury shares. MAX Automation SE is listed on the stock exchange (Prime Standard segment of Deutsche Börse AG).

b) Restrictions on voting rights and transfer

According to the Articles of Association of MAX Automation SE, the right to vote as per Section 134 (2)(3) and (5) AktG begins with the payment of the statutory minimum contribution. In addition, in accordance with the Articles of Association in conjunction with Section 67 (2) AktG, only persons who are entered as shareholders in the share register and have registered in due time are entitled to attend the Annual General Meeting and exercise their voting rights. The Supervisory Board is also not aware of any restrictions affecting voting rights or the transfer of shares.

c) Shareholdings in capital exceeding 10% of the voting rights

On the basis of notifications received by the company under securities trading law, there is an interest in the share capital of MAX Automation SE that exceeds 10% of the voting rights. LS Digital & Management Services GmbH & Co. KG with registered office in Hamburg and Orpheus Capital II GmbH & Co. KG with registered office in Hamburg jointly hold – on the basis of mutual attribution of voting rights – 40.25% of the voting rights in MAX Automation SE. The voting rights from the shareholdings of LS Digital & Management Services GmbH & Co. KG and Orpheus Capital II GmbH & Co. KG in MAX Automation SE are attributed to Mr. Oliver Jaster via Günther SE with registered office in Bamberg, Günther Holding SE with registered office in Hamburg and Orpheus Capital II Management GmbH with registered office in Hamburg.

Further details are explained in the notes to the financial statements in the overview under "Notifiable shareholdings pursuant to Section 160 (1) no. 8 AktG".

d) Shares with special rights conferring controlling powers

There are no shares with special rights conferring controlling powers.

e) Voting rights control for employee participation

The Supervisory Board is not aware of any employees holding an interest in the capital of the Company who do not directly exercise their control rights.

f) Appointment and dismissal of Managing Directors and amendments to the Articles of Association

At MAX Automation SE, as a company with a monistic corporate governance and control structure, the disclosure obligation pursuant to Section 48 (2) sentence 2 of the SEAG and Section 176 (1) sentence 1 of the AktG in conjunction with Section 289a (1) no. 6 of the HGB and Section 315a (1) no. 6 of the HGB relating to the appointment and dismissal of members of the Management Board relates to the Managing Directors. Their appointment is governed by Art. 43 SE Regulation and Section 40 SEAG. According to Section 11 (1) sentence 1 of the Articles of Association, MAX Automation SE has one or more Managing Directors; this applies irrespective of the amount of the share capital. According to Section 11 (2) sentence 1 of the Articles of Association, the Supervisory Board shall determine the number of Managing Directors. The appointment and dismissal of the Managing Directors is carried out in accordance with the statutory provisions of Section 40 (1) sentence 1 and (5) sentence 1 of the SEAG in conjunction with Section 11 (2) and (4) of the Articles of Association. Accordingly, with the exception of a legal replacement appointment pursuant to Section 45 of the SEAG, the Supervisory Board alone is responsible for the appointment and dismissal of Managing Directors.

According to Section 11 (3)(1) of the Articles of Association, the Supervisory Board shall appoint Managing Directors for a maximum of five years. According to Section 11 (3) (2) of the Articles of Association, reappointment is permitted for another maximum of five years. The maximum possible appointment period of five years is not the rule for initial appointments. Pursuant to Section 11 (2) (2) of the Articles of Association, the Supervisory Board may appoint a Managing Director as Chairman and a Managing Director as Vice Chairman of the Managing Directors.

Pursuant to Section 11 (4) of the Articles of Association, in derogation from Section 40 (5) SEAG, the appointment may only be revoked for good cause within the meaning of Section 84 (3) AktG or in the event of termination of the employment contract, for which in each case a resolution of the Supervisory Board is required with a simple majority of the votes cast.

Pursuant to Art. 59 (2) SE Regulation, Section 51 SEAG and Section 17 (1) (2) of the Articles of Association, the amendment of the Articles of Association of MAX Automation SE requires a majority of two thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast, unless mandatory legal provisions require otherwise. Insofar as mandatory statutory provisions also require a majority of the capital stock represented when the resolution is adopted, a simple majority of the capital stock represented is sufficient pursuant to Section 17 (1) (3) of the Articles of Association, insofar as this is legally permissible. If not all of the share capital is represented at the Annual General Meeting, it is conceivable that a shareholder with less than 50% of the voting rights may use their own votes to push through certain amendments to the Articles of Association. Pursuant to Section 22 (6) SEAG and Section 179 (1) (2) AktG in conjunction with Section 17 (2) of the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that merely affect the wording. Otherwise, the statutory provisions of Art. 57 and 59 of the SE Regulation and Section 51 of the SEAG apply.

g) Powers of the Supervisory Board to issue and buy back shares

Pursuant to Article 5 (7) of the Articles of Association, the Supervisory Board is authorized to increase the share Capital of the Company once or several times until 17 May 2024 by up to a total of 4,418,912.00 euros by issuing new bearer shares in return for cash contributions (Authorized Capital 2019).

The shareholders are fundamentally entitled to a subscription right. The shares should be underwritten by banks or other entities that fulfill the prerequisites of Section 186 (5) (1) AktG with the obligation to offer them for subscription to the shareholders. However, the Supervisory Board is authorized to exclude this subscription right for the shareholders concerning fractional amounts or if the new shares are issued at a price that is not substantially less than the stock market price, and the shares issued pursuant to Section 186 (3) (4) AktG, subject to the exclusion of the subscription right, do not exceed a total of 10% of the share capital, specifically neither at the time this authorization takes effect nor at the time that it is exercised.

The sum total of shares issued in return for cash, subject to the exclusion of the subscription right, may not exceed a proportionate amount of the capital stock of 2,945,941.00 euro. This limit should include shares that are to be issued to service conversion rights or warrants or conversion obligations from bonds (including participation rights) provided that the bonds or participation rights are issued during the term of this authorization subject to the exclusion of the subscription right.

The Supervisory Board has not yet made use of the authorization pursuant to Section 5 (7) of the Articles of Association (Authorized Capital 2019).

h) Material agreements of the company subject to change of control

MAX Automation SE is the borrower of a syndicated loan. In the event of a change of control, the lenders are entitled to demand early repayment of all balances plus interest, commission and all other amounts due within 15 days. The prerequisite for a change of control is that one person or a group of persons acting jointly (with the exception of Oliver Jaster or companies in which he holds a majority interest) directly or indirectly owns 50% or more of the shares and/or voting rights in MAX Automation SE; for information on the utilization of the loan, please refer to the notes to the consolidated financial statements in the section "Long-term loans". There are no other material agreements of the Company that are subject to the condition of a change of control following a takeover bid.

i) Compensation agreements in the event of a change of control

At MAX Automation SE, as a company with a monistic corporate governance and control structure, the disclosure obligation pursuant to Section 289a (1) No. 9 of the HGB with regard to the disclosure of compensation agreements of the parent company that have been concluded with the members of the Managing Board in the event of a takeover bid relates to the Managing Directors. The company has no compensation agreements with the Managing Directors or employees in the event of a takeover bid.

CORPORATE GOVERNANCE STATEMENT (SECTION 289F HGB AND SECTION 315D HGB)

The Corporate Governance Statement required under Section 289f HGB in conjunction with Article 83 (1) sentence 1 and sentence 2 EGHGB and Section 351d HGB was issued by the Supervisory Board on 26 February 2021 and can be found in the internet under the link www.maxautomation.com/de/investor-relations/corporate-governance/.

DEPENDENCY REPORT

Declaration on the report of the Managing Directors on relationships with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (AktG)

In the 2020 fiscal year, MAX Automation SE was a company dependent on Orpheus Capital II GmbH & Co. KG, Hamburg, Germany, and LS Digital & Management Services GmbH & Co. KG, Hamburg, Germany, within the meaning of Section 17 AktG. Based on a voting trust agreement that went into effect on 26 August 2020, there is mutual attribution of voting rights between Orpheus Capital II GmbH & Co. KG and LS Digital & Management Services GmbH & Co. KG. The primary controlling parent of Orpheus Capital II GmbH & Co. KG and LS Digital & Management Services GmbH & Co. KG pursuant to AktG is Oliver Jaster, Germany. Control results from a consistently expected (de facto) majority of votes at future Annual General Meetings. There is no control or profit and loss transfer agreement of MAX Automation SE with Orpheus Capital II GmbH & Co. KG or LS Digital & Management Services GmbH & Co. KG. The Managing Directors of MAX Automation SE have therefore prepared a report by the Managing Directors on relationships with affiliated companies in accordance with Section 312 (1) AktG, which contains the following concluding statement:

"In the legal transactions listed in the report on relationships with affiliated companies, MAX Automation SE received appropriate consideration for each legal transaction at the time the legal transactions were carried out or omitted according to the circumstances known to the Managing Directors and has not been disadvantaged as a result."

REPORTING ON BOARD MEMBERS' COMPENSATION

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board for 2020 was kEUR 283 (kEUR 232). In addition to reimbursement of their expenses, the Chairman of the Supervisory Board will receive kEUR 120, the Deputy Chairman of the Supervisory Board kEUR 60 and the remaining members of the Supervisory Board, with the exception of the Managing Directors, kEUR 40 after the end of the fiscal year.

For the individual members of the Supervisory Board, this resulted in the following remuneration for the 2020 fiscal year:

in kEUR	Fixed remuneration		Consultancy services		Total	
	2020	2019	2020	2019	2020	2019
Dr. Christian Diekmann, Chairman (from 18/05/2019)	120	75	0	27	120	102
Dr. Jens Kruse, Deputy Chairman (from 01/01/2019 until 17/05/2019 Chairman)	60	83	0	0	60	83
Dr. Ralf Guckert (from 25/01/2019, until 17/05/2019 Deputy chairman)	40	48	0	0	40	48
Oliver Jaster (until 29/05/2020)	17	40	0	0	17	40
Karoline Kalb (from 30/05/2020)	23	0	17	0	40	0
Marcel Neustock (from 30/05/2020)	23	0	0	0	23	0

The members of the Supervisory Board received no loans or advances in the 2020 fiscal year.

Remuneration report of the Managing Directors

The remuneration system of MAX Automation SE is based on the principles of appropriateness and sustainability. The amount of the total remuneration takes into account in particular the duties of the Managing Director, his personal performance, the economic situation, the success and future prospects of the company including the market environment, the wage and salary structure in the company and the remuneration in other companies of comparable size and industry.

The total remuneration of the Managing Directors includes non-performance-related and performance-related components. The objectives set by the Supervisory Board as part of the performance-related remuneration components are designed to provide sustainable and long-term performance incentives to increase the profitability and value of the MAX Group as a whole, thereby generating added value for all stakeholders.

The overall remuneration structure is geared towards sustainable corporate development. Fixed remuneration accounts for a significant proportion of the total remuneration. The performance-related remuneration components also include some with a multi-year assessment basis. Their proportion is becoming increasingly important due to the length of the assessment period with an annual grant. The employment contracts of the Managing Directors contain provisions under which an appropriate reduction in remuneration is permissible if the situation of the company deteriorates to such an extent that the continuation of remuneration would be unreasonable. The remuneration regulations also have a cap on both the performance-related components and the total remuneration.

The non-performance-related parts of the remuneration consist of a fixed remuneration in the form of the annual fixed salary, which is paid monthly on a pro rata basis, and fringe benefits (including the use of a private company car, insurance premiums and rent subsidies for housing). The performance-related remuneration consists of a one-year variable remuneration (Short Term Incentive Plan ÒSTIPÓ and a multi-year variable remuneration (Long Term Incentive Plan ÒLTIPÓ). STIP is granted annually and LTIP is granted after the end of the respective terms of three or four years.

Payment of the STIP is linked to the achievement of financial performance targets for the respective fiscal year. The target amount (amount paid out on 100% target achievement) of the STIP was set by the Supervisory Board as a percentage of the annual fixed salary or as a euro amount. In setting the target amount, the Supervisory Board has taken into account, among other things, the tasks and performance of the Managing Director and their influence on the value chain. The performance targets relate to EBIT and return on capital employed (RoCE), in each case with regard to the Group and, for Managing Directors with direct responsibility for a segment, in each case with regard to the segment concerned. The target values are determined annually at the beginning of the fiscal year by the Supervisory Board, which also sets minimum values below which no payout is made and maximum values above which the payout amount is 150% of the target amount (cap). In this respect, the payout range is between 0% and 150% of the target amount.

Payment of the LTIP is linked to the achievement of financial performance targets that are measured over a period of three or four fiscal years, beginning with the fiscal year in which the respective tranche is granted. As with the STIP, the target amount (amount paid out on 100% target achievement) of the LTIP was set by the Supervisory Board as a percentage of the annual fixed salary or as a euro amount. For the LTIP as well, the Supervisory Board has taken into account, among other things, the tasks and performance of the Managing Director and their influence on the value chain in setting the target amount. The performance targets relate to revenue growth and what is known as "MAX added value" which includes return on capital employed (RoCE), weighted average cost of capital (WACC) and the amount of capital employed, in each case with regard to the MAX Group and, for Managing Directors with direct responsibility for a segment, in each case with regard to the segment in question. The target values are determined by the Supervisory Board at the beginning of the first fiscal year of the three- or four-year term. As with the STIP, the Supervisory Board also sets minimum values below which no payout is made and maximum values above which the payout amount is 150% of the target amount (cap). The payout range is therefore between 0% and 150% of the target amount for the LTIP as well. The term and assessment period of the LTIP tranche granted for the 2020 fiscal year covers the 2019 to 2021, 2020 to 2022 and 2021 to 2023 fiscal years. Since the amount paid out is not fixed until the end of the respective tranche, the amount granted is reviewed annually.

In addition, three of the four Managing Directors are granted what are known as phantom shares under a three-year LTIP. On the key date set for each fiscal year ("issue date"), the Managing Directors are granted fictitious shares ("phantom shares") for a value determined by the Supervisory Board ("issue value"). The number of phantom shares to be granted in each case is calculated as the quotient of the equivalent value and the arithmetic mean of the closing prices of the MAX Automation SE ordinary share determined in XETRA trading on the Frankfurt Stock Exchange within a period of 90 trading days before the issue date. The phantom shares entitle the Managing Director to receive a gross amount ("phantom share payment") on the settlement date equal to the settlement value multiplied by the number of phantom shares. Settlement value is the arithmetic mean of the closing prices of the MAX Automation SE ordinary share determined in XETRA trading on the Frankfurt Stock Exchange within a period of 90 trading days prior to the settlement date ("settlement value"). The phantom share payment is limited to an individually determined maximum amount of the issue value. The fair value of the phantom shares for each tranche is determined using the Black-Scholes-Merton method.

In addition, a special bonus is granted to one of the Managing Directors, which was already agreed upon before he became Managing Director. This special bonus is based on the fact that the Managing Director holds a MAX Automation SE block of shares, the purchase price of which is used as a factor (starting value) for the EBIT development (analogous to an EBIT multiple valuation) of the division for which the Managing Director is responsible. The special bonus is paid out as a long-term incentive at the end of a three-year term in each case.

On 1 January 2021, a new Managing Director took office at MAX Automation SE. In addition to fixed compensation and a STIP, the latter will be granted a one-time sign-on bonus in 2021. In addition, they will be given the opportunity to receive phantom shares on a fixed date for each year of their four-year contract term, which are then settled after a predefined holding period of four years. Settlement value is the arithmetic mean of the closing prices of the MAX Automation SE ordinary share determined in XETRA trading on the Frankfurt Stock Exchange within a period of 90 trading days prior to the settlement date ("settlement value"). The phantom share payment is limited to a maximum amount of five times (500%) the equivalent value at issue.

No other or similar securities-based incentive schemes have been granted to the Managing Directors or employees.

In the event of premature termination of the contract of employment, the Managing Director shall, in principle, receive a termination payment in settlement of his remuneration in the amount of the pro rata annual fixed salary for three months, but in principle no more than the pro rata value of his remuneration entitlements for the remaining term of the contract of employment. There is no entitlement to severance pay if the company is entitled to terminate the contract for good cause or if the Managing Director resigns from office without good cause set by the company. The service contracts do not contain any specific commitments in the event of premature termination of the Managing Director following a change of control.

The Supervisory Board of MAX Automation SE is revising the remuneration system currently in place in accordance with the requirements of Section 87a (1) AktG and the recommendations in part G.I of the German Corporate Governance Code (GCGC). The company is making use of the designated temporary regulations and will present a revised remuneration system for endorsment at the Ordinary Annual General Meeting 2021.

The following tables show the amounts granted to and received by the Managing Directors of MAX Automation SE in the fiscal year 2020. MAX Automation SE explicitly points out at this point that the amounts stated for the phantom shares (both for 2020 and the minimum and maximum amounts) are exclusively those determined in the context of the application of IFRS 2 (Share-based Payment) and are therefore of a more theoretical nature. The underlying calculation logic is explained in the Notes.

Daniel Fink Executive Director (CEO) until 31/03/2019	Benefits granted				Benefits received	
	2020	2020				
kEUR	**(min)**	**(max)**	**2020**	**2019**	**2020**	**2019**
Fixed compensation	0	0	0	80	0	80
Ancillary benefits*	0	0	0	7	0	7
Total	**0**	**0**	**0**	**87**	**0**	**87**
One-year variable compensation (STIP)	0	0	0	51	0	51
Multi-year variable compensation (LTIP)	0	0	0	314	0	314
thereof 2016 to 2019 program[1)]	0	0	0	0	0	0
thereof 2017 to 2020 program[1)]	0	0	0	0	0	0
thereof 2018 to 2021 program[1)]	0	0	0	0	0	0
Total	**0**	**0**	**0**	**452**	**0**	**452**
Pension expense	0	0	0	0	0	0
Total compensation	**0**	**0**	**0**	**452**	**0**	**452**

*The main ancillary benefits were private use of company car, insurance premiums and rent subsidies for housing.

1) Payment in 2019.

Andreas Krause Executive Director (CFO) until 15/06/2020	Benefits granted				Benefits received	
	2020	2020				
kEUR	**(min)**	**(max)**	**2020**	**2019**	**2020**	**2019**
Fixed compensation	124	124	124	270	124	270
Compensation	560	560	560	0	560	0
Ancillary benefits*	16	16	16	35	16	35
Total	**700**	**700**	**700**	**305**	**700**	**305**
One-year variable compensation (STIP)	0	258	0	186	186	40
Multi-year variable compensation (LTIP)	0	92	0	92	0	0
thereof 2018 to 2021 program	0	46	0	46	0	0
thereof 2019 to 2022 program	0	46	0	46	0	0
Total	**700**	**1,050**	**700**	**583**	**886**	**345**
Pension expense	0	0	0	0	0	0
Total compensation	**700**	**1,050**	**700**	**583**	**886**	**345**

*The main ancillary benefits were private use of company car and rent subsidies for housing.

Werner Berens Executive Director since 01/05/2019		Benefits granted			Benefits received	
	2020	2020				
kEUR	(min)	(max)	2020	2019	2020	2019
Fixed compensation	230	230	230	153	230	153
Ancillary benefits*	37	37	37	23	37	23
Total	**267**	**267**	**267**	**176**	**267**	**176**
One-year variable compensation (STIP)	0	255	180	210	210	0
Multi-year variable compensation (LTIP)	0	585	137	48	0	0
thereof LTIP group 2019 to 2021	0	45	0	0	0	0
thereof LTIP group 2020 to 2022	0	45	0	0	0	0
thereof LTIP group 2021 to 2023	0	45	30	0	0	0
thereof LTIP Phantom Shares 2019 to 2021	0	60	13	24	0	0
thereof LTIP Phantom Shares 2020 to 2022	0	60	17	0	0	0
thereof LTIP Phantom Shares 2021 to 2023	0	60	13	0	0	0
thereof LTIP business unit 2019 to 2021	0	90	27	24	0	0
thereof LTIP business unit 2020 to 2022	0	90	20	0	0	0
thereof LTIP business unit 2021 to 2023	0	90	17	0	0	0
Total	**267**	**1,107**	**584**	**434**	**477**	**176**
Pension expense	0	0	0	0	0	0
Total compensation	**267**	**1,107**	**584**	**434**	**477**	**176**

*The main ancillary benefits were private use of company car, insurance premiums and rent subsidies for housing.

Dr. Guido Hild Executive Director since 01/07/2019		Benefits granted			Benefits received	
	2020	2020				
kEUR	(min)	(max)	2020	2019	2020	2019
Fixed compensation	198	198	198	93	198	93
Ancillary benefits*	24	24	24	11	24	11
Total	**222**	**222**	**222**	**104**	**222**	**104**
One-year variable compensation (STIP)	0	151	46	59	60	0
Multi-year variable compensation (LTIP)	0	399	69	29	0	0
thereof LTIP group 2019 to 2021	0	38	0	0	0	0
thereof LTIP group 2020 to 2022	0	38	0	0	0	0
thereof LTIP group 2021 to 2023	0	38	25	0	0	0
thereof LTIP Phantom Shares 2019 to 2021	0	50	11	20	0	0
thereof LTIP Phantom Shares 2020 to 2022	0	50	14	0	0	0
thereof LTIP Phantom Shares 2021 to 2023	0	50	11	0	0	0
thereof LTIP business unit 2019 to 2021	0	45	2	9	0	0
thereof LTIP business unit 2020 to 2022	0	45	0	0	0	0
thereof LTIP business unit 2021 to 2023	0	45	6	0	0	0
Total	**222**	**772**	**337**	**202**	**282**	**104**
Pension expense	0	0	0	0	0	0
Total compensation	**222**	**772**	**337**	**202**	**282**	**104**

*The main ancillary benefits were private use of company car and insurance premiums.

Patrick Vandenrhijn Executive Director since 01/05/2019	**Benefits granted**				**Benefits received**	
	2020	**2020**				
kEUR	**(min)**	**(max)**	**2020**	**2019**	**2020**	**2019**
Fixed compensation	230	230	230	153	230	153
Ancillary benefits*	29	29	29	13	29	13
Total	**259**	**259**	**259**	**166**	**259**	**166**
One-year variable compensation (STIP)	0	255	60	172	153	0
Multi-year variable compensation (LTIP)	235	1,120	332	275	235	0
thereof LTIP group 2019 to 2021	0	45	0	0	0	0
thereof LTIP group 2020 to 2022	0	45	0	0	0	0
thereof LTIP group 2021 to 2023	0	45	30	0	0	0
thereof LTIP Phantom Shares 2019 to 2021	0	60	13	24	0	0
thereof LTIP Phantom Shares 2020 to 2022	0	60	17	0	0	0
thereof LTIP Phantom Shares 2021 to 2023	0	60	13	0	0	0
thereof LTIP business unit 2019 to 2021	0	90	8	16	0	0
thereof LTIP business unit 2020 to 2022	0	90	6	0	0	0
thereof LTIP business unit 2021 to 2023	0	90	10	0	0	0
thereof special program 2017 to 2019	235	235	235	235	235	0
thereof special program 2020 to 2022	0	300	0	0	0	0
Total	**494**	**1,634**	**651**	**613**	**647**	**166**
Pension expense	0	0	0	0	0	0
Total compensation	**494**	**1,634**	**651**	**613**	**647**	**166**

*The main ancillary benefits were private use of company car, insurance premiums and rent subsidies for housing.

Dr. Christian Diekmann Executive Director (CEO) since 01/01/2021	**Benefits granted**				**Benefits received**	
	2020	**2020**				
kEUR	**(min)**	**(max)**	**2020**	**2019**	**2020**	**2019**
Fixed compensation	0	0	0	0	0	0
Ancillary benefits*	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Sign-on Bonus (one-time bonus)	125	125	125	0	0	0
One-year variable compensation (STIP)	0	0	0	0	0	0
Multi-year variable compensation (LTIP)	900	4,500	357	0	0	0
thereof LTIP Phantom Shares 2021 to 2024	225	1,125	173	0	0	0
thereof LTIP Phantom Shares 2022 to 2025	225	1,125	86	0	0	0
thereof LTIP Phantom Shares 2023 to 2026	225	1,125	57	0	0	0
thereof LTIP Phantom Shares 2024 to 2027	225	1,125	41	0	0	0
Total	**1,025**	**4,625**	**482**	**0**	**0**	**0**
Pension expense	0	0	0	0	0	0
Total compensation	**1,025**	**4,625**	**482**	**0**	**0**	**0**

The Managing Directors received no loans or advances in the 2020 fiscal year. Former Managing Directors of the AG or their surviving dependents did not receive any remuneration in the 2020 fiscal year.

OPPORTUNITIES AND RISK REPORT

Opportunities report

The MAX Group segments serve various megatrends that benefit worldwide from the dynamic technological development in the wake of automation and the digital transformation as well as from changes in the policymaking sphere and society in general. This strategic positioning of the Group opens up opportunities that can have a positive impact on business performance.

MAX Automation understands opportunities to be the possibility of a positive target deviation from the annual budget and medium-term planning stemming from unplanned events or developments. Opportunities arise for the Group companies in particular from the development of new products on a regular basis or from ongoing development of existing products. The MAX Group companies are responsible for ensuring that their products and solutions satisfy the latest technological standards and are strategically well-positioned in their niche markets. Innovations support the Group companies in maintaining and expanding their position in their markets. As small and medium-sized enterprises, the MAX Group companies develop their innovations largely within the framework of specific customer projects, focusing on the market situation and the needs of their customers.

Opportunity management

The management of opportunities encompasses all measures of systematic and transparent handling of entrepreneurial potential. To this end, the Managing Directors of MAX Automation SE enter into a strategic dialogue with the management of the Group companies. The basis for this is a structured process that is standardized throughout the Group, in whose framework discussions are conducted in joint review meetings about operational potential, the implementation of strategies including the presentation of opportunities from relevant market and technology trends and the analysis of competitors. Through the integration into the monthly and annual planning and reporting processes, opportunity management is an essential component of MAX Automation's strategic and value-oriented governance.

Operating opportunities in the segments

In the opinion of the Managing Directors, all core business areas of the MAX Group have a high level of development expertise in their respective markets so that market trends such as sustainability, e-mobility, health and automation can be used to create opportunities for the Group companies. For MAX Automation companies, opportunities primarily arise if economic trends in the manufacturing sector are significantly more positive. After a massive economic slump due to the coronavirus crisis, the Managing Directors are now expecting the German economy to recover. However, it is assumed that the pre-crisis level will not be reached before 2022. Nevertheless, this scenario is also associated with opportunities for the Group companies. It is now apparent that this economic environment is making circumstances favorable for medical technology.

Process Technologies

In the Process Technologies segment, MAX Automation operates in various markets in which the MAX Group expects significant opportunities in combination with overarching drivers of growth:

In industrial production, the degree of automation and the requirements for efficient processes are increasing all the time. In the automotive industry, this relates to the rising demand for powerful driver assistance systems, some of which are as advanced as autonomous driving, as well as the growing need for microelectronics through the increasing use of sensors in vehicles, for example. At the same time, policy guidelines and increased environmental awareness among the general population are resulting in targets being set for sustainable reductions in the CO_2 emissions of conventional combustion engines and the development of powerful electric drives.

With bdtronic and its subsidiary, the Process Technologies segment is operating as a specialist for proprietary mechanical engineering processes, including dispensing technology, hot riveting, plasma treatment and impregnation technology. For example, bdtronic offers solutions for bonding and sealing adaptive cruise control systems in vehicles. With its impregnation technology, bdtronic has a high level of process expertise and experience in the impregnation of electric and hybrid motors for high production volumes.

Environmental Technologies

MAX Automation believes that the Environmental Technologies segment has the following primary growth opportunities:

With the Vecoplan Group established in the market, the MAX Group has many years of expertise in the development, production and maintenance of individual components and system solutions for the efficient recycling and processing of primary and secondary raw materials. This gives the Group the opportunity to benefit from the continuously increasing demands make on climate and environmental protection.

There are political guidelines on environmental protection and recycling of residual and valuable materials at regional, national and international level with increasing requirements. A milestone in this development was the third United Nations Environment Assembly (UNEA) in December 2017, at which more than 100 participating countries committed themselves to "a planet without pollution". At the same time, binding requirements, for example in the European Union (EU), to reduce carbon dioxide emissions have already been in place for years. Environmental protection targets and standards in the USA are expected to rise again in the long term after a new administration is elected in November 2020 and the new president declares his country's re-entry into the Paris climate protection act.

With the Vecoplan Group, which is firmly established in the market, MAX Automation has many years of expertise in the development, production and service of individual components and complete systems for efficient recycling and conditioning of primary and secondary raw materials. This gives the MAX Group opportunities to benefit from ever greater requirements for protecting the climate and the environment. The MAX Group expects demand for efficient remanufacturing solutions to rise overall. In this environment, it is pursuing the goal of subjecting existing solutions in valuable recycling to further development and thus adapting to increasingly complex challenges in certain regional markets.

Evolving Technologies

Further opportunities are arising in the Evolving Technologies segment, particularly in the area of medical technology:

Due to demographic trends and the ongoing high demand for medical and healthcare technology, MAX Automation sees good growth opportunities in the medical technology sector over both the medium and long term. This industry is being shaped by global trends including general progress in the field of medicine, growing health consciousness in society, customization of treatment options through "digital e-health solutions," and patients' desires for greater freedom in their treatment, such as in the form of self-medication. At the same time, the medical technology market is associated with high barriers to entry in the form of qualitative, technological and regulatory requirements for manufacturers, which facilitates lasting customer relationships based on trust.

With MA micro automation in particular, MAX Automation possesses the specialized skill sets and necessary technological expertise to meet the many requirements in medical technology. This is substantiated by a rising number of customers even in the coronavirus crisis year. This is a good starting point for consolidating the next stage of the company's development in the in-vitro diagnostics market and broadening its business in addition to its strong position in extraction and testing equipment for contact lenses. In its international business, the company is seeing increased demand for production that is close to the market and a local presence for service and sales. It therefore has sites in Europe, North America and Asia, as well as a worldwide network of sales and service partners, ensuring comprehensive customer support and opening up additional opportunities for order acquisition.

Other opportunities

In addition to the respective growth drivers in its key business areas, the MAX Group sees opportunities in the exploitation of synergies between the Group companies, including a possible consolidation of activities in the areas of purchasing (purchasing volumes and benchmarking for the benefit of purchasing advantages) and financing (especially via cash pooling in the Group). A transfer of expertise and technology as well as best-practice exchange within the MAX Group can lead to the development of new applications in the Group companies and enable further growth opportunities.

Risk report

Risk areas

The business development of MAX Automation SE as the holding company depends essentially on the development of its group companies operating worldwide and is therefore subject to essentially the same risks as those of the MAX Group as a whole via the earnings contributions of the group companies.

Market risks and economic risks:

The World Economic Forum (WEF) regards epidemics such as the outbreak of the COVID-19 pandemic both as an independent business risk and as influencing existing risks. In principle, the business development of the MAX Group is strongly linked to the development of the overall economic environment. The resurgence of the pandemic at the end of 2020 has temporarily slowed the recovery of the overall economy. In this sense, the development of the global economy depends to a large extend on the further course of the pandemic. If further comprehensive containment measures are necessary as a result of the infection and they therefore have a greater impact on the economic recovery than assumed in our forecast report, this development could have a negative impact on the sales and earnings position as well as the strategic plans of the MAX Group in the 2021 fiscal year. In particular, negative impacts on production due to travel restrictions as well as time delays in order placements and project acceptances cannot be ruled out.

All MAX Automation Group companies are also exposed to further market risks, such as geographical and industry-specific economic trends, political or financial changes and existing and new competitors.

Commodity prices and exchange rates also influence the course of business and may adversely affect the future success of the MAX Group. With its three core business areas, MAX Automation is highly specialized and has a strong position in attractive market niches, which reduces both market risks and the general economic risk. As of 31 December 2020, the MAX Group had an order backlog of mEUR 209.4 (previous year: mEUR 199.5), which provides a time buffer to counteract market and cyclical risks.

Risks from business activities, project risks:

Due to the scale of individual projects, MAX Automation sees a possible risk in project planning and project execution. Technical misjudgments and/or delays can occur, especially in larger projects. The fact that this can have a significant impact on the operating result was particularly evident from 2018 onwards, when the earnings forecast for the entire MAX Group was negatively affected due to expenses from ongoing projects of the group companies of the IWM Automation Group.

Since then, MAX Automation has counteracted the risk of misjudgments through a Group-wide project-related risk management approach. The goal is an even more conscious approach to handling risks at all management levels of the Group.

Financial risks:

By means of a new syndicated loan agreement, Group financing was switched from bilateral bank accounts of the individual Group companies to uniform Group financing in 2015 and adjusted again in 2018 in favor of MAX Automation. The covenants agreed with the MAX Group's lending banks have a direct influence on the interest margin and give the banks a special right of termination in the event of non-compliance. These are based on balance sheet and earnings figures from the consolidated financial statements prepared in accordance with IFRS. There is regular communication with the lending banks and guarantee insurers. MAX Automation complied with the agreed covenants in 2020 respectively the review was partially suspended. The counterparty default risk is limited by the fact that banking transactions are concluded exclusively with reputable banks.

There are risks from the ongoing closure processes of the companies in the non-core business. Risks may arise primarily from the fact that the remaining projects of the companies may not be completed as planned and that the expenses for these projects may exceed the provisions made.

Other risks

Loss of efficiency due to non-uniform ERP systems:

MAX Group companies all have different ERP systems. This leads to efficiency losses, especially with regard to uniform processes and possible synergy effects (e.g. purchasing).

Risks from equity investments:

The revaluation of our investments as part of impairment tests may result in risks due to impairment of goodwill.

Litigation

MAX Automation is party to litigation in connection with the sale of the former Group company NSM Packtec GmbH and in connection with the acquisition of Shanghai Cisens Automation Co., Ltd. MAX Automation asserts claims in both arbitration proceedings and is also exposed to counterclaims in each case. Payment claims against MAX Automation that would result from a negative outcome of the proceedings could have an impact on the Group's future annual results. Possible reputational losses cannot be ruled out. In both proceedings, however, the prospects of success for MAX Automation are considered to be predominantly positive as things currently stand.

Risk management system/internal control system

Scope of application

In the MAX Group, there is a Group-wide risk management system that complies with the German Law on Control and Transparency in Business (KonTraG). This enables potential risks to be identified in good time both in MAX Automation SE as the parent company and in the operating units and suitable countermeasures to be initiated. The risk management system was fundamentally revised in 2009 and has since been continuously adapted to new requirements. In the 2018 fiscal year, measures were introduced to restructure risk management and internal control and reporting systems, which have been continuously expanded since then.

Goals and principles

The goal of the MAX Group's risk management system (RMS) is the controlled handling of risks. The RMS is based on a systematic process of risk identification, assessment and management that covers the entire Group. The foundation of risk management is safeguarding the medium and long-term corporate goals, in particular maintaining and expanding the market position within the sectors addressed. The primary goal is to identify and appropriately manage the risk drivers through complete and appropriate risk management.

The following risk policy principles are derived from this:

- Risk management is integrated into all major operative business and decision-making processes. Risks are primarily managed by the organizational units that operate locally.
- The risk management process serves as a set of tools for the systematic recording, analysis, management and monitoring of risks threatening the company's existence.
- Active and open communication about risks is a key success factor for the RMS. All MAX Group employees are encouraged to actively participate in risk management within their areas of responsibility.
- The risk assessment is generally conservative, that is, the maximum expected loss is determined (worst case).
- The lead management company MAX Automation SE carries out central monitoring.

Methods and processes

Risk management contains various step-by-step, computer-supported matrices, the aim of which is to deal with risk on the basis of risk identification via risk assessment. In this process, risks are identified, the significance of the risks for the company is determined and a mathematical risk factor is calculated in order to then formulate precisely defined risk management measures in terms of content and timing. A list of examples of risks and a guide for handling the electronic file complete the system.

The reporting interval is based on the quarter. A key element of this standard risk cycle is the risk inventory from the operating units. In it, individual risks are identified, evaluated and condensed, i.e. assigned to one of seven specific risk areas.

The assessment of individual risks is the task of the risk management of the Group companies and MAX Automation. The risk management manual serves as a guide. The evaluation process consists of three steps: First, the damage potential is calculated if possible, that is, the maximum effect a risk can have on EBIT within the next 24 months. The probability of occurrence of the individual risk is then determined. In the third step, the effectiveness of possible countermeasures is examined and evaluated to determine whether this reduces the risk. Finally, the net risk potential, that is, the net EBIT risk, remains after taking into account the probability of occurrence and the effectiveness of measures.

The net risks of the seven risk areas are calculated as the sum of all assigned individual risks. Each risk field is assigned to one of the following categories depending on the probability of occurrence:

Low probability of occurrence	< 10 %
Possible probability of occurrence	10 – 50 %
High probability of occurrence	> 50 %

The net risks of the risk areas add up to the total risk potential of the MAX Group. Portfolio and correlation effects are not taken into account.

Following the risk inventory, the operating units prepare their respective risk reports. On this basis, MAX Automation's risk management prepares the Group risk report, which provides information on material individual risks and the overall risk and is subsequently discussed by the Managing Directors and the Supervisory Board.

The Managing Directors and the Supervisory Board are immediately informed about acute risks. The risk managers are responsible for identifying, assessing, controlling and monitoring risks and for reporting. As a rule, these are the heads of the managerial accounting departments of MAX Automation and the Group companies.

Key features of the risk management system for accounting process

A key component of the internal control system (ICS) is the reporting system, which is constantly being further developed by MAX Automation as part of value-oriented reporting.

To ensure uniform treatment and valuation of accounting-related topics, the MAX Automation accounting manual is available to all Group companies. The accounting manual is regularly updated. It comprises all regulations, measures and procedures that ensure the reliability of financial reporting with reasonable assurance and that the financial statements of the Group and Group companies are prepared in accordance with IFRS.

Overall responsibility for the RMS/ICS lies with the Managing Directors. They have established a clearly defined management and reporting organization for the RMS/ICS that covers all organizational and legal units. The internal control, accounting and managerial accounting functions of MAX Automation carry out monitoring on a random basis.

The most important tools and control and safety routines for the accounting process are:

The MAX Group is characterized by a clear organizational, corporate and control and monitoring structure.

Coordinated Group-wide planning, reporting, managerial accounting and early warning systems and processes as well as catalogs of transactions requiring approval or reporting are in place for the comprehensive analysis and management of earnings-relevant risk factors and risks threatening the existence of the company.

The functions in all areas of the accounting process (such as financial accounting, internal control and managerial accounting) are clearly assigned.

An adequate internal guideline system (consisting of a Group-wide risk management guideline and an accounting manual among other things) has been established and will be adapted as necessary.

The IT systems used in accounting are protected against unauthorized access. Standard software is predominantly used for the financial systems employed.

The standard consolidation software LucaNet is used, which is also used for the preparation of Group-wide medium-term planning.

Only selected employees receive access authorization to the consolidation system. Only a small group of employees from Group accounting and managerial accounting has access to all data. For other users, access is limited to data relevant to their activities.

The procedure is as follows:

At monthly intervals, the Group companies report to the parent company on the performance from the past month and the current fiscal year. This procedure is supplemented at least quarterly by an updated forecast.

All reports are subjected to a critical target/actual analysis. An additional report from the Management comments on deviations from the plan, provides information on measures taken to meet the plan, developments in the current reporting month and other topics such as market and competitive conditions, investments, financing and legal matters. Verbal explanations supplement the report.

The Managing Directors also hold regular discussions with the General Managers of the Group companies in order to review the business performance in comparison with the plans and, if necessary, to initiate measures to meet the plans.

Operative and strategic corporate planning is an essential component of the RMS. At the end of each fiscal year, the General Managers of the Group companies present the current course of business and explain their respective further corporate strategies. This is the basis for the corresponding five-year plans for business development, investment and liquidity development. Corporate planning helps to identify and assess potential opportunities and risks long before major business decisions are made.

Material accounting processes are subject to regular analytical reviews. The existing Group-wide RMS is continuously adapted to current developments and its functionality is reviewed on an ongoing basis. The system was examined by the auditor PricewaterhouseCoopers GmbH, Düsseldorf, Germany, during the audit of the consolidated financial statements.

The Supervisory Board regularly deals with key issues from the RMS and ICS.

The internal control system for accounting was first optimized and subjected to further development in 2018. Building on this, a cross-process internal control system guideline was also rolled out in 2020. In this context, major Group companies appointed local internal control system officers to ensure local implementation of the specified minimum controls.

The RMS/ICS also includes regular training of all employees. For example, workshops are held on the application of accounting standards (e.g., IFRS 15 and IFRS 16), accounting rules, the risk control matrices of the internal control system guideline, local control documentation and software tools. In the acquisition of new companies, accounting processes are adapted quickly, and new employees are familiarized with all relevant processes, content and systems.

Finally, it should be noted that neither the RMS nor the ICS can provide absolute certainty, since even if the necessary care is taken, the establishment of appropriate systems can be fundamentally flawed.

As part of the audit for fiscal year 2020, the auditor examined the risk early warning system of the SE and the Group. The auditor has come to the conclusion that the system is suitable to meet the legal requirements for early risk identification.

Overall risk and opportunity situation

The MAX Group's overall risk and opportunity situation is made up of the individual risks and opportunities described for all risk and opportunity categories. In addition to the risk categories presented, there are unexpected events that could have a negative impact on the business performance and thus also on the income from operations, the financial situation and the assets of the MAX Group. The established risk and opportunity management system is continuously monitored and subjected to further development so that opportunities and risks can be identified at an early stage and the current opportunity and risk situation can be met with success. The overall risk and opportunity situation of the MAX Group remains essentially unchanged. The MAX Group's total risk potential amounted to around mEUR 6.4 at the end of 2020 (prior year: mEUR 6.6). This includes the net risk potential of 35 (prior year: 36) quantifiable individual risks. In addition, there were 166 (prior year: 170) unquantifiable individual risks. In view of the business volume and the overall economic situation, the total risk potential is considered to be appropriate and easily manageable. At present, no risks have been identified that could endanger the existence of the MAX Group either separately or in interaction with other risks.

Approximately half of the total risk potential is attributable to the risk area of “financial risks.”

Corporate Risks	Probability of occurrence	Possible financial impact	Risk situation for 2020 compared to the previous year
Strategic Risks	low	minor	equal
Market risks and economic risks	possible	minor	equal
Risks from business activities, project risks	possible	significant	equal
Financial risks, tax risks	possible	significant	higher
Legal risks	low	minor	equal
Risks from equity investments	possible	significant	equal
Other risks (e.g. IT, personnel, environment)	possible	minor	equal

Specification of the potential financial impact on the consolidated result or consolidated EBIT minor (< kEUR 400), moderate (from kEUR 400 to mEUR 1.3), significant (> mEUR 1.3)

Explanatory report on the disclosures in accordance with Section 315 (4) HGB and Section 289 (4) HGB

Subject of the report

According to the explanatory memorandum on the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz - BilMoG), which entered into force on 29 May 2009, the internal control system embraces the principles, procedures and measures required to ensure effective, due and proper accounting practices and to ensure compliance with the relevant legal provisions. This also includes the internal auditing system insofar as it relates to the accounting procedures.

With regard to the accounting process, the risk management system, as part of the internal control system and like the latter, relates to accounting oversight and monitoring processes, especially for balance sheet items hedging the risks to which the enterprise is exposed.

Key features of the internal control system and of the risk management system with regard to the accounting process

The key features of the existing internal control system at MAX Automation SE and of the risk management system with regard to the (Group) accounting process are detailed at length in the risk report section.

Explanation of the key features of the internal control system and of the risk management system with regard to the accounting process

The internal control and risk management system with regard to the accounting process, the main features of which are outlined above, ensures that business matters are correctly recorded, presented and recognized in the balance sheet and so transferred to the external accounts.

The clear organizational, corporate and control and monitoring structure as well as the qualified equipment of the accounting department in terms of personnel and materials form the basis for efficient work in the areas involved in accounting. Clear legal and internal guidelines and directives ensure a uniform and proper accounting process. Clearly defined review mechanisms within the divisions involved in the accounting process itself and early risk identification by risk management ensure coherent accounting.

The internal control and risk management system of MAX Automation SE ensures that the accounting at MAX Automation SE as well as at all companies included in the consolidated financial statements is uniform and in accordance with legal and statutory requirements as well as internal guidelines. In particular, the uniform group risk management system, which fully complies with legal requirements, has the task of recognizing risks in time, evaluating them and communicating them appropriately. In this way, accurate, relevant and reliable information is made available to the respective addressees in a timely manner.

The risk management and internal control system of the MAX Group was restructured in 2018 and further elaborated in 2019 and 2020. This ongoing process, which is designed to optimize reporting and controlling instruments as well as internal control structures will also be continued in 2021.

OUTLOOK

Overall economic environment

Although recent vaccine approvals have raised hopes for a turnaround in the pandemic before the end of 2021, renewed waves as well as mutations of the coronavirus raise concerns for the outlook. Amid the extraordinary uncertainty, the global economy is forecast to grow by 5.5 % in 2021 according to calculations by the International Monetary Fund (IMF). Governmental support measures in major economies and an economic revival in the course of 2021 boosted by comprehensive vaccination programs are expected to offset the slowdown in growth momentum due to rising infections. In the USA and Japan, a full recovery is expected as early as the second half of 2021, and in the eurozone and the United Kingdom from 2022. In the emerging and developing countries, the recovery will also proceed at different speeds. Strong growth is again expected for China (8.1 %) and India (11.5 %) in particular in 2021.[1]

For the eurozone, the economic research institutes of the EUROFRAME group, which includes the Kiel Institute for the World Economy (IfW), expects a strong recovery of 4.9 % in the course of 2021 following a renewed decline in overall economic output at the end of the past fiscal year. However, the economy will continue to suffer the effects of the second wave of COVID-19 throughout the first quarter of 2021. Nevertheless, a significant recovery is likely to start when large parts of the population are vaccinated and the number of new infections declines significantly, so it is assumed that the far-reaching restrictions on social and economic activity will be lifted. According to EUROFRAME, the economy could then pick up speed again and the pent-up purchasing power of the past few months could have an impact on demand.[2]

1 https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
2 https://www.ifw-kiel.de/de/publikationen/euroframe-prognose/economic-assessment-of-the-euro-area-winter-202ss2021-15912/

According to the German government, the German economy will continue to recover in the course of the year provided that the coronavirus situation eases. For 2021, the German government expects price-adjusted gross domestic product to increase by 3.0 % year-on-year.[3] With the coronavirus pandemic flaring up again in the fall of 2020 and the containment measures reintroduced since November, the IfW does expect a delay in the recovery of the German economy. Nevertheless, according to the IfW, the export-oriented German industry in particular will come through the winter half-year largely unscathed thanks to the comparatively robust global economy.[4]

3 https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2021/01/20210127-bundeskabinett-beschliesst-jahreswirtschafts-bericht-corona-krise-ueberwinden-wirtschaftliche-erholung-unterstuetzen-strukturen-staerken.html
4 https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2020/KKB_74_2020-Q4_Deutschland_DE.pdf

Trends in relevant industries

In 2021, the German Engineering Federation (VDMA) expects the 4 % production growth in light of the decline last year to be only the beginning of the process of catching up from a low level.[1] The slight improvement in economic activity had an impact on the forecast for 2021 with an increase of 2 percentage points.[2] There is considerable confidence among mechanical and plant engineering companies in terms of demand. Three out of four companies expect sales to grow, and around half even consider an increase of up to 10 % to be realistic. Hopes are pinned in particular on the sales markets in China and the USA. Mechanical and plant engineering companies are less positive about developments in the European sales markets.[3] For example, the VDMA notes that the pandemic is not over, and the recurring discussions about lockdowns as well as the tightened travel restrictions continue to be serious burdens and make a sustainable upswing more difficult. A renewed rise in global demand and business activity with as little interruption as possible are key for the further development of the export-oriented mechanical and plant engineering sector.[4]

Following an increase in the production forecast by the VDMA as a result of the improving economy, the VDMA Robotics + Automation Association also expects demand to pick up in 2021. With a 6 % increase in industry sales, the robotics and automation industry will reach 2016 levels in 2021, remaining below the previous record set in 2018. In a volatile situation, further shutdown measures in particular could jeopardize positive developments.[5]

According to the German Association of the Automotive Industry (VDA), the international passenger car markets will slowly improve in Germany, even if the previous year's declines cannot be fully compensated for in 2021. Despite a low basis for comparison, vehicle sales in the individual markets – with the exception of China – will only slowly approach pre-crisis levels. The second half of 2021 in particular is expected to bring an improvement, when vaccination progress will be advanced enough that the pandemic can be noticeably contained in everyday life.[6] The VDA is forecasting sales growth of 9 % in the global passenger car market and 12 % in Europe in 2021. The Chinese passenger car market will already exceed pre-crisis levels again in 2021 with growth of 8 %.[7]

1 https://www.vdma.org/v2viewer/-/v2article/render/61366640
2 https://www.vdma.org/v2viewer/-/v2article/render/57181145
3 https://www.vdma.org/v2viewer/-/v2article/render/60417916
4 https://www.vdma.org/v2viewer/-/v2article/render/61074067
5 VDMA Mechanical Engineering Business Outlook for Germany
6 https://www.vda.de/de/presse/Pressemeldungen/210126-2021-entscheidet—ber-die-Zukunft-der-Industrie-in-Deutschland-und-Europa.html
7 https://www.vda.de/de/presse/Pressemeldungen/210119-Europ-ischer-Pkw-Markt-bricht-2020-um-ein-Viertel-ein.html

Current forecasts on the development of the medical technology industry for 2021 were not available from either the industry association Spectaris nor the German Medical Technology Association (BVMed) at the time this report was prepared. Nevertheless, Spectaris and the management consulting company Roland Berger expect fundamental market and competitive changes in the medium to long term as a result of the coronavirus pandemic, which will bring opportunities and challenges in equal measure. Accordingly, it is central for current and future competitiveness to capture new markets and customer contacts through digital excellence as well as automation in production and supporting health care processes while price pressure and regulatory burdens remain high in an environment of increasing market consolidation.[8]

Current forecasts on the development of the recycling and waste disposal industry for 2021 were not available from the Federal Association for Secondary Raw Materials and Waste Disposal (bvse) or the VDMA Waste and Recycling Technology Association at the time this report was prepared. Nevertheless, the industry is cautiously optimistic about 2021. According to a survey conducted by the VDMA among its members, around 78 % of manufacturers of waste and recycling technology machinery and equipment expect a slight recovery in 2021. In the future, the industry as a whole will benefit from a new action plan for the recycling management economy from the EU commission. New products will also be designed with the recycling management economy in mind in the future. One of the plans is to increase the proportion of recycled materials in new products. The VDMA Waste and Recycling Technology Association sees enormous potential in the reuse of plastics in particular.[9]

8 https://www.spectaris.de/verband/aktuelles/detail/corona-fuehrt-zu-unumkehrbaren-umbruechen-in-der-medizintechnik-branche/

9 https://www.vdma.org/documents/266241/57307734/VDMA%20Abfall-%20und%20Recyclingtechnik_Branchenkonjunktur_final_1607595529775.pdf/2fddc30a-3d22-cb0b-b2d4-a421e475ab29

Prospective development in the financial year 2021

In principle, the business development of the MAX Group is strongly linked to the development of the overall economic environment. The Managing Directors base the forecast for the 2021 fiscal year on expectations and assumptions of the overall economic environment and the development of relevant sectors.

Although the resurgence of the COVID-19 pandemic at the end of 2020 has temporarily slowed the recovery of the overall economy, it is generally believed that the pandemic will not have a lasting impact on the global economy. Assuming a normalization of business and travel activity, an economic recovery in 2021 and robust growth in the global economy are foreseeable. The forecast assumes that there will not be any new far-reaching lockdowns and that there will not be a renewed reluctance to invest as severe as in the first lockdown. The impacts of mutations of the virus were not taken into consideration. Overall, the Managing Directors anticipate that the first two quarters of 2021 will still be subdued, but that rising vaccination numbers will be associated with a significant economic recovery starting in the second half of the year. A pandemic-related impairment of goodwill was not assumed in the forecast of earnings.

If further comprehensive containment measures are necessary as a result of the infection and they therefore have a greater impact on the economic recovery than we had assumed, this development could have a negative impact on our order, sales and earnings position as well as our strategic plans for the MAX Group in the 2021 fiscal year.

Independent of the temporary effects of the pandemic, the Managing Directors expect a positive development of the MAX Group in the 2021 fiscal year and beyond. Based on the current macroeconomic and industry-specific outlooks and the trends in the markets in which the core business Group companies operate, the Board of Directors assumes that demand for the solutions offered by these companies will remain strong. The early identification of trends and a corresponding strategic orientation are essential for the long-term business success of the MAX Group. Currently, the Supervisory Board and the Managing Directors are working on a further development of the Group strategy as well as an associated governance structure that meets the changing operational requirements. The new strategy is expected to be rolled out by mid-2021.

Uniform standards for risk management and managerial accounting as well as clear and binding guidelines for the acquisition of orders and project management play an important role in increasing efficiency in the Group and reducing its risk profile. Substantial investments have been made in appropriate management systems, and this focus will be further developed in line with developments in the current and subsequent fiscal years. For the purpose of stabilization, the ERP systems are being further professionalized. Group-wide cash pooling is being introduced to optimize borrowing.

An important factor in 2021 will be the completion of the last critical projects from IWM Automation GmbH, which ceased operations on 30 September 2020. IWM Automation Poland will cease operations in the course of 2021. The restructuring processes of ELWEMA Automotive GmbH and iNDAT Robotics GmbH will be continued with the aim of achieving a sustainable turnaround of these companies.

Summary statement on the prospective development

In view of the continuing burdens due to the pandemic – it is still unclear how long it will last – as well as further losses from the settlement of the Non-Core Businesses included in the planning, the financial challenges for the MAX Group will continue in the 2021 fiscal year. Irrespective of the aforementioned challenges, however, the MAX Group considers itself to be strategically well positioned with its core business areas. The Managing Directors see the order backlog of mEUR 209.4 at the beginning of 2021 as a good starting point for development in the course of the year. Sales and earnings should increase compared to the challenging previous year.

Provided that the assumptions and expectations for the MAX Group described above prove to be correct and there is therefore no unexpected worsening of the pandemic or significant deterioration in economic development, sales revenues are expected to increase strongly in the 2021 fiscal year, which amounted to mEUR 307.0 in the 2020 fiscal year. For the operating earnings before interest, taxes, depreciation and amortization (EBITDA) of the MAX Group, the Managing Directors predict, based on the current portfolio and the presented expectations for the overall economic developments, a profitable development in the core business segments and a strong increase in EBITDA for the MAX Group above the previous year's value of mEUR 5.7.

Prospective business development of the SE

The earnings position of MAX Automation SE is heavily dependent on the development of the Group. Based on the expected development of the operating companies, the Managing Directors are anticipating a strong increase in profit transfer and investment income for the financial year of 2021.

Forward-Looking Statements

This report contains forward-looking statements based on the current assumptions and forecasts made by the Managing Directors of MAX Automation SE. Such statements are subject to risks and ambiguities. These and other factors may lead to a situation where the actual results, financial position, developments or capacity of the Company differ substantially from the estimates given here. The Company assumes no liability whatsoever to update these forward-looking statements or to adapt them in the light of future events or developments.

Dusseldorf, 12 March 2021

The Managing Directors

Dr. Christian Diekmann Werner Berens Dr. Guido Hild Patrick Vandenrhijn

CONSOLIDATED FINANCIAL STATEMENT

Consolidated Balance sheet

of MAX Automation SE, Düsseldorf, as of December 31, 2020

ASSETS	Notes	31/12/2020	31/12/2019
		kEUR	kEUR
Non-current assets			
Intangible Assets	(1)	3,151	6,787
Goodwill	(3)	38,582	46,239
Right-of-Use Assets	(2)	14,639	17,232
Property, plant and equipment	(4)	44,054	46,338
Investment property	(5)	6,357	7,454
Equity accounted investments	(6)	0	0
Other investments	(7)	1,924	6,692
Deferred tax	(8)	13,056	10,383
Other non-current assets	(9)	151	286
Non-current assets, total		**121,914**	**141,411**
Current assets			
Inventories	(10)	43,277	54,029
Contract Assets	(11)	33,572	40,987
Trade receivables	(11)	27,053	45,402
Prepayments, accrued income and other current assets	(12)	5,500	9,968
Cash and cash equivalents	(13)	47,736	40,596
Assets held for sale	(14)	2,719	0
Current assets, total		**159,857**	**190,981**
Total assets		**281,771**	**332,392**

The attached notes are an integral part of the Consolidated Financial Statements.

Consolidated Balance sheet

of MAX Automation SE, Düsseldorf, as of December 31, 2020

EQUITY AND LIABILITIES	Notes	31/12/2020	31/12/2019
		kEUR	kEUR
EQUITY			
Subscribed share capital	(15)	29,459	29,459
Capital reserve	(16)	18,907	18,907
Revenue reserve	(16)	24,167	24,126
Revaluation reserve	(17)	11,298	11,340
Equity difference resulting from currency translation		-897	609
Non-controlling interests		377	310
Unappropriated retained earnings	(18)	-43,409	-16,876
Total Equity		**39,902**	**67,875**
Non-current liabilities			
Non-current loans less current portion	(19)	114,235	120,574
Non-current lease liabilities	(24)	13,542	15,438
Pension provisions	(20)	1,057	1,048
Other provisions	(27)	4,917	4,224
Deferred tax	(8)	8,223	10,912
Other non-current liabilities	(19)	4	300
Non-current liabilities, total		**141,978**	**152,496**
Current liabilities			
Trade payables	(21)	23,660	49,818
Contract liabilities	(22)	41,117	18,637
Current loans and current portion of non-current loans	(23)	804	1,327
Current lease liabilities	(24,25)	4,448	4,257
Other current financial liabilities	(25)	13,182	15,670
Income tax liabilities	(26)	3,263	2,208
Other provisions	(27)	11,662	15,625
Other current liabilities	(28)	1,755	4,479
Current liabilities, total		**99,891**	**112,021**
Equity and liabilities, total		**281,771**	**332,392**

The attached notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

of MAX Automation SE, Dusseldorf,

as of December 31, 2020

		2020	2019
	Notes	**kEUR**	**kEUR**
Sales	**(29)**	**307,001**	**425,488**
Change in finished goods and work-in-progress		-9,990	-28,542
Work performed by the company and capitalized		2,213	2,312
Total operating revenue		**299,224**	**399,258**
Other operating revenue	(30)	14,094	11,123
result from investment property valuation		-1,097	
Cost of materials	(31)	-136,880	-202,705
Personnel expenses	(32)	-121,218	-139,125
Depreciation, amortization and impairment losses	(33)	-25,150	-14,908
Other operating expenses	(34)	-48,466	-69,444
Operating profit		**-19,493**	**-15,801**
Financial income	(35)	354	744
Financial expenses	(35)	-9,392	-18,855
Financial Result		**-9,038**	**-18,111**
Result from equity accounted investments	(6)		-411
Earnings before tax		**-28,531**	**-34,323**
Income taxes	(36)	2,197	-1,154
Net income		**-26,334**	**-35,477**
thereof attributable to non-controlling interests		118	-744
thereof attributable to shareholders of MAX Automation SE		-26,452	-34,733
Other comprehensive income that will never be reclassified to the income statement		**-80**	**11,420**
Revaluation of land and buildings		-41	11,340
Actual gains and losses on employee benefits		-56	133
Income taxes on actuarial gains and losses		17	-53
Other comprehensive income that can be reclassified to the income statement		**-1,506**	**674**
Change arising from currency translation		-1,506	674
Total comprehensive income		**-27,920**	**-23,384**
thereof attributable to non-controlling interests		118	-744
thereof attributable to shareholders of MAX Automation SE		-28,038	-22,640
Earnings per share (diluted and basic) in EUR		-0.90	-1.18

The attached notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

of MAX Automation SE, Dusseldorf, for the period from January 1 to December 31, 2020

			01.01.-31.12.2020	01.01.-31.12.2019
			kEUR	kEUR
	Cash flow from operating activities	**Notes**		
	Net income		**-26,334**	**-35,477**
	Adjustments relating to the reconciliation of consolidated net income for the year to cash flow from operating activities			
	Income taxes	(35)	-2,197	1,154
	Net interest result	(34)	7,421	3,886
	Depreciation of intangible assets	(32)	12,975	7,950
	Amortization of goodwill	(32)	7,628	2,676
	Depreciation of property, plant and equipment	(32)	4,546	4,283
	Adjustment of investment property	(32)	1,097	0
	Depreciation of financial assets	(32)	1,666	9,867
	Gain (-) / loss (+) on disposal of property, plant and equipment	(4)	217	-46
	Other non-cash expenses and income		-135	-4,107
	Changes in assets and liabilities			
	Increase (-) / decrease (+) in other non-current assets	(9)	-4	98
	Increase (-) / decrease (+) in inventories	(10)	9,159	28,802
	Increase (-) / decrease (+) in trade receivables	(11)	18,722	6,971
	Increase (-) / decrease (+) in contract assets	(11)	7,292	12,271
	Increase (-) / decrease (+) in prepayments, accured income and other assets	(12)	-162	17
	Increase (-) / decrease (+) in other non-current liabilities		-589	-127
	Increase (-) / decrease (+) in pensions provisions	(21)	-47	231
	Increase (-) / decrease (+) in trade payables and contract liabilities	(22)	-3,627	-54,853
	Increase (-) / decrease (+) in other provisions and liabilities		-8,227	1,689
	Income tax paid	(35)	-1,549	-7,967
	Income tax reimburse	(35)	4,175	1,803
=	**Cash flow from operating activities**		**32,027**	**-20,880**
2	**Cash flow from investing activities**			
	Outgoing payments for investments in intangible assets	(1)	-3,090	-2,366
	Outgoing payments for investments in property, plant and equipment	(4)	-7,394	-6,178
	Payments for loans granted to third parties	(7)(9)	-124	-2,173
	Payments received from disposals of intangible assets	(1)	82	88
	Payments received from disposals of property, plant and equipment	(4)	1,841	349
	Payments for loans granted to third parties	(7)(9)	3,439	0
=	**Cash flow from investing activities**		**-5,246**	**-10,280**
3	**Cash flow from financing activities**	**Notes**		
	Outgoing payments für dividends		0	
	Borrowing of non-current financial loans		30,000	77,500
	Repayment of non-current financial loans	(19)	-35,930	-32,795
	Repayment ofcurrent financial loans		-1,028	0
	Change in non-current financial debt		-116	-1,402
	Change in current financial debt	(23)	-5,732	-1,688
	Interest paid	(34)	-7,112	-2,878
	Interest received	(34)	193	55
	Payments for third parties		-52	0
=	**Cash flow from financing activities**		**-19,777**	**38,792**

			01.01.-31.12.2020	01.01.-31.12.2019
			kEUR	kEUR
4	**Cash and cash equivalents**			
	Increase/decrease in cash and cash equivalents		**7,004**	**7,632**
	Effect of changes in exchange rates		146	-154
	Consolidation-related changes in cash and cash equivalents		-10	-400
	Cash and cash equivalents at the start of the financial year		**40,596**	**33,518**
	Cash and cash equivalents at the end of the financial year		**47,736**	**40,596**
5	**Composition of cash and cash equivalents**			
=	**Cash and cash equivalents**	(13)	**47,736**	**40,596**

	01.01.-31.12.2020	01.01.-31.12.2019
	kEUR	kEUR
Cash and cash equivalents at the start of the financial year	**40,596**	**33,518**
Cash flow from operating activities	**32,027**	**-20,880**
Cash flow from investing activities	**-5,246**	**-10,280**
Cash flow from financing activities	**-19,777**	**38,792**
Effect of changes in exchange rates	146	-154
Consolidation-related changes in cash and cash equivalents	-10	-400
Cash and cash equivalents at the end of the financial year	**47,736**	**40,596**

1) Further information regarding the adjusted prior year figures can be found in the notes in the chapter "Correction of errors"

The attached notes are an integral part of the Consolidated Financial Statements.

Consolidated statement of changes in equity

of MAX Automation SE, Düsseldorf, for the period from January 1 to December 31, 2020

	Subscribed share capital	capital reserve	revaluation reserve	actuarial gains and losses	other revenue reserves	diffrences from currency translation	adjustment item for minority interests	unappropriated retained earnings	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
As of 01/01/2019	**29,459**	**18,907**	**0**	**-177**	**29,392**	**-64**	**-4,520**	**10,653**	**83,650**
Error correction[1]	0	0	0	0	-906	0	0	0	-906
Reclassification	0	0	0	0	-7,201	0	0	7,201	0
Total equity adjusted as of 01/01/2019	**29,459**	**18,907**	**0**	**-177**	**21,284**	**-64**	**-4,520**	**17,855**	**82,744**
Minority interests	0	0	0	0	0	0	5,574	0	5,574
Revaluation reserve for real estate	0	0	11,340	0	0	0	0	0	11,340
Transfer to Put-Option	0	0	0	0	2,937	0	0	0	2,937
Total comprehensive income	0	0	0	80	0	674	-744	-34,733	-34,723
As of 31/12/2019	**29,459**	**18,907**	**11,340**	**-97**	**24,222**	**609**	**310**	**-16,876**	**67,875**
As of 01/01/2020	**29,459**	**18,907**	**11,340**	**-97**	**24,222**	**609**	**310**	**-16,876**	**67,875**
Minority interests	0	0	0	0	0	0	-52	0	-52
Revaluation reserve for real estate	0	0	-41	0	0	0	0	0	-41
Transfer to other revenue reserves	0	0	0	0	81	0	0	-81	0
Total comprehensive income	0	0	0	-39	0	-1,506	118	-26,452	-27,879
As of 31/12/2020	**29,459**	**18,907**	**11,298**	**-136**	**24,303**	**-897**	**377**	**-43,409**	**39,902**

1) Further information regarding the adjusted prior year figures can be found in the prior year's notes in chapter "Correction of errors"

Due to roundings, there may be slight deviations in the totals of this table.

The attached notes are an integral part of the Consolidated Financial Statements.

MAX NOTES 2020

GENERAL INFORMATION

Company

MAX Automation (hereinafter "Company" or "the MAX Group") is a European stock corporation based in Germany. The registered office and principal place of business of the Company is Dusseldorf.

The main remit of the Company is to act as a managing holding company, i.e. combining companies under a single management, advising these companies, and assuming other business management duties. The Group companies operate internationally as high-tech mechanical engineering companies and leading providers of integrated turnkey solutions and complex systems and components. The business operations are divided into the segments Industrial Automation and Environmental Technology. MAX Automation SE therefore assumes the role of lead parent company of the Group.

Consolidated financial statements

The Company has prepared its Consolidated Financial Statements in compliance with Section 315e (1) of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, and in line with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC). All the IFRS rules which were mandatory for the past financial year were applied.

The Consolidated Financial Statements were prepared in euro (EUR). Unless specified otherwise, all of the amounts are stated in thousands of euro (kEUR). For computational reasons, rounding differences of TEUR 1 may occur in the tables.

The Consolidated Statement of Comprehensive Income is presented on the basis of the total cost method.

The Consolidated Financial Statements for the financial year ending 31 December 2019, duly audited and issued with an unqualified audit certificate, were approved by the Supervisory Board on 13 March 2020. The audited Consolidated Financial Statements for the year ending 31 December 2020 are expected to be approved by the Supervisory Board on 16 March 2021.

COVID 19-PANDEMIC

On 5 June 2020, the Company submitted an application for contract modifications at the administrative office for the syndicated loan contract due to the effects of the COVID-19 pandemic. The subject of the application was the suspension of the covenant testing until 31 December 2020 and the readjustment of the covenants. The bank syndicate accepted the application on 25 June 2020.

A subsidiary of Vecoplan AG applied for and received a government subsidy of kUSD 951 from the Paycheck Protection Program ("PPP Loan") in the USA. This program is aimed at small businesses with fewer than 500 employees. The income-effective receipt of the subsidy was tied to various requirements. The Company met these requirements in the fourth quarter.

In Germany, various Group companies have made use of the instrument of short-time work where possible and necessary. The grants were recognized in personnel expenses to reduce expenses, insofar as they relate to social security contributions.

The COVID-19 pandemic was taken into consideration in the planning process of the companies. Furthermore, in connection with the development as a result of the COVID-19 pandemic, reference is made to the explanations in the Outlook.

ACCOUNTING POLICIES

The accounts of the domestic and foreign subsidiaries included in the Consolidated Financial Statements were prepared in accordance with the IFRS accounting and valuation regulations, applying uniform standards.

When applying the IFRS, estimates and assumptions need to be made in certain cases which have a corresponding impact on the net assets, financial position and results of operations of the Company. The assumptions and estimates made could have been entirely different in the same reporting period for equally understandable reasons. The assumptions and estimates made are routinely reviewed and adjusted. The Company points out that actual future results may deviate from the estimates and assumptions made.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have approved a number of amendments to existing International Financial Reporting Standards (IFRS) as well as some new IFRS rules and interpretations, which are mandatory for the MAX Gruppe from financial year 2020 onwards, and they have also adopted some further standards and interpretations as well as amendments to the current standards that are not yet mandatory in the EU. The amendments, standards and interpretations are as follows:

Announcement	**Title**	**Mandatory application / voluntary application for the MAX Group from**	**Expected effects on the presentation of the net assets, financial position and results of operations of the MAX Group**
New and amended standards and interpretations			
various	Changes to references to the Framework in IFRS standards	01/01/2020	No effects
IFRS 3	Changes to the definition of a business operation	01/01/2020	No effects
various	Amendments to IAS 1 and IAS 8 Definition of "material"	01/01/2020	No effects
IFRS 9, IAS 39, IFRS 7	Interest Rate Benchmark Reform (IBOR)	01/01/2020	No effects
IFRS 16	Covid-19 related Rental Concessions	01/06/2020	No Covid 19 related rental concessions were granted to the Group companies. Accordingly, the amendments have no effect on the company's net assets, financial position and results of operations

New standards and interpretations to be applied in future			
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Interest Rate Benchmark Reform (IBOR) Phase 2	01/01/2021	The Company currently does not expect any significant effects on the company's net assets, financial position and results of operations
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	01/01/2022	The Company currently does not expect any significant effects on the company's net assets, financial position and results of operations
various	Annual Improvements to IFRS Standards 2018-2020	01/01/2022	The Company currently does not expect any significant effects on the company's net assets, financial position and results of operations
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	01/01/2022	The Company currently does not expect any significant effects on the company's net assets, financial position and results of operations
IFRS 3	Reference to Conceptual Framework	01/01/2022	The Company currently does not expect any significant effects on the company's net assets, financial position and results of operations
IAS 1	Classification of Liabilities as Current or Non-current	01/01/2023	No effects
IFRS 17	Insurance Contracts	01/01/2023	No effects
various	Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and ist Associate or Joint Venture	tbd	The Company currently does not expect any significant effects on the company's net assets, financial position and results of operations

Use of judgements and estimates

The preparation of the consolidated financial statements requires the executive directors to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Discretionary decisions

Information about judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements arises in connection with the following matters:

- Revenue recognition: Realisation of revenue from construction contracts over a period of time or at a point in time.
- Financial assets accounted for using the equity method: Determination of whether the Group has significant influence over the financial asset.

- Exercise of renewal options in connection with leases

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31 December 2020 that may have a significant risk of causing a material adjustment to the carrying amounts of recognised assets and liabilities within the next financial year arises in connection with the following matters:

- Revenue recognition: estimates in the context of the application of the cost-to-cost method.

- Recognition of deferred tax assets: availability of future taxable profits against which deductible temporary differences and tax loss carryforwards can be utilised

- Impairment testing of intangible assets and goodwill: key assumptions underlying the determination of the recoverable amount, including the recoverability of development costs

- Recognition and measurement of provisions and contingent assets and liabilities: key assumptions about the probability and extent of the inflow or outflow of benefits

- Valuation allowance for expected credit losses on trade receivables and contract assets: key assumptions in determining the weighted average loss rate

Assets

Acquired intangible assets

Acquired intangible assets (patent rights, licenses, IT software, know-how, technology, trademark rights, industrial property rights, websites, order backlogs, customer relationships and development projects) are carried at cost less amortization. Amortization is calculated using the straight-line method over the economic life, which is between 1 and 15 years.

Internally generated intangible assets

Internally generated intangible assets (development costs) are also recognized. The economic life is between 4 and 5 years. Development costs for new products for which technical feasibility and marketability tests have been performed are capitalized at the directly or indirectly attributable manufacturing costs, provided that a clear allocation of expenses is possible and also that the products are both technically feasible and can be marketed. The development work must also be sufficiently likely to generate future cash inflows; borrowing costs are not capitalized. Amortization is based on the expected economic life of the products. Development costs capitalized as of the date of the statement of financial position in cases where the development project has not yet been completed are tested for impairment using the license price analogy method.

Goodwill

If the acquisition costs for a business combination exceed the sum of the wholly revalued assets and liabilities including contingent liabilities, a positive difference is capitalized as goodwill. A negative difference is recognized in profit or loss after a reassessment.

The Group has identified the Process Technologies and Environmental Technologies business units as well as the individual companies of Evolving Technologies as cash-generating units. Goodwill is subjected to an impairment test in accordance with IAS 36 on each balance sheet date and whenever there are indications of impairment. A decline in value is recognized immediately as an expense in the Consolidated Statement of Comprehensive Income and is not reversed in subsequent periods.

The goodwill arising from acquisitions made prior to the date of transition to IFRS on 1 January 2004, was taken from the previous HGB financial statements and tested for impairment at this time. Goodwill amortized in previous periods has not been reversed.

The impairment test of goodwill is usually carried out at the level of a cash-generating unit. The impairment test is based on the calculation of the recoverable amount. The recoverable amount is either fair value less costs to sell or value in use, whichever is higher. Impairment tests in the MAX Automation Group are carried out as a rule by comparing the value in use and the carrying amount, whereby in individual cases the use of fair value less costs to sell is also possible.

If the carrying amount of the cash-generating unit to which the goodwill was allocated exceeds its recoverable amount, the goodwill allocated to this cash-generating unit is reduced by the difference. If the impairment loss exceeds the goodwill, the additional impairment loss is allocated pro rata to the assets allocated to the cash-generating unit (IAS 36.104 et seq.). The fair values or values in use (where quantifiable) of the individual assets are regarded as the lower limit.

The carrying amount of the cash-generating unit represents the so-called net assets and is composed of the assets required for business operations (operating assets) plus disclosed hidden reserves (especially goodwill) and less liabilities resulting from the operations.

When calculating the fair value less costs to sell, the procedure is conducted primarily with reference to market prices. The value in use is calculated on the basis of the discounted cash flow (DCF) method.

The weighted average cost of capital (WACC) approach is applied here (IDW RS HFA 40 (44)). The market risk premium amount is selected with reference to the pronouncements issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). The risk-free base rate is calculated using a system recommended by the IDW (Svensson method). The beta factor, the borrowing rate and the debt-equity ratio are calculated with reference to capital market data relating to comparable companies (peer group) in the same sector.

The following input requirements must be taken into account:

- Under IAS 36.50, cash flows from financing and for income taxes are not to be included in the calculation of the value in use.

- The capitalization rate is a pre-tax interest rate that reflects current market estimates of the time value of money and the specific risks of the valuation object. Since the returns on risk-bearing equity securities which can be observed in the capital markets routinely include tax effects, the weighted capitalization rate must be adjusted for these tax effects.

- The cost of equity is calculated on the basis of the Capital Asset Pricing Model. This calculation involves the risk-free rate, a risk premium and the beta factor of the respective business unit's peer group. The borrowing rate used similarly results from the specific peer group. The weighted average costs of capital below reflect the individual debt-equity ratio.

- In accordance with the range of 6 – 8% recommended by IDW, a value of 7% was used as the market risk premium.

Pre-tax cost of capital

Business Unit	2020	2019
Process Technologies	7.09%	7.51%
Environmental Technologies	6.66%	9.99%
AIM Micro Systems GmbH	6.41%	9.98%
ELWEMA Automotive GmbH	6.98%	8.85%
iNDAT Robotics GmbH	5.66%	9.83%
MA micro automation GmbH	6.47%	10.08%
Mess und Regeltechnik Jücker GmbH	6.42%	10.11%
NSM Magnettechnik GmbH	6.42%	10.07%

The value in use is determined on the basis of the present value of the cash flow from two periods of growth. The first period is based on the five-year plan prepared by the management of the respective cash-generating unit and approved by the Supervisory Board, which has been updated and takes into account the effects of the COVID-19 pandemic. Any new information which has come to light in the meantime has been taken into account. A perpetuity equal to the permanently recoverable amount according to the last year of the detailed forecast period is taken as a basis for the second phase, allowing for a growth rate of 1%. Based on the order backlog and the chronological completion of the orders, the chosen planning horizon mainly reflects the following assumptions for short-term to medium-term market developments: sales trend, market shares and growth rates, raw material costs, customer acquisition and retention costs, personnel development and investments. The MAX Automation Group envisages strong increases in sales and EBIT for the period from 2021 to 2025. The assumptions are determined internally and mainly reflect past experience or are compared with external market values.

In addition, sensitivity analyses were performed for all cash-generating units, assuming an increase in the discount rates by one percentage point and a simultaneous decrease in cash flows by 10%.

For the 2019 annual financial statements, the recoverable amount of ELWEMA Automotive GmbH was determined based on the net realizable value. As the basis for the valuation based on the net realizable value no longer existed in the first quarter, another impairment test was carried out in which the recoverable amount was determined based on the value in use. This resulted in an impairment requirement for goodwill of kEUR 3,671. This need for impairment was recorded accordingly in the first quarter of 2020. After the impairment of goodwill already recorded in the first quarter, the remaining goodwill in the amount of kEUR 494 and the self-generated intangible assets in the amount of kEUR 3,088 were written off in full on 30 June 2020.

As of 31 December 2020, a recoverable amount of kEUR 22,786 and a resulting need for impairment of kEUR 3,775 were determined for ELWEMA Automotive GmbH. Accordingly, write-downs were made on intangible assets in the amount of kEUR 1,602 and on property, plant and equipment in the amount of kEUR 355. The assets that were impaired in value were written down to their recoverable amount of EUR 0, which corresponds to their fair value less costs to sell. Market values were determined for the remaining non-current assets, which are land and buildings. As further recognition of the calculated impairment loss would cause the previously mentioned assets to fall below fair value, no further impairment losses were recognized, in accordance with IAS 36.105.

Due to the high deviation of the result of the impairment test from the sensitivity analysis of iNDAT Robotics GmbH and the low WACC of 5.66% compared to the other cash-generating units, the result of the sensitivity analysis was taken into account when determining the recoverable amount. The results of the impairment test and the sensitivity analysis were weighted at 50% each. The recoverable amount of EUR 6,306k calculated on this basis resulted in a complete impairment requirement of the remaining goodwill of EUR 3,464k. As a result, the goodwill was written down to EUR 0k as of December 31, 2020.

The sensitivity analyses for the cash-generating units to which significant goodwill has been allocated did not identify any further need for impairment.

Financial assets accounted for using the equity method

Companies over which MAX Automation SE has a significant, but not controlling influence are recognized using the equity method. The enterprise is valued at the cost of acquisition at the time of initial inclusion. This valuation approach for the investment is maintained in subsequent periods. Attributable annual profits or annual losses increase or decrease the carrying value of the investment, and this value can be written down to a maximum of 0 euro. Dividends received from the enterprise are deducted from the carrying amount.

Property, plant and equipment

Property, plant and equipment are capitalized at acquisition or production cost and depreciated over their estimated useful lives or written down, if necessary.

For land and buildings, the MAX Group uses the revaluation model of IAS 16. The reason for using this revaluation model is that the MAX Group intentionally makes adjustments for the effects of inflation when recognizing assets with a very long useful life. The effects of inflation can cause the replacement cost of this property, plant and equipment to be significantly higher than the historical acquisition or production cost reduced by write-downs. Therefore, the revaluation model has a capital preservation function.

The revaluation is not restricted to the acquisition or production costs as an upper limit. Excesses of acquisition or production costs occur mainly in the case of land, as this is generally not subject to any consumption of benefits. The revaluation is done at fair value, which is performed for land and buildings by calculating their income value. Independent appraisers assess the income value. The income approach involves a model with input factors that are based on unobservable market data (level 3 according to IFRS 13). The revaluation is performed at five year intervals.

At the time of revaluation, the cumulative depreciation is eliminated against the gross carrying amount. The remaining carrying amount is subject to revaluation. From this revaluation until the next time of revaluation, depreciation occurs over the remaining useful life on a fair value basis.

The revaluation is recognized directly in equity under other comprehensive income through the revaluation reserve.

Property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Expected useful lives	
Building	5 to 50 years
Outdoor facilities	5 to 33 years
Technical equipment and machinery	1 to 14 years
Other plant and machinery	1 to 17 years

The calculation of the economic life takes account of the estimated physical wear and tear, technological obsolescence and legal and contractual restrictions.

Assets under construction are carried at cost. These assets start to depreciate on their completion or when they are ready for operational use.

If there are indications pointing to impairment, the recoverable amount of the asset or the cash-generating unit is calculated on the basis of its value in use in order to determine the extent of impairment. Impairment is recognized in profit or loss.

If the past cause of an impairment ceases to apply, the carrying amount of the asset is increased again accordingly.

The increase in the carrying amount is limited to the value which would have resulted if no impairment loss had been recognized for the asset in previous years. The reversal of the impairment loss is also recognized in profit or loss.

Investment property

Investment property consists of property held for rental income and/or for capital appreciation purposes. In the MAX Group, the fair value model, rather than the amortized cost model, is applied to all investment properties. In the view of management, the fair value model is the more relevant form of presenting a more accurate picture of the net assets, financial position and results of operations of the MAX Automation Group. The calculation of fair value was done by means of the income approach, which involves a model with input factors that are based on unobservable market data (level 3 according to IFRS 13).

An investment property is derecognized upon disposal if it is permanently no longer to be used or no future economic benefits are expected from the disposal. The gain or loss from the disposal is determined as the difference between the net realizable value and the carrying amount of the asset and is recognized in the Consolidated Statement of Comprehensive Income in the disposal period.

Non-current financial assets

Financial assets are measured at cost at the time of acquisition.

Loans are carried at amortized cost.

Financial assets that are not carried at fair value are regularly tested for impairment. Financial assets that are impaired are written down to the recoverable amount in profit or loss. If the reason for write-downs in earlier periods no longer applies, a write-up is recognized in profit or loss.

Inventories

Inventories are carried at acquisition or production cost or at net realizable value, whichever is lower. In addition to production material and production wages, production costs also include material and production overheads that must be capitalized. Discounts are made for lack of marketability. Inventories are valued using individual valuation, the moving average method or the first-in-first-out (FIFO) method.

Impairment losses are recognized when the net realizable value of an asset falls below its carrying amount.

Contractual assets

The companies of the MAX Group generate their revenue to a large extent from the creation and delivery of customer-specific equipment and machinery. For these orders, revenue and the anticipated gross margin are recognized according to the percentage-of-completion method (POC method) in line with the percentage of completion of an order over the period of performance.

The IFRS 15 criteria for this are:

- The asset created does not have any alternative use.
- The Group has a legally enforceable claim to remuneration for services that have already been rendered.

If both criteria are met, the percentage of completion is determined on the basis of the costs incurred for the work carried out in relation to the total expected costs (cost-to-cost method). As a result of this accounting method, both revenue and the associated costs are recognized systematically. Consequently, the results are recognized on an accrual basis over the period in which the power of disposal, the good or service is transferred. Customer payments are contractually agreed upon and are oriented toward progress on a project and predetermined milestones. This ensures that customer payments and performance progress are not too far apart in terms of time. The Group came to the conclusion that the input-based method is best suited for determining the percentage of completion since the individual companies use an IT-supported calculation procedure and can reliably estimate the planning costs and oversee the total costs using individualized project controlling.

The estimation of the extent of completion is of particular importance when using the percentage of completion method. It can also include estimates of the scope of delivery and services required to meet contractual obligations. These material estimates include total estimated costs, total estimated sales revenues, contract risks – including technical, political and regulatory risks – and other relevant variables. According to the percentage of completion method, changes in estimates can increase or decrease sales.

All other sales that do not meet the criteria for period-based sales recognition are recorded on a point-in-time basis. Revenue is recognized when the significant risks and rewards of ownership of the goods and products sold have been transferred to the customer. This is usually the case when the goods are delivered to the customer and simultaneously accepted by the customer (acceptance reports). Revenue from contracts with customers corresponds to the transaction price. The transaction price only includes variable consideration if there is a high probability that the actual occurrence of the variable consideration, e.g. a contractual penalty, will not result in a material reversal of revenue. The transaction price is not adjusted for a financing component since in particular the period between the transfer of goods and services and the payment by the customer is always less than 12 months.

If a reliable estimate of performance progress is not possible for orders either on the basis of output factors or input factors, the zero profit method is used, provided that it can be assumed that the companies can recover the costs incurred during fulfillment of the performance obligation. In case of this method, revenue and the associated costs are recognized in the same amount until a reliable estimate for measuring progress is possible. The gross margin here is at least partially retroactively adjusted in profit or loss only at a later stage of the order.

The other part of revenue from contracts with customers is generated both from the sale of standard machinery, replacement parts and other goods as well as from the rendering of services. This revenue is recognized at the time when the customer obtains control over the promised asset. This is usually the time when the machinery is delivered to the customer so that he acquires ownership or accepted delivery. Services rendered are recognized as sales upon their fulfillment. For standard machinery and replacement parts, customer payment takes place after invoicing. Depending on the structure of the contract, it takes place after delivery or acceptance. Invoices for payments on account are also issued to customers.

Contracts are reported under contract assets or contract liabilities. If the cumulative work (contract costs and contract net profit) exceed down payments, construction contracts are disclosed on the assets side under contractual assets. If a negative balance remains after deducting the down payments, it is disclosed as an obligation from construction contracts on the liabilities side under contractual liabilities. Partial services already invoiced are recognized under trade receivables. Anticipated contractual losses are considered on the basis of recognizable risks and immediately included in the contract net profit in full. Contractual revenue and contract modifications, meaning contractual changes and amendments, are recognized as contract revenue in accordance with IFRS 15. Contractual assets are usually recognized within a business cycle of the MAX Group. Therefore, they are disclosed under current assets in accordance with IAS 1, even if the recognition of the entire receivable extends over a period of more than one year.

Contractual assets are tested for impairment using the simplified procedure. For a more detailed explanation, please refer to the chapter "Risk Management."

Performance obligations

The Group breaks down its contracts with customers into performance obligations, distinguishing between performance obligations that are settled either at a point in time or over a period of time in accordance with the terms of the contract. Customer contracts are analyzed in terms of separable performance obligations. Besides the performance obligation to construct machinery or equipment for the customer, mainly spare part packages and partial reconstructions are presented as separable performance obligations for the companies.

Current financial assets

In accordance with IAS 32, financial assets include trade receivables, receivables from banks, derivative financial instruments and other miscellaneous marketable financial assets. The Company assumes that the reported values of the financial instruments are generally consistent with their fair values.

Trade receivables are tested for impairment using the simplified procedure. For a more detailed explanation, please refer to the chapter "Risk Management."

Cash and cash equivalents

Cash and cash equivalents are liquid assets measured at cost. They comprise cash in hand, bank deposits at call and other highly liquid current financial assets with a maximum term of three months at the time of acquisition. The underlying funds for financing purposes in the Consolidated Statement of Cash Flows are consistent with the definition of cash and cash equivalents cited here.

Equity and liabilities

Equity procurement costs

Equity procurement costs are deducted from the capital reserve after allowing for the taxes applicable to them.

Adjustment item for minority interests

The development of the adjustment item is based on the attributable annual results.

Pension obligations

The measurement of provisions for post-employment benefits is done in accordance with the actuarial projected unit credit method prescribed in IAS 19 "Employee benefits." Here, future obligations are measured on the basis of the pro rata benefit entitlements as of the reporting date. The measurement takes assumptions (e.g. regarding salary development or the pension trend) into account for the relevant factors that affect the amount of the benefit. The calculation is based on the 2018 G life expectancy reference tables issued by K. Heubeck. Account is taken not only of the pensions and vested benefits known on the reporting date but also of expected future changes in salaries and pensions. The service cost is included in the personnel expenses in the Consolidated Statement of Comprehensive Income. Actuarial gains and losses, as well as gains and losses from the revaluation of plan assets, are recognized in "Other comprehensive income," net of retained earnings. Interest expense is reported under net interest.

Provisions for taxes

Provisions for taxes include obligations from current income taxes. Income tax provisions are offset with corresponding tax refund claims if they exist in the same tax jurisdiction and their type and due dates are the same.

Other provisions

Other provisions take into account all recognizable obligations as of the reporting date that arise from past transactions or past events and whose amount and/or due dates are uncertain. Provisions are recognized at their respective expected settlement amounts, i.e., taking price and cost increases into account, and are not netted against reimbursement claims. Provisions are formed only if they are based on a legal or factual obligation to third parties. Non-current provisions are recognized at their settlement amount discounted to the reporting date and disclosed under non-current liabilities. When a loss on a contract is likely, the entity recognizes the present obligation under the contract as a provision.

The determination of provisions for impending losses from contracts, of warranty provisions, of provisions for dismantling, decommissioning and similar obligations and of provisions for legal disputes, regulatory procedures and official investigations (legal disputes) is largely associated with estimates. Provisions for anticipated losses on contracts with customers are recognized when the current estimated total costs exceed the estimated sales revenues. Losses from contracts with customers are identified through ongoing monitoring of project progress and the updating of estimates. This requires to a considerable extent assessments with regard to the fulfillment of certain performance requirements as well as the assessment of warranty expenses and project delays, including an assessment of the attribution of these delays to the project partners involved.

Litigation is often based on complex legal issues and involves considerable uncertainty. Accordingly, the assessment of whether a current obligation from a past event is likely as of the reporting date, whether a future outflow of funds is probable and the amount of the obligation can be reliably estimated, is based on considerable judgment. The assessment is usually carried out in consultation with internal and external lawyers. It may be necessary to set up a provision for ongoing proceedings due to new developments or to adjust the amount of an existing provision. In addition, the outcome of proceedings can result in expenses for the Company that exceed the provision made for the matter. The Company does not currently expect any significant effects on its net assets, financial position and results of operations.

Provisions for a restructuring are formed provided that a detailed, formal plan has been prepared and shared with the affected parties.

Liabilities

Trade payables and other original financial liabilities are recognized at amortized cost. Other liabilities are accounted for at their settlement amount.

Liabilities from leases are recognized at the start of the lease at the present value of the minimum lease payments.

Discounts and transaction costs are accounted for using the effective interest method. Non-current non-interest-bearing liabilities are stated at their present value.

Contract liabilities

Contractual liabilities constitute an obligation to customers if partial invoices submitted and payments received from customers prior to the performance of the promised service have been collected or become due. Contractual liabilities from partial invoices submitted and payments received from customers are written down against the work in progress as soon as the work has been performed. If a contract contains several separate performance obligations, however, only one contractual asset or contractual liability is to be recognized from this contract on a net basis.

Leases

At the beginning of the contract, the Company assesses whether the contract constitutes or contains a lease. This is the case if the contract includes the right to control the use of an identified asset against payment of a fee for a certain period of time.

As the lessee

On the provision date or when a contract containing a leasing component is changed, the Company divides the contractually agreed fee on the basis of the relative individual selling prices as far as possible. If it cannot be divided in exceptional cases, leasing and non-leasing components are accounted for as one leasing component.

On the provision date, the Company records an asset for the granted right of use and a lease liability. The right of use is initially valued at acquisition cost, which corresponds to the initial valuation of the lease liability, adjusted by payments made on or before the provision date, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or restoring the underlying asset or the location at which it is located less any leasing incentives received.

Afterwards, the right-of-use asset is depreciated on a straight-line basis from the date of provision until the end of the lease term, unless ownership of the underlying asset is transferred to the Company at the end of the lease term or the cost of the right-of-use asset takes into account that the Company will exercise an option to purchase the asset. In these cases, the right of use is depreciated over the useful life of the underlying asset, which is determined in accordance with the regulations for property, plant and equipment. In addition, the right of use is continuously corrected for impairments, if necessary, and adjusted by certain revaluations of the lease liability.

For the first time, the lease liability becomes the present value of the lease payments not yet made on the provision date, discounted using the interest rate on which the lease is based or, if this cannot be easily determined, using the incremental borrowing rate of MAX Gruppe. Typically, the Company uses its incremental borrowing rate as the discount rate. The incremental borrowing rate of MAX Gruppe results from the interest on the syndicated loan of the MAX Gruppe. If an asset were not acquired under a lease, the purchase of the respective asset would be financed through the Group's syndicated loan.

The lease payments included in the valuation of the lease liability include:

- fixed payments, including de facto fixed payments,
- variable lease payments that are linked to an index or (interest) rate, valued for the first time using the index or (interest) rate valid on the provision date,
- amounts that are expected to be payable based on a residual value guarantee, and
- the exercise price of a call option if the Group is reasonably certain that it will exercise it,
- lease payments for an extension option if the Company is reasonably certain that it will exercise it,
- as well as penalties for premature termination of the lease, unless the Company is reasonably certain that it will not terminate prematurely.

The lease liability is measured at its amortized carrying amount using the effective interest method. It is revalued if the future lease payments change due to a change in the index or (interest) rate, if the

Company adjusts its estimate of the expected payments as part of a residual value guarantee, if the Company changes its estimate of the exercise of a purchase, extension or termination option or a de facto fixed lease payment changes. In the event of such a revaluation of the lease liability, a corresponding adjustment is to be made to the carrying amount of the right of use or this is made affecting income if the carrying amount of the right of use has decreased to zero.

The Group reports rights of use that do not meet the definition of investment property held, as well as lease liabilities, separately in the Consolidated Statement of Financial Position.

Short-term leases and leases based on assets of low value

The Company has decided not to recognize rights of use and lease liabilities for leases based on assets of low value as well as for short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease. Leases for intangible assets are also treated in this way.

As the lessor

When the contract begins or when a contract that contains a leasing component is changed, the Company divides the contractually agreed fee on the basis of the relative individual selling prices.

If the Company acts as the lessor, it classifies each lease as either a finance lease or an operating lease at the start of the contract.

To classify each lease, an overall assessment is made as to whether the lease essentially transfers all of the risks and rewards associated with ownership of the underlying asset. If so, the lease is classified as a finance lease; if not, it is an operating lease. In making this assessment, the Group takes certain indicators into account, such as whether the lease covers most of the useful life of the asset.

The Group accounts for the main lease and the sub-lease separately when it acts as an intermediate lessor. It classifies the sub-lease on the basis of its right of use from the main lease and not on the basis of the underlying asset. If the main lease is a short-term lease to which the Group applies the exception described above, it classifies the sub-lease as an operating lease.

If an agreement contains leasing and non-leasing components, the Group applies IFRS 15 to split the contractually agreed remuneration.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. The estimated, non-guaranteed residual values used when calculating the gross investment in the lease are reviewed regularly by the Group.

Share-based payment agreements

The fair value on the day of granting share-based payment agreements to employees is recognized as an expense with a corresponding increase in equity over the period in which the employees acquire an unrestricted entitlement to the bonuses. The expense amount is adjusted to reflect the number of bonuses for which the applicable service terms and non-market performance terms are expected to be met, so that the ultimate expense amount is based on the number of bonuses that the applicable service terms and non-market performance terms end up with at the end of the vesting period. For share-based payments with non-exercise conditions, the fair value is determined on the date of granting taking these conditions into account; There is no need to adjust the differences between expected and actual results.

The fair value of the amount payable to employees in respect of stock appreciation rights that are settled in cash is recognized as an expense with a corresponding increase in liabilities over the period in which the unconditional right to those payments is acquired. The liability is remeasured on each reporting date and on the settlement date based on the fair value of the appreciation rights. All changes in the liability are recognized in profit or loss.

Statement of Comprehensive Income

Operating result

The operating result is the result of the continued sales-generating main activities of MAX Gruppe as well as the other income and expenses of the operating activity. The operating result does not include the financial result, profit and loss shares in companies accounted for using the equity method, and income taxes.

Research and development expenses

Expenses relating to the development of new products and processes, including significant improvements and refinements to current products, are recorded as expenses as they are incurred, as long as the prerequisites for capitalization as development costs in accordance with IAS 38 are not met.

Other operating income is recognized when the service is rendered or the entitlement arises. Interest income and interest expenses are recognized on an accrual basis.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered predominantly through a sales transaction rather than through continued use and the sale is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, with the exception of assets such as deferred tax assets, assets resulting from employee benefits, financial assets and investment property, which are recognized at fair value, and contractual rights arising from insurance contracts, which are explicitly excluded from this rule.

An impairment loss is recognized for first-time or subsequent write-downs of the asset (or of the disposal group) to the fair value less selling costs. A gain is recognized for subsequent increases in the fair value of an asset (or of the disposal group) less selling costs, but not in excess of a cumulative impairment loss previously recognized. A gain or loss not previously recognized until the time of disposal of the non-current asset (or of the disposal group) is realized at the time of disposal.

Non-current assets (including those that are part of a disposal group) are not subject to depreciation if they are classified as held for sale. Interest and similar expenses attributable to the liabilities of a disposal group classified as held for sale will continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are reported separately from the other assets in the Consolidated Statement of Financial Position. The liabilities of a disposal group classified as held for sale are also presented separately from other liabilities in the Consolidated Statement of Financial Position.

A discontinued operation is a part of the entity sold or classified as held for sale that constitutes a separate major business unit or a geographical business sector which is part of a single coordinated plan to dispose of such a business unit, or is a business sector or constitutes a subsidiary that was acquired solely for the purpose of resale. The results from discontinued operations are shown separately in the Consolidated Statement of Comprehensive Income.

Earnings per share

The undiluted earnings per share are calculated by dividing the portion of earnings after tax attributable to the shareholders of MAX Automation SE by the weighted average number of shares in circulation during the financial year, adjusted for bonus shares issued during the financial year and excluding any treasury shares.

The diluted earnings per share are calculated on the assumption that all potentially dilutive securities are either converted or exercised.

Currency translation

Transactions in foreign currencies are translated into the functional currency of the respective company at the average spot exchange rate on the day of the transaction. At the end of the reporting period, the Company assesses monetary assets and liabilities denominated in foreign currencies in the functional currency at the then applicable average spot exchange rate. Gains and losses from currency valuations are recognized in other operating income or other operating expenses in the Consolidated Statement of Income.

The annual accounts of the foreign subsidiaries included in the Consolidated Financial Statements whose functional currency is not the euro are translated into the Group currency, the euro, on the basis of their functional currency, which is their respective local currency.

The statements of financial position are translated from their functional currency into the reporting currency at the average spot exchange rate on the date of the statements of financial position using the closing rate method.

The conversion of the Consolidated Statement of Income items is carried out at the average exchange rate for the reporting period.

Equity is translated at historical exchange rates.

Gains and losses from currency translation are recognized in equity without affecting profit or loss.

		Balance sheet: reporting date rate		Income statement: average rate	
	EUR=	31/12/2020	31/12/2019	31/12/2020	31/12/2019
China	CNY	8.02250	7.82050	7.87084	7.73388
Great Britain	GBP	0.89900	0.85080	0.88923	0.87730
Hong Kong	HKD	9.51420	8.74010	9.43408	8.67441
Poland	PLN	4.55970	4.25680	4.44318	4.29753
Switzerland	CHF	1.08020	1.08540	1.08139	1.09252
Singapore	SGD	1.62180	1.51110	1.62185	1.50813
USA	USD	1.22710	1.12340	1.14127	1.11959

		Balance sheet: reporting date rate		Income statement: average rate	
	HKD=	31/12/2020	31/12/2019	31/12/2020	31/12/2019
China	CNY	0.84320	0.89400	0.84378	0.89891

Financial instruments

A financial instrument is a contract that gives rise to a financial asset at one entity and to a financial liability or equity instrument at another.

Financial assets and liabilities are divided into the categories prescribed by IFRS. Only the categories "at amortized cost" and "at fair value with changes in value in profit or loss" are currently relevant to the MAX Group in this regard.

A financial asset is measured at amortized cost if both of the following conditions are met and it has not been designated as FVTPL:

It is held as part of a business model whose purpose is to hold financial assets in order to collect contractual cash flows, and

The contractual terms of the financial asset give rise at specified dates to cash flows, which exclusively represent repayments and interest payments on the outstanding principal amount.

The Group does not make any use of the option of classifying financial assets and liabilities upon initial recognition as recognized in profit and loss at fair value (fair value option).

In determining whether the default risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group considers appropriate and reliable information that is relevant and available without an inappropriate expenditure of time and money. This includes both quantitative and qualitative information and analyses based on the Group's past experience and well-founded assessments, including forward-looking information using CDS spreads.

A financial asset is considered to be in default if it is unlikely that the debtor will be able to pay the Group for its credit obligation in full. The asset is written down if no legitimate expectation exists that the contractual cash flows will be realized.

Derivative financial instruments and hedging transactions

Derivatives are initially recognized at their fair value at the time of entering into a derivative transaction and are subsequently reassessed at their fair value at the end of the reporting period. The recognition of subsequent changes in the fair value depends on whether the derivative is designated as a hedging instrument and, if this is the case, on the nature of the underlying hedging relationship.

The Group's derivative instruments do not satisfy the prerequisites for recognition as hedging transactions. If derivatives do not satisfy the criteria for the recognition of hedging relationships, they are classified as "held for trading" for accounting purposes and recognized at fair value in profit or loss. They are presented as current assets and liabilities insofar as they are expected to be settled 12 months after the end of the reporting period.

Further details are provided in the chapter "Risk Management."

Income taxes

Income tax expense represents the sum of current tax expense and deferred taxes.

Current or deferred taxes are recognized in the Consolidated Statement of Income unless they are related to items which are recognized either in other comprehensive income or directly in equity. In this case, the current or deferred taxes are recognized in other comprehensive income or directly in equity. If current or deferred taxes result from the initial recognition of a business combination, the tax effects are reflected in the accounting for the business combination.

Current taxes

Current tax expense is calculated on the basis of taxable income for the current financial year. Taxable income differs from the profit for the year from the Consolidated Statement of Income due to expenses and revenues that are never taxable or tax deductible in subsequent years. The Group's obligation for current taxes is calculated on the basis of the respectively valid tax rates.

Deferred taxes

Deferred taxes are recognized for differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding carrying values used in the calculation of taxable income. Deferred taxes are generally recognized for all taxable temporary differences; deferred tax assets are recognized to the extent that it is likely that taxable profits, for which deductible temporary differences can be used, are available. Deferred tax assets and deferred tax liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (except for business combinations) of assets and liabilities which result from incidents that do not involve either taxable income or the profit for the year.

For taxable temporary differences that emerge from shares in subsidiaries, deferred tax liabilities are formed unless the Group can control the reversal of the temporary differences and it is likely that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets that arise from temporary differences in connection with shares in subsidiaries are recognized only to the extent to which it is likely that sufficient taxable income is available with which the claims from the temporary differences can be used. In addition, it must be possible to assume that these temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed every year on the reporting date and impaired in value if it is no longer likely that sufficient taxable income will be available in order to realize the claim in full or in part.

Deferred tax liabilities and tax claims are calculated on the basis of anticipated tax rates and the tax laws that are expected to be in effect at the time that the debt is settled or the asset realized. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequence that results from the way in which the Group expects to settle the liability or realize the asset on the reporting date.

CONSOLIDATION

Consolidation principles

MAX Automation SE and its subsidiaries over which it exercises control are included in the Consolidated Financial Statements. Control exists when MAX Automation SE is exposed to fluctuating returns from the relationship with the investee and has the opportunity to influence these returns through its power of disposal over the investee.

A subsidiary is consolidated from the date on which the Group acquires control of the subsidiary. It is deconsolidated as soon as the Group loses control of the subsidiary. All intra-Group assets and liabilities, equity, income and expenses as well as cash flows from business transactions that take place between Group companies are completely eliminated during consolidation.

Scope of consolidation

All active Group companies are included in the scope of consolidation. These are majority holdings.

Besides MAX Automation SE, the scope of consolidation on the balance sheet date included a total of 29 subsidiaries and sub-subsidiaries as well as MAX Automation (Asia Pacific) Co. Ltd., Hong Kong, which is accounted for using the equity method.

IWM Automation Bodensee GmbH is currently one of the four companies in the Non-Core segment. This legal unit will be assigned to the Evolving Technologies segment once its operational business has been fully shut down.

In line with the clear strategic direction, the current companies were divided into the segments Process Technologies, Environmental Technologies, Evolving Technologies and Non-Core Business.

The scope of consolidation is comprised as follows:

Number of companies included	2020	2019
Process Technologies	7	7
Environmental Technologies	9	9
Evolving Technologies	9	8
Non-core	4	4
Group	29	28

Changes in the scope of consolidation

MA micro automation GmbH, St. Leon-Rot acquired 100% of the shares in the shelf company "Kronen zweiausend596 GmbH," Frankfurt/Main, with notarial certification dated 23 July 2020. In connection with the acquisition, the renaming of the acquired company to MA Life Science GmbH and the relocation of the company's headquarters to St. Leon-Rot were submitted to the commercial register for entry.

On 2 October 2020, MA Life Science GmbH, St. Leon-Rot founded a new company in Dover, Delaware, USA, under the name Micro Automation LLC.

On 23 October, MA Micro Automation Pte. Ltd. issued 15,000 new shares in the company to MA Life Science GmbH as part of a capital increase. Besides MA micro automation GmbH, St. Leon-Rot, MA Life Science GmbH is hence also a shareholder in the company. This took place against the backdrop of the company's change of legal form to an LLP. MA Micro Automation Pte. Ltd. was converted into Micro Automation LLP on 9 November 2020.

On 31 October, MAX Automation SE contributed its shares in Vecoplan AG to MAX Management GmbH in order to make better use of tax loss carryforwards. Apart from the valuation of the tax loss carryforwards, this internal restructuring had no effects at the Group level.

On 17 December 2020, the decision was made to liquidate MAX Automation North America Inc., Wilmington, Delaware, USA. Since the company is not material from the Group's perspective on 31 December 2020, it was deconsolidated as of the balance sheet date.

EXPLANATORY NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(1) Intangible assets

The following tables show the development and breakdown of intangible assets.

kEUR	Concessions, industrial property rights and similar rights and asets, and licenses to such rights and assets	Internally intangible assets	Advances paid	Total
Acquisition or production cost				
01.01.2020	33,113	11,780	180	45,073
Changes in scope of consolidation	0	0	0	0
Currency differences	-114	0	0	-114
Additions	1,360	325	1,378	3,063
Disposals	-3,096	-244	-41	-3,381
Reclassification to assets held for sale	-4	0	0	-4
Repostings	438	0	-413	26
31.12.2020	31,697	11,861	1,104	44,662
Accumulated amortization				
01.01.2020	30,537	7,698	51	38,286
Changes in scope of consolidation	0	0	0	0
Currency differences	-107	0	0	-107
Additions	1,374	539	0	1,913
Impairment	461	3,518	742	4,721
Disposals	-3,058	-242	0	-3,300
Reclassification to assets held for sale	-4	0	0	-4
Repostings	3	0	-1	2
31.12.2020	29,206	11,513	792	41,511
Carrying amount				
31.12.2020	**2,492**	**348**	**311**	**3,152**

kEUR	Concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets	Internally intangible assets	Advances paid	Total
Acquisition or production cost				
01.01.2019	41,243	13,288	235	54,765
Changes in scope of consolidation	-7,956	0	0	-7,956
Currency differences	369	0	1	370
Additions	879	1,381	106	2,366
Disposals	-1,742	-2,730	0	-4,472
Repostings	320	-159	-161	0
31.12.2019	33,113	11,780	180	45,073
Accumulated amortization				
01.01.2019	31,658	8,910	50	40,618
Changes in scope of consolidation	-2,185	0	0	-2,185
Currency differences	120	0	0	120
Additions	2,598	1,518	1	4,117
Disposals	-1,654	-2,730	0	-4,384
Repostings	0	0	0	0
31.12.2019	30,537	7,698	51	38,286
Carrying amount				
31.12.2019	**2,576**	**4,082**	**129**	**14,148**

Intangible assets include licenses, computer software, technologies, development projects, websites, trademarks and customer relationships. The internally produced intangible assets are primarily capitalized development costs of the Group companies.

In the financial year, impairment losses of kEUR 4,721 were recorded for intangible assets, which essentially result from the need for impairment determined in the goodwill impairment test on ELWEMA Automotive GmbH. The impaired assets are software licenses, internally developed software and capitalized development costs.

(2) Right-of-use Assets

With regard to the rights of use arising from leases, additional information on leases can be found in the chapter on lease liabilities.

kEUR	Right-of-use Assets
Cost	
01/01/2020	21,045
Changes in scope of consolidation	0
Currency differences	-158
Additions	3,912
Disposals	-1,099
Reclassifications	
31/12/2020	23,700
Accumulated amortization	
01/01/2020	3,813
Changes in scope of consolidation	0
Currency differences	-47
Impairment	1,776
Additions	4,565
Disposals	-1,046
Reclassifications	0
31/12/2020	9,061
Carrying amount	
31/12/2020	**14,639**

kEUR	Right-of-use Assets
Cost	
01/01/2019	0
Changes in scope of consolidation	0
Currency differences	4
Additions	19,315
Disposals	-53
Reclassifications	1,779
31/12/2019	21,045
Accumulated amortization	
01/01/2019	0
Changes in scope of consolidation	0
Currency differences	-1
Additions	3,834
Disposals	-20
Reclassifications	0
31/12/2019	3,813
Carrying amount	
31/12/2019	**17,232**

The following table shows the carrying amounts of the rights of use for each class of underlying assets:

in kEUR	31/12/2020	31/12/2019
Land and buildings	11,299	13,903
Technical equipment and machinery	1,440	381
Other plant and office equipment (vehicles - passenger cars)	1,445	1,800
Other plant and office equipment (industrial vehicles)	38	117
Other plant and office equipment (others)	416	1,030
Total right-of-Use Assets	14,639	17,232

The following table shows depreciation in connection with rights of use per class of underlying assets:

in kEUR	2020	2019
Depreciation of land and buildings	3,724	2,105
Depreciation of technical equipment and machinery	417	167
Depreciation of other plant and office equipment (vehicles - passenger cars)	1,481	1,004
Depreciation of other plant and office equipment (industrial vehicles)	79	97
Depreciation of other plant and office equipment (others)	640	508
Depreciation of right-of-use-assets	**6,341**	**3,880**

Impairments of kEUR 1,777 were made in the financial year. Of this, kEUR 1,378 related to the right of use of the property of IWM Automation Polska Sp.z.o.o. The impairment of the right of use of this property was made because the company is intended to close in 2021 and thus the right to use the property is no longer of any value to the Company. In addition, impairments of kEUR 447 were made on rights of use of the Group company ELWEMA Automotive GmbH. The latter result from the need for impairment in the impairment test of ELWEMA Automotive GmbH and relate to rights of use for operating and office equipment (vehicles – cars / other). Both companies belong to the Non-Core segment .

The following table shows the additions and disposals of usage rights per class of underlying assets:

in kEUR	2020	2019
Additions land and buildings	1,216	6,823
Additions technical equipment and machinery	1,495	347
Additions other plant and office equipment (vehicles - passenger cars)	1,164	1,698
Additions other plant and office equipment (industrial vehicles)	0	0
Additions other plant and office equipment (others)	36	940
Disposals land and buildings	182	0
Disposals technical equipment and machinery	201	0
Disposals other plant and office equipment (vehicles - passenger cars)	548	53
Disposals other plant and office equipment (industrial vehicles)	88	0
Disposals other plant and office equipment (others)	82	0

The disposal of rights of use resulted in a book profit of kEUR 33 (previous year: book loss of kEUR 33). The disposals result from the premature termination of leases in the Non-Core segment.

(3) Goodwill

The disclosed goodwill figures break down in detail as follows:

kEUR	Goodwill	Total
Cost		
01.01.2020	63,058	63,058
Changes in scope of consolidation	0	0
Currency differences	-37	-37
Additions	3,000	3,000
Disposals	0	0
Reclassifications	0	0
31.12.2020	63,024	63,024
Accumulated amortization		
01.01.2020	16,818	16,818
Changes in scope of consolidation	0	0
Currency differences	-5	-5
Additions	7,628	7,628
Disposals	0	0
Reclassifications	0	0
31.12.2020	24,442	24,442
Carrying amount		
31.12.2020	**38,582**	**38,582**

kEUR	Goodwill	Total
Cost		
01.01.2019	68,838	68,838
Changes in scope of consolidation	-6,039	-6,039
Currency differences	259	259
Additions	0	0
Disposals	0	0
Reclassifications	0	0
31.12.2019	63,058	63,058
Accumulated amortization		
01.01.2019	19,424	19,424
Changes in scope of consolidation	-5,512	-5,512
Currency differences	231	231
Additions	2,676	2,676
Disposals	0	0
Reclassifications	0	0
31.12.2019	16,818	16,818
Carrying amount		
31.12.2019	**46,239**	**46,239**

Goodwill fell to TEUR 38,582 in the financial year (previous year: TEUR 46,239). This decrease results from impairments of the goodwill of ELWEMA Automotive GmbH in the amount of kEUR 4,165 and iNDAT Robotics GmbH in the amount of kEUR 3,463. In addition, there is a decrease of kEUR 42 from currency translation in the Environmental Technologies subgroup and an addition from the first-time consolidation of MA Life Science GmbH in the amount of kEUR 3.

in kEUR	31/12/2020	31/12/2019
Goodwill	**38,582**	**46,239**
Process Technologies	**6,163**	**6,163**
- thereof bdtronic group	6,163	6,163
Evolving Technologies	**26,052**	**29,512**
- thereof NSM Magnettechnik	12,124	12,124
- thereof MA micro automation GmbH group	11,664	11,661
- thereof iNDAT Robotics GmbH	0	3,463
- thereof Mess- und Regeltechnik Jücker GmbH	1,403	1,403
- thereof AIM Micro Systems GmbH	860	860
Environmental Technologies	**6,367**	**6,399**
- thereof Vecoplan group	6,367	6,399
Non-Core		**4,165**
- thereof ELWEMA Automotive GmbH	0	4,165

(4) Property, plant and equipment

Due to the intended sale of the property and the building of IWM Automation GmbH as well as the related operating and office equipment, a reclassification to assets held for sale in the amount of kEUR 2,720 took place in the reporting year.

The impairments in the amount of kEUR 355 essentially result from the impairment test of ELWEMA Automotive GmbH and the need for impairment determined there.

No revaluations have been carried out since the first application of the revaluation method for land and buildings in the MAX Group on 31 December 2019. If the acquisition cost model had continued to be used, the carrying amount of the land and buildings as of 31 December 2020 would have been kEUR 17,661.

kEUR	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Prepayments made	Total
Cost						
01.01.2020	39,380	18,549	23,305	1,557	0	82,791
Change in the scope of consolidation	0	0	0	0	0	0
Currency differences	-272	-70	-266	0	0	-608
Additions	635	4,411	1,744	523	104	7,417
Disposals	0	-2,463	-1,927	-58	0	-4,448
Reclassification to assets held for sale	-2,760	0	-247	0	0	-3,007
Repostings	-223	1,688	46	-1,536	0	-25
31.12.2020	36,760	22,115	22,656	486	104	82,121
Accumulated depreciation	**0**	**0**	**0**	**0**	**0**	**0**
01.01.2020	5,257	14,269	16,928	0	0	36,454
Change in the scope of consolidation	0	0	0	0	0	0
Currency differences	-7	-62	-184	0	0	-253
Additions	1,161	1,329	1,701	0	0	4,191
Impairment	0	56	299	0	0	355
Disposals	0	-710	-1,680	0	0	-2,390
Reclassification to assets held for sale	-66	0	-221	0	0	-287
Repostings	-125	127	-4	0	0	-2
31.12.2020	6,220	15,009	16,839	0	0	38,068
Carrying amount	**0**	**0**	**0**	**0**	**0**	**0**
31.12.2020	**30,540**	**7,105**	**5,817**	**486**	**104**	**44,054**

kEUR	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Assets under construction	Prepayments made	Total
Cost						
01.01.2019	46,807	19,560	21,170	100	42	87,679
Change in the scope of consolidation	-365	-206	-369	0	-44	-984
Currency differences	62	21	69	0	2	154
Additions	93	1,602	2,996	1,487	0	6,177
Additions from revaluation	2,187	0	0	0	0	2,187
Disposals	-2	-2,428	-561	-30	0	-3,021
Disposals from revaluation	-6,852	0	0	0	0	-6,852
Repostings	-2,550	0	0	0	0	-2,550
31.12.2019	39,380	18,549	23,305	1,557	0	82,791
Accumulated depreciation	**0**	**0**	**0**	**0**	**0**	**0**
01.01.2019	21,649	15,505	15,686	0	0	52,839
Change in the scope of consolidation	-100	-84	-221	0	0	-405
Currency differences	26	14	47	0	0	87
Additions	1,346	1,016	1,921	0	0	4,283
Disposals	0	-2,183	-504	0	0	-2,687
Disposals from revaluation	-17,664	0	0	0	0	-17,664
Repostings	0	0	0	0	0	0
31.12.2019	5,257	14,269	16,928	0	0	36,454
Carrying amount	**0**	**0**	**0**	**0**	**0**	**0**
31.12.2019	**34,123**	**4,280**	**6,378**	**1,557**	**0**	**46,338**

(5) Investment property

The investment property item essentially includes the lease for the leased property on Kesselbachstrasse in Bermatingen. As a result of the closure of the operating business of IWM Automation Bodensee GmbH, this property has been classified as an investment property since 30 June 2019 due to the intention to let the property. Rental income of kEUR 138 (previous year: EUR 0) was achieved in the financial year. The second property in Dettenhausen did not generate rental income in either the current or the previous year.

Based on the current rental agreements, rental income of kEUR 121 is expected for financial year 2021. In the years from 2022 to 2024 like-for-like KEUR 124 per year. Taking into account the basic rental period of the contracts, rental income of kEUR 55 will be achieved in financial year 2025, and kEUR 2 in financial year 2026. All leases automatically self-renew at the end of the base lease term if they are not terminated.

Impairment losses of kEUR 1,097 resulted from fair value adjustments in the Consolidated Statement of Comprehensive Income in the financial year.

As part of the fair value assessment of the Kesselbachstraße property, which is based on a leasing relationship in accordance with IFRS 16, various scenarios were determined on the basis of a market value appraisal with regard to the further development of the property's rental capacity. The lease has a term until 2041. The most likely development from the management's point of view has been included in the assessment. In general, the fair value of the property will decrease to zero by the end of the rental period. The fair value adjustments are offset by rental income.

The Dettenhausen property was appraised mainly on the basis of the land values determined by the appraisal committee of the municipality of Dettenhausen.

In the financial year, kEUR 64 (previous year: kEUR 39) was incurred for the maintenance of the investment property, whereby kEUR 46 (previous year: kEUR 39) were attributable to the Kesselbachstraße property and kEUR 18 (previous year: kEUR 0) to the Dettenhausen property. The development of the property held as a financial investment can be seen in the following table and follows the classic representation of a schedule of assets:

kEUR	Investment properties
01.01.2020	**7,454**
Changes in the scope of consolidation	0
Additions	0
Disposals	0
Impairment	-1,097
Transfer from being an owner-occupied property	0
Adjustment of the fair value through the revaluation reserve	0
31.12.2020	**6,357**

kEUR	Investment properties
01.01.2019	**1,254**
Changes in the scope of consolidation	0
Additions	0
Disposals	0
Transfer from being an owner-occupied property	3,372
Net gain (loss) from fair value adjustments	2,828
31.12.2019	**7,454**

(6) Financial assets accounted for using the equity method

The transitional consolidation from full consolidation to equity method accounting for MAX Automation (Asia Pacific) Co. Ltd., Hong Kong, in which MAX Automation SE has a 51% equity interest, took place on 30 April 2019. The transitional consolidation had no effect on earnings. MAX Automation (Asia Pacific) Co. Ltd., Hong Kong, in turn holds a 100% share in MAX Automation (Shanghai) Co., Ltd. The transition to the equity method took place in accordance with the provisions of IFRS 10 due to the loss of control over the company.

The net profit for the period of the associated company accounted for using the equity method in 2020 amounted to TEUR 0 (previous year: TEUR -411). The investment carrying amount of MAX Automation (Asia Pacific) Co. Ltd., Hong Kong, measured at equity amounted to kEUR 0 as of 31 December 2020.

(7) Other financial assets

Other financial assets in the amount of TEUR 1,924 (previous year: kEUR 6,692) include, among other items, two seller loans in the amount of kEUR 650 (previous year: kEUR 827) in connection with the management buy-out of altmayerBTD GmbH & Co. KG in 2015. The only silent participation (previous year: kEUR 800) was repaid in full in December 2020.

They also include a seller loan in the amount of kEUR 522 (previous year: kEUR 4,589) that was made available in 2019 as part of the sale of ESSERT GmbH for the transitional financing of the company and the purchase price deferral. With a notarial deed dated 13 May 2020, repayments totaling kEUR 2,463 were agreed. The purchase price deferral was made interest-free in the amount of kEUR 603 for 10 years and discounted accordingly. The remaining amount was written off.

Furthermore, there is a tenant loan of kEUR 573 (previous year: kEUR 449) and security deposits of kEUR 179 (previous year: kEUR 28).

(8) Deferred taxes

Deferred taxes are attributable to the following Consolidated Statement of Financial Position items as they arise:

in kEUR		31/12/2020		31/12/2019	
		Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Long-term balance sheet items					
A.	**Non-current assets**	**30,417**	**6,798**	**24,506**	**8,161**
I.	Intangible assets	523	345	167	1,862
II.	Property, plant and equipment	454	6,395	225	6,241
III.	Non-current financial assets	24	58	0	58
IV.	Deferred tax assets for tax losses carried forward	29,416	0	24,114	0
B.	**Non-current liabilities**	**950**	**24**	**1,258**	**0**
Short-term balance sheet items					
C.	**Current assets**	**2,968**	**1,258**	**1,842**	**2,747**
I.	Inventories and trade payables	2,968	1,258	1,842	2,747
II.	Current financial assets	0	0	0	0
D.	**Current liabilities**	**725**	**143**	**1,517**	**4**
Subtotal		**35,060**	**8,223**	**29,123**	**10,912**
Value adjustments on losses carried forward		**-15,834**	**0**	**-12,655**	**0**
Netting		**-6,170**	**0**	**-6,085**	**0**
Total		**13,056**	**8,223**	**10,383**	**10,912**

The deferred tax assets and liabilities resulting from production orders were netted, as were deferred tax assets and liabilities within the Group entities.

Domestic trade tax losses of kEUR 22,339 (previous year: kEUR 11,597) were carried forward at the parent company of the Group with deferred tax assets of kEUR 3,177 (previous year: kEUR 1,568), and domestic corporation tax losses of kEUR 23,032 (previous year: kEUR 11,803) were carried forward with deferred tax assets of kEUR 3,646 (previous year: kEUR 1,868) and loss carryforwards from Section 4h EStG (interest barrier) in the amount of kEUR 4,095 (previous year: kEUR 0) with deferred tax assets of kEUR 1,085.

In addition, there are domestic trade tax loss carryforwards of kEUR 68,405 (previous year: kEUR 68,319) and corporation tax loss carryforwards of kEUR 70,600 (previous year: kEUR 70,114) as well as loss carryforwards from Section 4h EStG (interest barrier) of kEUR 2,832 (previous year: EUR 0) with deferred tax assets totaling kEUR 20,426 (previous year: kEUR 19,685).

The domestic loss carryforwards including the interest carryforward of kEUR 14,915 (previous year: kEUR 11,811) were not (no longer) capitalized.

Foreign losses carried forward amount to kEUR 5,055 (previous year: kEUR 4,686) and the resulting deferred tax assets of kEUR 1,083 (previous year: kEUR 993) were written down by kEUR 918 (previous year: kEUR 845).

Minimum taxation must be observed in Germany when assessing the recoverability of the losses carried forward. Loss carryforwards can be offset indefinitely against positive results in subsequent years up to kEUR 1,000, and beyond this up to 60%.

The recoverability of the deferred tax assets on loss carryforwards has been reviewed and realization thereof was found to be sufficiently certain.

Of the deferred tax assets on loss carryforwards amounting to kEUR 13,582 (previous year: kEUR 11,459), kEUR 8,975 (previous year: kEUR 7,634) is covered by deferred tax liabilities. Deferred tax assets on loss carryforwards that are not covered by deferred tax liabilities and that occurred in connection with losses recorded in previous periods amount to kEUR 4,607 (previous year: kEUR 3,824). Measures geared to the short-term exploitation of losses have been and will be put in place. With notarial certification on 27 October 2020, the shares in Vecoplan AG, Bad Marienberg, were transferred to MAX Management GmbH, Düsseldorf, at their carrying amount in order to use tax loss carryforwards of MAX Management GmbH after the conclusion of a profit and loss transfer agreement.

The following amounts are reported in the Consolidated Statement of Financial Position:

in kEUR	31/12/2020	31/12/2019
Deferred tax assets:		
- from deductible differences	5,644	5,009
- from tax losses carried forward	13,582	11,459
- Netting with deferred tax liabilities	-6,170	-6,085
Total deferred tax assets	**13,056**	**10,383**
Deferred tax liabilities:		
- from taxable temporary differences	8,223	10,912

Deferred tax liabilities on temporary differences in shares in subsidiaries of kEUR 1,460 (previous year: kEUR 1,409) were not recognized since it is not probable that they will reverse in the foreseeable future.

Deferred taxes of kEUR 4,472 (previous year: kEUR 4,389) were recognized in the Consolidated Statement of Financial Position as a reduction in equity relating to income and expenses recognized directly in equity. Of this amount, kEUR 3,745 (previous year: kEUR 3,704) related to the revaluation of property, plant and equipment, kEUR 784 (previous year: kEUR 784) to the change in use of property, and kEUR 57 (previous year: kEUR 40) to actuarial gains and losses from employee benefits with a resulting increase in equity, and kEUR 59 (previous year: kEUR 59) to the delimitation of IPO expenses with a resulting increase in equity.

(9) Other non-current assets

Other non-current assets in the amount of TEUR 151 (previous year: TEUR 286) mainly consist of non-current trade receivables of kEUR 148 (previous year: kEUR 283).

(10) Inventories

in kEUR	31.12.2020	31.12.2019
Raw materials and supplies	18,316	20,086
Unfinished goods and services	13,296	22,843
Finished goods and services	6,160	7,333
Advance payments made	5,505	3,767
Inventories	**43,277**	**54,029**

Compared to the previous year, there was a change in inventories of finished goods and work in progress of TEUR -9,990 (previous year: TEUR -28,542) that is reported in the Consolidated Statement of Comprehensive Income. Deviations from the respective Consolidated Statement of Financial Position items result from exchange rate-related changes in the value of inventories of foreign Group companies.

Inventories include valuation allowances of kEUR 8,527 (previous year: kEUR 7,281). This includes the cancellation of a major order from ELWEMA, for which inventories in the amount of kEUR 966 had already been prepared, as a value-enhancing event.

(11) Contractual assets and trade receivables

in kEUR	31/12/2020	31/12/2019
Contract assets	33,671	41,044
thereof receivables from construction contracts	155,810	165,966
thereof advances received for construction contracts	-122,139	-124,922
Trade receivables	28,673	48,098
specific loss allowance	-1,536	-2,629
expected credit losses	-183	-125
Total	**60,625**	**86,388**

The decline in contractual assets and trade receivables was primarily attributable to the MAX Gruppe's withdrawal from the area of special-purpose machine construction for the automotive sector; the operational business of the companies concerned has been reduced significantly accordingly.

The decrease in trade receivables is also due to the withdrawal from the area of special-purpose machine construction for the automotive sector. In addition, more intensive receivable management in the MAX Group led to a lower level of receivables.

The development of contractual assets is presented in detail below:

Contract assets	**in kEUR**
31/12/2019	**40,987**
Transfers from contract assets to trade receivables	-24,980
Changes due to the adjustment of progress	78,762
Impairment of contract assets	-145
Changes due to received prepayments	-61,052
31/12/2020	**33,572**

(13) Prepayments and accrued income, and other current assets

in kEUR	**31.12.2020**	**31.12.2019**
Claims against tax authorities	2,229	7,106
Prepaid expenses	1,827	1,691
Creditors with debit balances	319	356
Security deposits	223	19
Receivables from short-time allowances	211	0
Receivables from employees	154	239
Other receivables	536	557
Total	**5,500**	**9,968**

(14) Cash and cash equivalents

Cash and cash equivalents of TEUR 47,736 (previous year: TEUR 40,596) include cash in hand, checks and deposits with banks.

(14) Assets held for sale

Assets held for sale include the property and buildings as well as various operating and office equipment of the Non-Core company IWM Automation GmbH in the amount of TEUR 2,719. The value is essentially based on the property and building in the amount of kEUR 2,694. The operating and office equipment is related to the building.

The property and building as well as the operating and office equipment will no longer be required due to the closure of the company. A corresponding purchase contract was notarized on 19 November 2020. The real completion of the sale is expected in the first quarter of 2021, once all conditions have been met.

Equity and liabilities

Equity

The changes in equity in the financial year are shown separately in the Consolidated Statement of Changes in Equity.

(15) Subscribed capital

The fully paid-in share capital of the Company amounts to EUR 29,459,415.00.

It is divided into 29,459,415 no-par shares issued in the name of the bearer. Each share therefore has a theoretical value of 1.00 euro.

The shares are in the shareholder's name.

The Supervisory Board determines the form of the share certificates as well as dividend and renewal coupons. The same applies to bonds.

The Company may combine individual shares into share certificates (collective shares) that represent a plurality of shares. The shareholders have no entitlement to certification of their shares.

The Supervisory Board is authorized to increase the share capital of the Company once or several times by 17 May 2024 by up to a total of EUR 4,418,912.00 by issuing new individual bearer shares in return for cash contributions (Authorized Capital 2019).

The shareholders are entitled to a subscription right. The shares are to be underwritten by banks or other entities that meet the prerequisites of Section 186 (5)(1) of the German Stock Corporation Act (AktG) with the obligation to offer them for subscription to the shareholders. The Supervisory Board is nevertheless authorized to exclude this subscription right for shareholders

- for fractional amounts;
- if the new shares are issued at a price that is not substantially lower than the stock market price, and the shares issued pursuant to Section 186 (3)(4) AktG, subject to the exclusion of the subscription right, do not exceed a total of 10% of the share capital, specifically neither at the time this authorization takes effect nor at the time that it is exercised.

The sum total of shares issued in return for cash, subject to the exclusion of the subscription right, may not exceed a proportionate amount of the capital stock of EUR 2,945,941.00. This limit includes shares that are to be issued to service conversion rights or warrants or conversion obligations from bonds (including participation rights) provided that the bonds or participation rights are issued during the term of this authorization subject to the exclusion of the subscription right.

The Supervisory Board is also authorized to determine all additional rights attached to the shares and the conditions governing their issuance.

The Company has not exercised this right to date.

(16) Capital reserves and retained earnings

The composition of, and changes in, the capital reserves and retained earnings are shown in the Consolidated Statement of Changes in Equity.

The capital reserves include the premium of kEUR 15,990 from the capital increase from Authorized Capital II approved on 15 August 2017. Costs for the capital increase less the relevant taxation in the amount of kEUR 138 euro are to be deducted from this amount.

Retained earnings reflect the actuarial gains and losses of the pension provisions and income taxes. They amounted to TEUR -136 in 2020 (previous year: TEUR -97).

Retained earnings also include the adjustments to entries with respect to IFRS 15 (Revenue from Contracts with Customers). Retained earnings were reduced by a total of kEUR 4,044 as a result of the changeover in accordance with the modified retrospective method in financial year 2018. The adjustments included in this figure are a reduction in contractual assets in the amount of kEUR 48,193, an increase in inventories of kEUR 42,543, and an increase in deferred taxes of kEUR 1,606.

(17) Revaluation reserve

The revaluation reserve includes changes in value resulting from the application of the revaluation model in accordance with IAS 16 as well as adjustments to the value of real estate reclassified from owner-occupied property to investment property. The amount of TEUR 11,298 is comprised of land and buildings that were revalued in 2019 in the amount of kEUR 12,998 as well as related deferred tax liabilities of kEUR 3,703 and kEUR 2,828 from value adjustments for property as a result of its reclassification to investment property, as well as kEUR 783 in deferred taxes.

(18) Unappropriated retained earnings

Under German stock corporation law, the amount available for dividend payments to shareholders is based on the unappropriated retained earnings for the year or on the other retained earnings of MAX Automation SE (individual annual accounts) and is determined in accordance with German commercial law. For 2020, unappropriated retained earnings of TEUR -58,358 is reported in the separate financial statements of MAX Automation SE.

The Supervisory Board proposes a dividend payout of EUR 0.00 Euro per share from the unappropriated retained earnings for the year. The corresponding amount to be distributed is TEUR 0.

Capital management

The framework conditions for optimal capital management are set by the strategic orientation of the MAX Group. The focus is on long-term appreciation in value in the interests of investors, employees and customers through a continuous improvement in operating profit through growth and increased efficiency.

The capital structure is managed in such a way as to keep all options open in the capital markets by maintaining maximum possible flexibility. This enables optimal pricing in the procurement of equity and debt capital.

Non-current liabilities

(19) Non-current financial liabilities

in kEUR	31/12/2020	31/12/2019
Non-current loans excl. current proportion	**114,235**	**120,574**
Residual term 1-5 years	114,235	120,508
Residual term > 5 years	0	65
Other non-current liabilities	**4**	**300**
Residual term 1-5 years	4	300
Residual term > 5 years	0	0
Total	**114,239**	**120,874**

Non-current loans relate to liabilities to banks and include the syndicated loan from the parent company in the amount of TEUR 112,514 (previous year: TEUR 118,049).

Non-current loans less current portion

At the end of July 2017, MAX Automation SE increased the syndicated loan taken out in 2015 and extended it until 2022. An increase of mEUR 40 in the syndicated loan to a total of mEUR 190 was agreed (including a guarantee facility for advance payments, warranties and contract performance). MAX Automation took advantage of the continuing favorable financing terms to increase the syndicated loan. The agreement includes improved conditions and beneficial framework conditions (covenants) related to the Consolidated Financial Statements prepared in accordance with the IFRS regulations. They are based on key figures from the Consolidated Statement of Financial Position and earnings. In 2020, the MAX Automation Group either adhered to all the covenants agreed with the lending banks or the review was suspended.

The liabilities from the syndicated loan are reported under non-current loans and not under current loans due to a remaining term of more than twelve months as of the balance sheet reporting date.

On 18 January 2021, the Company filed an application for contract modification at the administrative office for the syndicated loan contract. The main objective of this application for a contract modification was to arrange a readjustment of the covenants of the syndicated loan. The bank syndicate accepted the application on 15 February 2021.

The companies included in the syndicated loan are jointly and severally liable for the obligations under this contract. A drawdown is considered unlikely as the creditworthiness of the debtors is ensured by their affiliation with the MAX Automation Group. The interest rate on the syndicated loan depends on the statement of financial position ratios in the Consolidated Financial Statements. The interest rate is based on the EURIBOR plus an additional margin resulting from the key ratios.

The loans in the Group are subject to fixed and variable interest rates. The interest rates were between 1.40% and 4.30% in 2020, depending on the term of the contract.

(20) Provisions for pensions

The pension provisions recognized in the statement of financial position result from commitments to employees of a subsidiary. The defined benefit obligations in the MAX Automation Group are not financed through funds.

The following main assumptions were made in the actuarial calculations:

in kEUR	31.12.2020	31.12.2019
Interest rate	0.48%	0.80%
Salary growth	No	1.5%
Pension indexation	2.0%	2.0%
Calculated fluctuation	No	No
Calculated retirement age	65	65

Cost trends in health care were not taken into account in the actuarial assumptions. The present value of the pension obligations developed as follows:

in kEUR	31.12.2020	31.12.2019
As of 01.01.	1,048	950
Service cost	0	0
Interest cost	8	19
Actuarial gains/losses	56	133
Pensions paid	-55	-54
Offsetting of pension liability insurance	0	0
Pension provisions	**1,057**	**1,048**

Actuarial gains and losses were recorded outside profit or loss.

The development of pension obligations over the past five years is shown in the following table:

in kEUR	2020	2019	2017	2016	2015
Balance sheet value of pension provisions	1,057	1,048	950	963	1,033
Allocated plan assets	0	0	0	0	0

Experience suggests that no significant adjustments to pension obligations are expected. In addition to pension payments (kEUR 56), interest expenses of kEUR 5 are expected to be incurred in 2021.

A sensitivity analysis was not carried out with respect to the pension obligations due to their relative insignificance for the net assets, financial position and results of operations of the MAX Gruppe.

(21) Trade payables

in kEUR	2020	2019
Trade payables	17,561	22,900
Prepayments received which do not relate to production orders	0	16,971
Liabilities from deliveries still to be invoiced and outstanding assembly services	4,313	8,589
Obligations to subcontractors	1,786	1,359
Trade payables	**23,660**	**49,818**

The advance payments received for projects whose sales are not realized over a period of time have been reported under contract liabilities since financial year 2020.

(22) Contract liabilities

Contract liabilities	in kEUR
1/1/2020	18,637
Revenue included in contract liabilities at the beginning of the period	-24,950
Increase due to customer payments received less the amount recognised as revenue during the period	36,307
Changes due to the adjustment of progress	-5,556
Reclassifications from trade payables	16,971
Other changes	-292
12/31/2020	**41,117**

The increase in contract liabilities is mainly the result of the reclassification of the advance payments received, previously reported under trade payables, for projects whose sales are not realized over a period of time.

(23) Current loans and current portion of non-current loans

Current bank loans of TEUR 804 (previous year: TEUR 1,327) were drawn at interest rates calculated at market conditions.

(24) Leases

Leasing activities of the MAX Gruppe

The MAX Group rents various office and production buildings, technical equipment and machines, vehicles as well as operating and business equipment. Leases are usually concluded for fixed periods of time, but may include options for extension. The leasing conditions are negotiated individually and include a wide range of different conditions.

The following table provides an overview of the terms of the lease liabilities:

in kEUR	31/12/2020	31/12/2019
Undiscounted lease liabilities		
Residual term < 1 year	4,846	4,820
Residual term 1-5 years	11,197	11,929
Residual term > 5 years	3,156	4,815
Total undiscounted lease liabilities	**19,198**	**21,564**
Future interest expenses	**1,208**	**1,868**
Total discounted lease liabilities	**17,990**	**19,696**

The following table shows the interest expenses shown in the Consolidated Statement of Comprehensive Income for each class of underlying assets:

in kEUR	2020	2019
Interest for land and buildings	396	390
Interest for technical equipment and machinery	30	8
Interest for other plant and office equipment (vehicles - passenger cars)	50	40
Interest for other plant and office equipment (industrial vehicles)	2	3
Interest for other plant and office equipment (others)	20	29
Total interest for leases	**498**	**471**

The following table shows the terms of the MAX Group's leases:

Remaining lease term	MAX	MIN
Land and buildings	15	5
Technical equipment and machinery	5	2
Other plant and office equipment (vehicles - passenger cars)	3	2
Other plant and office equipment (industrial vehicles)	5	4
Other plant and office equipment (others)	10	2

The following table shows the cash outflows for leases:

in kEUR	2020	2019
Total cash outflows for leases	**5,848**	**4,106**

The following table shows the expenses related to leases that are shown in the Consolidated Statement of Comprehensive Income:

in kEUR	2020	2019
Interest expenses for leasing contracts	498	471
Expenses for short-term leasing contracts	4	370
Expenses for leases for assets of low value	68	206

Extension options

Some leases contain extension options or termination options that have not yet been taken into account in the lease liability, which can be exercised by the MAX Group up to one year before the expiry of the non-cancellable contract term. On the provision date, the MAX Group assesses whether the exercise of extension options or termination options is sufficiently certain. The MAX Group then determines once again whether it is reasonably certain that a renewal option or termination option will be exercised if a significant event or change in circumstances occurs within its control.

The MAX Group estimates that the potential future lease payments, provided that the extension options or termination options are exercised, would lead to a lease liability of approximately kEUR 6,452 (previous year: kEUR 5,090).

(25) Other current financial liabilities and lease liabilities

in kEUR	31.12.2020	31.12.2019
Salaries and wages	7,667	8,731
Holiday pay and overtime	2,456	3,692
Social security liabilities	896	854
Customers with credit balances	808	424
Negative fair values of derivative financial instruments	1	124
Other current liabilities	1,354	1,846
Total	13,182	15,670
Lease liabilities	**4,448**	**4,257**
Total lease liabilities	**4,448**	**4,257**

Wages and salaries include bonuses and profit shares amounting to TEUR 7,055 (previous year: TEUR 8,243).

With regard to leasing liabilities, please refer to the separate chapter on leasing.

(26) Liabilities from income taxes

Taxes and charges incurred commercially up to the date of preparation of the Consolidated Statement of Financial Position but have yet to be quantified are covered by the liabilities for taxes. The MAX Group is typically subject to two types of income tax in Germany: trade tax and corporation tax.

The uniform tax rate of 15% plus a 5.5% solidarity surcharge applies to the corporation tax, while the trade tax rate is approximately 14% on average, resulting in an average domestic tax rate of 29.83%. Outside Germany, the MAX Group primarily generates taxable income in the USA. The average tax rate in the USA is 23.48%.

Provisions for taxes have developed as follows:

in kEUR	31/12/2019	Utilization	Reversals	Additions	Reclassifications	Currency translation	31/12/2020
Corporation tax with solidarity surcharge	1,065	-262	-131	987	53	0	1,712
Trade tax	818	-20	-3	702	-53	-5	1,439
Other Taxes	325	-135	-114	112	0	-76	112
Total liabilities	**2,208**	**-417**	**-248**	**1,801**	**0**	**-81**	**3,263**

Further explanatory notes on income taxes are provided in Note 36 "Income taxes".

(27) Other provisions

Other provisions comprise the following:

in kEUR	31/12/2019	Usage	Rever-sals	Reclas-sifica-tion	Additi-ons	31/12/2020
Non-current warranty provisions	2,456	499	367	649	696	2,935
Non-current personnel cost provi-sions	1,759	75	152	(216)	656	1,973
Other miscellaneous non-current provisions	**9**	**0**	**0**	**0**	**1**	**10**
Total other non-current provisions	4,224	574	519	433	1,353	4,917
Warranty provisions	5,092	1,215	1,619	(649)	2,092	3,701
Personnel cost provisions	487	369	104	216	349	579
Other miscellaneous provisions	10,045	6,508	1,294	0	5,139	7,382
Total other current provisions	**15,625**	**8,092**	**3,017**	**(433)**	**7,580**	**11,662**

Warranty and guarantee provisions

Liabilities were recognized for warranty and guarantee obligations for products sold. Measurement was based on figures from past experience. The assumptions underlying the calculations are based on currently available information on complaints for all products sold within the warranty or guarantee period. Costs are expected to be incurred within the respective warranty periods.

Other miscellaneous provisions

Other miscellaneous provisions include all obligations and risks from which the Group is likely to incur an outflow of funds that can be reliably estimated. These include obligations for litigation costs and damages of TEUR 1,947 (previous year: TEUR 1,785), for auditing and consulting costs of TEUR 1,497 (previous year: TEUR 1,622) and for miscellaneous other items of TEUR 3,938 (previous year: TEUR 3,047). Costs are expected to be incurred within the next financial year. The decrease is mainly due to the fact that there were restructuring obligations of TEUR 3,592 in the previous year.

Other provisions correspond to the best possible estimate of costs to be incurred in the future. The changes from currency translation are negligible and are therefore not shown separately but are included in the additions to provisions.

(28) Other current liabilities

This item in the amount of TEUR 1,755 (previous year: TEUR 4,479) mainly consists of wage tax and church tax in the amount of TEUR 1,457 (previous year: TEUR 2,305) and value added tax in the amount of TEUR 298 (previous year: TEUR 2,174).

Notes to the Consolidated Statement of Income

(29) Sales

2020	Process Technologies	Environmental Technologies	Evolving Technologies	Non-Core Business	Reconciliation	Total
Total segment sales	50,883	110,312	104,935	43,645	-2,774	307,001
Intercompany sales	185	2	2,369	218	-2,774	0
Sales with external customers	**50,698**	**110,310**	**102,566**	**43,427**	**0**	**307,001**
Timing of revenue recognition						
At a certain time	32,057	73,011	24,663	16,267	0	145,998
Over a period of time	18,641	37,300	77,903	27,159	0	161,003
Timing of revenue recognition						
Germany	20,660	10,767	47,572	6,440	0	85,439
Other EU countries	14,725	34,405	13,636	13,221	0	75,987
North America	5,585	47,966	24,480	3,346	0	81,377
China	6,645	0	4,495	13,460	0	24,600
Rest of the world	3,083	17,172	12,383	6,960	0	39,598
Intercompany sales	185	2	2,369	218	-2,774	0

2019	Process Technologies	Environmental Technologies	Evolving Technologies	Non-Core Business	Reconciliation	Total
Total segment sales	73,377	127,637	136,213	89,806	-1,546	425,488
Intercompany sales	54	4	1,296	199	-1,552	0
Sales with external customers	**73,323**	**127,633**	**134,918**	**89,608**	**6**	**425,488**
Timing of revenue recognition						
At a certain time	54,443	74,818	47,990	42,813	6	220,070
Over a period of time	18,880	52,815	86,927	46,795	0	205,417
Timing of revenue recognition						
Germany	26,739	21,618	92,752	15,574	6	156,689
Other EU countries	20,321	39,277	22,184	34,569	0	116,351
North America	10,863	56,990	4,648	-932	0	71,569
China	12,080	0	1,394	-4,068	0	9,406
Rest of the world	3,321	9,748	13,939	44,464	0	71,472
Intercompany sales	54	4	1,296	199	-1,552	0

(30) Other operating income

in kEUR	2020	2019
Income from the release of provisions	3,536	3,623
Income from the reduction of value adjustments	2,750	1,090
Income from the intended use of personnel-related liabilities	1,578	751
Income from currency differences	1,795	668
Income from grants	851	0
Income from damages	438	141
Income from the derecognition of liabilities	435	0
Income from the disposal of property, plant and equipment	115	185
Other	2,595	4,665
Total	**14,094**	**11,123**

The item Other amounting to TEUR 2,595 (previous year: TEUR 4,665) includes benefits in kind amounting to TEUR 741 (previous year: TEUR 739).

(31) Cost of materials

in kEUR	2020	2019
Cost of goods purchased	109,138	154,679
Cost of services purchased	27,741	48,026
Total	**136,880**	**202,705**

(32) Personnel expenses

in kEUR	2020	2019
Salaries and wages	102,155	118,078
Social security contributions	19,063	21,047
- of which expenses for pensions and benefits	913	1,177
Total	**121,218**	**139,125**

In financial year 2019, wages and salaries included expenses that were incurred in connection with the shutdown of IWM Automation Bodensee GmbH. This includes the following itemized expenses: kEUR 4,277 for severance payments, kEUR 2,761 for the transfer company for employees, and kEUR 500 for so-called value time. The wages and salaries include expenses of kEUR 1,700 (previous year: kEUR 69) that were incurred for remuneration of the management within the framework of IFRS 2 (Share-based Payment). In addition, severance payments of TEUR 1,173 (previous year:TEUR 232) were included in personnel expenses in the financial year.

Average number of employees excluding trainees	2020	2019
Wage-earners	501	645
Salaried employees	1,160	1,170
Total	**1,661**	**1,815**

(33) Depreciation, amortization and write-downs

in kEUR	2020	2019
On intangible assets	6,634	4,116
On right-of-use assets	6,341	3,834
On other property, plant and equipment	3,277	2,976
On goodwill	7,628	2,676
On buildings, leasehold improvements and outside facilities	1,269	1,307
- in the above write-downs from purchase price allocations	349	1,189
Total	**25,150**	**14,908**

The amortization of goodwill is an impairment of the goodwill of ELWEMA Automotive GmbH and iNDAT Robotics GmbH.

Amortization of intangible assets includes impairment losses of kEUR 4,721 (previous year: kEUR 208) , of which impairment losses of kEUR 1,776 (previous year: kEUR 0) were attributable to right-of-use assets. Depreciation of property, plant and equipment includes impairment losses of kEUR 355 (previous year: kEUR 0). Further information on impairment losses can be found in the chapters on the respective categories of fixed assets.

(34) Other operating expenses

in kEUR	2020	2019
Legal and consultancy fees	6,955	10,209
Outbound freight expenses	3,592	4,232
Travel expenses	3,501	6,850
Maintenance expenses	3,235	4,314
Postage, telephone and IT expenses	2,645	2,859
Expenses from currency effects	2,199	1,249
Personnel expenses (incl. training)	2,086	3,942
Expenses for individual and general bad-debt allowances	1,851	988
Insurance expenses	1,705	1,446
Utility expenses	1,691	1,680
Advertising expenses	1,593	1,792
Sales commissions	1,533	1,937
Warranty expenses	1,457	5,205
Contributions and fees	972	420
Packaging material	731	1,153
Tools	672	877
Other miscellaneous expenses	12,048	20,292
Total	**48,466**	**69,444**

Other operating expenses decreased by TEUR -20,978 to TEUR 48,466 (previous year: TEUR 69,444). The change is mainly due to the decrease in warranty expenses by TEUR -3,748 and the decrease in travel expenses by kEUR -3,350 due to the COVID-19 pandemic. Furthermore, legal and consulting costs decreased by TEUR -3,254.

(35) Financial result

in kEUR	2020	2019
Interest income	354	744
Depreciation on loans	-1,617	-9,867
Other financial expenses	0	-4,538
Interest expense	-7,775	-4,451
Interest result	**-9,038**	**-18,111**

The depreciation on loans includes the value adjustment of a loan related to the sale of ESSERT GmbH.

Write-downs on loans include the valuation allowance of kEUR 4,999 for a loan to the equity investment MAX Automation (Asia Pacific) Co. Ltd. as well as the valuation allowance of kEUR 650 for a receivable from the sale of the former Group company Finnah Packtec GmbH (previously: NSM Packtec GmbH).

In the previous year, other financial expenses related to the utilization of a bank guarantee for MAX Automation (Shanghai) Co. Ltd. in the amount of TEUR 4,538.

Interest expense mainly comprises expenditures incurred for the syndicated loan. In addition, interest expense includes TEUR 425 (previous year: TEUR 382) for interest in connection with lease liabilities.

The financial result includes expenses from the compounding of non-current provisions in the amount of TEUR 32 (previous year: TEUR 30) and income from the discounting of non-current provisions in the amount of TEUR 3 (previous year: TEUR 2).

The financial result above results exclusively from financial assets and financial liabilities not measured at fair value through profit or loss.

The following table shows the net gains or net losses on financial instruments included in the Consolidated Statement of Comprehensive Income which are not reported under net interest:

in kEUR	2020	2019
Financial assets and liabilities measured at fair value through profit and loss	187	55
Loans, receivables and payables	-35	-939

The net gains or net losses on financial assets and liabilities measured at fair value through profit or loss include not only the results from the market shift but also the current expenses and income from these financial instruments.

Besides current income/expenses, the net gains or net losses on loans, receivables and liabilities include write-ups and impairment losses on trade receivables, write-ups and impairment losses on contractual assets and income from write-offs of trade payables.

(36) Income taxes

Earnings before income taxes amounted to TEUR -28,531 (previous year: kEUR -42,760).

in kEUR	2020	2019
Current income taxes	-3,194	-3,108
Taxes relating to other periods	-32	373
Deferred taxes	5,423	1,581
– thereof taxes from losses carried forward	2,129	-4,481
Total	**2,197**	**-1,154**

The actual and deferred taxes are calculated with reference to the income tax rates applicable in the respective country. The domestic income tax rates change primarily as a result of the allocation of the trade tax within the fiscal unity entities as well as adjustments to the assessment rates in the municipalities. The effects of changes in tax rates were recognized through profit or loss in tax expense unless they related to items previously recognized directly in equity.

The substantial recognition procedures for deferred taxes are explained in Note 8 "Deferred taxes."

The expected income tax expense is calculated by multiplying the annual result before income taxes by the Group income tax rate. This is derived from the tax rates of the companies included. The effective tax rate for 2020 has been significantly reduced due to various special items. Besides write-downs on goodwill of kEUR 2,252 (previous year: kEUR 808), non-deductible business expenses include write-downs of kEUR 618 in connection with equity investments (previous year: kEUR 4,764) as well as an interest barrier of kEUR 2,033 (previous year: kEUR 0).

Further information on deferred taxes can be found in Note 8 "Deferred taxes."

The reconciliation of the calculated income tax expense to the income taxes recognized in the Group is shown in the following table:

in kEUR	2020	2019
Earnings before taxes	**-28,531**	**-34,323**
Group income tax rate	31.17%	28.08%
Calculated income tax expense	**-8,893**	**-10,361**
Differences from tax rates	-181	-14
Divergent tax burdens (country-specific features)	19	123
Tax Credits	-254	-357
Deductable income taxes	424	-132
Impairment of goodwill	2,252	808
Deviations in tax base (tax balance sheets)	51	-311
Tax-free income	-405	-100
Non-deductable expenses	2,990	5,060
Impairment / Non-recognition of deferred tax assets for losses carried forward	1,290	6,641
Usage of losses carried forward	150	-204
Impairment / Non-recognition of deferred tax assets	25	74
Taxes relating to other periods / Adjustment of prior years' deferred taxes	118	-288
Non-recognition of deferred taxes related to IFRS 16	351	39
Taxes to be borne by third parties	-25	-2
Differences in current year's tax calculation	-53	76
Consolidation effects	0	115
Others	-57	-12
Income taxes	**2,197**	**-1,154**
Effective tax rate	**-7.70 %**	**3.36 %**

Income tax items are assessed regularly in particular against the backdrop of various changes in tax laws, tax regulations, case law and ongoing tax audits. The MAX Group counters this situation in particular by applying IFRIC 23 with a continuous identification and evaluation of the tax framework and the resulting effects. The latest findings are then incorporated into the estimation parameters required for evaluating tax liabilities. Any associated potential interest effects are also evaluated and assessed accordingly. They are shown in separate items.

Other disclosures relating to the consolidated financial statements

Consolidated cash flow statement

The consolidated cash flow statement is presented using the indirect method. The change in deferred taxes is included in the other non-cash operating expenses and income.

The table below shows the change in liabilities from financing activities:

kEUR	31/12/2019	Outflows	Inflows	Other changes	Changes in scope of consolidation	New lease contracts	Changes in fair value	Currency effects	31/12/2020
Non-current financial liabilities to banks	120,574	-35,930	30,000	-409	0	0	0	0	114,235
Current financial liabilities to banks	1,327	-1,033#	5	505	0	0	0	0	804
Lease liabilities	19,696	-5,848	0	498	0	3,884	0	-239	17,990
Total	**141,596**	**-42,811**	**30,005**	**594**	**0**	**3,884**	**0**	**-239**	**133,028**

kEUR	31/12/2018	Outflows	Inflows	Other changes	Changes in scope of consolidation	New lease contracts	Changes in fair value	Currency effects	31/12/2019
Non-current financial liabilities to banks	76,768	-32,795	77,500	-899	0	0	0	0	120,574
Current financial liabilities to banks	5,325	-268	0	883	-4,613	0	0	0	1,327
Lease liabilities	1,666	-3,741	0	11,358	0	10,412	0	0	19,696
Total	**83,759**	**-36,999**	**77,500**	**11,537**	**-4,613**	**10,412**	**0**	**0**	**141,596**

Other changes in connection with lease liabilities relate to expiring leases.

Research and Development

Development costs totaling kEUR 2,693 were incurred in 2020 (previous year: kEUR 2,676). Of these, intangible assets amounting to kEUR 553 (previous year: kEUR 947) had to be capitalized in accordance with IAS 38. This equates to a capitalization rate of 21% (previous year: 35%). Amortization of development costs in the amount of kEUR 3,668 (previous year: kEUR 1,263) was recognized, of which kEUR 3,128 (previous year: kEUR 208) relates to unscheduled depreciation.

Risk Management

General information on financial risks

The MAX Group can be exposed to various risks through financial instruments. These are as follows:

- Credit risks
- Liquidity risks
- Market price risks

Credit risks essentially arise from trade receivables. It is particularly important to assess the risks in connection with the project business, as in the provisional financing of orders, for example.
Liquidity risks consist of the risk of not being able to meet payment obligations in a timely manner. These risks are generally associated with a negative development of the operating business.

Market price risks arise from changes in exchange rates and interest rates. On the sales side, the main currency risks relate to invoicing on a US dollar basis.

Risk categories

Credit risks

Credit risk is the risk of an economic loss if a counterparty fails to meet its contractual or payment obligations. The risk essentially comprises the default risk and the risk arising from a deterioration in creditworthiness.

Trade receivables are due as a result of the worldwide sales operations of the individual companies.

The following safeguarding measures are taken as a general rule as a result of the different credit ratings of the customers:

- Export credit insurance
- Letters of credit
- Prepayments
- Guarantees and sureties
- Internal credit lines
- Assignments as security

The maximum default risk (credit risk) comprises the complete default of the positive carrying amounts of the financial instruments. The default risk of the unimpaired financial instruments is fundamentally judged to be low from the present-day perspective due to the debtor structure, as the probability of default is kept to a minimum by the strict constraints of the risk management system.

In addition to specific allowances to be recognized for receivables in the event of a default event, an allowance for expected losses has also been recognized in accordance with IFRS 9. Financial assets of the Group that are subject to the expected credit loss model are trade receivables and contractual assets. The Group applies the simplified approach under IFRS 9 to measure expected credit losses. Accordingly, expected credit losses over the term are used for all trade receivables and contractual assets.

In order to measure the expected credit losses, trade receivables and contractual assets are clustered. The valuation allowance ratios are determined on the basis of the specific debtor, the industry or region using credit default swap spreads. The calculation takes into account the interest effect.

The following overviews show the calculated default risk position for the Group's trade receivables and contractual assets:

Impairment Matrix 31. December 2020

	Default rate	Gross book value Trade receivables & Contract assets	Expected credit loss
	%	kEUR	kEUR
Customer specific	0.29%	18,708	54
Automotive Asia	0.41%	11,098	46
Automotive Europe	0.36%	6,897	25
Mechanical engineering Europe	0.23%	3,080	7
Industries Europe	0.24%	2,608	6
Pharmaceutical & healthcare industry Europe	0.09%	2,152	2
Industries Europe	0.22%	1,995	4
Recylcing Europe	0.22%	1,602	4
Food & Beverage Europe	0.13%	1,558	2
China	0.07%	186	0
Others	0.26%	12,460	32
Total	**0.29%**	**62,344**	**182**

Impairment Matrix 31. December 2019			
	Default rate	**Gross book value Trade receivables & Contract assets**	**Expected credit loss**
	%	kEUR	kEUR
Customer specific	0.17%	44,217	74
Automotive Europe	0.16%	9,466	15
Automotive Asia	0.13%	3,929	5
Energy America	0.19%	3,649	7
Mechanical engineering Europe	0.12%	2,490	3
Pharmaceutical & healthcare industry Europe	0.08%	1,881	1
Industries Europe	0.15%	1,542	2
Food & Beverage Europe	0.06%	1,496	1
Europe	0.04%	8,413	4
America	0.07%	3,313	2
Others	0.11%	8,746	10
Total	**0.14%**	**89,142**	**124**

Furthermore, depreciation of contractual assets and trade receivables was performed on a case-by-case basis in the amount of TEUR 1,536 (previous year: TEUR -2,629).

The reconciliation of the opening balance of expected credit losses for trade receivables and contract assets to the closing balance as of 31 December is as follows:

Expected credit loss	
in kEUR	**Trade receivables & Contract assets (simplified approach)**
Expected credit loss as of 01. January 2020	**125**
increase	523
decrease	-470
currency translation differences and others	5
Expected credit loss as of 31. December 2020	**183**
Opening balance gross book value as of 01. January 2020	89,142
Closing balance gross book value as of 31. December 2020	62,344

Expected credit loss	
in kEUR	**Trade receivables & Contract assets (simplified approach)**
Expected credit loss as of 01. January 2019	**375**
increase	129
decrease	-378
currency translation differences and others	-1
Expected credit loss as of 31. December 2019	**125**
Opening balance gross book value as of 01. January 2019	116,682
Closing balance gross book value as of 31. December 2018 adjusted[1)]	115,782
Closing balance gross book value as of 31. December 2019	89,142

1) Further information on the adjusted previous year's figures can be found in the Notes to the 2019 Annual Report in the chapter entitled "Corrections of errors."

Liquidity risk

The Group monitors the risk of a potential liquidity bottleneck by means of a liquidity planning tool and as part of rolling financial planning. A broadly diversified refinancing approach is pursued and the Group accordingly makes use of various sources of liquidity, such as overdraft facilities, syndicated loans, advance payments, leasing and equity instruments. The MAX Group has sufficient sources of financing at its disposal.

In operational liquidity management, the short-and medium-term cash flows of the companies are summarized at Group Level. In addition to the maturities of the financial assets and liabilities, these cash flows also include the expectations of the operating cash flows of the Group companies.

As of 31 December 2020, the financial liabilities of the MAX Group result in the following cash outflows from interest and principal payments:

kEUR	Book value 31/12/2020	Cashflow up to 1 year	Cashflow 1 to 5 years	Cashflow over 5 years
Non-derivative financial liabilities				
Financial liabilities	115,038	4,624	115,936	0
Trade payables (excluding advance payments received)	23,660	23,660	0	0
Other interest-bearing and non-interest-bearing liabilities	32,931	19,783	11,200	3,156
Cash outflows from derivative financial instruments				
- Currency derivatives	63	3,088	0	0
- Interest rate derivatives	0	0	0	0
Cash inflows from derivative financial instruments				
- Currency derivatives	63	3,025	0	0
- Interest rate derivatives	0	0	0	0

kEUR	Book value 31/12/2019	Cashflow up to 1 year	Cashflow 1 to 5 years	Cashflow over 5 years
Non-derivative financial liabilities				
Financial liabilities	121,900	34,369	12,269	90,945
Trade payables (excluding advance payments received)	49,818	49,818	0	0
Other interest-bearing and non-interest-bearing liabilities	40,144	25,268	12,925	23,061
Cash outflows from derivative financial instruments				
- Currency derivatives	-163	10,585	0	0
- Interest rate derivatives	0	0	0	0
Cash inflows from derivative financial instruments				
- Currency derivatives	-163	10,422	0	0
- Interest rate derivatives	0	0	0	0

Market price risk

The Group is exposed to market price risks in the form of exchange rate risks and interest rate risks due to its international operations. These risks can have a negative impact on the net assets, financial position and results of operations of the Group. The general economic conditions are constantly monitored and relevant market information is consulted in order to evaluate and assess the risks.

The Group has established a central risk management system in order to be able to systematically identify and assess market price risk. This involves reporting to the Managing Directors on an ongoing basis.

Currency risks

Due to its international orientation, the MAX Automation Group is exposed to risks from exchange rate fluctuations in its business operations and with regard to the reported financial transactions and cash flows. The exchange rate risk for the Group is driven by its sales volume and to a large extent by conversions between the US dollar and the euro. The transaction risk is of particular importance here as the revenue is measured in foreign currency and the associated costs are in euro. Exchange rate fluctuations are partly hedged by using the appropriate hedging instruments.

Foreign currency forwards are used to minimize the transaction risks associated with individual projects. In the process, the open currency position is fully hedged using contractually defined milestones. In addition, planned foreign currency inflows are hedged on a continuous basis using a macro approach, whereby the hedging ratio here is in the range of 50-75%. Pure trading transactions are not entered into without corresponding underlying transactions.

Forward sales of currencies may give rise to market price risks in the form of potential obligations to sell foreign currencies at a spot rate below the market rate on the settlement date.

The terms and scope of the currency hedges correspond to those of the underlying transactions requiring hedging. The Group held the following hedging instruments as of the reporting date:

in kEUR	Nominal volume in kEUR		Fair value in kEUR	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Forward exchange transactions (sales)	3,035	10,585	63	-124

Financial instruments for currency hedging

The currency sensitivity analyses are based on the following assumptions:

Primary financial instruments which are denominated in a foreign currency are subject to currency risk and are therefore included in the sensitivity analysis.

Exchange rate-related changes in the market values of foreign exchange derivatives for which no hedge accounting was applied affect the currency result and are therefore included in the sensitivity analysis.

USD sensitivity analysis (in kEUR)	Impact on group result	
	2020	2019
Appreciation 10%	-673	143
Devaluation 10%	822	-180

The risks arising from GBP, CNY and PLN have been subjected to a sensitivity analysis but have no material impact.

Interest rate risks

Interest-sensitive assets and liabilities are held in the MAX Group to the usual extent.

Business operations are financed by the syndicated loan at matching maturities. In order to maintain flexibility in the market, however, variable-interest refinancing options are used to a limited extent.

There is an interest cap arrangement – the contractual agreement of an interest rate ceiling – according to which the variable interest payable is limited to 4.35%. The cap is agreed for a fixed term until 7 June 2024.

in kEUR	Nominal volume in kEUR		Fair value in kEUR	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Interest rate caps	131	169	0	0

Interest rate risks are presented by means of sensitivity analyses in accordance with IFRS 7. These analyses show the effects of changes in market interest rates on interest income and interest expense, other income components and, where applicable, on equity. The interest rate sensitivity analyses are based on the following assumptions:

Changes in the market interest rates of primary financial instruments with fixed interest rates only affect earnings if they are measured at fair value. All fixed-interest financial instruments measured at amortized cost are therefore not subject to interest rate risk as defined by IFRS 7.

Changes in market interest rates affect the result of primary variable-rate financial instruments, with respect to which the interest payments are not designated as underlying transactions in cash flow hedges against interest rate changes, and are therefore included in the sensitivity calculations.

Changes in market rates for interest rate derivatives which are not included in a hedging relationship under IFRS 9 have an impact on the interest result and are therefore taken into account in the sensitivity calculations.

Market interest rate sensitivity analysis (in kEUR)	Impact on group result	
	2020	2019
Appreciation 100 basis points	-626	-884
Devaluation 100 basis points	59	23

Other price risks

As part of the presentation of market risks, IFRS 7 also requires disclosures on how hypothetical changes in other price risk variables affect the prices of financial instruments. Stock exchange prices or market averages are particularly well-suited for use as risk variables.

No financial instruments were held to this effect, either in the year under review or in the previous year.

Categorization of financial instruments

Financial assets and liabilities currently exist only for the categories "at amortized cost" and "at fair value with through profit or loss."

in kEUR	Valuation category according to IFRS 9	Book value 31/12/2020	Fair Value Level 2 31/12/2020	Book value 31/12/2019	Fair Value Level 2 31/12/2019
Financial Assets					
Borrowings	AC	1,745	1,750	6,665	6,665
Trade receivables	AC	27,053		45,402	
Cash and cash equivalents	AC	47,736		40,596	
Other financial assets	AC	3,423		3,150	
Financial liabilities					
Loans	AC	115,038	115,038	121,900	121,900
Trade payables	AC	23,660		49,818	
Derivative financial instruments	FVTPL	1	1	124	124
Other financial liabilities	AC	2,918		3,141	

Measurement of fair value

All assets and liabilities for which the fair value is determined or subsequently disclosed are assigned to the measurement hierarchy described below:

- Level 1: All financial instruments traded on active markets whose quoted prices have been adopted for measurement without any change.
- Level 2: Measurement is performed on the basis of procedures using input factors that have been derived directly or indirectly from observable market data.
- Level 3: Measurement is performed on the basis of procedures using input factors that are not exclusively based on observable market data.

Earnings per share

Since MAX Automation SE has not issued any dilutive instruments to date, the undiluted and diluted earnings per share are identical.

in kEUR	2020	2019
Profit attributable to the shareholders of MAX Automation SE used to determine the undiluted/diluted earnings per share	-26,452	-34,733

Number	2020	2019
Weighted average number of shares used as denominator to calculate undiluted/diluted earnings per share	29,459,415	29,459,415

in EUR	2020	2019
Undiluted/diluted earnings per share due to shareholders of MAX Automation SE	-0.90	-1.18

In the reporting period, the number of weighted shares corresponds to the number of shares issued.

Segment Reporting

Segment	Process Technologies		Environmental Technologies	
Reporting Period	**2020**	**2019**	**2020**	**2019**
	kEUR	**kEUR**	**kEUR**	**kEUR**
Order intake	**46,801**	**62,542**	**111,315**	**140,300**
Order book position	**20,184**	**24,696**	**47,221**	**47,505**
Segment sales	**50,883**	**73,377**	**110,312**	**127,637**
- With external customers	50,698	73,323	110,310	127,633
- Inter-segment sales	185	54	2	4
Segment operating profit before depreciation & amortization (EBITDA)	**6,866**	**14,821**	**14,167**	**12,943**
EBITDA margin (in %, in relation to sales)	**13.5%**	**20.2%**	**12.8%**	**10.1%**
Total operating revenue	-	68,861	-	131,241
depreciation/amortization	-2,489	-2,219	-2,350	-1,782
impairment	0	0	0	0
Additions to other provisions and pension provisions	-	-1,201	-	-4,662
Segment operating profit (EBIT before PPA amortization)	**4,377**	**12,603**	**11,817**	**11,161**
PPA amortization	-223	-222	0	0
Goodwill Impairment	0	0	0	0
Segment operating profit after PPA amortization	**4,154**	**12,380**	**11,817**	**11,161**
Interest and similar income	-	3	-	116
Interest and similar expenses	-	-303	-	-189
Income from equity accounted investments	-	0	-	0
Segment result from ordinary activities (EBT)	**-**	**12,081**	**-**	**11,088**
Income taxes	-	-513	-	-2,124
Annual result	**-**	**11,567**	**-**	**8,964**
Non-current segment assets (excluding deferred tax)	**20,355**	**20,405**	**23,111**	**20,858**
- thereof Germany	15,045	15,256	19,262	17,268
- thereof other EU countries	4,032	4,458	116	22
- thereof North America	1,154	506	3,733	3,569
- thereof Rest of the world	124	185	0	0
Investments in non-current segment assets	**1,744**	**2,521**	**4,581**	**2,724**
Working Capital	**13,307**	**16,648**	**17,222**	**17,605**
Goodwill	**-**	**6,163**	**-**	**6,399**
ROCE (in %)[1]	**11.2%**	**34.9%**	**24.7%**	**36.7%**
Net debt	**-8,989**	**-5,967**	**28,073**	**20,787**
Average number of personnel excluding trainees	**409**	**368**	**420**	**404**

1) The return on capital employed (ROCE) corresponds to the ratio of EBIT to capital employed. Capital employed is the sum of intangible assets, property, plant and equipment, working capital, investment property and goodwill based on the twelve-month average.

Segment	**Evolving Technologies**		**Non-Core**	
Reporting Period	**2020**	**2019**	**2020**	**2019**
	kEUR	kEUR	kEUR	kEUR
Order intake	130,479	113,504	30,986	63,580
Order book position	108,738	80,689	33,276	46,629
Segment sales	104,935	136,213	43,645	89,806
- With external customers	102,566	134,918	43,427	89,608
- Inter-segment sales	2,369	1,296	218	199
Segment operating profit before depreciation & amortization (EBITDA)	**7,269**	**16,900**	**-13,301**	**-36,580**
EBITDA margin (in %, in relation to sales)	**6.9%**	**12.4%**	**-30.5%**	**-40.7%**
Total operating revenue	-	131,217	-	69,485
depreciation/amortization	-3,241	-3,548	-2,008	-3,007
impairment	-41	-208	-6,812	0
Additions to other provisions and pension provisions	-	-2,495	-	-4,945
Segment operating profit (EBIT before PPA amortization)	**3,987**	**13,143**	**-22,121**	**-39,586**
PPA amortization	-126	-189	0	-777
Goodwill Impairment	-3,463	0	-4,165	0
Segment operating profit after PPA amortization	**398**	**12,953**	**-26,286**	**-40,363**
Interest and similar income	-	252	-	162
Interest and similar expenses	-	-1,514	-	-1,994
Income from equity accounted investments	-	0	-	0
Segment result from ordinary activities (EBT)	**-**	**11,678**	**-**	**-42,195**
Income taxes	-	255	-	-820
Annual result	**-**	**11,933**	**-**	**-43,015**
Non-current segment assets (excluding deferred tax)	**48,274**	**41,172**	**5,738**	**15,903**
- thereof Germany	48,207	41,049	5,441	14,271
- thereof other EU countries	0	0	298	1,633
- thereof North America	0	0	0	0
- thereof Rest of the world	67	123	0	0
Investments in non-current segment assets	**2,745**	**1,518**	**1,487**	**1,662**
Working Capital	**-2,867**	**7,668**	**11,873**	**31,199**
Goodwill	**-**	**29,512**	**-**	**4,165**
ROCE (in %)[1)]	**0.7%**	**23.0%**	**-55.9%**	**-63.5%**
Net debt	**-53,176**	**-51,627**	**-9,256**	**-23,170**
Average number of personnel excluding trainees	**558**	**549**	**259**	**486**

1) The return on capital employed (ROCE) corresponds to the ratio of EBIT to capital employed. Capital employed is the sum of intangible assets, property, plant and equipment, working capital, investment property and goodwill based on the twelve-month average.

Segment	MAX Automation SE[2]		Consolidation	
Reporting Period	**2020**	**2019**	**2020**	**2019**
	kEUR	**kEUR**	**kEUR**	**kEUR**
Order intake	**0**	**0**	**0**	**0**
Order book position	**0**	**0**	**0**	**0**
Segment sales	**2,104**	**3,270**	**-4,878**	**-4,816**
- With external customers	0	6	0	0
- Inter-segment sales	2,104	3,264	-4,878	-4,816
Segment operating profit before depreciation & amortization (EBITDA)	**-9,207**	**-8,641**	**-137**	**-336**
EBITDA margin (in %, in relation to sales)	**-**	**-**	**-**	**-**
Total operating revenue	-	3,270	-	-4,816
depreciation/amortization	-248	-281	16	0
impairment	0	0	0	0
Additions to other provisions and pension provisions	-	-902	-	0
Segment operating profit (EBIT before PPA amortization)	**-9,455**	**-8,921**	**-121**	**-336**
PPA amortization	0	0	0	0
Goodwill Impairment	0	0	0	-2,676
Segment operating profit after PPA amortization	**-9,455**	**-8,921**	**-121**	**-3,012**
Interest and similar income	-	3,475	-	-3,264
Interest and similar expenses	-	-3,702	-	3,252
Income from equity accounted investments	-	-1,007	-	597
Segment result from ordinary activities (EBT)	**-**	**-36,523**	**-**	**9,550**
Income taxes	-	2,047	-	0
Annual result	**-**	**-34,476**	**-**	**9,550**
Non-current segment assets (excluding deferred tax)	**87,359**	**97,857**	**-75,980**	**-60,300**
- thereof Germany	87,359	97,857	-75,980	-60,300
- thereof other EU countries	0	0	0	0
- thereof North America	0	0	0	0
- thereof Rest of the world	0	0	0	0
Investments in non-current segment assets	**50**	**118**	**-123**	**0**
Working Capital	**-410**	**-1,157**	**0**	**0**
Goodwill	**-**	**0**	**-**	**0**
ROCE (in %)[1]	**-**	**-**	**-**	**-**
Net debt	**-42,792**	**-49,069**	**847**	**8,046**
Average number of personnel excluding trainees	**15**	**9**	**0**	**0**

1) The return on capital employed (ROCE) corresponds to the ratio of EBIT to capital employed. Capital employed is the sum of intangible assets, property, plant and equipment, working capital, investment property and goodwill based on the twelve-month average.

2) The column MAX Automation SE contains the values of the parent company. The business transactions between the segments are eliminated in the Consolidation column. The sum of the two afore-mentioned columns is shown in the "Reconciliation" column in order to reconcile the segment information with the Group figures.

Segment	Reconciliation		Group	
Reporting Period	2020	2019	2020	2019
	kEUR	kEUR	kEUR	kEUR
Order intake	**0**	**0**	**319,581**	**379,925**
Order book position	**0**	**0**	**209,419**	**199,520**
Segment sales	**-2,774**	**-1,546**	**307,001**	**425,488**
- With external customers	0	6	307,001	425,488
- Inter-segment sales	-2,774	-1,552	0	0
Segment operating profit before depreciation & amortization (EBITDA)	**-9,344**	**-8,977**	**5,657**	**-893**
EBITDA margin (in %, in relation to sales)	**-**	**-**	**1.8%**	**-0.2%**
Total operating revenue	-	-1,546	-	399,258
depreciation/amortization	-232	-281	-10,320	-10,836
impairment	0	0	-6,853	-208
Additions to other provisions and pension provisions	-	-902	-	-14,205
Segment operating profit (EBIT before PPA amortization)	**-9,576**	**-9,257**	**-11,516**	**-11,937**
PPA amortization	0	0	-349	-1,189
Goodwill Impairment	0	-2,676	-7,628	-2,676
Segment operating profit after PPA amortization	**-9,576**	**-11,933**	**-19,493**	**-15,801**
Interest and similar income	-	211	-	744
Interest and similar expenses	-	-451	-	-4,450
Income from equity accounted investments	-	-411	-	-411
Segment result from ordinary activities (EBT)	**-**	**-26,974**	**-**	**-34,323**
Income taxes	-	2,047	-	-1,154
Annual result	**-**	**-24,926**	**-**	**-35,477**
Non-current segment assets (excluding deferred tax)	**11,379**	**37,557**	**108,857**	**135,896**
- thereof Germany	11,379	37,557	99,333	125,400
- thereof other EU countries	0	0	4,446	6,113
- thereof North America	0	0	4,887	4,074
- thereof Rest of the world	0	0	191	308
Investments in non-current segment assets	**-73**	**118**	**10,484**	**8,543**
Working Capital	**-410**	**-1,157**	**39,125**	**71,962**
Goodwill	**-**	**0**	**-**	**46,239**
ROCE (in %)[1]	**-**	**-**	**-9.3%**	**-8.4%**
Net debt	**-41,945**	**-41,023**	**-85,293**	**-101,000**
Average number of personnel excluding trainees	**15**	**9**	**1,661**	**1,816**

1) The return on capital employed (ROCE) corresponds to the ratio of EBIT to capital employed. Capital employed is the sum of intangible assets, property, plant and equipment, working capital, investment property and goodwill based on the twelve-month average.

The breakdown of operations into the Process Technologies, Environmental Technologies, Evolving Technologies and Non-Core Business segments corresponds to the current status of internal reporting. Allocations to the respective segments are made based on the products and services offered.

In the Process Technologies segment, the MAX Gruppe operates with the bdtronic-Gruppe, in the Environmental Technologies segment with the Vecoplan-Gruppe. In the Evolving Technologies segment, the MAX Gruppe is active with the companies NSM Magnettechnik GmbH, iNDAT Robotics GmbH, Mess- und Regeltechnik Jücker GmbH and AIM Micro Systems GmbH.

The Non-Core division bundles the companies ELWEMA Automotive GmbH, IWM Automation Bodensee GmbH, IWM Automation GmbH and IWM Automation Polska Sp.z.o.o., which are no longer part of the core business.

Further information about the business operations of the individual companies is provided in the Group Management Report and can be taken from this source.

The reconciliation column shows on the one hand income and expenses from transactions with other segments that are eliminated for consolidation purposes. It also shows the income and expenses of the individual company MAX Automation SE since it is a holding company and therefore has no operational activities.

Segment-related figures are published in accordance with IFRS 8 and these key ratios are also regularly reported to the Managing Directors and to the Supervisory Board and are of great importance in managing the Company. A special focus here is placed on sales and EBITDA as a measure of earnings. Working capital is also regularly subjected to more detailed analysis. Internal reporting is consistent with external accounting standards in accordance with IFRS. The segmentation of assets is also observed, whereby the domicile of the Company is the decisive criterion.

Other performance indicators included in the segment report are the average headcount, investments, order intake and order book position. In general, sales revenues from the current order backlog are expected to be realized in the next financial year.

In financial year 2020, the items total operating revenue, additions to other and pension provisions, interest income and similar income, interest expenses and similar expenses, income from equity accounted investments, EBT, income taxes and annual result are no longer shown in the segment reporting, as these internal key figures are no longer regularly reported to the chief operating decision maker and are accordingly no longer of major importance in managing the Company. In addition, the segment revenues by country from financial year 2020 onwards are shown in the "Revenue" chapter; the values of the goodwill can be found in the chapter "Goodwill."

Transactions within the Group are generally conducted at arm's length.

The segmentation of revenue is determined by the sales markets. Contrary to the provisions of IFRS 8.33 (a), the Company does not break down sales in the North American market by country as this market is regarded as a single unit in its economic development.

Projects accounted for revenue of TEUR 241,785 (previous year: TEUR 346,418), while sales of TEUR 65,217 (previous year: TEUR 79,070) were generated by business with service and spare parts.

One customer in the Evolving Technologies segment was responsible for revenue of kEUR 34,536 in 2020 (previous year: kEUR 52,407).

Events after the reporting period

On 15 January 2021, the Company submitted an application for contract modifications at the administrative office for the syndicated loan contract. The main objective of the application for a contract modification was to have the covenants of the syndicated loan readjusted. The bank syndicate accepted the application on 15 February 2021. As a result, the Company was able to further strengthen its financing.

The syndicated loan contract has a term until 2022 for a total volume of 190 million euros. The follow-up financing is on the work agenda of the Board of Directors for the 2021 financial year. In general, the company currently sees no reasons that would stand in the way of the successful closing of a follow-up financing due to the asset, financial and earnings situation as well as the market environment.

Other financial obligations

The following financial obligations from other non-cancellable contracts exist as of 31 December 2020:

in kEUR	2020	2019
up to 1 year	1,567	1,698
1 to 5 years	687	807
over 5 years	49	0
Total	**2,303**	**2,505**

Related party transactions

Related companies and persons as defined in IAS 24 are persons and companies (including affiliates) that can be controlled by the Company or can control the Company. In financial year 2020, MAX Automation SE was a Company dependent on Orpheus Capital II GmbH & Co. KG, Hamburg, Germany, and LS Digital & Management Services GmbH & Co. KG, Hamburg, Germany, in the sense of Section 17 AktG. There is a mutual attribution of voting rights between Orpheus Capital II GmbH & Co. KG and LS Digital & Management Services GmbH & Co. KG based on a voting agreement that came into force on 26 August 2020. The highest controlling parent company according to the AktG of Orpheus Capital II GmbH & Co. KG and of LS Digital & Management Services GmbH & Co. KG is Oliver Jaster, Germany. Control results from a constantly expected (factual) majority of votes at future general meetings.

The companies of the MAX Group provide and purchase various services for or from related companies in the course of their business operations.

Related enterprises

A free consultancy agreement was concluded with Günther Holding SE with effect from 1 September 2014, and was amended on 16 January 2017.

Related persons

Business transactions with related natural persons totaled kEUR 16 (previous year: kEUR 24). These relate to travel expenses incurred by Members of the Supervisory Board.

Auditor

Expenses for fees charged by the auditor of TEUR 975 (previous year: TEUR 522) were incurred in the year under review.

kEUR	2020	2019
1. Audit services	875	449
a) Services for current year	595	449
b) Services for prior year	280	0
2. Other assurance services	0	0
3. Tax advisory services	0	0
4. Other services	100	73
Total	**975**	**522**

No other certification services were rendered in the current financial year or in the previous year.

Services in connection with the review of the mid-year financial report pursuant to Section 37w (5) of the German Securities Trading Act (WpHG) are recorded under audit services.

The other services essentially constitute forensic investigations.

Corporate Bodies of MAX Automation SE

Since the conversion to an SE on 8 February 2018, MAX Automation SE has had a monistic management structure which is characterized by the fact that the responsibility for the management of the SE is vested in a single management body, the Supervisory Board. The Managing Directors of MAX Automation SE conduct the business of the Company, taking joint responsibility for the goal of adding sustainable value. They implement the basic principles and guidelines set out by the Supervisory Board.

Managing Directors

Daniel Fink, Dusseldorf, Germany (until 31 March 2019), CEO
Member of the following other supervisory bodies:
- Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (until 31 March 2019)

Andreas Krause, Boppelsen, Switzerland (until 15 June 2020), CFO
Member of the following other supervisory bodies:
- Deputy Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (until 31 March 2019)
- Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (until 22 April 2020)

Dr. Christian Diekmann, Hamburg (from 1 January 2021),

CEO / CFO and Chairman of the Management Board

Member of the following other supervisory bodies:
- Chairman of the Supervisory Board of Vecoplan AG, Bad Marienberg (from 22 April 2020)

Werner Berens, Fahrsweiler, Germany
Member of the following other supervisory bodies:
- No membership in other supervisory bodies

Dr. Guido Hild, Dusseldorf, Germany
Member of the following other supervisory bodies:
- No membership in other supervisory bodies

Patrick Vandenrhijn, Regensburg, Germany (from 1 May 2019)
Member of the following other supervisory bodies:
- No membership in other supervisory bodies

Total compensation of the Managing Directors

The following amounts were granted to the Managing Directors of MAX Automation SE in financial year 2020:

Daniel Fink Executive Director (CEO) until 31/03/2019			Benefits granted		Benefits received	
	2020	2020				
kEUR	(min)	(max)	2020	2019	2020	2019
Fixed compensation	0	0	0	80	0	80
Ancillary benefits*	0	0	0	7	0	7
Total	**0**	**0**	**0**	**87**	**0**	**87**
One-year variable compensation (STIP)	0	0	0	51	0	51
Multi-year variable compensation (LTIP)	0	0	0	314	0	314
thereof 2016 to 2019 program[1]	0	0	0	0	0	0
thereof 2017 to 2020 program[1]	0	0	0	0	0	0
thereof 2018 to 2021 program[1]	0	0	0	0	0	0
Total	**0**	**0**	**0**	**452**	**0**	**452**
Pension expense	0	0	0	0	0	0
Total compensation	**0**	**0**	**0**	**452**	**0**	**452**

*The main ancillary benefits were private use of the company car, insurance premiums and rent subsidies for housing
1) Payout in 2019

Andreas Krause Executive Director (CFO) until 15/06/2020			Benefits granted		Benefits received	
	2020	2020				
kEUR	(min)	(max)	2020	2019	2020	2019
Fixed compensation	124	124	124	270	124	270
Compensation	560	560	560	0	560	0
Ancillary benefits*	16	16	16	35	16	35
Total	**700**	**700**	**700**	**305**	**700**	**305**
One-year variable compensation (STIP)	0	258	0	186	186	40
Multi-year variable compensation (LTIP)	0	92	0	92	0	0
thereof 2018 to 2021 program	0	46	0	46	0	0
thereof 2019 to 2022 program	0	46	0	46	0	0
Total	**700**	**1,050**	**700**	**583**	**886**	**345**
Pension expense	0	0	0	0	0	0
Total compensation	**700**	**1,050**	**700**	**583**	**886**	**345**

*The main ancillary benefits were private use of the company car, insurance premiums and rent subsidies for housing

Werner Berens Executive Director since 01/05/2019			**Benefits granted**		**Benefits received**	
	2020	**2020**				
kEUR	**(min)**	**(max)**	**2020**	**2019**	**2020**	**2019**
Fixed compensation	230	230	230	153	230	153
Ancillary benefits*	37	37	37	23	37	23
Total	**267**	**267**	**267**	**176**	**267**	**176**
One-year variable compensation (STIP)	0	255	180	210	210	0
Multi-year variable compensation (LTIP)	0	585	137	48	0	0
thereof LTIP group 2019 to 2021	0	45	0	0	0	0
thereof LTIP group 2020 to 2022	0	45	0	0	0	0
thereof LTIP group 2021 to 2023	0	45	30	0	0	0
thereof LTIP Phantom Shares 2019 to 2021	0	60	13	24	0	0
thereof LTIP Phantom Shares 2020 to 2022	0	60	17	0	0	0
thereof LTIP Phantom Shares 2021 to 2023	0	60	13	0	0	0
thereof LTIP business unit 2019 to 2021	0	90	27	24	0	0
thereof LTIP business unit 2020 to 2022	0	90	20	0	0	0
thereof LTIP business unit 2021 to 2023	0	90	17	0	0	0
Total	**267**	**1,107**	**584**	**434**	**477**	**176**
Pension expense	0	0	0	0	0	0
Total compensation	**267**	**1,107**	**584**	**434**	**477**	**176**

*The main ancillary benefits were private use of the company car, insurance premiums and rent subsidies for housing

Dr. Guido Hild Executive Director since 01/07/2019			**Benefits granted**		**Benefits received**	
	2020	**2020**				
kEUR	**(min)**	**(max)**	**2020**	**2019**	**2020**	**2019**
Fixed compensation	198	198	198	93	198	93
Ancillary benefits*	24	24	24	11	24	11
Total	**222**	**222**	**222**	**104**	**222**	**104**
One-year variable compensation (STIP)	0	151	46	59	60	0
Multi-year variable compensation (LTIP)	0	399	69	29	0	0
thereof LTIP group 2019 to 2021	0	38	0	0	0	0
thereof LTIP group 2020 to 2022	0	38	0	0	0	0
thereof LTIP group 2021 to 2023	0	38	25	0	0	0
thereof LTIP Phantom Shares 2019 to 2021	0	50	11	20	0	0
thereof LTIP Phantom Shares 2020 to 2022	0	50	14	0	0	0
thereof LTIP Phantom Shares 2021 to 2023	0	50	11	0	0	0
thereof LTIP business unit 2019 to 2021	0	45	2	9	0	0
thereof LTIP business unit 2020 to 2022	0	45	0	0	0	0
thereof LTIP business unit 2021 to 2023	0	45	6	0	0	0
Total	**222**	**772**	**337**	**202**	**282**	**104**
Pension expense	0	0	0	0	0	0
Total compensation	222	772	337	202	282	104

*The main ancillary benefits were private use of the company car and insurance premiums

Patrick Vandenrhijn Executive Director since 01/05/2019			Benefits granted		Benefits received	
	2020	2020				
kEUR	(min)	(max)	2020	2019	2020	2019
Fixed compensation	230	230	230	153	230	153
Ancillary benefits*	29	29	29	13	29	13
Total	**259**	**259**	**259**	**166**	**259**	**166**
One-year variable compensation (STIP)	0	255	60	172	153	0
Multi-year variable compensation (LTIP)	235	1,120	332	275	235	0
thereof LTIP group 2019 to 2021	0	45	0	0	0	0
thereof LTIP group 2020 to 2022	0	45	0	0	0	0
thereof LTIP group 2021 to 2023	0	45	30	0	0	0
thereof LTIP Phantom Shares 2019 to 2021	0	60	13	24	0	0
thereof LTIP Phantom Shares 2020 to 2022	0	60	17	0	0	0
thereof LTIP Phantom Shares 2021 to 2023	0	60	13	0	0	0
thereof LTIP business unit 2019 to 2021	0	90	8	16	0	0
thereof LTIP business unit 2020 to 2022	0	90	6	0	0	0
thereof LTIP business unit 2021 to 2023	0	90	10	0	0	0
thereof special program 2017 to 2019	235	235	235	235	235	0
thereof special program 2020 to 2022	0	300	0	0	0	0
Total	**494**	**1,634**	**651**	**613**	**647**	**166**
Pension expense	0	0	0	0	0	0
Total compensation	494	1,634	651	613	647	166

*The main ancillary benefits were private use of the company car, insurance premiums and rent subsidies for housing

Dr. Christian Diekmann Executive Director (CEO) since 01/01/2021			Benefits granted		Benefits received	
	2020	2020				
kEUR	(min)	(max)	2020	2019	2020	2019
Fixed compensation	0	0	0	0	0	0
Ancillary benefits*	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Sign-on Bonus (one-time bonus)	125	125	125	0	0	0
One-year variable compensation (STIP)	0	0	0	0	0	0
Multi-year variable compensation (LTIP)	900	4,500	357	0	0	0
thereof LTIP Phantom Shares 2021 to 2024	225	1,125	173	0	0	0
thereof LTIP Phantom Shares 2022 to 2025	225	1,125	86	0	0	0
thereof LTIP Phantom Shares 2023 to 2026	225	1,125	57	0	0	0
thereof LTIP Phantom Shares 2024 to 2027	225	1,125	41	0	0	0
Total	**1,025**	**4,625**	**482**	**0**	**0**	**0**
Pension expense	0	0	0	0	0	0
Total compensation	1,025	4,625	482	0	0	0

The other compensation for the Managing Directors of MAX Automation SE consists of ancillary benefits in kind, mainly including the use of the company car and the provision of a company apartment. The individual Managing Directors are responsible for paying the taxes on the benefits in kind forming part of the compensation package. Benefits from the D&O insurance were not quantifiable for the Managing Directors of MAX Automation SE as this is a collective insurance policy that covers a number of employees.

In total, the allowances for the Managing Directors in 2020 amount to kEUR 2,272 (previous year: kEUR 2,284).

Share-based remuneration

In addition, three of the four Managing Directors are granted so-called Phantom Shares as part of a three-year LTIP. The Managing Directors are granted fictitious shares ("Phantom Shares") for a value determined by the Supervisory Board ("issue value") on a certain date specified in each financial year ("issue date"). The number of Phantom Shares to be granted is calculated as the quotient of the equivalent value and the arithmetic mean of the closing prices of the ordinary shares of MAX Automation SE determined in XETRA trading on the Frankfurt Stock Exchange within a period of 90 trading days before the issue date. The Phantom Shares grant the Managing Director a claim to payment of a gross amount ("Phantom Share Payment") in the amount of the accounting value multiplied by the number of Phantom Shares. The settlement value is the arithmetic mean of the closing prices of the ordinary shares of MAX Automation SE determined in XETRA trading on the Frankfurt Stock Exchange within a period of 90 trading days before the settlement day ("settlement value"). The Phantom Share payment is limited to an individually determined maximum amount of the issue value. In addition, one of the Managing Directors is granted a special bonus that was agreed upon prior to his activity as a Managing Director. This special bonus is based on the fact that the Managing Director holds a MAX Automation SE share package, the purchase price of which is used as a factor (starting value) for EBIT development (analogous to an EBIT multiple assessment) of the business area for which the Managing Director is responsible. The special bonus is paid out as a long-term incentive at the end of a three-year term.

A new Managing Director took up his position at MAX Automation SE on 1 January 2021. In addition to fixed remuneration and a STIP, he will be granted a one-time so-called "Sign-on Bonus" in 2021. In addition, he is being given the opportunity to receive Phantom Shares per year of his four-year contract term on a fixed date, which are to be settled after a specified holding period of four years. The settlement value is the arithmetic mean of the closing prices of the ordinary shares of MAX Automation SE determined in XETRA trading on the Frankfurt Stock Exchange within a period of 90 trading days before the settlement day ("settlement value"). The Phantom Share payment is limited to a maximum amount of five times (500%) the issue value.

The fair value of the Phantom Share program was determined for all Managing Directors using the Black-Scholes-Merton model in accordance with the regulations of IFRS 2 (Share-based Payment). The expected volatility of 157%, which is included as an input parameter in the Black-Scholes-Merton model, is based on an assessment of the historical volatility of the MAX Automation SE share price over the last five years and has a corresponding influence on the fair value of the Phantom Shares.

On the balance sheet date 31 December 2020, a total of 303,370 Phantom Shares were taken into account for all beneficiaries within the scope of the valuation based on the settlement value determined on the grant date. The fair value amounts to kEUR 466. 251,225 new Phantom Shares were granted in financial year 2020 that are included in the afore-mentioned total number of Phantom Shares. The fair value of the Phantom Shares newly granted in the financial year is kEUR 357.

There were no changes to existing Phantom Share regulations in the financial year.

The provision for the Phantom Share program in the amount of kEUR 466 (previous year: kEUR 69) is reported under non-current liabilities under other provisions.

At this point, MAX Automation SE explicitly points out that the previously explained calculations cannot be used to derive any forecasts regarding the development of the share price on the part of the Company. This exclusively concerns the application of the calculation methodology prescribed by IFRS 2 (Share-based Payment). The same also applies to the minimum and maximum values determined for the Phantom Shares program in the tables presented above. Due to the calculation method of IFRS 2 (Share-based Payment), these are more of a theoretical nature.

No other or similar securities-based incentive systems were granted to the Managing Directors or employees.

Members of the Supervisory Board

Dr. Christian Diekmann, Hamburg
Dipl.-Kaufmann, Managing Director of ZRT GmbH and Zertus GmbH, Hamburg (until 31 December 2020)
Chairman of the Supervisory Board

Member of the following other supervisory bodies:

- Member of the Board of Zertus Beteiligungen Lir Chocolates Ltd. Navan, Ireland, (until 31 December 2020)
- Member of the Board of Zetar Ltd., London, Great Britain (until 31 December 2020)
- Member of the Board of Zertus UK Ltd., London, England (until 31 December 2020)
- Chairman of the Board of Gaea Products SA, Athens, Greece (until 12 November 2020)

Dr. Jens Kruse, Hamburg
General Representative of MM Warburg & CO (AG & Co.), Hamburg
Deputy Chairman of the Supervisory Board

Member of the following other supervisory bodies:
- Member of the Supervisory Board of Biesterfeld AG, Hamburg
- Deputy Chairman of the Supervisory Board of PNE AG, Cuxhaven (until 20 April 2020)

Dr. Ralf Guckert, Hamburg
Managing Director (CDO) Günther Holding SE, Hamburg
Member of the Supervisory Board (since 25 January 2019)

Member of the following other supervisory bodies:
- Member of the Advisory Board of Langenscheidt GmbH & Co. KG, Munich, Langenscheidt Digital GmbH & Co. KG, Munich, and Langenscheidt Management GmbH, Munich (Günther SE Group-internal mandate)(until 31 December 2020)
- Member of the Advisory Board of all4cloud GmbH & Co. KG, Viernheim, and all4cloud Management GmbH, Hamburg (Günther SE Group-internal mandate)
- Member of the Advisory Board of Günther Direct Services, Bamberg, and G Connect GmbH, Munich (Günther SE Group-internal mandate)

Oliver Jaster, Hamburg
Chairman of the Supervisory Board of Günther Holding SE, Hamburg
Member of the Supervisory Board (until 29 May 2020)

Member of the following other supervisory bodies:
- Member of the Supervisory Board of ZEAL Network SE, London
- Chairman of the Advisory Board of Langenscheidt GmbH & Co. KG, Munich, Langenscheidt Digital GmbH & Co. KG, Munich, and Langenscheidt Management GmbH, Munich (Günther SE Group-internal mandate)(until 31 December 2020)
- Chairman of the Advisory Board of all4cloud GmbH & Co. KG, Viernheim, and all4cloud Management GmbH, Hamburg (Günther SE Group-internal mandate)
- Chairman of the Advisory Board of Günther Direct Services, Bamberg, and G Connect GmbH, Munich (Günther SE Group-internal mandate)
- Chairman of the Board of Directors of Günther SE, Bamberg (Günther SE Group-internal mandate)

Karoline Kalb, Augsburg
Board member and CFO of Testo SE & Co. KGaA, Titisee-Neustadt
Member of the Supervisory Board (since 29 May 2020)

Member of the following other supervisory bodies:
- No membership in other supervisory bodies

Marcel Neustock, Lübeck
Investment Director Günther Holding SE, Hamburg
Member of the Supervisory Board (since 29 May 2020)

Member of the following other supervisory bodies:
- No membership in other supervisory bodies

Andreas Krause, Boppelsen, Switzerland
Managing Director of MAX Automation SE (until 15 June 2020)
Member of the Supervisory Board (until 29 May 2020)

Total compensation of the Supervisory Board

The compensation paid to the Supervisory Board in 2020 amounted to kEUR 283 (Previous year: kEUR 232). Besides the reimbursement of their expenses, the Chairman of the Supervisory Board receives kEUR 120, the Deputy Chairman of the Supervisory Board kEUR 60 and the remaining members of the Supervisory Board with the exception of Managing Directors kEUR 40 after the end of the financial year.

in kEUR	Fixed remuneration		Consultancy services		Total	
	2020	2019	2020	2019	2020	2019
Dr. Christian Diekmann, Chairman (from 18/05/2019)	120	75	0	27	120	102
Dr. Jens Kruse, Deputy Chairman (from 01/01/2019 until 17/05/2019 Chairman)	60	83	0	0	60	83
Dr. Ralf Guckert (from 25/01/2019, until 17/05/2019 Deputy chairman)	40	48	0	0	40	48
Oliver Jaster (until 29/05/2020)	17	40	0	0	17	40
Karoline Kalb (from 30/05/2020)	23	0	17	0	40	0
Marcel Neustock (from 30/05/2020)	23	0	0	0	23	0

The members of the Supervisory Board did not receive any loans or advances in financial year 2020.

Further information can be found in the compensation report in the Group Management Report under "Report on Board Members' compensation."

Shareholdings subject to notification pursuant to Section 160 (1) (8) AktG

Mr. Oliver Jaster, Germany, notified us on 17 November 2015 pursuant to Section 21 (1) WpHG that his share of the voting rights in our Company exceeded the threshold of 30% on 17 November 2015 and now amounts to 30.0001%. This equates to 8,038,356 voting rights. A share of 30.0001% of the voting rights (corresponding to 8,038,356 voting rights) is attributable to Mr. Jaster under Section 22 (1) (1) (1) WpHG through Orpheus Capital II GmbH & Co. KG, Hamburg, Germany, Orpheus Capital II Management GmbH, Hamburg, Germany, Günther Holding GmbH, Hamburg, Germany, and Günther GmbH, Bamberg, Germany.

Universal-Investment-Gesellschaft mbH, Frankfurt/Main, Germany, notified us on 18 September 2017 that its share of the voting rights changed from 5.004% to 4.96% on 7 September 2017 as a result of the change in the total number of voting rights. A share of 4.96% of the voting rights (corresponding to 1,460,344 voting rights) is attributable to the company under Section 22 (1)(1)(6) WpHG.

MAX Automation released a statement on 19 January 2018 pursuant to Section 33 WpHG that it had received notification on 18 January 2018 that LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, Germany, had reduced its share of the voting rights from 5.25% to 4.99% on 12 January 2018 through the sale of voting rights through a separate managed fund of Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte and now holds 1,470,724 of the total number of voting rights of 29,459,415.

MAX Automation released a statement on 22 January 2018 pursuant to Section 33 WpHG that it had received notification on 22 January 2018 that Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte, Tübingen, Germany, had reduced its share of voting rights from 8.94% to 4.99% on 12 January 2018 through the sale of shares with voting rights and now holds 1,470,724 voting rights out of the total number of 29,459,415 voting rights.

MAX Automation released a statement on 27 February 2018 pursuant to Section 33 WpHG that it had received notification on 27 February 2018 that Mr. Werner O. Weber had increased his share of the voting rights to 5.53% on 20 December 2017 through the acquisition of shares with voting rights and now holds 1,630,000 of the total number of 29,459,415 voting rights.

MAX Automation released a statement on 29 October 2018 pursuant to Section 40 (1) WpHG that it had received notification on 1 October 2018 that LOYS Investment S.A., Munsbach, Luxembourg, had increased its share of the voting rights from 3.145% to 5.058% on 25 October through the acquisition of shares with voting rights and now holds 1,489,945 voting rights out of the total number of 29,459,415 voting rights.

MAX Automation released a statement on 31 October 2019 pursuant to Section 40 WpHG that it had received notification on 1 October 2019 that Universal-Investment-GmbH, Frankfurt/Main, Germany, had increased its share of voting rights from 2.9997% to 3.28% on 25 October 2019 through the acquisition of shares with voting rights and now holds 966,550 voting rights out of the total number of 29,459,415 voting rights.

On 15 June 2020, MAX Automation released a statement pursuant to Section 40 (1) WpHG that it received notification on 15 June 2020 that Monega Kapitalanlagegesellschaft mbH, Cologne, Germany, had reduced its voting rights from 3.16% to 2.87% through the sale of shares with voting rights and now holds 844,957 voting rights of the total number of voting rights of 29,459,415.

On July 24, 2020, MAX Automation released a statement pursuant to Section 40 (1) WpHG that it had received notification on 22 July 2020 that Ampega Investment GmbH, Cologne, Germany, had acquired a 3.05% share of voting rights on 19 June 2020 through the purchase of shares with voting rights and now holds 900,000 voting rights of the total number of 29,459,415 voting rights. In addition, MAX Automation released a statement pursuant to Section 40 (1) WpHG on 24 July 2020 that it received a correction notification on 23 July 2020 according to which Ampega Investment GmbH, Cologne, Germany, acquired a 3.06% share of voting rights on 19 June 2020 through the acquisition of shares with voting rights and now holds 900,000 voting rights of the total number of 29,459,415 voting rights.

MAX Automation released a statement on 24 July 2020 pursuant to Section 40 (1) WpHG that it had received notification on 1 October 22 that Universal-Investment-GmbH, Frankfurt am Main, Germany, had increased its share of voting rights from 2020% to 3.05% on 2020 October 19, through the acquisition of shares with voting rights and now holds 900,000 voting rights out of the total of 29,459,415 voting rights. In addition, in accordance with Section 40 (1) WpHG, MAX Automation published on July 24, 2020 that it had received a correction notification on July 23, 2020, according to which Ampega Investment GmbH, Cologne, Germany, would acquire shares on June 19, 2020 with voting rights has acquired a voting right share of 3.06% and now holds 900,000 voting rights of the total number of voting rights of 29,459,415.

On August 25, 2020, MAX Automation released a statement in accordance with Section 40 (1) WpHG that it had received a voluntary Group notification on 24 August 2020 from Mr. Oliver Jaster, Germany, due to a subsidiary's threshold being reached. Accordingly, LS Digital & Management Services GmbH & Co. KG acquired 5.33% of the voting rights through the acquisition of shares with voting rights. Overall, Mr. Jaster's share of the voting rights is now 40.25% (this equates to 11,858,737 voting rights). 5.33% of the voting rights (this equates to 1,570,187 voting rights) held by Mr. Jaster pursuant to Section 22 (1) (1) (1) WpHG through LS Digital & Management Services GmbH & Co.KG, Bamberg, Germany, Orpheus Capital II Management GmbH & Co. KG, Hamburg, Germany, Günther Holding SE, Hamburg, Germany, and Günther SE, Bamberg, Germany. A share of 34.92% of the voting rights (corresponding to 10,287,228 voting rights) is attributable to Mr. Jaster under Section 22 (1) (1) (1) WpHG through Orpheus Capital II GmbH & Co. KG, Hamburg, Germany, Orpheus Capital II Management GmbH & Co. KG, Hamburg, Germany, Günther Holding GmbH, Hamburg, Germany and Günther GmbH, Bamberg, Germany.

MAX Automation released a statement on 25 August 2020 pursuant to Section 40 (1) WpHG that it had received notification that Ampega Investment GmbH, Cologne, Germany, had reduced its voting rights from 3.06% to 1.66% on 24 August 2020 through the sale of shares with voting rights and now holds 488,803 voting rights of the total number of 29,459,415 voting rights.

MAX Automation released a statement on 1 September 2020 pursuant to Section 40 (1) WpHG that it had received a voluntary Group notification on 1 September 2020 from Mr. Oliver Jaster, Germany, due to a subsidiary's threshold being reached, according to which a mutual allocation of voting right rights had been agreed between LS Digital & Management Services GmbH & Co. KG and Orpheus Capital II GmbH & Co. KG on the basis of a voting agreement that entered into force on 26 August 2020.

MAX Automation released a statement on 15 October 2020 pursuant to Section 40 (1) WpHG that it had received notification on 14 October 2020 that Axxion S.A., Grevenmacher, Luxembourg, had reduced its voting rights from 5.10% to 4.94% on 13 October 2020 by selling shares with voting rights and now holds 1,454,379 voting rights of the total number of 29,459,415 voting rights.

Declaration pursuant to Section 161 AktG (German Stock Corporation Act) on the Corporate Governance Code

As a listed German corporation, MAX Automation SE, Dusseldorf, issued the declaration required under Section 161 AktG on 5 February 2021 and published it on its website at www.maxautomation.com to make it permanently available to its shareholders.

Exemption from disclosure for subsidiaries

The following domestic subsidiaries exercise the right of exemption under Section 264 (3) HGB in respect of the disclosure of their annual accounts and the preparation of the management report and notes for financial year 2020:

- MAX Management GmbH, Dusseldorf
- ELWEMA Automotive GmbH, Ellwangen
- MA micro automation GmbH, St. Leon-Rot
- AIM Micro Systems GmbH, Triptis
- iNDAT Robotics GmbH, Ginsheim-Gustavsburg
- bdtronic GmbH, Weikersheim
- IWM Automation GmbH, Porta Westfalica
- NSM Magnettechnik GmbH, Olfen-Vinnum
- Mess- und Regeltechnik Jücker GmbH, Dillingen
- Vecoplan AG, Bad Marienberg

In addition, if they were obliged to prepare subgroup financial statements, the companies make use of the exemption provision of Section 291 of the German Commercial Code (HGB), since they are included as a subsidiary in the IFRS Consolidated Financial Statements of MAX Automation SE, Dusseldorf.

MAX Automation SE publishes its Consolidated Financial Statements for the year and its Group Management Report in the Federal Gazette (Bundesanzeiger), duly exempting these companies from this duty.

Dusseldorf, 12 March 2021

The Managing Directors

Dr. Christian Diekmann **Werner Berens** **Dr. Guido Hild** **Patrick Vandenrhijn**

SHAREHOLDINGS

MAX AUTOMATION SE, DUSSELDORF, LIST OF SHAREHOLDINGS AS OF 31 DECEMBER 2020

a) Companies included in the Consolidated Financial Statements

Name and registered office of the company		Share in capital (%)
Subsidiaries of MAX Automation SE:		
MAX Management GmbH	Dusseldorf	100
bdtronic GmbH	Weikersheim	100
IWM Automation GmbH	Porta Westfalica	100
Mess- und Regeltechnik Jücker GmbH	Dillingen	100
NSM Magnettechnik GmbH	Olfen-Vinnum	100
Subsidiaries and second-tier subsidiaries of MAX Management GmbH:		
AIM Micro Systems GmbH	Triptis	100
ELWEMA Automotive GmbH	Ellwangen	100
iNDAT Robotics GmbH	Ginsheim-Gustavsburg	100
IWM Automation Bodensee GmbH	Bermatingen	100
MA micro automation GmbH	St. Leon-Rot	100
Vecoplan AG	Bad Marienberg	100
Subsidiaries of bdtronic GmbH:		
BARTEC Dispensing Technology Inc.	Tulsa, Oklahoma, USA	100
bdtronic BVBA	Diepenbeek, Belgien	100
bdtronic Italy S.r.l.	Rieti, Italien	100
bdtronic Ltd.	Ashton under Lyne, UK	100
bdtronic S.r.l.	Monza, Italien	100
bdtronic Suzhou Co. Ltd.	Suzhou, China	100
Subsidiaries of IWM Automation GmbH:		
IWM Automation Polska Sp.z o.o.	Chorzow, Polen	100
Subsidiaries and second-tier subsidiaries of MA micro automation GmbH:		
MA Life Science GmbH	St. Leon-Rot	100
Micro automation LLC (Subsidiary of MA Life Science GmbH)	Dover, Delaware, USA	100
Micro automation LLP (Subsidiary of MA micro automation GmbH and MA Life Science GmbH)	Singapur	100
Subsidiaries and second-tier subsidiaries of Vecoplan AG:		
Vecoplan Holding Corporation	Wilmington, Delaware, USA	100
Vecoplan LLC (Subsidiary of Vecoplan Holding Corporation)	Archdale, North Carolina, USA	100
Vecoplan Midwest LLC (Subsidiary of Vecoplan LLC)	Floyds Knobs, Indiana, USA	75
Vecoplan Austria GmbH	Wien, Österreich	100
Vecoplan Iberica S.L.	Bilbao, Spanien	100
Vecoplan Limited	Castleford, UK	100
Vecoplan Polska Sp.z.o.o.	Warschau, Polen	100
Vecoplan Swiss GmbH	Sarnen, Schweiz	100

b) Companies included in the Consolidated Financial Statements using the equity method

Name and registered office of the company		Share in capital (%)
Other interests of MAX Automation SE:		
MAX Automation (Asia Pacific) Co.Ltd.	Hong Kong	51
(Subsidiary of MAX Automation SE)		
MAX Automation (Shanghai) Co. Ltd.	Shanghai, China	100
(Subsidiary of MAX Automation (Shanghai) Co. Ltd.)		

c) Affiliated companies not included in the consolidated financial statements

Name and registered office of the company		Share in capital (%)
Affiliated, non-consolidated companies		
MAX Automation North America Inc.	Wilmington, Delaware, USA	100

AUDITOR CERTIFICATE

Disclaimer: The auditor's report reproduced below also includes a "Report on the audit of the electronic reproductions of the financial statements and management report prepared for disclosure purposes in accordance with Section 317(3b) HGB" ("ESEF Report"). The subject matter underlying the ESEF Note (ESEF documents to be audited) is not attached. The audited ESEF documents can be inspected in the Federal Gazette or downloaded from it.

“AUDIT CERTIFICATE OF THE INDEPENDENT AUDITOR OF THE FINANCIAL STATEMENTS

To MAX Automation SE, Dusseldorf

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of MAX Automation SE, Dusseldorf, and its subsidiaries (the Group) - consisting of the consolidated balance sheet as of 31 December 2020, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from 1 January to 31 December 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the consolidated management report of MAX Automation SE, which is combined with the management report of the Company, for the fiscal year from 1 January to 31 December 2020. In accordance with German legal requirements, we have not audited the content of the components of the Group Management Report mentioned in the "Other Information" section of our audit opinion.

In our opinion, based on the findings of our audit

- the attached consolidated financial statements comply in all significant respects with IFRS, as applicable in the EU and the German statutory regulations to be additionally applied Section 315e(1) HGB and give a true and fair view of the net assets and financial position of the Group as of 31 December 2020 and of its results of operations for the fiscal year from 1 January to 31 December 2020 in accordance with these requirements; and

- overall, the attached Group management report provides a true and fair view of the Group's position. In all significant matters, this Group management report is consistent with the consolidated financial statements, complies with German statutory regulations and appropriately presents the opportunities and risks of future development. Our opinion relating to the Group management report does not include the content of the components of the Group management report referred to in the section "Other information".

Pursuant to Section 322(3) sentence 1 HGB, we declare that our audit has not led to any objections to the proper nature of the consolidated financial statements and the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 HGB and the EU Auditor Regulation (No. 537/2014; hereinafter "EU-APrVO"), taking into account the German proper accounting principles as established by the Institute of Public Auditors in Germany (IDW). Our responsibility according to these regulations and principles is described in more detail in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report" in our audit opinion. We are independent of the Group companies in compliance with European law and German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Moreover, pursuant to Article 10 (2) (f) EU-APrVO we declare that we have not rendered any prohibited non-audit services pursuant to Article 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and the Group management report.

Audit issues of particular importance in the audit of the consolidated financial statements

Matters of particular importance are those matters which in our opinion, based on our audit, are most relevant to our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters have been considered in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon; we do not issue a separate audit opinion on these matters.

In our opinion, the following matters were most significant in our audit:

❶ Impairment of goodwill

❷ Application of the so-called cost-to-cost method for revenue recognition within the context of long-term contract manufacturing.

We have structured our presentation of these particularly important audit matters as follows:

① Facts and problem definition

② Auditing approach and findings

③ Reference to further information

In the following, we present the particularly important audit issues:

❶ Impairment of goodwill

① In the consolidated financial statements of the company, goodwill totaling mEUR 38.6 (13.7% of the balance sheet total) is reported separately under non-current assets. Goodwill is subject to an impairment test by the company once a year or as and when required in order to determine a possible need for amortization. The impairment test is performed at the level of the groups of cash-generating units to which the respective goodwill is allocated. As part of the impairment test, the carrying amount of the respective cash-generating units including goodwill is compared with the corresponding recoverable amount. The recoverable amount is generally determined on the basis of the value in use. The basis of measurement is regularly the present value of future cash flows from the respective group of cash-generating units. The present values are determined using discounted cash flow models. The Group's approved medium-term planning forms the starting point, which is extrapolated using assumptions of long-term growth rates. Expectations of future market developments and assumptions regarding the development of macroeconomic factors are also taken into account. Discounting is based on the weighted average cost of capital of the cash-generating units or a respective group thereof. As a result of the annual impairment test and previous event-driven tests, goodwill in the amount of mEUR 7.63 was impaired in the fiscal year. Of this amount, mEUR 3.46 was attributable to iNDAT Robotics GmbH and mEUR 4.17 to ELWEMA Automotive GmbH. In addition, ELWEMA Automotive GmbH recorded further impairment losses on intangible assets of mEUR 4.29, rights of use of mEUR 0.40 and on property, plant and equipment of mEUR 0.36, which resulted from an impairment loss exceeding the goodwill.

The results of the respective valuations depend to a large extent on the assessment of the legal representatives with regard to the future cash inflows of the respective group of cash-generating units, the discount rate used, the growth rate and other assumptions and are therefore subject to considerable uncertainty. Against this background and due to the complexity of the valuation, this issue was of particular importance in the context of our audit.

② Within the scope of our audit, we have, among other things, assessed the methodical procedure for carrying out the impairment test. In addition, we assessed the content of the derivation of future cash inflows discounted in the context of calculating the values in use. For this purpose, we checked the plausibility of the medium-term planning relevant for the respective cash-generating unit against the background of industry-specific market expectations, among other things. In addition, we also assessed whether the costs of corporate functions were properly taken into account. With the knowledge that even relatively small changes in the discount rate used can have significant impacts on the amount of the enterprise value determined in this manner, we have intensively studied the parameters used to determine the discount rate used and have reconstructed the calculation scheme. In order to account for the existing forecast uncertainties, we have reproduced the sensitivity analyses prepared by the Company and performed our own sensitivity analyses for the groups of cash-generating units with low excess cover (carrying amount compared to recoverable amount). In the event that an identified impairment loss exceeded goodwill, we also substantiated the resulting impairment loss on non-current assets. In this context, it was noted that the impairment loss for individual assets was limited to the fair value less costs to sell or the value in use.

The valuation parameters and assumptions applied by the legal representatives are, in our opinion, acceptable overall and lie within reasonable ranges.

③ The Information provided by the Company on goodwill is stated in the section entitled "Goodwill" and in Notes 3 and 33 to the consolidated financial statements.

❷ Application of the so-called cost-to-cost method for revenue recognition in the context of long-term manufacturing contracts

① In the consolidated financial statements of the Company as of 31 December 2020, the income statement shows sales revenues of mEUR 307.0, which were mainly realized on a pro-rata basis. The balance sheet as of 31 December 2020 includes contract assets in the amount of mEUR 33.6 and contract liabilities in the amount of mEUR 41.1. Revenue from customer-specific contracts is recognized over a period of time when an asset is created that does not provide the Company with alternative uses and a legal right to receive payment for services already rendered. Even if an asset is created or improved and the customer gains control of the asset during this time, revenue is still recognized over the period. In the case of revenue recognition over a period of time, revenue is recognized on the basis of the stage of completion, which is determined as the ratio of the actual contract costs incurred to the expected total costs. In view of the complex production processes involved, the recognition of revenue over a specific period requires, in particular, an effective internal budgeting and reporting system, including concurrent project costing, and a functioning internal control system.

Against this background, the correct application of the accounting standard for revenue recognition must be regarded as complex and is partially based on estimates and assumptions by the legal representatives. The matter was therefore of particular importance for our audit.

② Taking into account the knowledge that there is an increased risk of misstatements in the financial statements due to the complexity of the issues involved and the estimates and assumptions to be made, we have assessed the processes and controls put in place by the Group to recognize revenue from customer-specific contracts. Our specific audit approaches included examination of controls and evidence-gathering procedures, primarily:

- Assessment of the process of properly identifying the performance obligations and classifying the performance rendered after a certain period of time or at a certain point in time.
- Assessment of the cost accounting system, as well as other relevant systems supporting the accounting of customer-specific contracts.
- Assessment of the proper recording and allocation of direct costs and the amount and allocation of overheads.
- Assessment of the project calculations on which the customer-specific contracts are based and the determination of the percentage of completion.

We were able to satisfy ourselves that the systems, processes and controls in place are adequate and that the estimates and assumptions made by the legal representatives are sufficiently documented and justified to ensure proper revenue recognition from customer-specific contracts.

③ The Company's disclosures on revenue recognition in connection with long-term manufacturing contracts are explained in the sections "Contract assets" and "Contract liabilities" and in Notes 11, 22 and 29 to the consolidated financial statements.

Other Information

The legal representatives are responsible for other information. Other information includes the following components of the management report which have not been audited:

- the corporate governance statement in accordance with Section 289f HGB and Section 315d HGB contained in the "Corporate Governance Statement (Section 289f and Section 315d HGB)" section of the Management Report
- the separate non-financial consolidated report in accordance with section 315b (3) HGB.

Other information also includes the remaining parts of the financial report - without further cross-references to external information - with the exception of the audited consolidated financial statements, the audited Group management report and our audit opinion.

Our audit opinion on the consolidated financial statements and the Group management report does not extend to the other information, and accordingly we do not express an audit opinion or any other form of conclusion thereon.

Within the context of our audit, we have a responsibility to read the other information and assess as to whether the other information

- shows material inconsistencies with the annual financial statements, the management report or the knowledge gained from our audit, or

- appear to be substantially misrepresented elsewhere.

Management and the Supervisory Boards' Responsibility for the Consolidated Financial Statements and the Group Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements and the Group management report, which comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB and 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 these requirements. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue operations as a going concern. They are also responsible for disclosing, where relevant, information about the Group's ability to continue as a going concern. They are also responsible for accounting for continuing operations in accordance with the going concern principle unless the Group is to be wound up or discontinued, or there is no realistic alternative but to liquidate the Group or to cease operations.

Moreover, the legal representatives are responsible for the preparation of the Group management report, which as a whole provides an appropriate view of the Group's position and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a Group management report in compliance with the applicable German statutory regulations and to provide sufficient appropriate evidence for the statements made in the Group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, whether the Group management report as a whole provides an appropriate understanding of the Group's position and appropriately presents the opportunities and risks of future developments in all material respects in accordance with the consolidated financial statements and the findings of our audit, as well as to issue an audit opinion containing our audit opinions on the consolidated financial statements and the Group management report.

Sufficient certainty refers to a high degree of certainty but does not guarantee that an audit conducted in accordance with § 317 HGB and Regulation EU-APrVO and in compliance with the German proper auditing principle for the audit of financial statements promulgated by the Institute of Public Auditors (IDW) will always reveal a significantly erroneous presentation. Misrepresentations can result from violations or inaccuracies and are considered significant if it could reasonably be expected that they could individually or collectively influence the economic decisions of addressees made on the basis of these consolidated financial statements and the Group management report.

In performing the audit, we exercise professional judgement and maintain a critical attitude. Beyond that

- we identify and assess the risks of significant erroneous presentation of the consolidated financial statements and the Group management report, whether due to fraud or error, plan and perform the audit procedures in response to these risks and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinion. The risk that significant erroneous presentations will not be detected is greater for violations than for misstatements, due to the fact that violations may involve fraudulent interactions, falsification, intentional omissions, misrepresentations, or the disabling of internal controls.

- we obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the procedures and measures relevant to the audit of the Group management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- we draw conclusions on the appropriateness of the accounting policies adopted by the legal representatives regarding the going concern principle and, based on the audit evidence obtained, whether there is any significant uncertainty relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. If we conclude that a significant uncertainty exists, we are obliged to draw attention in our audit opinion to the related disclosures in the consolidated financial statements and the Group management report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of 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 its operations.

- we assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements present the underlying transactions and events in such a way 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 IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) HGB.

- we obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group to enable us to express an opinion on the consolidated financial statements and the Group management report. We are responsible for instructing, monitoring and performing the audit of the consolidated financial statements. We are solely responsible for our audit opinions.

- we assess the consistency of the Group management report with the consolidated financial statements, its legal compliance and the picture of the Group's situation thereby conveyed.

- we perform audit procedures on the future-oriented statements in the Group management report presented by the legal representatives. On the basis of sufficient appropriate audit evidence, we verify in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent audit opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events could differ significantly from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

We make a declaration to those responsible for monitoring that we have complied with the relevant independence requirements and discuss with them any relationships or other matters that could reasonably be expected to affect our independence and the safeguards put in place to protect it.

Of the matters that we have discussed with those responsible for supervision, we have identified those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are therefore the most significant matters. We describe these matters in our audit opinion, unless laws or regulations preclude public disclosure of the matters.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and the Group Management Report Prepared for the Purposes of Disclosure Pursuant to Section 317 (3b) of the German Commercial Code (HGB)

Audit opinion

In accordance with section 317 (3b) of the German Commercial Code (HGB), we have performed a reasonable assurance audit to determine whether the reproductions of the consolidated financial statements and the group management report (hereinafter also referred to as "ESEF documents") contained in the attached file Max Automation_SE_KA_LB_ESEF-2020-12-31.zip and prepared for the purpose of disclosure comply in all material respects with the requirements of section 328 (1) of the German Commercial Code regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the consolidated financial statements and the group management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the group management report contained in the aforementioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of Section 328 (1) HGB. Beyond this opinion and our opinions on the accompanying consolidated financial statements and on the accompanying group management report for the fiscal year from January 1 to December 31, 2020 included in the preceding "Report on the audit of the consolidated financial statements and the group management report", we do not express any opinion on the information contained in these reproductions or on the other information contained in the aforementioned file.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned attached file in accordance with Section 317 (3b) HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure pursuant to Section 317 (3b) HGB (IDW EPS 410) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1) applied.

Management and the Supervisory Boards' Responsibility for the ESEF Documents

The Company's management is responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the group management report in accordance with section 328 (1) sentence 4 no. 1 HGB and for the certification of the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the Company's management is responsible for the internal controls as they deem 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 Section 328 (1) HGB.

The Company's management is also responsible for submitting the ESEF documents, together with the auditor's report and the accompanying audited consolidated financial statements and audited group management report, and other documents required to be disclosed, to the operator of the German Federal Gazette (Bundesanzeiger).

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibility for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain a critical attitude. In addition, we

- identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- obtain an understanding of internal control relevant to the audit of the ESEF documents 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 controls.

- evaluate the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the date of the financial statements, regarding the technical specification for that file.

- we assess whether the ESEF documents allow for a content identical XHTML reproduction of the audited consolidated financial statements and the audited group management report.

- we assess whether the markup of the ESEF documents with inline XBRL technology (iXBRL) enables an adequate and complete machine-readable XBRL copy of the XHTML rendering.

Other information required by Article 10 EU-APrVO

We were elected as auditors of the consolidated financial statements by the Annual General Meeting on 29 May 2020. We were commissioned by the Audit Committee on 5 November 2020. We have been the auditors of MAX Automation SE, Dusseldorf, since fiscal year 2019.

We declare that the audit opinions contained in this audit report are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-APrVO (audit report).

RESPONSIBLE AUDITORS

Dr. Andreas Focke is the auditor responsible for the audit."

Dusseldorf, March 16, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Andreas Focke
Auditor

Nobert Klütsch
Auditor

ASSURANCE OF THE LEGAL REPRESENTATIVES

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, we assure that pursuant to applicable accounting principles, the Consolidated Financial Statements convey a true and fair view of the Group's financial position and performance, that the course of business, including the business results and the Group's position, are presented in the Group Management Report that is combined with the Management Report for MAX Automation SE so as to convey a true and fair view, and that the significant opportunities and risks pertaining to the Group's prospective development are described.

Dusseldorf, 12 March 2021

The Managing Directors

Dr. Christian Diekmann **Werner Berens** **Dr. Guido Hild** **Patrick Vandenrhijn**