KnausTabbert

Wir bewegen

ANNUAL REPORT 2021

KNAUS FREIHEIT, DIE BEWEGT. · WEINSBERG Dein Urlaub! · TABBERT Bewegende Momente · T@B · RENT AND TRAVEL URLAUB MIT DEM WOHNMOBIL · MORELO FIRST CLASS REISEMOBILE

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders

The 2021 financial year was a turbulent, labour-intensive and challenging year for the Knaus Tabbert Group, and one that at times was difficult to plan. It was a year of fundamental changes and crises. It is impossible to forget the storm on the Capitol in Washington, a single freighter in the Suez Canal obstructing global goods traffic, an unprecedented flooding disaster in Germany, and above all, the persistent corona pandemic.

Nevertheless, all things considered we have reason to be more than satisfied with the first financial year following our IPO: order volumes, and sales and revenue figures are at record levels. Yet we could have achieved more. Sadly, we were repeatedly hampered by disrupted supply chains worldwide, which also placed a heavy burden on us in terms of costs. Even so, we are satisfied with the development of earnings despite being unable to set any records in this regard in 2021.

We are very positive as far as the future of our company is concerned. The signs are pointing towards growth. Our four plants are already displaying an unprecedented level of maturity in terms of capacity and technology; our product portfolio is generating immense demand; our five iconic brands are delighting retailers and customers alike and the order books reflect more than one year's capacity utilisation.

The freedom, individuality and naturalness at the heart of the caravanning experience are attracting a growing number of enthusiasts, and this increasingly so among the younger generation. In the luxury segment, we increased sales of the Morelo brand from 452 to 501 vehicles, an increase of 10.8 %. In the premium segment featuring the KNAUS, TABBERT, WEINSBERG and T@B brands, KnausTabbert AG delivered a total of 26,588 units, 11.3% more motorhomes, caravans and camper vans than in the previous year. In addition, we are enjoying popularity among the younger generation by offering sharing and rental options through our "Rent & Travel" activities. More than 40 % of all bookings in this category are currently attributable to the age group between 18 and 34.

This also underlines the sustainability aspect of our industry, which we address in particular through our innovative product development. By way of example, we presented a preview at the Caravan Salon 2021 of the first fully electric motorhome in the form of the "KNAUS E.POWER DRIVE" concept. In numerous other projects, we are working at full speed to establish e-mobility in recreational vehicles. We are clear about our aspirations: We see ourselves as the innovation leader in the caravanning industry. Sustainability also involves a number of small steps that are not always immediately visible. We will gladly inform you of these in our separate sustainability report.

Caravanning is a growth market. Despite the delivery delays and price escalations caused by the pandemic, we have registered very few cancellations. The growth trend is robust and long-term. We have responded to this and are significantly expanding our production capacities by means of a 220 million euro investment programme at our various locations. Last year alone, we recruited around 500 new employees. In order to respond more effectively to global supply chain disruptions in the future, we have made vigorous efforts to broaden our supplier base, adapted vehicle designs, and optimised business processes in logistics and purchasing with regard to new sourcing strategies. It remains our declared goal to more than double our turnover to two billion euros by 2025.

The pandemic will continue to accompany us, and in the foreseeable future it will therefore remain a factor that is difficult to assess when planning and making forecasts. Another risk factor arises from the war in Ukraine. As I write this foreword, Russia's military incursion into Ukraine is no longer a tactical planning game, but has already become reality. At this point, our sympathy and solidarity are extended to all those Ukrainians who are currently affected by this horrendous war. At present, it is impossible to even begin to foresee the consequences for the world. What we can see however is that a large part of the world is moving closer together, overcoming antagonisms, living in solidarity and strengthening old and new ties.

In 2021, our workforce once again achieved great things! Their willingness to work flexible hours in order to accommodate a situation in which supplies and production schedules changed from week to week is nothing short of remarkable! The physical and mental strain in times of the pandemic is enormous. I would like to thank more than 3,500 employees who have demonstrated such unique commitment under these challenging working and living conditions.

Dear Shareholders, I would like to thank you for your continued trust in us, our company and our strategy. As promised, we wish to share the company's success with you again this year as part of our dividend strategy. Despite the stop and go caused by the supply chain in the past financial year, the Executive Board and Supervisory Board intend to propose to the Annual General Meeting that a dividend of EUR 1.50 per share be distributed.

In conclusion, I can say that we continued to speed ahead last year when implementing our growth strategy, especially in product development and capacity expansion, while at the same time occasionally having to apply the brakes in production operations due to a lack of primary materials and chassis. In motor racing, playing with the accelerator and the brake is an art that only the best master with bravura, and the 2021 financial year has clearly demonstrated that we are among them!

In this spirit and in partnership with you, I look forward to a future of continued success for Knaus Tabbert AG.

Wolfgang Speck

CEO

STRATEGY

Sustainable growth

"The trend is your friend" is a saying on the stock market. The same applies to the camping market. The demand for customised and mobile holidays has been on the rise for a long time, and has received an additional boost as a result of the corona pandemic. Our strategy aims at expanding our market position, securing our innovation leadership and moving our industry towards greater sustainability.

European caravanning industry records best year in history

The European market for recreational vehicles recorded a plus of 9.9 % in the 2021 financial year. New registrations of motorhomes and caravans increased to 259,393 vehicles, marking the best result in its history. With 106,138 motorhomes and caravans, Germany remained the largest market by far last year, even though registrations declined by 1 % compared to the record year of 2020. Switzerland (10,185 vehicles), Belgium (8,376 vehicles) and Finland (3,686 vehicles) recorded substantial growth in the number of registrations. In Austria, the number of vehicles sold increased by 47.5 % to 5,851 vehicles. The Netherlands generated a plus of 24.4 %, and France of 19.4 %.

Focus on growth

We are pursuing ambitious plans and aim to increase our sales figures to 50,000 units by 2025. Our strategic focus is on organic growth. To achieve this, we are planning extensive investments in buildings and technologies at all locations, especially here in Jandelsbrunn and at our Hungarian site. In Jandelsbrunn, we began construction of a 20,000 m² production hall last year, which is expected to go into operation in autumn. Despite the difficulties along our supply chains, we hired 500 new members of staff in 2021. However, we recognise the need to make long-term investments independently of short-term market fluctuations. The fact that demand for our vehicles remains high, and that customers and dealers have reacted with understanding to delayed deliveries, plays an important role in this regard. At the same time, we are also investing in our workforce, for instance by further expanding the range of training and further qualification opportunities offered by our Knaus Tabbert Academy.

Stable production and supply chains

Supply chains were repeatedly interrupted last year as a result of the corona pandemic. We at Knaus Tabbert were also affected, and had to interrupt, reduce or reschedule production on several occasions. One major reason for this was the insufficient supply of chassis for motorhomes. In future, we will be broadening our supplier base from two to four suppliers in this area.

Another aspect contributing to our successful development is the Group's flexibility in production, which enables Knaus Tabbert to respond promptly to customer requirements. This includes multi-line assembly in different shifts, but also the high proportion of variable production costs, which can be increased or decreased as needed. In the financial year, we were thus able to shift production from caravans to motorhomes as we were not dependent on chassis deliveries for these vehicles. However, not all components required were available at all times in this segment either.

Expanding our sustainable offerings

Electromobility is becoming increasingly important in the camping industry. Knaus Tabbert wishes to take on a pioneering role in this area and presented a study on the "KNAUS E.POWER DRIVE", a preview of the first fully electric motorhome at the Caravan Salon 2021. We aim to establish electromobility in the recreational vehicle segment as well through further projects.

Sustainability always involves small steps that are not visible from the outside. We attempt to procure our materials with as little packaging as possible or with resource-saving packaging, and pay attention to waste separation and the recycling of materials in all areas of the company. In a modern boiler house, we thus transform the wood waste that accumulates in our joinery into heat, that we then use to heat our production halls and offices in the winter. This means that we have little or no dependence on fossil fuels.

Expanding our dealer network

As part of our growth strategy, we will continue to strengthen and expand our dealer network. We are thus planning to approach new dealers in regions that we have not covered so far. In addition, we wish to intensify our cooperation with existing dealers of the Knaus Tabbert network through the Caravaning Partner Programme (CAPP) of the Knaus Tabbert Group. The aim of the CAPP is to strengthen the consulting and sales competencies of our CAPP retail partners and to offer strategic consulting services along with exclusive training courses. In addition, the dealers can benefit from a number of bonus programmes and incentives of the CAPP programme. This not only creates a corporate identity link between the Knaus Tabbert Group and the dealers, but also gives the Knaus Tabbert Group a greater presence and dominance in the dealers' portfolio and strengthens customer loyalty in the long term.In the past year, we also acquired two dealers in south-west Germany in which we hold a direct interest.

Innovations and new technologies

The innovation and technology issue is important to our group on several levels. On the one hand, at the level of the products themselves and, on the other hand, in production, where we are constantly developing the processes for manufacturing. For this reason, we traditionally invest significant portions of our revenue in research and development, thereby sustainably strengthening our innovative power. This also includes our goal of always being the first to use newly created and industrialised technology in competition.

In production, for example, we focus on the industrialisation of new technologies. This includes automated production processes that enable greater flexibility in production. This enables us to adapt very quickly to market developments and changes in customer demand. Despite missing components, disrupted supply chains and chassis shortages, we were able to cushion and balance the negative effects well last year. At the product level, we want to further expand our innovative strength. Retailers and end customers should continue to associate innovation inseparably with KnausTabbert. We are clearly committed to "first mover ad-vantage": we want to be the first to market with newly developed features, products and innovative solutions for recreational vehicles. In this way, we secure a competitive advantage with innovative products and functions. By pioneering innovative new products, such as lightweight frames, the Group aims to gain first-mover advantage.

We were also able to position ourselves successfully in the Digital Business. This includes the "Rent and Travel" internet platform, which was already created in 2016. Through this platform, customers can rent recreational vehicles from the Knaus Tabbert Group from dealers or travel agencies - usually for short periods of time - and connect with travel agents to plan their trips. The platform is an excellent marketing tool to expand the Knaus Tabbert Group's established customer base with new customer groups interested in this type of leisure activity. With "Rent and Travel" we create a high visibility on our end customers. Usage profiles, travel behaviour and wishes regarding product layouts are valuable data for optimising our products and services.

Last year, we also developed an online configurator with which customers can individually configure models from 2021. Here we are also examining the possibility of establishing additional sales channels.

Securing profitable growth

Based on our planned increase in production and revenue, we aim to achieve profitable growth in our key markets. Moreover, our focus on Europe puts the Knaus Tabbert Group in an excellent position to take advantage of consolidation opportunities, which have become increasingly important in the caravanning industry in recent years.

BRANDS

Five iconic brands

Business of the Knaus Tabbert Group is based on a focused portfolio of six differentiated brands: Knaus, Tabbert, Weinsberg, T@B, Morelo and the rental portal Rent and Travel. Knaus and Weinsberg produce caravans, motorhomes and CUVs, while Tabbert and T@B specialise in caravans. Morelo, one of the leading manufacturers of luxury motorhomes, is also part of the group. In addition, Knaus Tabbert operates the internet platform Rent and Travel through which customers can rent leisure vehicles.

Thanks to its broad positioning, Knaus Tabbert is able to address a wide range of customer groups and product and price segments via several brands: from solutions for price-conscious beginners to offers for demanding and experienced caravanners. This extensive brand portfolio not only caters to the individual preferences of customers, but also provides the variety required by dealers. Caravans and motorised vehicles such as motorhomes and compact CUVs dominate the European market in equal measure. In all three product segments, Knaus Tabbert occupies top positions in the European registration statistics. The price range of products offered starts at around EUR 10,000 and ends at approximately EUR 750,000. In all three product segments, the iconic brands Knaus, Tabbert and Weinsberg, created in the founding years of caravanning in the sixties, along with Morelo and T@B cover a broad product range that unites the distinctive features of European cultural diversity. Caravanning stands for mobility with accommodation in a compact space. Whether British, French, Spanish or Italian - everyone can find the perfect layout tailored to their lifestyle and personal preferences.

While we achieve diversity externally through our five brands, internally we rely on close coordination, economies of scale and flexible production. Modularity, standardisation, module-based systems with differentiated designs and a wide range of equipment options are requirements that are mastered perfectly at Knaus Tabbert. We seem to have succeeded in "squaring the circle".

Knaus

Knaus is the all-rounder of our brand portfolio. With boundless passion, the traditional KNAUS brand has been making holiday dreams come true since 1960. While we rely on Lower Bavarian craftsmanship in production, we apply state-of-the-art design and manufacturing techniques in the development of new vehicles. A prime example of this is the revolutionary FibreFrame technology, which was developed in the course of THE MISSION and positions KNAUS as an innovation leader in the industry in the perception of dealers and customers.

As a full-range provider, KNAUS offers suitable models for all requirements in all vehicle categories of the mid-price segment. These range from caravans and partially or fully integrated motorhomes to the newly established category of Caravanning Utility Vehicles (CUV), which offer fully equipped comfort with the most effective use of space.

After 60 years, Knaus has become a "top dog" in the European caravanning industry. Knaus embodies brand tradition while focusing on innovation, design and functionality. The target customers of Knaus are modern, lifestyle-oriented and technology-savvy with a geographical focus on the European market Some deliveries also going to Asian destinations such as China and South Korea. Knaus offers a total of four different caravan models, nine van extension models and ten motorhome models. All our models are also available in a wide variety of layouts and living space designs. Knaus sales account for approximately 45 % of the vehicles delivered by the Knaus Tabbert Group.

Tabbert

TABBERT has stood for uncompromising premium quality and caravans for almost 70 years, and has ranked among the most traditional manufacturers in Europe since its foundation. Six central competencies shape every idea, every move and every model. Whether the TABBERT roof, the impressive aesthetic language of the ELEGANCE FLOW DESIGN, all-round ambient lighting or the convenient entrance door: we at TABBERT are committed to delivering high performance when it comes to design, innovation, climate, durability, tradition and safety, each and every day.

TABBERT not only offers the most luxurious holiday experiences, but also provides permanent living space for thousands of people throughout Europe. These customers often invest more than EUR 100,000 in their caravan, and are willing to upgrade to the latest model at intervals of just a few years.

With this philosophy, Tabbert offers caravans in the professional and premium price segments, and is the iconic caravan brand for customers who wish to see their uncompromising demands on quality, competence and longevity in caravanning fulfilled. The strong traditional image, classic design, superior quality and continuous innovation are the main elements that set this brand apart from competitors. Tabbert stands out on account of its unique and elaborate design features. The target customers of the brand are demanding and experienced caravanners, but also professional long-term users. The geographical focus is on European markets, with further deliveries to China and South Korea. The product portfolio currently comprises six Tabbert caravan models. The share of vehicles within the Knaus Tabbert Group is 15 %.

Weinsberg

The perfect companion for all campers who are looking for an attractive price-performance ratio combined with high standards in terms of quality, functionality and timeless, fresh design. Authentic, unique and full of passion - these are the attributes of the WEINSBERG brand. The perfect blend of quality, experience and value for money will convince every camping enthusiast with high standards. WEINSBERG promises you the perfect holiday with caravan, motorhome and caravanning utility vehicle (CUV) models as well as innovative and sophisticated customer solutions perfectly tailored to the needs of campers.

Weinsberg stands for user-friendly and smart products that are easy to operate, and seeks to set itself apart from competitors with a broad product range and highly personalised customer service. The geographical focus of the brand is on European markets, with a presence in China and South Korea. The Weinsberg portfolio includes two caravan models, two CUV models and seven different motorhome models. All our models are also available in a wide variety of layouts and living space designs. Approximately 35 % of all vehicles sold by Knaus Tabbert belong to the Weinsberg brand.

T@B

T@B the caravan with a striking silhouette in a modern retro design, is the timeless classic of our product portfolio; it attracts attention and has long enjoyed cult status. Despite its compact form, it offers surprisingly spacious interiors and intelligent details.The slim model range, which features the two basic forms T@B 320 and T@B 400, is symbolic of the clear focus of the brand. The group brand T@B was founded in 2001 and is one of the younger brands of the Knaus Tabbert Group. Here, the focus is on beginners. The T@B product range currently includes four caravan models.The target group of T@B includes lifestyle-oriented customers who have a flair for the extraordinary and wish to make a clear statement with a T@B product outside the mainstream : *I am different, I am special, I am cool, I stand out from the crowd, I am living my dream of individuality.* The geographical focus is on Europe. Thanks to its unique style and its positioning in the market, T@B enjoys a high degree of differentiation from competitors in its market segment. T@B does not need marketing - T@B is marketing.

With approximately 500 vehicles sold annually, T@B products account for roughly 2 % of the Group's vehicle sales.

Morelo

MORELO stands for first-class motorhomes that are among the best in the world. A MORELO is always a statement of wanderlust, superb comfort, excellent quality and pure luxury. Morelo is land-yachting in the truest sense of the word: a MORELO makes you feel at home, anywhere in the world.

As a luxury brand of the Knaus Tabbert Group, Morelo focuses on the upper end of the price segment: pure luxury, high-end technology, customised equipment and Made in Germany through professional series production. The Morelo product range includes seven different models. All our models are also available in a wide variety of layouts and living space designs. The target customers of Morelo are luxury-oriented travellers who do not wish to compromise on quality and comfort and are willing to invest up to 850 thousand euros. Most products are sold on the European market, where the target customers are often corporate professionals who are still actively involved in business or are already retired. The popularity of the brand is underlined by the fact that, despite its short history, Morelo attained a market share of approximately 30 % in the luxury caravan segment at the European level in 2021 (based on registration statistics according to which the total number of registrations for luxury motorhomes were approximately 1,010).

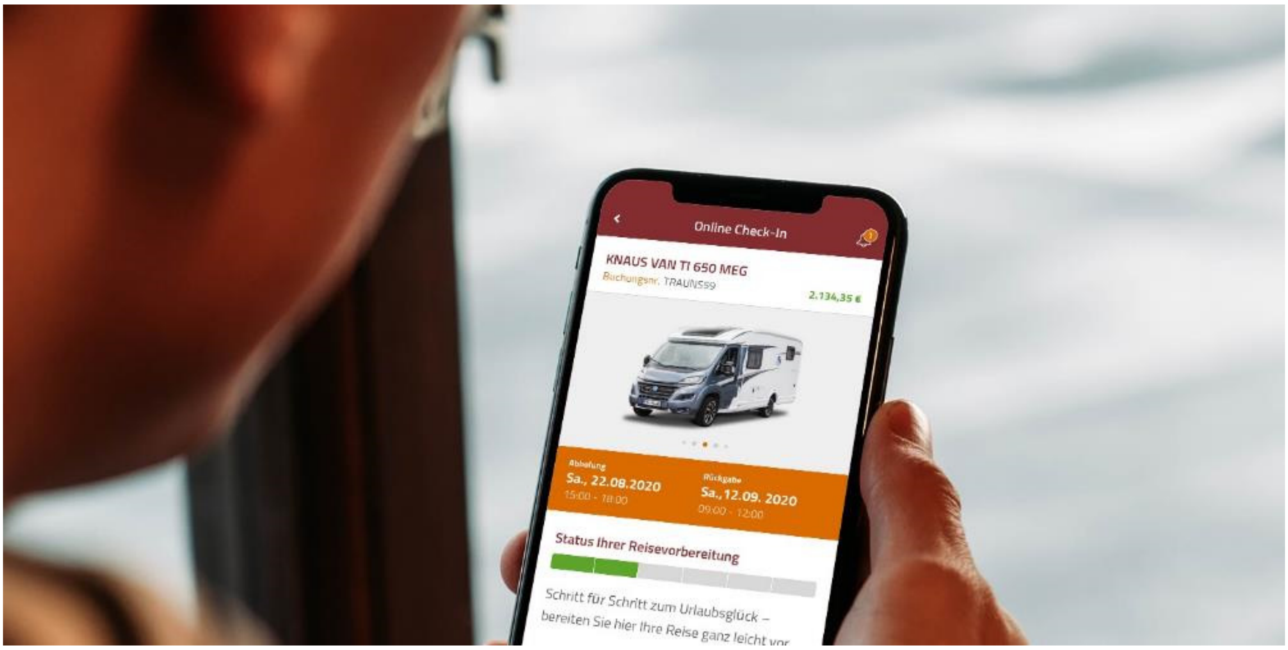
Morelo has steadily grown since its foundation in 2021, and has now become the market leader in the luxury segment. In 2021, Morelo recorded its highest growth, with the number of vehicles sold increasing from 452 to more than 501.

RENT AND TRAVEL – shared economy and the caravanning market

The trend towards a shared economy is firmly establishing itself in the caravanning market. Knaus Tabbert's internet platform RENT AND TRAVEL has been available on the German market since 2016. The aim was not just to establish a rental portal, but above all a brand embedded in a holistic and comprehensive ecosystem. RENT AND TRAVEL focuses on three target groups - rental customers, prospective buyers and commercial rental companies.

RENT AND TRAVEL inspires new customers to opt for this form of holidaying, attracts them as hirers and binds them to our five Group brands. Moreover, RENT AND TRAVEL focuses on prospective buyers and provides them with comprehensive advice on the right type of vehicle through our in-house customer service. With RENT AND TRAVEL, we have also opened up another sales channel - more than half of our RENT AND TRAVEL rental stations are operated by commercial rental companies. These are linked to Knaus Tabbert via three rental systems and supported in the development and expansion of their rental business. For this purpose, Knaus Tabbert has developed its own rental software, which is geared specifically to the caravanning rental business and supports this business model. Our rental partners pay a licence fee to use this software.

The platform has meanwhile expanded to Italy and Sweden and according to Knaus Tabbert is one of the leading websites for renting recreational vehicles in Germany. With the RENT AND TRAVEL app, customers have direct access to booking details, convenient online check-ins, information on the vehicles via introductory videos and useful checklists..



Renting recreational vehicles through an online platform opens up a wide range of vehicle alternatives with a high degree of flexibility, particularly for younger generations. Renting gives people the opportunity to experience caravanning without having to own a vehicle. At the same time, it allows prospective renters to get to know mobile travel and to try out different models without having to make an immediate purchase decision. Through its rental business, Knaus Tabbert can establish contact with customers at an early stage while building trust in its brand and the high performance of its products.

According to a survey, the largest customer group interested in a caravanning holiday within the next five years is the group of under 34-year-olds. In their spare time, this generation greatly values spontaneous outdoor activities and experiences close to nature with friends and family. RENT AND TRAVEL introduces this group to the world of caravanning. In many cases, their interest results in the decision to purchase: younger consumers under the age of 39 accounted for 31 % of caravan owners in Germany at the end of 2019.

The current growth rates are impressive: today, more than 2,200 vehicles are available to customers at rental companies across Germany. The number of rental stations has also risen sharply from 60 at the time of their Germany-wide rollout in 2017 to 180 in 2021. Almost 3,000 travel agencies currently have RENT AND TRAVEL in their programme.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders

Knaus Tabbert AG set the strategic course for the future in the 2021 financial year. By adopting an investment programme of EUR 220 million to expand production capacities at our current locations in Germany and Hungary, we wish to maintain high long-term demand for Knaus Tabbert products in our core markets. These investments represent an important milestone, and fit seamlessly into our strategy. In this way, we are not only securing our dynamic growth far beyond 2022, but also expanding our market position in our core markets in the long run. Digitisation, lightweight construction and e-mobility are our key strategic building blocks in this regard.

However, 2021 also presented our company with major challenges. Disruptions in global supply chains as a result of the pandemic led to noticeable delivery bottlenecks for certain semiconductor components, which prevented us from fully meeting ongoing high customer demand despite our best efforts. Thanks to the outstanding commitment of the Management Board, executives and all members of staff, and the support of the Supervisory Board, we were nevertheless able to ensure a positive business development.

For me as Chairwoman of the Supervisory Board, the last few months have shown that we at Knaus Tabbert make the right decisions, even in difficult times. The company has made good progress towards further expanding its position as a supplier of recreational vehicles, and I am optimistic about the coming years, even though we will have to prepare ourselves for the humanitarian, social and economic consequences of the Ukraine crisis in 2022, in addition to the corona pandemic.

COOPERATION OF THE CORPORATE BODIES

In the year under review, we performed all tasks required according to legislation, the Articles of Association and the Rules of Procedure with due care and diligence, and in line with the German Corporate Governance Code (GCGC). We thus continuously monitored the conduct of business by the Management Board and regularly advised the Management Board on the running of the company. In the process, the Supervisory Board was able to satisfy itself at all times that the work undertaken by the Management Board was lawful, expedient and proper. The Management Board fulfilled its information obligations. It provided regular, timely and comprehensive information, both written and verbal, on all issues of strategy, planning, business development, risk position, risk development and compliance of relevance to Knaus Tabbert AG. In view of the ongoing challenges of the corona pandemic, the Supervisory Board and the Management Board intensified their exchange of information in order to discuss the impact of the pandemic on Knaus Tabbert AG and take appropriate and timely measures. These primarily focused on plant closures at our suppliers, the implementation of corona-compliant safety concepts at the individual sites, and general supply chain risks.

The members of the Supervisory Board had ample opportunity to critically examine the reports and resolution proposals submitted by the Management Board in the committees and at meetings. In particular, all important issues were discussed in depth and checked for plausibility. The Management Board was also available to the Supervisory Board for any bilateral discussions and explanations.

As Chairwoman of the Supervisory Board, I maintained regular contact with the Management Board between meetings, in particular with the Chairman and the Chief Financial Officer, and consulted with both on issues relating to the company's strategy, business development, risk position, risk management and compliance. In the year under review, the Supervisory Board held seven meetings.

The Management Board regularly informed the Supervisory Board of all significant economic developments of the Group. During the reporting period, the Management Board provided the Supervisory Board with continuous information on all fundamental issues of corporate planning, including financial, investment, sales and personnel planning, current developments at Group companies, the sales trend, the current situation of the company and its segments, the economic and political environment, as well as the current status and assessment of the main legal risks.

Moreover, the Management Board regularly reported to the Supervisory Board on the profitability and liquidity situation of the company, the development of its sales and procurement markets, the overall economic situation and the developments on the capital markets.

Further topics of discussion included the further development of the product portfolio, safeguarding the company's competitiveness in the long term, and the continued implementation of measures to ensure sustainable and future-oriented mobility in conjunction with Knaus Tabbert's sustainability strategy. The Supervisory Board also approved the acquisition of the WVD Süd Group in the fourth quarter.

Attendance at meetings of the Supervisory Board and its committees was as follows:

	Supervisory Board	Presiding Committee	Audit Committee
Dr. Esther Hackl (Chairwoman)	7/7	3/3	5/5
Anton Autengruber (Deputy Chairman)	7/7	3/3	5/5
René Ado Oscar Bours	7/7		
Jana Donath	7/7		5/5
Daniela Fischer	5/7		
Michael Heim	6/7		
Stephan Kern	6/7		
Klaas Meertens	4/7		4/5
Manfred Pretscher	7/7		
Willem Paulus de Pundert	6/7	3/3	5/5
Robert Scherer	6/7		
Ferdinand Sommer	7/7	3/3	5/5

The Mediation Committee and the Nomination Committee did not convene during the period under review.

The members of the Management Board attended Supervisory Board and committee meetings; however, the Supervisory Board also regularly met for talks without the attendance of the Management Board. In the 2021 financial year, all meetings of the Supervisory Board were held as virtual meetings due to the ongoing extraordinary situation brought on by the corona pandemic.

MEETINGS OF THE SUPERVISORY BOARD IN THE 2021 FINANCIAL YEAR

At the meeting on 19 March 2021, the budget for the financial year ending on 31 December 2021 was approved. Moreover, the criteria for the short-term variable remuneration (STIP) of the Management Board for the 2021 financial year were finalised on the basis of the 2021 budget, and in accordance with the remuneration system, and a resolution was passed on payment of the STIP for 2020.

At the meeting on 26 March 2021, the Supervisory Board discussed the individual financial statements and the consolidated financial statements for 2020, each of which had received an unqualified audit opinion from the auditor, as well as the proposal by the Management Board for the appropriation of profits. Furthermore, the Supervisory Board discussed the non-financial reporting in detail.

At the meeting on 30 April 2021, the Supervisory Board addressed the earnings performance and reporting for the first quarter of 2021, the specification of the non-financial STIP performance criteria for the 2021 financial year and the remuneration system for the members of the Management Board, and passed the corresponding resolutions. Another focus of the meeting was on the preparation of the 2021 shareholders' meeting of Knaus Tabbert AG.

At the meeting on 25 August 2021, the Supervisory Board examined and approved the investment programme 2025 on the basis of extensive documentation, and discussed existing opportunities and risks in this context.

At the meeting on 18 October 2021, the Supervisory Board addressed the implementation of a sustainability strategy and the corresponding reporting system in consultation with an external expert. Other items on the agenda included the report on the third quarter and current challenges in the supply chain.

At the meeting on 22 November 2021, the Supervisory Board discussed the new syndicated loan agreement and the acquisition of the WVD Süd Group. The Supervisory Board approved both the syndicated loan and the acquisition of the WVD Süd Group.

At the meeting on 21 December 2021, the Management Board reported to the Supervisory Board on the current situation regarding COVID-19 and on the quarterly financial statements as of 30 September 2020. In addition, the Supervisory Board dealt with capital market compliance issues. At this meeting, the Supervisory Board also adopted a resolution on the STIP of the Management Board for the 2022 financial year and on the annual Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act. The results of the efficiency review conducted by the Supervisory Board were also discussed. Furthermore, the budget for the financial year ending on 31 December 2022 was approved.

WORK OF THE COMMITTEES

The Supervisory Board has established four standing committees for the due performance of its duties.

PRESIDING COMMITTEE OF THE SUPERVISORY BOARD

The Presiding Committee consists of four members. It prepares the meetings of the Supervisory Board and advises the Management Board on fundamental questions relating to the strategic development of the company. In urgent cases – if a resolution of the Supervisory Board required previously cannot be deferred without significant disadvantages for the company – the Presiding Committee may pass a resolution in lieu of the plenary Supervisory Board in the case of certain transactions requiring approval. Furthermore, the Presiding Committee prepares, in particular, personnel decisions of the Supervisory Board, is responsible for the conclusion, amendment and termination of employment contracts with the members of the Management Board, and submits proposals to the Supervisory Board for resolutions on the remuneration system for the Management Board and for the regular review of the remuneration system.

The Presiding Committee convened three times in the 2021 financial year.

At the committee meetings on 15 January, 16 March and 16 December 2021, the Presiding Committee discussed the STIP for the Management Board and the budget planning for 2022.

Members of the Presiding Committee

- Dr. Esther Hackl (Chairwoman)
- Anton Autengruber (Deputy Chairman)
- Willem Paulus de Pundert
- Ferdinand Sommer

AUDIT COMMITTEE

The Audit Committee consists of six members. As required by the German Stock Corporation Act and Corporate Governance Code, the Chairwoman, in her capacity as an independent financial expert, boasts specialist knowledge and experience in the application of accounting principles and international control procedures. The Audit Committee is responsible, in particular, for monitoring accounting including the financial reporting process, the effectiveness of the internal control system, internal risk management and the internal audit system, compliance and the audit of the financial statements. The latter also includes defining the focal points of the audit and reaching an agreement on the auditor's remuneration. Furthermore, the Audit Committee prepares the resolutions of the Supervisory Board on the adoption of the annual financial statements and the approval of the consolidated financial statements, and regularly addresses the risk position and risk management of the company. Moreover, it regularly reviews the internal audit work and regularly assesses the risk position and risk management of the company. The Audit Committee also prepares the proposal for the election of the auditor to be submitted by the Supervisory Board to the shareholders' meeting.

The Audit Committee convened five times in the 2021 financial year.

At the meeting on 9 March 2021, the Audit Committee thoroughly examined the non-financial reporting for the 2021 financial year.

At the meeting on 23 March 2021, the Audit Committee discussed the annual financial statements and consolidated financial statements as of 31 December 2020 and the non-financial report, and prepared a draft resolution for the Supervisory Board.

At the meeting on 10 May 2021, the Audit Committee assessed the report on the first quarter of 2021 and the corporate governance systems, in particular the internal control, compliance and risk management systems.

At the meetings on 10 August and 9 November 2021, the Audit Committee dealt with the reports on the second and third quarters of 2021, and with the status of the implementation of the corporate governance systems. Another focus of the meeting on 10 August 2021 was the issue of IT security at Knaus Tabbert AG and the Group as well as the current legal framework for listed companies.

Members of the Audit Committee

- Jana Donath (Chairwoman)
- Dr. Esther Hackl (Deputy Chairwoman)
- Anton Autengruber
- Klaas Meertens
- Willem Paulus de Pundert
- Ferdinand Sommer

NOMINATION COMMITTEE

The Nomination Committee consists of three shareholder representatives of the Supervisory Board. The Chairwoman of the Supervisory Board is also the Chairwoman of the Nomination Committee. The role of the Nomination Committee is to propose to the Supervisory Board suitable candidates for election to the Supervisory Board at the shareholders' meeting, taking into account the objectives of the Supervisory Board with regard to its composition.

The Nomination Committee did not convene in the 2021 financial year.

Members of the Nomination Committee:

- Dr. Esther Hackl (Chairwoman)
- Klaas Meertens
- Willem Paulus de Pundert

MEDIATION COMMITTEE

The Mediation Committee, which is prescribed by law, consists of the Chairwoman of the Supervisory Board, the Deputy Chairman, one member elected by the employee representatives of the Supervisory Board, and one member elected by the shareholder representatives of the Supervisory Board. The role of the Mediation Committee is to submit proposals to the Supervisory Board for the appointment of Management Board members if no agreement on this can be reached with the requisite majority by the Supervisory Board.

The Mediation Committee did not convene in the 2021 financial year.

Members of the Mediation Committee:

- Dr. Esther Hackl (Chairwoman)
- Anton Autengruber (Deputy Chairman)
- Willem Paulus de Pundert
- Robert Scherer

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2021 AUDITED AND APPROVED

The Management Board prepared the annual financial statements for the 2021 financial year in accordance with the provisions of the German Commercial Code (HGB), the consolidated financial statements pursuant to the provisions of IFRS, as well as a combined management report for Knaus Tabbert AG and the Group. These were audited by the auditing company KPMG AG, Nuremberg, and were each issued with an unqualified audit opinion.

All of these documents, including the proposal of the Management Board for the appropriation of profits, were the subject of the meeting of the Supervisory Board on [26 March 2022], which was also attended by representatives of the auditor, who reported on the main areas of focus and the key findings of the audit, addressing the most important audit issues. The members of the Management Board did not attend the meeting in accordance with Section 109 para. 1 (3) of the German Stock Corporation Act.

The representatives of the auditor were available for in-depth discussions with the members of the Supervisory Board. There were no circumstances suggesting bias on the part of the auditor. The Audit Committee, to which the documents of the Management Board and the audit reports of the auditor were submitted for preliminary examination, reported to the Supervisory Board on the main contents and results of its preliminary examination, and made recommendations for the resolutions of the Supervisory Board.

The Supervisory Board reviewed the annual and consolidated financial statements for the 2021 financial year, the combined management report for Knaus Tabbert AG and the Group, and the proposal of the Management Board for the allocation of distributable profit, taking into account the report of the Audit Committee. The Supervisory Board endorsed the results of the auditor's review. On the basis of its own assessment, the Supervisory Board determined that no objections were to be raised against the annual and consolidated financial statements or the combined management report for Knaus Tabbert AG and the Group. In accordance with the recommendation of the Audit Committee, the Supervisory Board approved the annual financial statements and consolidated financial statements prepared by the Management Board. The financial statements were thus adopted. Moreover, the Supervisory Board reviewed the separate non-financial report and, based on the results of its assessment, had no objections to raise in this regard either. The Audit Committee, to which the separate non-financial report was submitted for preliminary examination, reported to the Supervisory Board on the main contents and results of its preliminary examination, and made recommendations for the resolution of the Supervisory Board. The Supervisory Board endorsed the recommendations of the Audit Committee and approved the separate non-financial report. The proposal of the Management Board for the allocation of the distributable profit and the payment of a dividend of EUR 1.50 per share was carried by the Supervisory Board.

CORPORATE GOVERNANCE AND DECLARATION OF COMPLIANCE

The Supervisory Board studied the rules and regulations of the GCGC in depth. To monitor compliance with the GCGC, the implementation of the recommendations was reviewed. The Supervisory Board and the Management Board jointly issued the annual Declaration of Compliance in December 2021. No deviations from the recommendations of the GCGC were declared.

The Declaration of Compliance and other documents on corporate governance are permanently available to shareholders on the internet at https://www.knaustabbert.de/en/investor-relations/corporate-governance/.

CONFLICTS OF INTEREST

Each member of the Supervisory Board is obliged to disclose potential conflicts of interest in compliance with the GCGC. In the past financial year, no conflicts of interest of members of the Management Board or Supervisory Board requiring immediate disclosure to the Supervisory Board occurred.

Jandelsbrunn, 25 March 2022

Dr. Esther Hackl (Chairwoman of the Supervisory Board)

CORPORATE GOVERNANCE STATEMENT AND REPORT

The Corporate Governance Statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB) is an integral part of the combined Management Report. In accordance with Section 317 para. 2 (6) HGB, the audit of the disclosures pursuant to Sections 289f and 315d HGB is to be limited to ascertaining whether the disclosures have been made.

Declaration of the Management Board and the Supervisory Board on the recommendations of the German Corporate Governance Code

In December 2021, the Management Board and Supervisory Board of Knaus Tabbert AG issued the Declaration of Compliance with the recommendations of the German Corporate Governance Code (GCGC), as amended on 16 December 2019, for the 2021 financial year in accordance with Section 161 of the German Stock Corporation Act (AktG). Knaus Tabbert AG complies with all recommendations of the GCGC. The Declaration of Compliance reads as follows:

The recommendations of the Government Commission on the German Corporate Governance Code as amended on 16 December 2019 and published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on 20 March 2020 have been, and are being, complied with.

Jandelsbrunn, December 2021

The Management Board of Knaus Tabbert AG

Wolfgang Speck   Marc Hundsdorf   Werner Vaterl   Gerd Adamietzki

On behalf of the Supervisory Board of Knaus Tabbert AG

Dr. Esther Hackl (Chairwoman of the Supervisory Board)

The Declaration of Compliance 2021 has also been made permanently available to the public on the company's website at https://www.knaustabbert.de/en/investor-relations/corporate-governance/.

Disclosures on corporate governance practices

For the Management Board and Supervisory Board of Knaus Tabbert AG, the recommendations of the Corporate Governance Code are an integral part of their daily work, as are statutory provisions. We conduct our business operations in line with group-wide standards that surpass the requirements of the law and the GCGC. These also include trust, respect and integrity in our dealings with each other. Ethical behaviour and safety are our overriding goals in this regard. In order to achieve lasting and sustainable corporate success on this foundation, we strive to ensure that our activities are also in harmony with environmental and social concerns.

Compliance as the totality of group-wide measures to ensure adherence to the law, legislation and binding internal rules and regulations is an important management and monitoring task at Knaus Tabbert. For this reason, we have created the position of Chief Compliance Officer, who is responsible for managing the compliance programme, and reports directly to the Management Board.

We have set out the main principles of our corporate governance in a Code of Conduct, which provides all employees of the Group with guidance on responsible, compliant and integrity-oriented behaviour in day-to-day business, and which is binding for the entire workforce, including members of executive bodies. This applies to interactions with each other, as well as to dealings with customers and business partners. Based on respect for rules and law, the key principles include fairness and responsibility. In addition to general principles of behaviour, the Code of Conduct also contains regulations on integrity and a conflict-of-interest policy, and prohibits corruption in any form. Even the breach of law by a single employee can seriously harm the reputation of our company and cause Knaus Tabbert considerable damage, which can also be of a financial nature.

The Code of Conduct is regularly reviewed, and adapted or expanded in line with current requirements and developments. Moreover, employees are regularly informed about current issues relating to the Code of Conduct and receive training on specific topics such as product liability, antitrust law and data protection. The Code of Conduct is available on the company's website at https://www.knaustabbert.de/en/sustainability/compliance/.

Management and control

Responsibilities are allocated between the Management Board and the Supervisory Board in accordance with the German Stock Corporation Act, the Articles of Association and the rules of procedure for the Management Board and Supervisory Board. The rules of procedure of the Supervisory Board are available on the company's website under Investor Relations / Corporate Governance.

As a governing body of the company, the Management Board is bound to the interests of the company and committed to sustainably increasing the shareholder value. The members of the Management Board are jointly responsible for the overall management of the company and decide on fundamental issues of business policy and corporate strategy as well as on annual and multi-year planning.

The Management Board jointly steers the operational business. It consisted of four members in the 2021 financial year. All members are closely involved in the company's operating activities. Notwithstanding the collective responsibility of the Management Board, each board member independently manages the business area assigned to them under the rules of procedure. A detailed presentation of individual areas of responsibility and portfolios can be found on the company's website under Company/Management. The management of the subsidiaries and the heads of the various functional and product areas each report to a member of the Management Board.

The Management Board is responsible for preparing the quarterly reports and the half-yearly financial report as well as the annual and consolidated financial statements and the combined management report of both Knaus Tabbert AG and the Group. Furthermore, the Management Board takes care that legal provisions, official regulations and internal company guidelines are observed, and works to ensure that these are complied with by the Group companies.

When filling management positions in the company, the Management Board pays attention to diversity and strives, in particular, to ensure an adequate representation of women and to promote internationality.

The Management Board and Supervisory Board cooperate closely in the interests of the company. The Supervisory Board advises, monitors and controls the Management Board, which provides regular, timely and comprehensive reports to the Supervisory Board on all key issues relating to the development of business, the corporate strategy and potential risks. The Supervisory Board discusses business development and planning as well as the corporate strategy and its implementation at regular intervals. It reviews the annual and consolidated financial statements, the combined management report of Knaus Tabbert AG and the Group, and the proposal for the allocation of distributable profits. Furthermore, the Supervisory Board adopts the annual financial statements of Knaus Tabbert AG and approves the consolidated financial statements, taking into account the results of the preliminary audit performed by the Audit Committee as well as the auditor's reports. The Supervisory Board decides on the proposal of the Management Board for the allocation of distributable profits and on the report submitted by the Supervisory Board to the shareholders' meeting.

Furthermore, the Supervisory Board and the Audit Committee monitor the company's compliance with legal requirements, official regulations and internal guidelines, and oversee the internal control and risk management system. The Supervisory Board is also responsible for appointing the members of the Management Board and determining their areas of responsibility. Important decisions of the Management Board such as large acquisitions, divestments and financial measures are subject to the approval of the Supervisory Board if they are not already included in the approved financing and execution plan (budget). The Supervisory Board has regulated the work of the Management Board in the rules of procedure for the Management Board.

The composition of the Supervisory Board of Knaus Tabbert AG is prescribed by law and regulated in detail in the Articles of Association. The Supervisory Board consists of twelve members, of which six are elected by the shareholders' meeting in accordance with the provisions of the German Stock Corporation Act, and six by the company's employees in accordance with the provisions of the German Co-Determination Act (Mitbestimmungsgesetz).

The shareholders of Knaus Tabbert AG exercise their control and co-determination rights at shareholders' meetings, which are chaired by the Chairwoman of the Supervisory Board. The shareholders' meeting decides on all tasks assigned to it by law (including the allocation of profits, approval of the actions of the Management Board and Supervisory Board, election of Supervisory Board members, capital measures and amendments to the Articles of Association). Shareholders may exercise their voting rights at the shareholders' meeting either in person, through an authorised representative, or by a proxy appointed by Knaus Tabbert AG.

Mode of operation of the Management Board and Supervisory Board and composition and mode of operation of their committees

The Supervisory Board is tasked with advising and monitoring the Management Board in its running of Knaus Tabbert AG. It has established rules of procedure for itself. The Supervisory Board appoints the members of the Management Board in accordance with statutory provisions and the Articles of Association. It issues rules of procedure for the Management Board, which contain a catalogue of transactions requiring approval, as well as a business responsibility plan. The Supervisory Board holds at least two meetings per calendar half-year. As a rule, at least five plenary meetings are held per calendar year. The key issues discussed at the meetings in the past financial year are summarised in the Report of the Supervisory Board, which forms part of this Annual Report. Unless otherwise decided by the Chairwoman of the Supervisory Board, the members of the Management Board attend the meetings of the Supervisory Board, provide written and oral reports on the individual agenda items and draft resolutions, and respond to questions from the members of the Supervisory Board.

As a rule, the meetings of the Supervisory Board are convened by the Chairwoman with at least fourteen days' prior notice. The Chairwoman of the Supervisory Board reports to the shareholders on the activities of the Supervisory Board and its committees at the shareholders' meetings. The Management Board regularly updates the Chairwoman of the Supervisory Board on current developments.

The Supervisory Board has established four committees for the efficient performance of its duties: a Presiding Committee, a Nomination Committee, an Audit Committee and a Mediation Committee.

The **Presiding Committee** consists of the Chairwoman, the Deputy Chairman, a shareholder representative and an employee representative. The Chairwoman of the Supervisory Board also serves as Chairwoman of the Presiding Committee. At the initiative of its Chairwoman, the Presiding Committee discusses important issues and prepares resolutions of the Supervisory Board. Under special circumstances or in urgent cases, the Presiding Committee may approve transactions requiring the consent of the Supervisory Board. The Presiding Committee also advises the Management Board on matters of corporate planning, and prepares the personnel decisions of the Supervisory Board.

The members of the Presiding Committee are Dr. Esther Hackl (Chairwoman), Anton Autengruber (Deputy Chairman), Willem Paulus de Pundert and Ferdinand Sommer.

The **Nomination Committee** is composed exclusively of shareholder representatives and consists of the Chairwoman of the Supervisory Board and two further shareholder representatives of the Supervisory Board. It proposes suitable candidates for election to the Supervisory Board at the shareholders' meeting. The Chairwoman of the Supervisory Board is also Chairwoman of the Nomination Committee.

The members of the Nomination Committee are Dr. Esther Hackl (Chairwoman), Klaas Mertens and Willem Paulus de Pundert.

Furthermore, an **Audit Committee** was established. The Audit Committee consists of six members, namely four shareholder representatives and two employee representatives of the Supervisory Board. The Audit Committee convenes as required with the attendance of the Management Board members or of the auditor. The Management Board does not attend meetings in which the auditor is called in as an expert, unless the Audit Committee deems its attendance necessary. The Audit Committee is responsible for auditing the accounts, monitoring the financial reporting process, assessing the effectiveness of the internal control system and risk management system, and for compliance. It is also tasked with verifying the requisite independence of the auditors, issuing audit assignments to the auditors, defining the focal points of the audit, evaluating the quality of the audit and reaching an agreement on the auditor's remuneration.

The members of the Audit Committee are Jana Donath (Chairwoman), Dr. Esther Hackl (Deputy Chairwoman), Anton Autengruber, Klaas Mertens, Willem Paulus de Pundert and Ferdinand Sommer.

In accordance with the provisions of the German Co-Determination Act, the Supervisory Board of Knaus Tabbert AG has also established a **Mediation Committee** consisting of the Chairwoman and Deputy Chairman of the Supervisory Board, one employee representative of the Supervisory Board and one shareholder representative of the Supervisory Board.

The members of the Mediation Committee are Dr. Esther Hackl (Chairwoman), Anton Autengruber (Deputy Chairman), Willem Paulus de Pundert and Robert Scherer.

The Supervisory Board assesses the effectiveness of its work and the work of its committees at least once a year. In 2021, this was performed by means of a structured questionnaire, the results of which were discussed in detail by the Supervisory Board.

Further information on the Supervisory Board and its members can be found on the company's website at https://www.knaustabbert.de/en/company/supervisory-board/. There, you can also find the rules of procedure of the Supervisory Board at https://www.knaustabbert.de/en/investor-relations/corporate-governance/.

Objectives regarding the composition of the Supervisory Board and the Management Board

With a view to ensuring diversity on the Management Board, the Supervisory Board strives to give due consideration to various professional and international backgrounds, and to ensure that both genders are fairly represented in the long term. In addition to a diverse board composition, Management Board members continue to be selected on the basis of their expertise, professional qualifications and personality. Management Board members should bring a broad range of professional experience and expertise to the table. In this respect, the concept of diversity acts as an additional guideline for the selection of suitable candidates to the Management Board.

In August 2020, the Supervisory Board decided on a target quota of women of 0 % for the Management Board. This decision was based on the fact that the Management Board is a successful and well-coordinated team, and the Supervisory Board wished to retain the necessary flexibility with regard to the composition of the Management Board. Accordingly, the Management Board did not include any female members in the 2021 financial year. On 11 August 2021, the Second Act on Equal Participation of Women in Leadership Positions in the Private and Public Sector (Second Leadership Positions Act - FüPoG II) was promulgated in the German Federal Law Gazette (Bundesgesetzblatt). The new regulations thus came into force on 12 August 2021. FüPoG II stipulates that for listed and co-determined companies with a management board consisting of more than three members and zero female members, appointment of a woman is mandatory from 1 August 2022. Since the Management Board of Knaus Tabbert AG is composed of more than three individuals and has had no female members to date, this regulation will require Knaus Tabbert AG to appoint a woman to the Management Board as of 1 August 2022. With this in mind, the Supervisory Board has decided that the Management Board should include a female board member as soon as possible - both out of general considerations of ESG and diversity and on account of the legal provisions of Section 76 (3a) of the German Stock Corporation Act - and will take this into due account with regard to the composition of the Management Board and new appointments from 1 August 2022.

For members of the Management Board, an age limit of 65 generally applies.

The law stipulates that the Supervisory Board of Knaus Tabbert AG must be composed of at least 30 % women and at least 30% men. These quotas are to be fulfilled separately by both the shareholder representatives and the employee representatives as overall fulfilment was objected to (separate fulfilment). It cannot be ruled out that overall fulfilment will become the decisive criterion in the future.

Two female shareholder representatives and one female employee representative were appointed to the Supervisory Board in the 2021 financial year. This translates into a women's quota of 33.3 % for the shareholder representatives and 16.7 % for the employee representatives. The proportion of women on the Supervisory Board as a whole is 25 %. The failure to meet this target for the group of employee representatives stems from the fact that since the statutory quota of 30 % came into force, no elections of employee representatives have been held for which this quota was binding.

The Supervisory Board has also decided on a competence profile for its composition, according to which the Supervisory Board as a whole should have the competences deemed essential with respect to the activities of the Knaus Tabbert Group. These include, in particular, in-depth experience and expertise

- in the management of a large or medium-sized, internationally active corporation;
- in industrial business and value creation along diverse value chains;
- in the field of research and development, in particular in the technologies of relevance to the company as well as in adjacent or related areas;
- in the areas of production, marketing, sales and digitalisation;
- in the main markets in which Knaus Tabbert operates;
- in accounting and financial reporting;
- in controlling/risk management; and
- in the field of governance/compliance.

Moreover, in view of the requirements of Section 100 para. 5 of the German Stock Corporation Act, at least one member of the Supervisory Board must have expertise in the fields of accounting, and at least one other member in the field of auditing, which must be taken into due consideration when appointing new board members. The Supervisory Board as a whole must be familiar with the industry in which the company operates.

More than half of the shareholder representatives shall be independent of the company and the Management Board within the meaning of the GCGC. At least two shareholder representatives shall be independent of controlling shareholders within the meaning of the GCGC (this criterion is met by Dr. Esther Hackl, Jana Donath and Manfred Pretscher). The Chairwoman of the Supervisory Board, the Chairwoman of the Audit Committee and the chairwoman of the committee dealing with the remuneration of the Management Board shall be independent of the company and the Management Board. Moreover, the Chairwoman of the Audit Committee shall be independent of controlling shareholders. Members of the Supervisory Board shall neither exercise any executive or advisory functions for, nor have any personal ties to, significant competitors, customers, suppliers or lenders of the company or other third parties. The Supervisory Board shall not include more than two former members of the Management Board.

As a rule, members of the Supervisory Board should not be older than 72. Deviations from this rule are permitted in exceptional and substantiated cases. Membership of the Supervisory Board should in principle not exceed twelve years.

The Supervisory Board decided on the competence profile prior to the initial public offering of the company, and considers it to be fully implemented at present.

Targets for filling management positions

When filling management positions in the company, the Management Board pays attention to diversity and strives for an adequate representation of women. In setting these targets, Knaus Tabbert AG, as a technology-oriented company, has to take into account industry-specific circumstances as well as the current quota of women in the workforce.

In September 2020, the Management Board therefore set a target of 33 % for the proportion of women in the first management level of Knaus Tabbert AG below the Management Board, and 22 % for the proportion of women in the second management level below the Management Board. The resolution is valid for a period of five years. The targets were met in the 2021 financial year. However, the Management Board reserves the right to set a higher percentage of women in the first two management levels below the Management Board in the future, provided this can be implemented while taking due account of industry-specific circumstances.

Remuneration report and remuneration system

The remuneration report for the 2021 financial year pursuant to Section 162 para. 1 AktG, the auditor's report on the audit of the remuneration report for the 2021 financial year pursuant to Section 162 para. 3 (3) AktG, the applicable remuneration system approved by the shareholders' meeting on 23 June 2021 pursuant to Section 87a para. 1 and 2 (1) AktG, and the remuneration resolution adopted by the shareholders' meeting on 23 June 2021 pursuant to Section 113 para. 3 AktG are available to the public at https://www.knaustabbert.de/en/investor-relations/.

Transparent corporate communication

Open and transparent corporate communication is an essential component of good corporate governance. In addition to clear and intelligible content, this also calls for equal access to information of the company for all target groups.

Knaus Tabbert AG provided shareholders, financial analysts, the media and the interested public with equal access to up-to-date information on the development of the company and significant events in the reporting year. All mandatory publications as well as further detailed and supplementary information were published on the company's website in a timely manner. Publications such as ad hoc announcements, media releases, interim and annual reports were simultaneously made available to analysts and investors in German and English.

The planned dates of important recurring events such as the publication dates of the annual report and the interim reports as well as the dates of shareholders' meetings are listed in a financial calendar. This is published at the beginning of a financial year and made available on the Knaus Tabbert website. The publication dates are aligned with the requirements of the stock exchange

KNAUS TABBERT ON THE CAPITAL MARKET

Capital market review 2021

Capital markets in 2021 continued to be shaped by the Corona pandemic. Other factors affecting the markets included rapidly rising inflation rates and supply shortages worldwide, which led to a slowdown in the global economic recovery. The emergence of various Corona mutations during the year also had a negative impact on economic development. For example, the Omikron variant at the end of the year caused pandemic-related risks to the economy to rise again.

Despite the numerous adversities throughout 2021, equity markets around the world have been robust and have performed strongly. Following on from the strong recovery in 2020, indices around the world reached new highs. The DAX reached a new all-time high of 16,290 points (18.11.2021) and the S&P 500 also reached a new high of 4,793 points (29.12.2021). The primary market, which was extremely receptive, also benefited from this positive development. Worldwide, the issuing volume of IPOs reached a 21-year high. In Germany 18 IPOs (9.5 billion EUR) were carried out, worldwide 2,388 (453 billion USD). This corresponds to a worldwide increase in IPOs of 64 percent compared to the previous year.

Due to the significant increase in inflation over the course of the year, caused by supply bottlenecks, higher commodity and energy prices as well as the increased demand for goods and services, the US Federal Reserve no longer classified the inflation trend as "mostly transitory" in November. In the USA, the inflation rate was 7.0 per cent in December and reached the highest level in almost 40 years. In December, the Fed announced that it would probably end its net bond purchases in March 2022, much earlier than planned. The reduction in the volume of bond purchases was doubled to USD 30 billion per month. In addition, interest rate hikes are also to come sooner than initially planned. Based on a key interest rate of 0 to 0.25 per cent, according to the central bank's projections, three interest rate hikes of 0.25 percentage points each are envisaged for 2022, instead of the previous one. In Germany, the inflation rate reached 5.3 per cent in December, the highest level in 30 years. However, the ECB does not intend to deviate from its course. Its emergency pandemic programme is due to expire in March, but beyond that it will continue to buy bonds. The ECB's key interest rate remains unchanged at -0.5 per cent.

Knaus Tabbert share

The share capital of Knaus Tabbert AG amounts to EUR 10,377,259, divided into 10,377,259 no-par ordinary bearer shares. At the end of the financial year 2021, the market capitalisation amounts to EUR 573.9 million.

Knaus Tabbert share price performance reflects market challenge

The share price development reflected the difficult conditions in the automotive and commercial vehicle industry, caused in particular by the Corona pandemic. The share reached its annual high of EUR 73.0 on 23 April 2021 and its annual low of EUR 50.5 on 29 November 2021. Towards the end of the year, it increased again and closed at a price of EUR 55.3. The Knaus Tab-ber share was thus 12.7 % below the closing price for 2020 (EUR 63.4).

PRICE INFORMATION ACCORDING TO XETRA TRADING SYSTEM

in EUR	2021	2020
Closing price as of Dec. 31	55.3	63.4
Yearly high	73.0	63.5
Yearly low	50.5	54.5
Market capitalisation as of 31.12. (in EUR million)	573.9	657.9
Dividend per share	1.5	1.5

Research Coverage

In the 2021 financial year, a total of five international banks and brokerage houses (2020: three) regularly published equity research reports on Knaus Tabbert. Of the financial analysts who covered our shares, four gave four issued a buy recommendation, one recommended holding the share. The average target price as of December 31, 2021 was EUR 73.0.

Continuous shareholder participation in business success

With its defined distribution policy, Knaus Tabbert AG wants its shareholders to participate in the company's success to an appropriate extent. As a benchmark for the proposal to the Annual General Meeting, the Executive Board and Supervisory Board consider a payout ratio of around 50% of the net profit for the year according to IFRS. This is intended, on the one hand, to maintain and strengthen the financial and innovative strength of the company for further growth and to avoid payments from the substance. On the other hand, value and growth-oriented investors are to benefit in the long term from the targeted continuous increase in the value of the company.

The dividend is paid out after the Annual General Meeting's resolution on the appropriation of profits, usually on the third business day after the Annual General Meeting.

DIVIDEND KEY FIGURES

in EUR	2021	2020
Total dividend paid (in EUR million)	15.6	15.6
in % of net profit according to IFRS	60%	50%
Dividend per share	1.5	1.5
Dividend yield in relation to the closing price	2.7%	2.4%

For the 2021 financial year, the Executive Board and Supervisory Board will propose to the Annual General Meeting the distribution of a dividend of EUR 1.50 (previous year: EUR 1.50) per share. This proposal corresponds to a total payout of EUR 15.6 million and thus a payout ratio of around 60 % of the net profit for the year according to IFRS.

Our investor relations activities

We strive for transparency and openness in a continuous dialogue with our shareholders and the participants in the capital market. Our investor relations work is aimed at strengthening confidence in our share in the long term and achieving a fair valuation on the capital market. To this end, we provide our shareholders and the capital market with accurate, timely and relevant information both about the business of KNAUS TABBERT and about our market environment.

In individual or group discussions at roadshows and conferences, our management and investor relations team answered the questions of national and international investors and financial analysts about KNAUS TABBERT's business strategy and development as well as industry and market trends. As a result of the ongoing Corona pandemic, roadshows and conferences were held almost exclusively virtually. Despite the shift of all investor relations activities to virtual platforms, the Executive Board and the investor relations team communicated intensively with the global financial markets, even though this cannot completely replace the personal contacts created in the course of company visits, investor conferences and roadshows. In total, more than 200 meetings, telephone calls and conference calls were held with financial market players in the 2021 financial year.

Annual General Meeting

Due to the corona pandemic and the associated contact restrictions, the Annual General Meeting of KNAUS TABBERT AG was also held in virtual form on 23 June 2021. The general meeting, which was broadcast live on the internet for shareholders, was followed online by over 200 shareholders and interested parties. 90% of the share capital was represented. The Executive Board gave a comprehensive explanation of the results of the 2020 financial year and answered the questions submitted by shareholders in the run-up to the AGM.

Review - IPO 2020

On 23 September 2020, Knaus Tabbert AG was listed on the Frankfurt Stock Exchange for the first time. The listing took place in the strictly regulated, internationally oriented Prime Standard segment. After 60 years of company history and the acquisition of the Knaus Tabbert Group by the Dutch investment company H.T.P. Investments 1 B.V. in 2009, the IPO was a groundbreaking milestone for the future direction of the Group. The company started its listing with an issue price of EUR 58.00 per share.

International security identification number (ISIN)	DE000A2YN504
Security identification number (WKN)	A2YN50
Ticker symbol	KTA
Stock exchange	Frankfurter Wertpapierbörse
Market segment	Regulierter Markt (Prime Standard)
Share class	Nennwertlose Inhaberaktien
Total number of shares	10,377,259 Aktien
First day of trading	23. Sep 20
Issue price	58.00 Euro pro Aktie
Free float	37.40%

COMBINED MANAGEMENT REPORT

Fundamentals of the Group

Organisational structure

Knaus Tabbert AG is the parent of the Knaus Tabbert Group with headquarters in Jandelsbrunn, Germany. The company is registered under the commercial register number HRB 11089 with the registry court in Passau. The consolidated financial statements encompass both the company and its subsidiaries (collectively referred to as “Group”). The executive bodies of the company comprise the Management Board, the Supervisory Board and the shareholders' meeting. The balance sheet date is 31 December.

The shares of the company have been traded in the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange since 23 September 2020.

Knaus Tabbert AG holds a 100-percent stake in the following companies:

- Caravan-Welt GmbH Nord, Bönningstedt
- Knaus Tabbert Kft, Vac, Hungary
- HÜTTLrent GmbH, Maintal
- MORELO Reisemobile GmbH, Schlüsselfeld

Management Board and Supervisory Board

The Management Board of Knaus Tabbert AG directs the company at its own responsibility. The Supervisory Board appoints, monitors and advises the Management Board, and is directly involved in decisions of fundamental importance to the company. Both bodies cooperate closely for the benefit of Knaus Tabbert. Further details can be found in the chapter “Corporate Governance Statement and Corporate Governance Report”.

Business model and strategy

The Knaus Tabbert Group is active in the market for leisure vehicles and ranks among the leading European manufacturers of leisure vehicles in terms of market share. With its balanced brand portfolio, Knaus Tabbert is represented in all product categories, i.e. caravans, motorhomes and CUVs (caravanning utility vehicles), and price segments.

Value creation ranges from research and development, production and sales to services. At our four production and administrative sites in Germany and Hungary, we currently employ approximately 3,600 members of staff and around 900 temporary workers. The manufacturing facilities are organised as a highly efficient production network. This allows us to manufacture motorhomes, caravans and CUVs on one production line, for instance. Moreover, consistent standardisation of manufacturing processes enables us to produce the same models at different locations. This provides us with a high degree of flexibility within our production network. As our products are almost exclusively made to order, we are able to react quickly to market changes and sales fluctuations, which contributes to the optimisation of our working capital.

In the 2021 financial year, sales (invoiced units) at our sites in Jandelsbrunn, Mottgers, Schlüsselfeld and Nagyoroszagi amounted to 25,922 vehicles.

Our portfolio currently includes the five brands Knaus and Weinsberg (caravans, motorhomes and CUVs), Tabbert and T@B (caravans), as well as Morelo as a manufacturer of luxury motorhomes. As the customer target groups of the individual brands differ, we offer suitable solutions for both price-conscious beginners and demanding and experienced caravanners. Our offering thus covers all product and price segments, from starter models to the high-end luxury segment, and without competing brands within the groups.

We distribute our products through an extensive dealer network that has grown over many years, and which consisted of more than 500 dealers in over 20 countries as of 31 December 2021. The Group sells vehicles in the Premium segment directly to end customers through two of its own trading companies. In addition to the dealer network, we offer our customers access to service stations throughout Europe via our cooperation partner MAN.

Furthermore, Knaus Tabbert has been running the digital rental platform RENT AND TRAVEL for five years, allowing users to rent leisure vehicles from the Group's range of brands. The platform connects customers, travel agencies and rental stations, and has become one of the leading rental platforms for leisure vehicles in Germany in just a few years after its launch. The regular renewal of the hire fleet by our rental partners provides an additional sales channel. At the same time, the rental market also serves as an excellent instrument for acquiring new customers. In the 2021 rental season, the rental pool stood at more than 2,200 vehicles.

Our strategic focus is on organic growth. An important cornerstone of our strategy is also our capacity for innovation (see also “Research and development”). The combination of established products with an innovative margin system in the form of our Caravanning Partner Programme (CAPP) increases our attractiveness for dealers, who are an essential component of our sustainable corporate success.

Control system

For internal control purposes, the Knaus Tabbert Group has bundled its operating business into two segments, which constitute segments in accordance with international accounting standards (IFRS 8).

- **Premium segment:** includes the Knaus, Tabbert, Weinsberg and T@B brands, which offer vehicles in a price range of up to approximately EUR 130,000;
- **Luxury segment:** comprises the Morelo brand with prices up to approx. EUR 800,000.

Our key financial performance indicators include key figures on growth, profitability and capital structure. The most important key figures for steering the Group are revenue and, from 2020, adjusted EBITDA.

Non-financial performance indicators

The areas outlined below cover only a part of our non-financial reporting. Further information will be available from 12 April 2022 in the separate Sustainability Report 2021 published for the first time in accordance with Sections 315b and 351c HGB in conjunction with Sections 289c to 289e HGB 289e on our website at www.knaustabbert.de/en/sustaina-bility.

Research and development

Alongside our operative business, development, research and development provide the foundation for Knaus Tabbert's competitiveness and strong market position. Since our foundation, we have given high priority to the area of research and development in order to continuously improve our product range.

KEY FIGURES RESEARCH AND DEVELOPMENT COSTS

in EUR mill.	2021	2020
Research and development costs	1.7	1.6
Depreciation and amortization expenses	3.8	3.6
Investments in development costs subject to capitalisation	5.8	4.8
Research and development activities	7.5	6.4
R&D ratio/sales	0.87%	0.80%
Capitalisation rate	77.7%	74.8%

In the 2021 financial year, development costs totalling EUR 5.8 million (previous year: EUR 4.8 million) were capitalised as they fulfilled the respective requirement criteria. Including capitalised development costs, the R&D ratio in relation to Group revenue increased to 0.87 % (previous year: 0.80 %).

Innovation and digitalisation significantly influence our customers in their decision to purchase a recreational vehicle. As such, they have become key elements of our brand. For this reason, more than 100 employees are currently working in our innovation centre at the Jandelsbrunn site, where they develop new ideas and solutions and improve existing ones. In total, we hold approximately 400 trademark protection rights, usage patents, design protection rights and technical patents in our key markets.

The development of new products is a complex process involving multiple areas and departments. Our innovation work currently focuses on sustainable drive systems, lightweight components instead of conventional steel constructions, greater self-sufficiency (independence from electricity supplies) and the use of sustainable materials.

Many of our innovations are born from dialogue with our customers. While we maintain ongoing communication with our dealers who sell our products, our work is also shaped by the opinions and wishes of our customers.

Process automation

In the area of process automation, the implementation of bonding by means of robots deserves special mention. This includes positioning, the automated application of adhesive and the controlled joining of individual components. Due to our positive experience with this type of automation, the process is to be expanded to include other adhesive templates for frame bonding. In the area of thermal insulation, we were able to reduce the previously time-consuming positioning of individual blanks by 30 % thanks to a new method for applying the insulation. Changeover to series production took place in the 2021 financial year.

Electrification

The electrification of vehicles of the future continues to play a key role in reducing local emissions. With its development projects of the past years, Knaus Tabbert has already implemented the first prerequisites for this. In this context, lightweight construction, fibre-reinforced frame technology and a special lightweight chassis deserve special mention.

In the motorhome segment, too, environmental regulations will require more and more vehicles in the urban environment to be powered without a combustion engine. Due to weight restrictions and costs which are currently still high, partially or fully electrically driven vehicles are not yet marketable. In cooperation with a specialised vehicle manufacturer, we are therefore working on a drive system which enables both emission-free operations in restricted areas, as well as a range approximating that of contemporary combustion engines. Fulfilling the current subsidy guidelines for electric vehicles in Germany is an integral part of this development project.

As electric vehicles currently offer only relatively short driving ranges, they do not represent a sufficiently attractive option for caravans for the majority of our customers. Knaus Tabbert is therefore pursuing the approach of significantly reducing the towed load of the towing vehicle by equipping the caravan with a separate electric drive. Secondary effects such as considerably safer and improved trailing characteristics, but also a higher degree of self-sufficiency during camping operations, make the system even more attractive. With the launch of the Weinsberg CaraCito in 2020, we have introduced the first caravan industry-wide that has fully electric equipment and operates entirely without gas installations onto the European market.

In the area of caravans, we are working on an electric drive support system involving two electric drives which support the towing vehicle, thereby ensuring greater safety and smoother running in the process. In addition, these electric motors can generate electrical energy independently of the towing vehicle as the generator operation of the e-machine allows the battery to be charged, for instance through recuperation (energy recovery) when braking. The stored energy can then be used by consumers inside the caravan or be converted into driving power.

Concept vehicle KNAUS E-POWER DRIVE

We presented our KNAUS E.POWER DRIVE study for an electrically driven motorhome in September at the Caravan Salon 2021 in Düsseldorf. Together with HWA AG (a leading and experienced development partner in the field of motorsport and engineering), we designed the motorhome with an electric drive on the basis of the Knaus Van TI 650 MEG Vansation. Instead of a diesel engine with a gearbox, an intelligent combination of an electric motor and reduction gearbox was used. The electric motor enables the fully equipped four-seater motorhome to reach a cruising speed of around 110 km/h. However, it can also recuperate in push mode, i.e. generate electrical energy, and is powered by both the battery installed in the underbody of the motorhome and by a range extender. The lithium-ion cells of the system carrier should be fully recharged at a public wallbox within a good three and a half hours. Thanks to the range extender, the charging time can be reduced to about 35 minutes.

The range of the KNAUS E.POWER DRIVE determined according to WLTP in purely electric mode is approximately 90 kilometres. However, the range extender (REX), which is permanently coupled to a generator, automatically kicks in, even in normal driving mode. The primary function of the REX is to charge the drive battery, but it can also supply electricity directly to the drive engine. At the same time, the REX supplies energy to the living quarters of the recreational vehicle. Under normal weather conditions, autonomous caravanning (lighting, cooking, heating) should be possible for up to five days. An essential component of the range extender is the ultra-modern Wankel engine mounted in the study, which drives a generator. However, conventional combustion engines are also conceivable. In future, we aim to use fuel cells with hydrogen as an energy source.

Despite these innovations, we wish to retain the popular 3.5-ton vehicle class. This is being achieved in particular through weight savings and an efficient choice of components for the electric system. With the use of electric mobility in the motorhome sector, holidays should in future not be limited by environmental zones or entry restrictions.

Procurement

Balanced procurement and supply chain management plays a particularly important role in production processes of the Knaus Tabbert Group. The production of leisure vehicles requires various components and systems from a large number of different suppliers. For most components, orders are placed “just-in-time”; only critical components are stocked according to requirements.

Knaus Tabbert purchases the necessary parts, materials and components mainly in Germany, other European countries or via European distributors of international suppliers in order to exclude currency risks. The Knaus Tabbert Group's supplier network currently comprises approximately 600 suppliers. The top 10 suppliers continued to account for more than half of the Group's material expenses in 2021.

Knaus Tabbert generally strives to expand its supplier base on an ongoing basis. This also applies in view of the general dependency of the industry on various systems suppliers. The approach taken by Knaus Tabbert is to reduce this dependency through the targeted development of individual suppliers for certain components and systems. To ease the procurement situation somewhat, chassis from Mercedes will now be used in addition to Fiat and MAN. A further broadening of the supplier base is planned in the course of the 2022 financial year.

Employees

As of 31 December 2021, a total of 2,779 members of staff including trainees (previous year 2,555) were employed by the Knaus Tabbert Group. In addition, a further 890 individuals (previous year 537) were employed through temporary employment agencies as of the reporting date.

The current growth of the company as planned and the changing work environment are giving rise to an increased demand for qualified employees. At the same time, there is an acute shortage of skilled workers in the German labour market. To address this, we have introduced various concepts for personnel recruitment, and for training and further education.

The total headcount of Knaus Tabbert AG was 2,060 as of 31 December 2021 (previous year: 1,847).

STAFF DEVELOPMENT

in heads	2021	2020	Change
Total employees	**3,609**	**3,092**	**517**
of which temporary workers	830	537	293
BY LOCATIONS			
Jandelsbrunn	1,615	1,443	172
Schlüssefeld	404	361	43
Mottgers	445	404	41
Nagyoroszi	1,106	848	258
Dealers	39	36	3

Personnel development and promotion

Personnel development is embedded in strategic human resources planning and aims to ensure the best possible professional development opportunities by increasing staff qualifications, equipping managers with practical tools and stimulating inter-divisional process optimisation.

We are continuously expanding our training and further education concept. The Knaus Tabbert Academy was thus awarded its own competence centre in the 2020 financial year, and is sending out a strong signal for the future as an attractive employer. Our wood technicians, electronics technicians and mechatronics engineers receive training in bright, spacious rooms. The basic philosophy of the Academy is: to learn together and learn from each other. Trainees and experienced specialists work together side by side. On the one hand, our trainees thus directly profit from the expertise of more senior employees. On the other, young trainees contribute creative and innovative ideas to the benefit of our entire team. The Academy serves both as a training and further education centre, where new employees are trained, and existing employees can gain further qualifications.

Works council

We maintain an exceptionally trusting and cooperative relationship with our employee representatives. This is shaped by our common goal of continuing to lead Knaus Tabbert successfully into the future, to the benefit of all stakeholders. We value the works council as an important body and link to our most valuable resource, our employees.

Economic Report

Business environment

While the global economy has recovered from the corona pandemic of 2021, the aftermath of the crisis continues to affect economic development. In advanced economies, private consumption has picked up significantly following a decline in the rates of new infections and rapid progress in vaccinations as of the spring of 2021. However, since the beginning of 2021, growing supply and capacity bottlenecks have disrupted global value chains and slowed industrial production in numerous countries. Due to the increase in global demand and supply-side bottlenecks, producer and consumer prices have risen sharply.

The International Monetary Fund (IMF) expects global economic output to increase by 5.9 % in 2021. Our core markets have also recovered economically from the consequences of the corona pandemic. In Germany, the gross domestic product (GDP) grew by 2.7 % relative to the previous year. However, growth significantly slowed towards the end of 2021 due to supply and material bottlenecks as well as the renewed increase in the number of infections. Rising producer prices, supply bottlenecks and an increase in private demand have resulted in a strong upward pressure on inflation in many regions of the world in the second half of 2021.

European caravanning industry records best year in its history

The European market for recreational vehicles recorded a plus of 9.9 % in the 2021 financial year. New registrations of motorhomes and caravans totalled 259,393 vehicles, marking the best result in its history. With a few exceptions, virtually all European markets experienced an upward trend, with further growth expected for 2022. The European caravanning industry can also look back on the most successful year in its history. With 259,393 newly registered recreational vehicles in Europe, the record result of the previous year was exceeded by 9.9 %. With 106,138 motorhomes and caravans, Germany remained the largest market by far last year, even though registrations declined by 1 % compared to the record year of 2020. Switzerland (10,185 vehicles), Belgium (8,376 vehicles) and Finland (3,686 vehicles) also saw further significant increases in registrations of recreational vehicles in 2021. Austria (5,851 vehicles) achieved outstanding growth of 47.5 %. The Netherlands (plus 24.4 %), France (plus 19.4 %), Sweden (plus 17.2 %) and Denmark (plus 10.3 %) were also among the winners.

Record number of new motorhome registrations

With the exception of Norway (minus 9 %) and Portugal (minus 12.6 %), new registrations of motorhomes in Europe increased without exception, even reaching double-digit growth in most countries. Overall, the number of new motorhome registrations in Europe grew by 13.2 %, reaching a new record of 181,299 vehicles. This marks the fifth record year in a row, with new registrations more than doubling since 2010. This is attributable to numerous record results in European markets. With 4,691 motorhomes, Austria took the lead among the growth rates for new registrations in Europe, recording an impressive increase of 58 %. Slovenia achieved the second-best European figure with a plus of 35.7 % (422 motorhomes), followed by Finland in third place with a plus of 32.8 % (2,634 motorhomes), Switzerland with a plus of 26.3 % (8,498 motorhomes) and Sweden with a plus of 26.3 % (5,066 motorhomes). The development in France and the United Kingdom, the second and third largest markets in Europe, is also very encouraging. The French market thus grew by 23.5 % to 30,822 newly registered motorhomes, followed by the British market with growth of

12.3 % (14,160). Germany remained by far the largest European market for motorhomes in 2021, recording a 4.3 % increase in registrations (81,420).

European demand for caravans on the rise again

The demand for caravans also grew significantly, but not quite as successfully in absolute terms as in the case of motorhomes. A total of 78,094 new caravans were registered in Europe. The top performer in this vehicle segment was once again Germany with 24,718 caravans, even though new registrations were down 15.2 % compared to the previous year. All other European countries recorded positive growth rates, some even in the double-digit range. The Netherlands grew by 22.6 % (8,521 caravans), Austria by 16.2 % (1,160 caravans) and Spain by 14.1 % (1,926 caravans). With 7,446 newly registered caravans, France ranked among the countries with single-digit growth (plus 5.2 %) and was relegated to fourth place by the Netherlands.

Business performance at a glance

KEY FINANCIAL INDICATORS KNAUS TABBERT GROUP

in EUR mill.	2021	2020	Change
Revenue	862.6	794.6	8.6%
Total output	889.3	806.1	10.3%
EBITDA (adjusted)	60.7	67.7	–10.3%
EBITDA margin (adjusted)/revenue	7.0%	8.5%	
EBITDA	59.4	66.0	–9.9%
EBIT	38.4	46.6	–17.6%
EBIT margin/revenue	4.4%	5.9%	
Equity ratio	38.8%	43.3%	

Effects of the corona pandemic

Business continued to be overshadowed by the corona pandemic and its repercussions in the 2021 financial year. Protecting the health of our employees as best as possible while maintaining our operational performance and safe-guarding our earnings and liquidity position remained our key priority in 2021.

Overall assessment of the course of business

The operational business development of the Knaus Tabbert Group in the 2021 financial year was significantly impacted by global supply bottlenecks for a wide range of materials and components. Interrupted supply chains and shortages of semiconductors resulted in a shortfall of deliveries, especially of motorised chassis from FIAT and MAN. As a result, vehicles were produced in considerably smaller numbers than originally planned, or were only partially completed. The actual sales potential offered by the high market demand and the order backlog could not be fully exploited. Moreover, production downtimes and major expenses for retrofitting the unfinished vehicles weighed on the result of the 2021 financial year. Despite these negative influences, the Knaus Tabbert Group achieved a new sales record with 25,922 invoiced units.

The delays in delivery are a consequence of the ongoing corona pandemic, global problems in transporting goods, shortages of electronic components as well as other significant global imbalances in supply and demand. Missing or delayed deliveries of specific components such as adhesives, windows, wood, aluminium or even refrigerators, heaters and air conditioning systems repeatedly lead to production disruptions across locations, production standstills lasting several hours, days or weeks, and even to unfinished caravans and motorhomes.

While the first half of the year initially progressed according to plan, planning had to be adjusted due to the increasing shortage of semiconductors and the resulting reduced availability of chassis for motorhomes and camper vans, particularly in the second half of the year. As a result, Knaus Tabbert AG published an outlook for the 2021 financial year, adjusted to the market environment, on 4 November 2021. However, thanks to our active control measures and our flexible Knaus Tabbert production system, we were able to reduce the impact on our business development in the past year.

Knaus Tabbert is working intensively on stabilising its supply chains, developing alternative components and optimising its supplier structures overall. However, many of these measures will only have a positive effect on the business performance after a certain time has lapsed.

Overall, the business development has thus conclusively fulfilled the expectations of management as stated in the forecast adjusted in November 2021. This assessment also takes into account findings gathered after the end of the financial year.

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

Key financial performance indicators	Earnings 2020	Forecast March 2021	Forecast November 2021	Earnings 2021
Revenue	794.6	20-22 % growth	7 % growth	8.6 %
EBITDA adjusted	8.5 %	approx. 8 %	approx. 7 %	7.0 %

Sales

In the 2021 financial year, we sold a total of 25,922 vehicles (previous year 24,349) and were able to maintain our market position in almost all important markets. The increase of 6.5 % relative to the previous year was achieved by consciously focussing on the sale of caravans in view of the shortage of motorised chassis, with the aim of making the best possible use of existing capacities.

UNITS SOLD BY PRODUCT CATEGORY

in units	2021	2020
Total units sold	**25,922**	**24,349**
thereof caravans	14,208	12,705
thereof motorhomes	6,659	7,017
thereof van conversions	5,055	4,627

Camper vans (CUV) also performed particularly well. With 5,055 vehicles sold (previous year: 4,627), we achieved a new sales record in this category in the 2021 financial year. The Weinsberg CaraBus and CaraTour models were in particularly high demand.

The largest sales market was again Germany, with France, the Netherlands and Scandinavia ranking among the main sales markets. The statistics on market shares are broken down into the categories motorhomes (including CUVs) and caravans, for both Germany and Europe (including Germany) respectively.

Order situation secures expected growth

The high demand for recreational vehicles of Knaus Tabbert continued in 2021 with increased momentum. With 32,398 units (previous year: 18,736 units), corresponding to an order volume of approximately EUR 1.3 billion (previous year: EUR 640 million), Knaus Tabbert achieved a record order backlog as of the balance sheet date, providing planning security in both the Premium and Luxury segments for 2022 and beyond.

In line with the general market trend, the share of motorised vehicles (motorhomes and CUVs) in the order backlog of the Knaus Tabbert Group increased from 54 % to 61 % compared to December 2020.

ORDER BACKLOG

	31.12.2021	31.12.2020
Number of units	32,398	18,736
Order backlog in EUR mill.	1,306	640

Revenue and earnings situation of the Group

The activities of the Knaus Tabbert Group are divided into the Premium and Luxury segments. In order to ensure a transparent presentation of our ongoing business operations, additional adjusted figures have been calculated and are reported for both the Group and the segments. The adjustments include individual items insofar as they lead to significant effects in the reporting year. These individual items may relate, in particular, to restructuring expenses, one-off transaction costs, management services rendered to shareholders, or other special expenses.

Neither EBITDA** and EBIT*, nor the corresponding adjusted earnings figures, represent key figures as defined by the International Financial Reporting Standards (IFRS) to be applied in the EU. However, we believe that the adjustment for special items improves both transparency and long-term comparability for assessing the performance and profitability of the Knaus Tabbert Group. The adjustments of EUR 1.3 million in the 2021 financial year mainly related to special expenses in connection with the corona pandemic (EUR 1 million) and subsequent expenses in connection with the IPO of 2020 (EUR 0.3 million).

Information on the control system and the most important performance indicators can be found in the chapter “Fundamentals of the Group / control system”.

MOST IMPORTANT FINANCIAL PERFORMANCE INDICATORS

FISCAL YEAR 2021

in EUR mill.	Premium segment	Luxury segment	Total
Revenue	740.6	122.0	862.6
EBITDA adjusted	45.2	15.6	60.8

FISCAL YEAR 2020

in EUR mill.	Premium segment	Luxury segment	Total
Revenue	687.3	107.3	794.6
EBITDA adjusted	54.9	12.8	67.7

Increase in revenue and total output

Due to the unsatisfactory supply situation and limited availability of basic vehicles for motorhomes and camper vans, the sales potential of motorised vehicles resulting from the high order backlog could by no means be fully exploited. Several thousand motorhomes remained unfinished due to a lack of chassis.

Motorised vehicles (motorhomes and CUVs) accounted for 69.2 % (previous year: 70.9 %) of total revenue of EUR 862.6 million. The sale of caravans contributed 27.9 % (previous year: 26.2 %) to total revenue. Another 2.9 % of revenue is attributable to the after-sales sector.

From a regional perspective, Germany was once again the largest market with a sales share of 68 %, followed by Scandinavia with 8 %, and France and the Netherlands with 4 % respectively. The remaining 15 % was, for the most part, generated by other European countries.

The Management Board's revenue forecast of EUR 850 million, as updated on 4 November 2021, was thus slightly exceeded.

Due to persistent bottlenecks on the supply markets, the disposition of motorised vehicles proved increasingly challenging. In order to make the best possible use of existing production capacities, and to optimally address the needs of dealers and customers, Knaus Tabbert has increasingly been allocating existing production slots to the manufacture of additional caravans. However, a lack of components in this vehicle segment meant that a large number of customer vehicles were built, but not fully completed. With this decision, we have given priority to the optimal utilisation of existing production capacities in spite of material shortages. At EUR 19.1 million, changes in inventories were significantly higher than the previous year's figure of EUR 4.4 million, and resulted from a significant increase in the inventory of finished and unfinished vehicles as of the balance sheet date of 31 December 2021.

Own work capitalised increased slightly by EUR 0.3 million to EUR 4.4 million. Taking into account other operating income of EUR 3.1 million (previous year: EUR 3 million), total output increased significantly by 10.3 % to EUR 889.3 million compared to EUR 806.1 million in the previous year.

Cost of materials up by one percentage points

In the reporting period, the cost of materials increased by EUR 66.9 million to EUR 624.9 million. In addition to a general increase in purchasing prices for primary materials, this development was also driven by a higher number of temporary workers hired to implement the planned capacity expansion at the beginning of the 2022 financial year.

The cost-of-materials ratio in relation to total output increased only slightly by one percentage points to 70.3 %.

Personnel expenses affected by capacity expansion

Personnel expenses increased by EUR 15.9 million to EUR 127.3 million compared to the previous year. This increase is mainly due to the expansion of production capacities planned for the 2022 financial year. In the second half of 2021, we began to systematically recruit and train temporary workers at all locations in order to achieve the planned growth in production at a high level of quality. Instead of short-term personnel adjustments, we opted for an intensification of qualification measures for employees who are temporarily not needed.

In relation to total output, expenses for personnel, including temporary workers, were 1.4 percentage points above the previous year's level at 16.6 %. When excluding the costs for temporary workers, who contribute significantly to our value creation, the ratio of 14.3 % was close to the previous year's level.

Other operating expenses influenced by increased marketing and sales measures

Other operating expenses increased by 9.8 %, or EUR 6.9 million in absolute terms, to EUR 77.6 million relative to the previous year. This was due, among other things, to increased expenses in connection with the multi-media campaign in the past financial year to strengthen the positioning of the Group brands, as well as larger space rentals at the Caravan Salon 2021 in Düsseldorf to ensure compliance with social distancing regulations.

In addition, other operating expenses for the 2021 financial year include additional expenses for hygiene and safety concepts at the Knaus Tabbert locations as well as increased sales costs to support our dealer network. In relation to total output, other operating expenses decreased by 0.1 %, from 8.8 % to 8.7 %, relative to the previous year.

EBITDA and EBIT impacted by supply bottlenecks

Issues along the supply chains and the cost development described above, particularly as a result of the planned capacity expansion in the personnel area, are also reflected in the development of the operating result.

EBITDA adjusted for one-off charges for the financial year fell by 10.3 % from EUR 67.7 million to EUR 60.7 million. This decrease is solely due to a non-optimal underutilisation of capacities.

The adjusted EBITDA margin stands at 7 %. The results forecast of the Management Board, updated on 4 November 2021, was thus met.

As a result of higher investment volumes in previous years, depreciation and amortisation increased by 8.3 % to EUR 21.1 million, compared with EUR 19.4 million in the previous year. Accordingly, the operating result (EBIT) amounted to EUR 38.4 million, compared with EUR 46.6 million in the previous year.

The financial result in the year under review amounted to EUR -1.4 million (previous year EUR -2.5 million). The substantial decrease of EUR 1.0 million, or 40.8 %, is due to the low average utilisation of credit lines during the year as a result of the positive market environment and the associated fast reflux of liquidity, especially in the first half of 2021. In addition, most of the investments were not settled until the second half of the year.

Taking into account tax expenses of EUR 11.1 million (previous year EUR 12.8 million), the net profit for the 2021 financial year amounts to EUR 25.9 million (previous year EUR 31.3 million). EUR 15.6 million of last year's unappropriated profits were distributed as dividends.

Appropriation of profits includes dividend proposal of EUR 1.50 per share

The appropriation of profits of the Knaus Tabbert Group is determined by the retained earnings reported in the annual financial statements of Knaus Tabbert AG as prepared in accordance with commercial law. These totalled EUR 18.3 million as of 31 December 2021 (previous year: EUR 27.6 million).

In accordance with our dividend policy, we will therefore propose to the Supervisory Board and the shareholders' meeting to distribute a dividend of EUR 1.50 per share. This corresponds to a total volume of EUR 15.6 million, and thus approximately 60 % of the annual net profit (according to IFRS). In the event that the number of dividend-bearing shares changes before the shareholders' meeting, the Management Board and Supervisory Board of Knaus Tabbert AG will submit a suitably adjusted proposal for the appropriation of profits to the shareholders' meeting.

Development of the Premium segment

At EUR 740.6 million, sales in the Premium segment in the 2021 financial year were 7.8 % higher than in the previous year (EUR 687.3 million). In total, 25,421 vehicles (previous year: 23,897) were sold in the Premium segment.

EBITDA for the segment amounted to EUR 44.0 million, representing a decrease of 17.3 % compared to the previous year (EUR 53.2 million). EBITDA adjusted for special charges for the financial year decreased from EUR 53.2 million to EUR 45.2 million. The adjusted EBITDA margin stands at 7.0 %.

The investment volume in the Premium segment totalled EUR 43.4 million (previous year: EUR 19.7 million), of which EUR 6.7 million were spent on intangible assets such as development services, industrial property rights and similar assets. A further EUR 36.7 million were invested in property, plant and equipment such as land, machinery and other operating and office equipment, and are largely related to the planned growth investments at the sites in Jandelsbrunn (Germany) and Nagyoroszi (Hungary) to significantly expand capacities by 2025.

Development of the Luxury segment

In the Luxury segment, Knaus Tabbert recorded sales of 501 vehicles (previous year: 452). Revenue increased significantly by EUR 14.7 million, or 13.7 %, to EUR 122 million.

At EUR 15.4 million, EBITDA for the Luxury segment was up 20.3 % on the previous year's figure of EUR 12.8 million. EBITDA adjusted for special charges for the financial year increased from EUR 15.6 million to EUR 12.8 million. The adjusted EBITDA margin stands at 12.7 %.

The investment volume in the Luxury segment totalled EUR 4.8 million (previous year: EUR 2.1 million) and relates almost exclusively to property, plant and equipment such as land, machinery and other operating and office equipment in connection with planned capacity expansions at the Schlüsselfeld site.

Net assets position and capital structure

ASSETS

in TEUR	31.12.2021	31.12.2020
Intangible assets	18,050	15,966
Tangible Assets	130,636	103,483
Other receivables and other assets	2,222	1,802
Deffered tax assets	2,780	3,113
Non-current assets	**153,689**	**124,364**
Inventories	144,948	123,958
Trade accounts receivable	6,948	10,577
Other receivables and other assets	23,634	16,198
Tax receivables	5,750	1,826
Cash and cash equivalents	9,677	8,939
Current assets	**190,956**	**161,499**
Total balance sheet/assets	**344,645**	**285,863**

At EUR 153.7 million, non-current assets were significantly higher than in the previous year. Of the investments in property, plant and equipment of EUR 41.2 million (previous year EUR 15.9 million), EUR 36.6 million were made in the Premium segment. This substantial increase compared to the 2020 financial year is connected with the planned growth investments at the Jandelsbrunn (Germany) and Nagyoroszi (Hungary) sites to significantly expand capacities by 2025. A further EUR 4.6 million were invested in the Luxury Segment, mainly in connection with the expansion of the Schlüsselfeld site.

As of the balance sheet date, investments included assets under construction in the amount of EUR 12.6 million (previous year: EUR 2.2 million), mainly in the Premium segment for advance payments in connection with the construction of a production hall for the manufacture of superstructures in Jandelsbrunn.

For the ongoing completion of investment projects, liabilities of EUR 17.3 and EUR 8.4 million have so far been incurred in the Premium and Luxury segments, respectively, and are financed via the syndicated loan.

Additions to intangible assets include investments in development costs of EUR 6.9 million (previous year: EUR 4.8 million), which are mainly related to the new development of our caravans and motorhomes. As regards motorhomes, development work on the Knaus E-Power Drive electric motorhome deserves special mention. Investments in development costs relate exclusively to the Premium segment; no development costs were capitalised in the Luxury segment.

At EUR 191.0 million, current assets were EUR 29.5 million higher than at the end of the previous year. This development is primarily attributable to the increase in inventories by EUR 21 million, which in turn is related to the significant increase in finished and therefore no longer invoiced units as of 31 December 2021 and of unfinished vehicles (change in inventories).

Trade receivables decreased by 34.3 % to EUR 6.9 million despite significantly higher production volumes. This is due, among other things, to the high market demand and the correspondingly good liquidity situation due to a very high turnover of goods at the dealers of the Knaus Tabbert Group.

Other assets increased due to supplier bonus receivables and VAT receivables.

The balance sheet equity of the Knaus Tabbert Group amounts to EUR 133.9 million (previous year: EUR 123.8 million). As of the end of 2021, the balance sheet equity ratio stands at 38.9 % (previous year: 43.3 %). This is mainly the result of the net profit generated. Dividend payments to shareholders in the amount of EUR 15.6 million produced the opposite effect.

The repayment of long-term loans led to a decrease in long-term liabilities. At EUR 31.8 million, they were EUR 2.5 million below the previous year's value of EUR 34.3 million.

At EUR 179 million, current liabilities were significantly higher than in the previous year (EUR 127.8 million) due to an increase in liabilities to banks to finance the increased inventories and the investments in buildings and equipment.

At EUR 38.5 million, trade payables are slightly higher than in the previous year.

Financial position

Knaus Tabbert generated a cash flow of EUR 27.2 million from its operating activities in the 2021 financial year (previous year: EUR 71 million). This was derived from the net profit for the year, taking into account non-cash expenses and income as well as changes in the working capital.

The decrease in cash flow from operating activities is mainly due to the increase in inventories as of the balance sheet date of 31 December 2021. This increase is directly related to the larger inventory of finished and unfinished vehicles (change in inventory) and the slight increase of liabilities to suppliers.

At EUR -47.9 million, the cash flow from investing activities was EUR 27.8 million lower than in the previous year (EUR -20.1 million). This can be explained by the fact that Knaus Tabbert had launched the previously announced investment programme and the first measures at its locations in Germany and Hungary in the course of the financial year. At EUR 41.2 million, investments in property, plant and equipment were thus significantly higher than the previous year's figure of EUR 14.2 million. Investments in intangible assets such as development services, industrial property rights and similar assets were only slightly above the previous year's figure of EUR 6.1 million, totalling EUR 6.9 million.

Knaus Tabbert recorded a cash inflow from financing activities in the amount of EUR 21.0 million (previous year EUR -49.7 million). This includes dividend payments to the company's shareholders in the amount of EUR 15.6 million (previous year: EUR 30 million). On balance, financial liabilities increased by EUR 40.7 million.

In the 2018 financial year, Knaus Tabbert AG concluded a syndicated loan agreement under the management of Commerzbank AG in the amount of EUR 80 million and with a term until 2021. In the 2019 financial year, the contractual loan volume was increased to EUR 100 million, and the term extended to 2022. The agreed financial covenants relating to net debt, the equity ratio and the net working capital ratio were met as of 31 December 2021. In December 2021, the existing syndicated loan agreement with a total volume of EUR 190 million (including interim financing of EUR 40 million) was extended prematurely until September 2022 while retaining the existing banking partners (Commerzbank AG, Raiffeisenlandesbank Oberösterreich and Norddeutsche Landesbank). In addition, the syndicated loan agreement contains an increase option of EUR 30 million. The agreement came into effect on 3 January 2022.

As of the reporting date, EUR 85.3 million (previous year: EUR 36.6 million) had been drawn from the credit line. The higher drawdown compared to the previous year was mainly due to the necessary financing of working capital in connection with the significant increase in vehicle inventories.

The Group had already obtained long-term loans from the syndicate banks in previous years to finance its investments in Mottgers, Jandelsbrunn and its Hungarian locations. The loans have a term of five to ten years, with mortgages at both locations serving as collateral. Two further long-term loans totalling EUR 10 million, and with a term until 2022, were taken out in the 2017 financial year to finance investments at the Jandelsbrunn site. The loans were repaid on schedule in the course of the financial year. The loans of MORELO Reisemobile GmbH with a term until 2031 were taken out to finance investments in the 2010 financial year; a mortgage at the Schlüsselfeld site serves as collateral. The loans were repaid on schedule in the course of the financial year.

Please refer to the Notes for information on existing repayment obligations and contingent liabilities.

Knaus Tabbert AG (HGB)

Knaus Tabbert AG steers its operating business on the basis of key figures, i.e. revenue and EBITDA adjusted for special effects. Adjustments of EUR 1.2 million in the 2021 financial year mainly relate to costs incurred in connection with the corona pandemic.

MOST IMPORTANT FINANCIAL PERFORMANCE INDICATORS

in EUR mill.	2021	2020
Revenue	726.9	669.4
EBITDA adjusted	36.1	48.2

Revenue and total output up on the previous year

Motorised vehicles (motorhomes and CUVs) accounted for 64.7 % (previous year: 67.2 %) of total revenue of EUR 726.9 million. The sale of caravans contributed 32.8 % (previous year: 30.4 %)) to total revenue. Approximately a further 2.5 % of revenue is mainly attributable to the after-sales sector.

Due to persistent bottlenecks on the supply markets, the disposition of motorised vehicles proved increasingly challenging. In order to make the best possible use of existing production capacities, and to optimally address the needs of dealers and customers, Knaus Tabbert has increasingly been allocating existing production slots to the manufacture of additional caravans. However, a lack of components in this vehicle segment meant that a large number of customer vehicles were built, but not fully completed. With this decision, we have given priority to the optimal utilisation of existing production capacities in spite of material shortages. At EUR 20.1 million, changes in inventories were significantly higher than the previous year's figure of EUR 7.9 million. Own work capitalised increased slightly by EUR 0.1 million to EUR 3.7 million.

Including other operating income of EUR 2.9 million (previous year: EUR 4.5 million), such as insurance claims, recourse claims or provisions no longer required, total output increased by 10 % to EUR 753.6 million, compared to EUR 685.3 million in the previous year.

Cost of materials up by 2.1 percentage points

In the reporting period, the cost of materials increased by EUR 63.9 million to EUR 552.8 million due to higher material prices and increased purchasing volumes. This led to an increase of the cost-of-materials ratio in relation to total output of 2.1 percentage points to 73.4 %.

Expenses for personnel and temporary workers slightly higher than in the previous year

Personnel expenses increased by EUR 11.2 million to EUR 99.0 million compared to the previous year. This increase is mainly due to the successful expansion of the workforce in connection with the capacity expansion planned for the 2022 financial year. In the second half of 2021, we began to systematically recruit and train temporary workers at all locations.

At 13.1 %, personnel expenses in relation to total output were 0.3 percentage points above the previous year's level. Including the costs for temporary workers, who make a significant contribution to our value creation, the ratio was 0.8 % above the previous year's level at 14 %. Despite the pandemic-related restrictions, we did not claim any government short-time allowance.

Other operating expenses up on the previous year

Other operating expenses increased by 7.7 %, or EUR 4.8 million in absolute terms, from EUR 62.2 million to EUR 67.0 million relative to the previous year. This was due, among other things, to higher expenses in connection with the multimedia campaign in the past financial year to strengthen the positioning of the Knaus Tabbert brands as well as larger space rentals at the Caravan Salon 2021 in Düsseldorf to ensure compliance with social distancing regulations. In contrast, warranty costs decreased from EUR 10.2 million to EUR 8.8 million. In addition, other operating expenses for the 2021 financial year include additional expenses for hygiene and safety concepts at the Knaus Tabbert locations, for the trade fair and to support our dealer network. In relation to total output, other operating expenses decreased by 0.2 percentage points, from 9.1 % to 8.9 % relative to the previous year.

EBITDA down on the previous year

Owing to a rise in material prices, staff increases as well as expenses resulting from one-time and special effects in connection with unexpected inefficiencies in the utilisation of production capacities, we were not able to maintain our operating result before interest, taxes, depreciation and amortisation (EBITDA) at the previous year's level in relation to revenue and total output. This figure thus decreased from EUR 46.5 million to EUR 34.9 million. After adjustments of EUR 2.0 million, mainly for expenses incurred in connection with the corona pandemic, adjusted EBITDA stood at EUR 36.1 million.

At EUR 14.1 million, depreciation and amortisation remained roughly constant at the previous year's level of EUR 14.2 million. The operating result (EBIT) thus amounted to EUR 20.8 million, compared to EUR 32.3 million in the previous year.

The financial result in the year under review decreased to EUR -1.3 million (previous year EUR -1.9 million). This figure includes EUR 0.4 million (previous year EUR 0.9 million) for short-term working capital financing. The remaining amount mainly relates to credit commissions for the syndicated loan agreement concluded at the end of the financial year as well as interest for long-term loans.

Taking into account tax expenses of EUR 5.7 million (previous year EUR 8.6 million), this results in a reduced net profit for the 2021 financial year of EUR 18.3 million (previous year EUR 27.5 million). EUR 15.6 million of last year's unappropriated profits were distributed to shareholders as dividends.

Net asset position and capital structure

At EUR 112 million, non-current assets were significantly higher than in the previous year. Investments in property, plant and equipment in the amount of EUR 22.2 million (previous year: EUR 8.8 million) mainly concern investments in the expansion of capacities at the Jandelsbrunn site, replacement investments in machinery and operating equipment, and tools required for the production of the new models.

Additions to intangible assets include investments in development costs in the amount of EUR 5.8 million (previous year: EUR 4.8 million), which are mainly related to the new development of our caravans and motorhomes.

Financial assets include acquisition costs for participations in our subsidiaries, as well as loans to our Hungarian subsidiary, which were granted to finance investments in Hungary. A further EUR 13.3 million were granted to Knaus Tabbert Hungary in the current financial year. In February 2021, the conversion of liabilities into equity in the amount of EUR 7.7 million was resolved and implemented.

At EUR 144.2 million, current assets were EUR 26.4 million higher than at the reporting date of the previous year. This development is primarily attributable to the increase in inventories by EUR 19.6 million, which in turn is related to the significant increase in finished and therefore no longer invoiced units as of 31 December 2021 and of unfinished vehicles (change in inventories) as a result of delivery difficulties.

The balance sheet equity of Knaus Tabbert AG amounts to EUR 99.9 million (previous year: EUR 97.2 million). The balance sheet equity ratio of 2021 stands at 38.9 %, which represents a decrease of 9.2 % compared to the previous year. This is mainly attributable to the dividend payments to shareholders as well as the lower earnings of the current financial year.

Other provisions remained at a similar level compared to the previous year. The increase in the personnel provision is offset by a decrease in the accrual of dealer bonuses.

At EUR 87.2 million, liabilities to banks were significantly higher than in the previous year (EUR 34.3 million) due to an increase in liabilities to banks to finance increased inventories as well as investments in buildings and equipment.

Financial position

The cash flow from operating activities amounted to EUR 1.5 million in the 2021 financial year (previous year: EUR 49.4 million), representing a significant decrease compared to the previous year. This was derived from the net profit for the year, taking into account non-cash expenses and income as well as the change in working capital. The reduction in cash flow from operating activities is mainly attributable to the increase in inventories and the reduction of the annual net profit and liabilities to suppliers.

At EUR -37.4 million, the cash flow from investing activities was EUR 29.6 million lower than in the previous year (EUR -7.8 million). This can be explained by the fact that Knaus Tabbert AG launched its previously announced investment programme and first measures at its Jandelsbrunn site. At EUR 22.2 million, investments in property, plant and equipment were therefore significantly higher than the previous year's figure of EUR 8.8 million.

Knaus Tabbert AG recorded a cash inflow from financing activities of EUR 35.6 million (previous year EUR -41.4 million). This includes dividend payments to the company's shareholders in the amount of EUR 15.6 million (previous year: EUR 30 million). On balance, financial liabilities increased by EUR 52.7 million.

In the 2018 financial year, Knaus Tabbert AG concluded a syndicated loan agreement under the management of Commerzbank AG in the amount of EUR 80 million, and with a term until 2021. In the 2019 financial year, the loan volume was increased to EUR 100 million, and the term extended to 2022. The agreed financial covenants relating to net debt, the equity ratio and net working capital ratio were met as of 31 December 2021. In December 2021, the existing syndicated loan agreement with a total volume of EUR 190 million (including interim financing of EUR 40 million) was extended prematurely until September 2022 while retaining the existing banking partners (Commerzbank AG, Raiffeisenlandesbank Oberösterreich and Norddeutsche Landesbank). Moreover, the syndicated loan agreement contains an increase option of EUR 30 million. The agreement came into effect on 3 January 2022.

As of the reporting date, EUR 81.7 million (previous year: EUR 26.1 million) had been drawn from the credit line. The higher drawdown compared to the previous year was mainly due to the necessary financing of working capital in connection with the significant increase in vehicle inventories.

The Group had already obtained long-term loans from the syndicate banks in previous years to finance its investments in Mottgers, Jandelsbrunn and its Hungarian locations. The loans have a term of five to ten years, with mortgages at both locations serving as collateral. Two further long-term loans totalling EUR 10 million, and with a term until 2022, were taken out in the 2017 financial year to finance investments at the Jandelsbrunn site. The loans were repaid on schedule in the course of the financial year.

Please refer to the Notes for information on existing repayment obligations and contingent liabilities.

Overall, the fund of means of payment decreased by EUR 0.2 million to EUR 0.1 million as of the reporting date (previous year: EUR 0.3 million).

Forecast

The further economic development of Knaus Tabbert AG is closely tied to the future operating performance of the Group. Our prospects and plans with regard to our operational business are outlined in the chapters "Opportunities and risk report" and "Outlook report".

Opportunities and risk report

Basic principles and objectives of our risk management system

The Knaus Tabbert Group is exposed to a wide range of risks associated with the business activities of Knaus Tabbert AG and its subsidiaries, or resulting from external influences. A risk is defined as the potential threat of events, developments or actions preventing the Group or one of its segments from achieving its objectives. This includes financial as well as non-financial risks. At the same time, it is important to identify opportunities in order to secure and strengthen competitiveness. An opportunity is defined as the possibility of securing, or surpassing, the planned targets of the Group or of a segment as a result of events, developments or actions. Only those risks are taken that are necessary for the business operations of the Group in order to remain competitive and to be successful in the long term.

The primary objective of the risk management system (RMS) is to safeguard the continued existence and growth of Knaus Tabbert AG and the Group at all locations, taking into account potential opportunities and risks. The entrepreneurial risks and opportunities inherent to our business operations must be recognised, evaluated and actively managed at an early stage, thus enabling proactive corporate management. The identification of risks to be taken can also produce competitive advantages. For this purpose, effective management and control systems are employed, which are bundled into a risk management system (RMS). Risks and opportunities are not offset. We strive to limit negative influences on results from the occurrence of risks by taking suitable and economically sensible countermeasures. Developments that pose an existential threat to the company should always be identified at an early stage so as to allow suitable measures to be taken in good time to ensure the company's continued existence as a going concern. Proceeding from an assessment of the potential scope of damage and the probability of occurrence of risks, an overall entrepreneurial risk is determined, which can be borne without endangering the company's existence, not only operationally in the short term, but also strategically in the long term. The aggregate risk is calculated by means of the statistical method of Monte Carlo simulations, whereby the simulation runs were carried out applying a confidence interval of 95 %.

The risks and opportunities faced by Knaus Tabbert AG are essentially dependent on, and similar to, the risks and opportunities faced by the Knaus Tabbert Group. In this respect, statements by management on the overall assessment of the risk and opportunity profile also apply in summary to Knaus Tabbert AG.

Organisation and process

In addition to Knaus Tabbert AG, all subsidiaries are included in the risk and opportunity profile of the Knaus Tabbert Group.

Since the end of 2020, risks have been identified and monitored on a quarterly basis according to a bottom-up and top-down approach by means of a software-based reporting system. The responsibility for the RMS and internal monitoring lies with the Management Board. The RMS is aligned with the framework of the “Internal Control Framework – COSO II ©”. A comprehensive risk inventory was performed in the 2021 financial year. For this purpose, personal meetings were held with all risk owners, during which the individual risks were discussed and analysed in detail.

Risk owners are appointed for the individual locations, divisions and central functions. The broad network of risk owners ensures the effective identification of risks across various hierarchical levels. To this end, risk-relevant developments and processes are continuously monitored according to the areas of responsibility and duties of the risk owners. Risks are identified, evaluated and continuously updated using risk management software. Within the risk management system of Knaus Tabbert AG, central risk management is to be understood as an executive body or link between the Management Board and the risk owners. However, central risk management does not assume direct responsibility for individual risks. These are the responsibility of the respective risk owner.

As part of the risk assessment, the identified risks are systematically evaluated with regard to the maximum amount of damage (potential scope of damage) and the probability of occurrence before, and after, measures have been taken to limit the risks. The time horizon of the assessment is on average one year.

Risks are assessed in terms of their probability of occurrence and are divided into four levels: “very improbable”, “improbable”, “rare” or “probable”. These levels are assigned percentage ranges for the probability of occurrence and, if necessary, can be further concretised by time intervals in which the risk typically occurs.

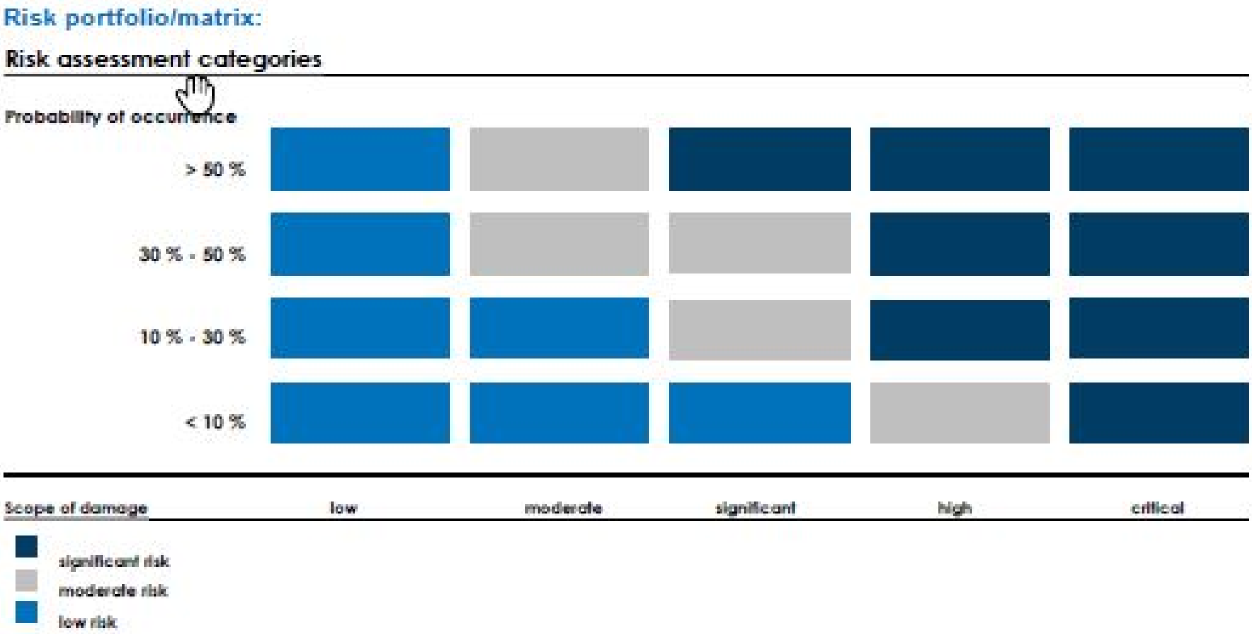
Level	Probability of occurrence in %
highly unlikely	up to 10%
unlikely	up to 30%
rarely	less 40%
probably	as from 50%

When assessing the possible scope of damage, we distinguish between the six categories “insignificant”, “low”, “moderate”, “significant”, “high” and “critical”. These categories are each assigned limits in euros with regard to the possible scope of damage to EBITDA and liquidity in the following amount:

Level	Extent of damage in TEUR
Insignificant	0 – 50
Low	51 – 250
Moderate	251 – 500
Significant	501 – 2,500
High	2,501 – 5,000
Critical	> 5,000

As in the case of quantifiable risks, non-quantifiable risks such as reputational damage are divided into the categories “low risk”, “moderate risk” and “significant risk”.

When assessing risks, we consider both gross and net risks. Gross risk represents the inherent risk before risk mitigation measures have been implemented. Net risk is the remaining risk after all risk mitigation measures have been taken. This approach enables a comprehensive understanding of the impact of risk mitigation measures, and forms the basis for scenario analyses. In this Report, our risk assessments reflect net expected values only. We have identified those risks as material risks that exhibit both a probability of occurrence and scope of damage according to the risk matrix presented below. In addition, our risk system also covers non-quantifiable risks, i.e. risks that are not directly convertible into euros. These include, above all, damages that could result from a potential loss of reputation of Knaus Tabbert AG. These risks may also be material



Overview and description of the main risks and opportunities

In this Report, we present the financial and non-financial risks and opportunities with regard to the achievement of the company's goals in 2022 and beyond. To this end, we have first divided the identified risks into superordinate areas. The table below provides information on the main net risks after measures have been implemented and become effective. Unless stated separately, the risks described apply equally to both the Premium and Luxury segments.

Knaus Tabbert AG was created through a change in legal form in 2020. Since then, a documented early risk detection system has been in place. Changes in the risk situation occurred primarily in the area of purchasing. All risks and opportunities presented refer to the balance sheet date. No significant changes occurred prior to the preparation of the financial statements. In addition, risks and opportunities that have not yet been identified or are classified as immaterial may influence the profit, financial and asset position in the future. Risks arising from the corona pandemic usually extend over several risk areas. These risks are therefore not explained as a single risk area, but as components of the individual risk areas.

Overview of risks with a net risk that is at least significant:

AREAS OF RISK

	Maximum amount of damage	Probability of occurrence	Net exposure	Change in net risk (2020 estimate)
Market & Customer				
Dealer purchase financing	Critical	Highly unlikely	Significant	unchanged
Service capacities in the industry	Critical	Highly unlikely	Significant	unchanged
Finance				
Currency risk Hungary	Significant	probably	Significant	? (moderat)
Legal & Compliance				
Fiat Diesel	Critical	unlikely	Significant	unchanged
Conformity of the products to standards	Critical	Highly unlikely	Significant	
Staff				
Corona pandemic	Critical	Highly unlikely	Significant	unchanged
Wage cost increase	Significant	probably	Significant	
IT				
Cyber attack	Critical	Selten	Significant	unchanged
Purchasing				
Dependence on suppliers	Critical	unlikely	Significant	unchanged
Supply shortages / supply chain	Critical	unlikely	Significant	
Material price increase	Critical	rarely	Significant	
Production				
Unfinished products	Significant	probably	Significant	

Net risk = scope of damage after effective measures have been taken x probability of occurrence after effective measures have been taken

Market & customers

In spite of careful and detailed sales planning, economic conditions, unexpected market developments or individual customer risks may have an impact on the sales and profit situation of Knaus Tabbert. However, it cannot be ruled out that markets or market conditions develop better than assumed in our planning.

The further course of the corona pandemic poses a significant risk to the global economic situation. Should the spread of infections necessitate more far-reaching or lengthy measures than previously expected, this could once again place an excessive strain on private households, companies and countries, combined with a noticeable increase in unemployment. This, in turn, would have a negative impact on private consumption and thus on our medium to long-term sales development. At the same time, initiated measures could also place a considerable burden on companies, and lead to disruptions in production and supply chains. One immediate consequence of the corona pandemic is the cancellation of international and regional trade fairs. Knaus Tabbert is responding to this by organising numerous alternative point-of-sale events, giving customers the opportunity to experience the vehicles first hand. For this reason, the scope of damage can be classified as low.

In contrast, a successful containment or termination of the pandemic could virtually eliminate the above risks, thereby potentially boosting private consumption and further strengthening demand. Moreover, even after the pandemic, caravanning may continue to grow in importance as a form of holidaying in the long term, as the desire for health, safety and privacy will continue, even after the crisis.

A risk of direct relevance to earnings results from dealer purchase financing in the export business. Unlike in our domestic market, where we have several cooperative agreements with financing banks, we have so far collaborated with only a small number of providers in the export business. In this context, we were able to attract new financing partners in the area of dealer financing for our most important export markets with the aim of expanding our business in these markets. We are currently still looking for new end-customer financing partners in the French market, and are exploring potential new financing models such as hire-purchase options for end users.

In general, Knaus Tabbert distributes its products through a dealer network that has grown over many years. These dealers are free, independent distributors, and are for the most part not tied to individual manufacturers. The loss of a top dealer, measured by their contribution to sales, to a direct competitor of Knaus Tabbert or to external investors could have a major impact on the net asset, financial and profit position of Knaus Tabbert, even though the probability of occurrence is considered to be very low. Irrespective of the development of volumes, price pressure from customers due to possible mergers of dealers could also have a negative impact on margins. For this reason, we have diversified our dealer network in order to be able to compensate for individual regional developments. In recent years, we have also introduced attractive programmes for individual dealers in order to strengthen their loyalty to our company. In cooperation with the dealers, we also participate in local, regional and national caravanning fairs in Germany and abroad. Furthermore, we have concluded framework financing agreements with various credit institutes to finance the purchase of Group products throughout Europe in order to support the financing options of our dealers (for further details, see also the risk area “Finances”).

Due to increasing sales figures in the European caravan industry, the workshop capacities of the current dealer networks may in future no longer be sufficient to serve customers within a reasonable period of time and to their full satisfaction. This, in turn, could negatively impact future sales volumes as customers may turn to other types of holidays. For this reason, we initiated a service cooperation with MAN workshops back in 2019. At the same time, we are supporting our dealer network in expanding their after-sales activities.

Finances

Personnel expenses constitute a major cost item affecting the profitability of the Group. In order to meet the growth in business, the Group has increased its workforce accordingly, introduced shift models and implemented overtime in order to achieve the desired production targets. In addition to the number of staff, personnel expenses are also influenced by the development of overtime rates and surcharges, both in Germany and in Hungary, where the Group's production facilities are located. In order to keep pace with the changing global framework conditions, the Group makes use of various instruments to manage its personnel structure, such as partial retirement plans for employees.

Part of the Group's production staff are employed under subcontracts, temporary or short-term contracts. However, due to statutory regulations in Germany, the number of subcontract workers at the German subsidiaries may decrease further, as they are usually automatically awarded fixed-term contracts with the Group subsidiaries after they have been employed by the Knaus Tabbert Group for 15 months. Under certain conditions, these fixed-term contracts are converted into permanent contracts, which gradually reduces the Group's flexibility with regard to its workforce. In the past, a significant proportion of skilled workers were recruited directly by the company each year, rather than on a subcontract basis. As this trend is expected to continue, the Knaus Tabbert Group may only be able to reduce its workforce during periods of low production by incurring severance or social plan costs. In the event of temporary production slumps, companies in Germany can make use of the legal instrument of short-time work.

Furthermore, the Group operates a production site in Nagyoroszi, Hungary. The fact that a number of Eastern countries have joined the European Union, along with attractive framework conditions that have led many companies to establish local production facilities, has resulted in a sharp increase in wage levels in the past. In this context, the Group has benefited from the devaluation of the Hungarian forint in terms of labour costs. Consequently, an appreciation of the Hungarian forint would result in an increase in labour costs for the Group.

A loan granted to our plant in Hungary has given rise to a foreign currency risk. So far, however, we have not hedged foreign currency risks as the majority of invoices and purchases are made in euros and act as a natural hedge. Overall, foreign currency risks therefore play a minor role for the Knaus Tabbert Group, but we nevertheless consider the foreign currency risk from the loan to be significant.

The products of the Knaus Tabbert Group are distributed through an extensive dealer network. To support our dealers, we have concluded framework agreements with financial institutions, which enable certain dealers to finance the purchase of caravans and motorhomes of the latest model year from the Group's portfolio, using the vehicles as collateral. In the event of termination of individual dealer financing agreements, for instance due to default or insolvency of an authorised dealer, Knaus Tabbert is generally obliged to repurchase the vehicle stock financed by the respective financing partner for the remaining financing amount. In order to monitor market developments and dealer inventories, we have established a number of early warning systems and procedures in recent years. These include the monitoring of stock financing, the observation of general market statistics, regular visits to dealers by sales managers, monthly inventory reports from dealers, and the monitoring of the current order status in the dealers' SAP systems as well as the receivables balance. This allows us to rapidly identify signs of changes in the demand situation as well as any potential financial problems of individual dealers.

The terms of the syndicated loan of EUR 150 million require Knaus Tabbert to comply with certain financial covenants relating to the ratio of total net debt to earnings before interest, taxes, depreciation and amortisation (EBITDA), adjusted for certain non-operational effects, to the (net) working capital ratio and the equity ratio. In the event of a breach of these financial covenants, the creditors are entitled to terminate the loan and demand its repayment. A renegotiation of the loan terms could negatively impact the development of the financing costs.

Legal & compliance

As a publicly listed group operating internationally, Knaus Tabbert is subject to a wide range of legal and regulatory requirements. Its operating business therefore generally entails risks in connection with possible violations of applicable law or possible legal disputes. Existing and pending legal disputes are continuously recorded, analysed, evaluated in terms of their legal and financial impact, and taken into account in the risk provisions in the balance sheet. In addition, we counter these risks through rules of conduct, clearly defined procedural codes and an internal compliance structure, and have concluded appropriate insurance policies as are customary in the industry.

In this field of risk, lawsuits or threats of legal action, involving the allegation that potentially inadmissible defeat devices have been installed in diesel vehicles of the manufacturer Fiat, currently deserve special mention. In the event that members of our trading network are sued, we become a party to the dispute in support of our trading partners. As one of our main chassis suppliers, Fiat has confirmed several times upon request that the chassis delivered to Knaus Tabbert have not been, and will not be, equipped with such defeat devices. Appropriate provisions have been set up to cover the expected costs of defending against legal action. According to our own legal assessment, however, we also consider prospects of recourse against Fiat to be realistic in the event of a possible claim.

The Group is also subject to stringent environmental and other regulatory requirements, which may change, give rise to additional costs or liabilities, or restrict the Group's business operations. At present, the Group is investigating an environmental incident at the Mottgers site, where soil and groundwater contamination was detected several years ago.

A remediation and containment plan has been developed in cooperation with the authorities, and appropriate provisions have been created. The anticipated costs are fully covered by the respective provisions.

As a rule, environmental risks are identified and assessed at regular intervals. The most important environmental processes are integrated in the management manual. At present, we have not identified any environmental risks from current business operations.

The Knaus Tabbert Group operates a certified quality management system in the Premium segment, which is supported by further quality-improving processes. Nevertheless, the Knaus Tabbert Group is exposed to the risk of products being delivered in poor quality or with insufficient conformity to standards, thus giving rise to product liability or warranty risks in the form of warranty or goodwill claims, or claims for damages. Moreover, Knaus Tabbert faces the risk of poor product quality leading to a loss of its reputation. The Knaus Tabbert Group responds to such risks in the Premium segment by implementing stringent quality assurance measures and continuous process improvements. Warranty and goodwill risks are addressed by recognising provisions in the balance sheet. The provisions are recognised in the amount of the estimated expenses required to remedy the defects, calculated on the basis of experience and historical values. Items that may offset the obligations are taken into account in the valuation of the provisions, insofar as these items do not have to be capitalised as separate assets.

Personnel

Knaus Tabbert relies on skilled workers and managers in all functional areas. However, competition for talent in general, and for skilled workers in particular, is fierce, especially in technology-driven industries such as the caravanning and automotive business, as well as in Bavaria, where the Knaus Tabbert Group has its headquarters. The regional unemployment rate is relatively low, and it is generally becoming more difficult to recruit qualified personnel locally. As a result, rising labour costs are to be expected. Nevertheless, due to the effective recruitment work and Knaus Tabbert's reputation in the recruitment market, we currently see no risk. However, failure to recruit and retain talented employees and specialists could adversely affect the Group's business operations and its ability to achieve its strategic objectives.

The continued growth of the Group, in particular, may require us to seek new members of staff outside the natural catchment areas of our plants, which could increase recruitment costs and slow down the recruitment process. Moreover, departures of highly qualified employees could lead to a loss of know-how and resource bottlenecks.

We are therefore counteracting the risk of employee turnover by offering attractive remuneration systems, job conditions and opportunities for further development. Furthermore, we are responding to the shortage of skilled workers through in-house training.

In connection with the corona pandemic, renewed border closures could lead to production interruptions or restrictions, as part of our workforce are commuters from Hungary, the Czech Republic and Slovakia. After the balance sheet date, the German government resolved, and implemented, restrictions on entry from the Czech Republic. Knaus Tabbert has taken appropriate measures for its employees, such as accommodation in Germany and regular testing. All members of staff who regularly cross the border are tested every two days. If an infection is detected, contacts are immediately traced and quarantined without delay. The health authorities are kept informed on an ongoing basis.

IT risks

IT systems are critical for maintaining ongoing business operations. In this respect, risks arise in particular from the potential failure of servers, storage media and critical applications. The risk of a cyber attack should not be underestimated, and is given the highest priority within our company. In order to keep IT risks to a minimum, all possibilities of disruptions, including those from outside the company, are constantly monitored with great care and, if necessary, eliminated immediately. We also seek to ensure maximum protection through a group-wide IT organisation and up-to-date security systems, such as anti-virus software and firewalls. We are also working on emergency plans to keep damage to the company to a minimum in the event of an attack. In addition, we regularly raise awareness among our employees about such dangers.

Since the GDPR came into force, higher requirements have been placed on the organisation of data protection within the Knaus Tabbert Group. Data protection infringements could give rise to fines and damage the company's public reputation. In cooperation with the data protection officers, the Group ensures strict compliance with the relevant rules and regulations, and takes them into account in all internal and group-wide processes.

Purchasing

Purchasing risks and opportunities arise, among other things, from fluctuations in raw material and energy prices, which can lead to price fluctuations for parts procured externally by suppliers of the company or the Group. In addition, occasional delivery or quality problems, or supply disruptions at sub-suppliers can give rise to risks in our production process. Financial bottlenecks of suppliers, capacity restrictions and a limited scope for negotiating prices can also impact our net asset, financial and profit position.

A significant risk arises from possible supply bottlenecks or interruptions in the supply chain in connection with global shortages of various materials. In particular, the Knaus Tabbert Group was faced with severe limitations in the supply of chassis in 2021. The main reason for this was the global shortage of electronic components and semiconductor elements caused by the corona pandemic. In the past, Knaus Tabbert purchased a very high proportion of its chassis from the Stellantis Group (Fiat, Peugeot, Iveco), resulting in a high dependency on suppliers in the event of supply bottlenecks. For this reason, we will be significantly expanding our supplier base for chassis in order to be able to react more flexibly in the event of further shortages. From today's perspective, however, we cannot rule out the possibility that similar impairments may occur in the 2022 financial year and beyond, depending in particular on the further development of the corona pandemic or other crises.

Global developments along the supply chain have led to significant price increases in many industries, which have also affected Knaus Tabbert. However, the high demand for caravanning products allows price increases to be passed on to customers to a large extent. Thus, significant price increases in both purchasing and sales have also been taken into account in our corporate planning for 2022.

Both with regard to supply bottlenecks and price effects, a better development than anticipated would create opportunities to improve our earnings situation.

A number of suppliers in the caravanning business hold a monopoly or oligopoly position, which makes price negotiations difficult. Knaus Tabbert is therefore largely dependent on individual suppliers. In addition to the chassis, this concerns, in particular, systems supplied by the manufacturers Truma and Dometic, giving rise to availability and price risks. The probability of occurrence was assessed as “improbable” at the time of the preparation of the financial statements. Knaus Tabbert counters availability risks, where possible, by adding additional suppliers to its network.

Production

In principle, bottlenecks may occur in production due to a lower availability, or failure, of production capacities. This, in turn, can give rise to temporary production downtimes and thus to lower sales volumes. To counteract this, Knaus Tabbert is investing heavily in the expansion of its production capacities.

Short development times can render the proactive search for suppliers and timely disposition more difficult, thus resulting in a lack of parts and an increase in the stock of unfinished vehicles. In 2020, for instance, 9.88 % of vehicles left the assembly line unfinished. Similar effects can arise from a disproportionate increase in production, which can lead to delivery bottlenecks at suppliers, for example.

Furthermore, risks arise from the termination of supply contracts by suppliers. We counteract these risks through coordinated production planning and contractual assurances. In addition, we rely on modern manufacturing facilities, regular maintenance and the realisation of necessary replacement investments. The group-wide production network also permits us to offset bottlenecks between locations.

In addition, we mitigate risks through an integrated planning process that is aligned with production and delivery schedules. Through optimised warehouse management, we are able to ensure a balance between availability and capital-preserving stockpiling.

Other risks

The objective of our quality management is to reliably meet the requirements of our customers. To prevent risks, we have implemented a supplier management system with the aim of ensuring components of the required quantity and quality for the production of our vehicles. In the event that products of unsatisfactory quality are delivered to our customers in exceptional cases, and in spite of our extensive quality assurance measures, we run the risk of incurring additional costs due to rectification or warranty claims. We generally set up appropriate provisions for this, which as a rule cover these risks in full. A particular issue in the 2020 financial year concerned the formation of cracks in the area of adhesive joints under certain temperature conditions. In the meantime, we have developed a technical solution to this problem. The expected costs are covered by the general provisions for quality issues.

Risk reporting on the use of financial instruments

The use of financial instruments does not pose a significant risk within the Knaus Tabbert Group. Explanations on market price, default and liquidity risks can be found in the Notes under item 7.3.

Risks arising from the Russia-Ukraine war

Russia has been at war with Ukraine since 24 February 2022 (Russia-Ukraine war). The impact of the Russia-Ukraine war represents a non-adjusting event and therefore has no effect on the recognition and measurement of assets and liabilities as of the balance sheet date. Based on our current understanding, the Russia-Ukraine war is not expected to have any significant direct impact on purchasing and sales at Knaus Tabbert AG. We are, however, indirectly dependent on a number of suppliers, who in turn obtain various input materials and employ personnel from the regions concerned. This has not yet given rise to any critical supply bottlenecks for Knaus Tabbert. Our Hungarian subsidiary employs Ukrainian staff, and it is our top priority to ensure their safety. We do not expect this to affect operations in Hungary at present as the employees concerned are only around 40 in number, and are likely to remain in Hungary for the time being.

Opportunities in connection with our sales strategy

We currently distribute our products primarily through an established dealer network. We are constantly reviewing our sales strategy with regard to new distribution channels. The opening of new distribution channels could have a positive effect on our revenue and profit situation.

Opportunities in connection with our procurement strategy

We are currently dependent on a small number of suppliers in certain areas. The addition of new suppliers could reduce our degree of dependence in these areas, which would give us greater flexibility in planning production quantities while also strengthening our bargaining position. As a result, we could generate more savings than originally planned. Additional opportunities arise from raw material prices that are overall lower than expected, and from volume effects in the context of our further growth.

Opportunities in connection with our process optimisation

Continuous optimisation of key business processes and rigorous cost controls are essential to ensure profitability and returns on investments. We believe that we have far from exhausted the opportunities to increase the effectiveness and efficiency of our processes, and to further optimise the cost structures within our company. Moreover, we will continue to focus on standardising and unifying our processes in the future.

Opportunities in connection with social megatrends

Knaus Tabbert benefits from various societal developments, some of which have established themselves as megatrends in recent years. These include, for instance, demographic developments, the growing interest in alternative and eco-friendly forms of holidaying, the shift towards regional tourism, and new, flexible work arrangements. In the rental market, the sharing economy also deserves special mention.

These developments are simultaneously creating new opportunities that can have a positive impact on our business.

Opportunities in connection with inorganic growth

For us, inorganic growth means examining and seizing opportunities with regard to acquisitions and partnerships. To this end, we continuously monitor market developments. Essential aspects include the strengthening of our market position, also at the regional level, the expansion of our capacities, and supplementing or expanding our product portfolio.

Overall assessment of risks and opportunities

After a thorough review of the risk situation, we have come to the conclusion that the measures and precautions taken provide an adequate response to the identified risks. Taking into account the financial impact and the probability of occurrence against the background of a healthy balance sheet structure, our earning power and the current business outlook, we are not aware of any risks that could jeopardise the continued existence of the company. At the same time, we have sufficient resources at our disposal to take advantage of opportunities as they arise.

Risk-bearing capacity

The risk-bearing capacity determines the maximum risk value that the company or the Group can bear over time without jeopardising its continued existence. Thus, the risk-bearing capacity can also be referred to as the "risk coverage potential" or "resilience" of a company.
In order to quantify the distance between the status quo and the point that must be considered a development endangering the company's continued existence, it is advisable to use predefined key figures.
For the Knaus Tabbert Group, the Management Board has defined the following key figures, which put the total risk volume in relation to the risk coverage potential:

- available liquidity [> total risk]
- ratio of total risk to equity [< 50 %]

The total risk results from the aggregation of all individual risks within the Group. The total risk volume therefore does not correspond to the result of a mere addition of individual risks, but is determined by a so-called risk aggregation procedure. Possible interdependencies of significant risks are taken into account in the process. Developments that threaten the continued existence of the company can therefore also result from the interaction of multiple risks which, when viewed in isolation, do not pose an existential threat.

For the 2021 financial year, a Monte Carlo simulation with confidence intervals of 95 % and 5 % was used for the first time as a risk aggregation method. This showed that the aggregate risk does not exceed the company's risk-bearing capacity with a probability of at least 95 %. We therefore do not see any substantial threat to the company's ability to continue as a going concern.

Characteristics of the internal control system (ICS)

The objective of the internal control system (ICS) for accounting processes is to ensure the reliability of external reporting by preparing financial statements in compliance with rules and regulations. The ICS is embedded in the corporate governance system that applies throughout the company. To monitor the effectiveness of the ICS, regular reviews of accounting-relevant processes are carried out through internal controls. In addition, the Audit Committee of the Supervisory Board monitors the effectiveness of the system.

The main features of the existing internal control and risk management system with regard to the (group) accounting process can be described as follows:

- Ensuring that the individual financial statements of Knaus Tabbert AG are prepared in accordance with standards by means of system-based and manual controls.
- Ensuring uniform group accounting in accordance with IFRS by applying uniform accounting regulations and guidelines.
- Control functions are regularly performed within the divisions, primarily by Controlling.
- Clarification of special technical questions and complex issues on a case-by-case basis with the involvement of external experts.
- Standard software is used in Finance and Accounting wherever possible.
- The software used within the company is protected against unauthorised access through the relevant IT facilities.
- An ICS manual and ICS process documentation have been prepared.
- Regular spot checks are carried out to ensure that accounting data are complete and correct.
- All significant accounting-relevant entries are made using the dual control principle (separation of audit, accounting and payment processes).

Forecast report

General economic development

As an internationally operating enterprise, the Knaus Tabbert Group is affected by global economic developments and industry-specific trends. These developments also have an influence on the future net asset, financial and profit situation of the Group. The global economic development is currently fraught with uncertainty. The corona pandemic has led to renewed and extensive restrictions in vast areas of the world through the spread of the Omicron variant. This is due in part to the containment measures adopted by individual governments. However, the high number of infections and the resultant individuals in quarantine may also be responsible for constraints on public and economic life, which may have a corresponding impact. In addition, the rise in energy, raw material and logistics prices in the course of the pandemic, combined with continuing supply bottlenecks, are dampening the economic development of various sectors.

Over and above the pandemic, there remains considerable uncertainty with regard to political conflicts and their possible impact on future economic development. By way of example, relations between Russia and Ukraine and trade relations between the USA and China are worthy of mention here. As long as the war remains limited to Russia and Ukraine, the Knaus Tabbert Group currently considers only general economic and inflationary developments to be the main risks. Actual sales transactions in Ukraine and Russia are currently of no relevance to Knaus Tabbert. Should the armed conflict escalate, further risks might arise.

However, according to its Annual Report 21/22 for 2022 published on 10 November 2021, the German Council of Economic Experts still expects a 4.4 % increase in global gross domestic product (GDP). The World Economic Outlook Update published by the International Monetary Fund (IMF) on 25 January 2022 also anticipates global economic growth of 4.4 % in 2022. In October 2021, the IMF had still been predicting growth of 4.9 %. The IMF's forecast published in January 2022 takes into account more recent findings, particularly on the development of the corona pandemic and geopolitical developments. The following developments are forecast for the main regions of the Knaus Tabbert Group:

- GDP in the euro area is expected to grow by 4.3 % (Council of Economic Experts) and 3.9 % (IMF) in 2022.
- GDP in Germany is expected to grow by 4.6 % in 2022 according to the Council of Economic Experts, while the IMF expects an increase of 3.8 %.

The International Monetary Fund (IMF) will lower its forecast for global economic growth next month as a response to the fallout from Russia's war of aggression in Ukraine, according to statements made by Kristalina Georgieva, the IMF's managing director, on 10 March 2022.

All in all, the uncertainties surrounding the aforementioned forecasts are considerable and depend primarily on the further course of the pandemic and the further development of political and economic conflicts, crises and framework conditions. If risks occur or intensify, or if framework conditions deteriorate, this can have a negative impact on the development of the global economy. Likewise, if the pandemic were to end more quickly or if conflicts were resolved and framework conditions improved, this could also have a positive impact on the global economy, which in turn may also be of significance for Knaus Tabbert.

Sources: Annual Report 21/22 of the German Council of Economic Experts of 10 November 2021 and WorldEconomic Outlook Update of the International Monetary Fund of 25 January 2022.

Industry outlook

Free, flexible and informal holidays well away from mass tourism have been enjoying ever-increasing popularity for a number of years. The target group ranges from purist minimalism through to luxury equipment - glamping, from the adventurous traveller to the sedentary permanent camper. This is also underlined by a recent Allensbach study on caravanning in Germany, according to which the most important motivations for a caravanning holiday are:

- independence and not being tied to a particular place (88 %)
- closeness to nature (75 %)
- an opportunity to have a safe holiday during the corona pandemic (62 %)
- an environmentally friendly way to travel (21%)

Another factor contributing to the growth of the camping industry is that an increasing number of younger people, especially young families, are becoming enthusiastic about this form of travel. Camping has already become an important economic factor. A recent study puts the gross turnover of the camping industry in Germany at EUR 14.1 billion. About one third of this is attributable to camping equipment, which also includes the appropriate vehicles.

New registrations of recreational vehicles at record high

Tourism in Germany is heavily influenced by mobility, and this trend is continuing, particularly in the pandemic years. Despite the disruptions caused by supply bottlenecks, the caravan industry has emerged as one of the winners of the crisis. Knaus Tabbert also looks back on another record year in 2021 with 25,922 units invoiced. With approximately 16,000 additional units in 2021, the German market made the **largest** contribution to growth at the European level. Following 259,393 European registrations in 2021, the forecast for 2022 shows around 273,000 new registrations, representing an increase of 7.0 %. Caravans **stand to** benefit from growth of around 2 %, while an increase of 9.4 % is expected for motorhomes and camper vans.

This estimate is based on a forecast by the German Caravanning Industry Association (CIVD) of 3 November 2021, which was prepared using a calculation model (Holt-Winters method) that combines historical data with current economic and demographic conditions, and uses a wide range of indicators to extrapolate over a period of five years. This study is therefore equivalent to the CIVD study from 2018. According to this study, growth of approximately 20,000 additional units per year is forecast for the coming years in Germany, resulting in 206,000 new registrations in 2025. Germany will thus be making a corresponding contribution to annual growth at the European level in the coming years. Here, around 330,000 new registrations are expected for 2025. Due to the difficulties in the supply chain, particularly for motorised vehicles, no update of the 2022 forecast is currently planned according to the CIVD.

Conclusion: a sustainable growth market

Holidaying in recreational vehicles is not just a short-term fad, but a trend that is here to stay. According to the Allensbach survey, 87 % of respondents who already own a caravan or motorhome are not planning to stop this form of travel any time soon. Moreover, 55 % of those surveyed can imagine buying a caravan or motorhome in the next few years, and another 26 % have already made concrete plans to do so. Caravanning is, and will remain, a sustainable growth market.

Forecast report

Despite the ongoing corona pandemic and the existing geopolitical conflicts and associated uncertainties, the Knaus Tabbert Group strives to continue its business policy geared towards sustainable and profitable growth. The Management Board is carefully monitoring the developments in the currently unstable economic environment in order to make adequate decisions within the scope of its growth strategy.

Supplier management

A balanced procurement and supply chain management is particularly important for production processes at the Knaus Tabbert Group. In general, Knaus Tabbert strives to continuously expand its supplier base. This also applies in view of the general dependency of the industry on various system suppliers. Knaus Tabbert is pursuing the approach of reducing dependency through the targeted development of individual suppliers for certain components and systems. In order to ease the procurement situation in the chassis area compared to the 2021 financial year, the company will be sourcing chassis from Mercedes in addition to Fiat and MAN from the second quarter of 2022. A further broadening of the supplier base is planned in the course of the 2022 financial year.

Investments

As in previous years, the operating cash flow is expected to contribute to increasing the Group's liquidity in 2022 to provide sufficient scope for planned investments in the individual segments. Key elements of the investment planning for 2022 are to be reviewed again on a case-by-case basis, not least due to the still uncertain economic environment, and evaluated under potentially changed framework conditions. Based on the current assessment of the Management Board, the Knaus Tabbert Group will continue its investment policy to implement its corporate strategy aimed at profitable growth.

Dividend

The Knaus Tabbert Group's dividend policy, which is geared towards continuity, is to be continued in the coming years. Taking into account the overall economic development as well as the economic and financial situation of the company, the Management Board and the Supervisory Board plan to continue to distribute at least 50 % of the consolidated net profit (according to IFRS) as dividends to shareholders, thus enabling them to participate fairly in the economic success of the Group.

Forecast for the Knaus Tabbert Group

It remains to be seen how the conflict between Russia and Ukraine, which culminated in an attack by Russia against Ukraine at the end of February 2022, will further unfold. The ensuing economic sanctions against Russia may have global economic repercussions.

Management of Knaus Tabbert is carefully monitoring developments in Ukraine and their potential impact on the Group's earnings, financial and net asset position, and will take appropriate measures where necessary. In light of the above, management has also decided to issue a qualified comparative forecast.

Taking into account the macroeconomic and industry-specific conditions outlined above, the Management Board is very optimistic about the 2022 financial year. Based on the order backlog of EUR 1.3 billion as of the end of December 2021 and the increasingly positive effects of the changed purchasing strategy for chassis (see section on supplier management), it expects significant revenue growth before price increase effects. Price increases towards the dealers of the Knaus Tabbert Group are planned in a range of 6-8 % in the financial year 2022 and will further support growth. Profitability, expressed in terms of adjusted EBITDA and the adjusted EBITDA margin, will continue to improve significantly in line with the targeted revenue growth and the resulting economies of scale.

This forecast is based on the assumption that the global economic and industry-specific framework conditions, particularly with regard to the further evolution of the corona pandemic and a possible widening of the Ukraine conflict, will not deteriorate further than planned.

Remuneration Report

The Remuneration Report for the 2021 financial year and the auditor's report pursuant to Section 162 of the German Stock Corporation Act, the applicable remuneration system approved by the 2021 shareholders' meeting pursuant to Section 87a para. 1 and 2 (1) of the German Stock Corporation Act and the remuneration resolution adopted by the 2021 shareholders' meeting pursuant to Section 113 para. 3 of the German Stock Corporation Act are available to the public at www.knaustabbert.de/en/investor-relations

Corporate Governance Statement pursuant to Sections 289f and §315d HGB and Corporate Governance Report

The Corporate Governance Statement pursuant to Sections 289f and 315d HGB and the Corporate Governance Report are published in the Group Annual Report, and on the company's website at www.knaustabbert.de.

Disclosures and explanations of relevance to acquisitions (supplementary disclosures pursuant to Sections 289a and 315a HGB)

Composition of the subscribed capital

As of 31 December 2021, the share capital of Knaus Tabbert AG amounts to EUR 10,377,259.00, and is divided into 10,377,259 ordinary bearer shares with no par value. Each share entitles the holder to one vote and an equal share in the profits in accordance with the dividend distribution resolved by the shareholders' meeting. There are no treasury shares as of 31 December 2020.

The rights and obligations of the shareholders are defined according to the German Stock Corporation Act in conjunction with the company's Articles of Association, the full text of which is available on the company's website under Investor Relations/Corporate Governance. Under the Articles of Association, shareholders are not entitled to demand securitisation of their shares.

Restrictions affecting voting rights or the transfer of shares

The company does not derive any rights from its treasury shares. In cases pursuant to Section 136 of the German Stock Corporation Act, voting rights from the shares concerned are excluded by law.

Shareholdings in excess of 10 % of the voting rights

To the company's knowledge, the following direct or indirect shares in the voting capital exceeded 10 % of the voting rights as of the balance sheet date:

Name	Share in%
H.T.P. Investments 1 B.V (NL).	37.58
Catalina Capital Partners B.V (NL).	25.06

The voting rights of H.T.P. Investments 1 B.V. and Catalina Capital Partners B.V. are attributed to further companies and individuals according to notifications pursuant to the German Securities Trading Act. In the case of H.T.P. Investments 1 B.V., these companies and individuals are Windroos B.V., Stichting Administratiekantoor Windroos and Willem Paulus de Pundert. In the case of Catalina Capital Partners B.V., these are Landmark Trust Switzerland SA, Landmark Group Limited and Klaas Meertens.

Changes in the aforementioned voting rights shares may have occurred since the reporting date, of which the company is not aware. Since its shares are bearer shares, the company only becomes aware of such changes insofar as these are subject to notification requirements under the German Securities Trading Act (Wertpapierhandelsgesetz) or other regulations.

Shares with special rights conferring powers of control

The company does not have any shares with special rights conferring powers of control.

Type of voting right control in the event that employees hold shares in the capital

The company is not aware of any employees who hold shares in the capital and who do not exercise their voting rights directly.

Rules and regulations on the appointment and dismissal of members of the Management Board, and on amendments to the Articles of Association

Members of the Management Board are appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act, and Section 31 of the German Co-Determination Act (Mitbestimmungsgesetz). Pursuant to Section 84 of the German Stock Corporation Act, Management Board members are appointed by the Supervisory Board for a maximum term of five years. Pursuant to Article 7 of the Articles of Association, the Management Board consists of one or more persons. The number of members is determined by the Supervisory Board. According to Section 84 para. 2 of the German Stock Corporation Act, the Supervisory Board may appoint a member of the Management Board as chair. The appointment of Management Board members, the conclusion of service contracts and the revocation of appointments, as well as the amendment and termination of service contracts, are performed by the Supervisory Board.

Pursuant to Section 179 of the German Stock Corporation Act, the Articles of Association may only be amended through a resolution of the shareholders' meeting. Unless mandatory provisions of the law stipulate otherwise, resolutions of the shareholders' meeting are passed by a simple majority of the votes cast and, if applicable, by a simple majority of the represented capital in accordance with Article 20 of the Articles of Association. Pursuant to Section 179 para. 2 of the German Stock Corporation Act, a majority of 75 % of the share capital represented is required to change the object of the company; in the Articles of Association, no use is made of the option to specify a larger capital majority for this purpose. Amendments to the Articles of Association that only affect the wording and drafting can be decided by the Supervisory Board in accordance with Article 11 para. 4 of the Articles of Association. Amendments to the Articles of Association become effective upon entry in the commercial register in accordance with Section 181 para. 3 of the German Stock Corporation Act.

Powers of the Management Board to issue or repurchase shares

The Management Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital of the company by up to EUR 5,000,000.00 by issuing up to 5,000,000 ordinary bearer shares with no par value against cash and/or non-cash contributions until 6 August 2025 (authorised capital). The authorisation may be exercised in whole or in part, at one or several occasions. The shareholders generally hold subscription rights.

To date, no use has been made of the authorised capital.

Furthermore, the Management Board is authorised to exclude shareholders' subscription rights once or several times, always subject to the approval of the Supervisory Board, in the following cases:

- in the case of capital increases against cash or non-cash contributions, insofar as this is necessary to compensate for share fractions;
- in the case of capital increases against non-cash contributions, in particular for the purpose of a business combination or the acquisition of companies, parts of companies, enterprises or shares in companies, industrial property rights (i.e. patents, utility models, trademarks or licences thereto) or other product rights; or
- in the case of capital increases against cash contributions, if the issue price of the new shares is not significantly lower than the stock price of shares offering the same terms at the time of the final determination of the issue price (simplified exclusion of subscription rights). The shares issued under the exclusion of subscription rights must not exceed 10 % of the share capital existing at the time the authorisation becomes effective, or at the time the authorisation is exercised. This maximum limit of 10 % of the share capital is reduced by the proportionate amount of the share capital attributable to those shares that are sold as treasury shares during the period of effectiveness of this authorisation under exclusion of subscription rights pursuant to Section 186 para. 3 (4) of the German Stock Corporation Act.

The proportionate amount of the share capital attributable to shares issued against cash or non-cash contributions under the exclusion of shareholders' subscription rights must not exceed a total of 50 % of the company's share capital existing at the time of the resolution of the shareholders' meeting.

To date, no use has been made of the exclusion of subscription rights.

Furthermore, the share capital is conditionally increased by up to EUR 5,000,000, divided into up to 5,000,000 ordinary bearer shares with no par value (conditional capital). The conditional capital increase shall only be carried out to the extent that the holders or creditors of option or conversion rights, or those obliged to exercise option or conversion rights, make use of their option or conversion rights arising from option bonds and/or convertible bonds, profit participation rights and/or participating bonds (or combinations of these instruments), issued or guaranteed against cash or non-cash contributions by the company or a subordinate Group company until 20 September 2025, and by virtue of the authorisation of the Management Board by resolution of the shareholders' meeting of 21 September 2020, or to the extent that they fulfil their obligation to exercise option or conversion rights if they are obliged to exercise such rights, or to the extent that the company exercises its right to partially or fully grant shares in the company in lieu of payments, whose value equals the amount of money due.

By resolution of the shareholders' meeting of 21 September 2020, the Management Board was authorised, subject to the approval of the Supervisory Board, to issue option bonds or convertible bonds, participation rights and/or participating bonds, in bearer or registered form, or a combination of these instruments, on one or more occasions against cash or non-cash contributions, up to a total nominal value of EUR 400 million and with or without a maturity restriction, and to grant option rights or obligations to the holders or creditors of option bonds, participation certificates or participating bond options, or to grant, or impose, ordinary no-par-value bearer shares of Knaus Tabbert AG at a proportionate amount of the share capital of up to EUR 5 million to the holders of convertible bonds, convertible participatory certificates, convertible participating bonds, or conversion rights or obligations.

To date, no use has been made of the authorisation to issue convertible bonds and/or option bonds.

Moreover, until 20 September 2025, the Management Board is authorised to acquire treasury shares in an amount of up to ten percent of the share capital existing at the time of the resolution or, if one of these values is lower, of the share capital existing at the time this authorisation becomes effective, or at the time this authorisation is exercised. In all cases, this authorisation may be exercised in whole or in part, on one or more occasions and for any legally permissible purpose, by the company, by a subordinate Group company, or by third parties on their own account or for the account of the company. At the discretion of the Management Board, the shares may be acquired on the stock exchange, through public purchase offer, or by means of a public invitation to the shareholders to submit an offer for sale. The Management Board may sell the acquired treasury shares on the stock exchange, by submitting an offer to all shareholders or, subject to the approval of the Supervisory Board, against cash or non-cash consideration. The latter is of particular relevance in connection with the acquisition of companies, parts of companies or shareholdings. Furthermore, the Management Board is authorised, subject to the approval of the Supervisory Board, to use treasury shares to fulfil obligations arising from conversion or option rights or conversion obligations resulting from convertible bonds, option bonds, participation rights or participating bonds (or combinations of these instruments), which were issued by the company or a subordinate Group company and grant a conversion or option right, or impose a conversion or option obligation. The Management Board may also grant treasury shares to the holders of these instruments to the extent that they would be entitled to a subscription right to shares of the company after exercising conversion or option rights, or after fulfilling conversion or option obligations. The treasury shares may also be offered for purchase as employee shares to members of staff of the company or of one of its affiliates. The shares may also be withdrawn. Acquisition for the purpose of trading in treasury shares is excluded. The shares acquired on the basis of the authorisation, together with other treasury shares held by the company or attributable to it pursuant to Sections 71a et seq. of the German Stock Corporation Act, may not account for more than ten per cent of the respective share capital of the company.

Significant agreements of the company subject to the condition of a change of control

Knaus Tabbert AG has entered into the following significant agreements, which contain provisions for a change of control such as may occur as a result of a takeover bid:

- The Knaus Tabbert Group has concluded a syndicated loan agreement under the management of Commerzbank AG with a term until 31 July 2022, under which a revolving line of credit in the amount of EUR 100 million is made available to the company and certain subsidiaries. If required by a lender, early repayment of all drawdowns provided by that lender is required in specific events, including a change of control.

Agreements of the company on compensation for members of the Management Board or staff in the event of a takeover bid

The company has not concluded any agreements on compensation in the event of a takeover bid with members of the Management Board or staff.

Jandelsbrunn, 25 March 2022

The Management Board of Knaus Tabbert AG

Wolfgang Speck	Marc Hundsdorf	Werner Vaterl	Gerd Adamietzki

CONSOLIDATED FINANCIAL STATEMENTS 2021

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Consolidated Balance Sheet

ASSETS

in KEUR	Note	31.12.2021	31.12.2020
Assets			
Intangible assets	5.1	18,050	15,966
Property, plant and equipment	5.2	130,636	103,483
Other assets	5.7	2,222	1,802
Deferred tax assets	6.9	2,780	3,113
Non-current assets		**153,688**	**124,364**
Inventories	5.3	144,948	123,958
Trade receivables	5.4	6,948	10,577
Other assets	5.7	23,634	16,198
Tax receivables	5.5	5,750	1,826
Cash and cash equivalents	5.6	9,677	8,939
Current assets		**190,957**	**161,499**
Balance sheet total		**344,645**	**285,863**

Consolidated Balance Sheet

LIABILITIES

in KEUR	Note	31.12.2021	31.12.2020
Equity			
Subscribed capital	5.8	10,377	10,377
Capital reserves	5.8	27,000	26,926
Retained earnings	5.8	71,993	6,435
Profit- / loss carry forwards		–	49,797
Consolidated net income		25,904	31,327
Consolidated net income	5.8	–1,395	–1,091
Total equity		**133,879**	**123,770**
Liabilities			
Other provisions	5.9	13,543	12,858
Liabilities to banks	5.10	2,331	5,616
Other liabilities	5.12	8,284	8,939
Deferred tax liabilities	6.9	7,593	6,906
Non-current liabilities		**31,751**	**34,317**
Other provisions	5.9	7,661	6,459
Liabilities to banks	5.10	93,052	49,001
Trade payables	5.11	38,471	35,167
Other liabilities	5.12	35,161	34,334
Tax liabilities	5.13	4,669	2,815
Current liabilities		**179,014**	**127,775**
Liabilities		**210,765**	**162,093**
Balance sheet total		**344,645**	**285,863**

Consolidated Profit and Loss Statement

in KEUR	Note	01.01. to 31.12.2021	01.01. to 31.12.2020
Revenue	6.1	862,620	794,591
Changes in inventory	6.2	19,083	4,364
Other own work capitalised	6.2	4,448	4,144
Other operating income	6.3	3,103	3,045
Cost of materials	6.4	–624,918	–558,054
Personnel expenses	6.5	–127,264	–111,393
Depreciation and amortisation	6.6	–21,059	–19,445
Other operating expenses	6.7	–77,628	–70,691
Financial income	6.8	91	91
Finance costs	6.8	–1,510	–2,573
Tax expense	6.9	–11,062	–12,751
Consolidated net income		**25,904**	**31,327**
Earnings per share (undiluted) in EUR	**6.10**	**2.50**	**7.63**
Earnings per share (diluted) in EUR	**6.10**	**2.50**	**7.63**

Consolidated Statement of Comprehensive Income

in KEUR	01.01. to 31.12.2021	01.01. to 31.12.2020
Consolidated net income	**25,904**	**31,327**
Items that may be reclassified to profit or loss if certain conditions are met:		
Currency translation differences	–304	–558
Other comprehensive income	**–304**	**–558**
Total comprehensive income	**25,600**	**30,769**

Consolidated Cash Flow Statement

CASH FLOWS FROM OPERATING ACTIVITIES

in KEUR	Note	2021	2020
Consolidated net income		25,904	31,327
Adjustments for:			
Depreciation and amortisation/write-ups on intangible assets and property, plant and equipment	6.6	21,059	19,445
Increase/decrease in provisions	5.9	1,887	2,794
Other non-cash income/expenses		1,485	–66
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities		–30,546	27,216
Increase/decrease in trade payables and other liabilities not related to investing or financing activities		6,230	–15,787
Profit/loss on disposal of non-current assets		–	772
Net finance costs	6.8	1,419	2,483
Income tax expense	6.9.1	10,807	12,460
Income taxes paid		–11,046	–9,614
Cash flows from operating activities		**27,200**	**71,029**

CASH FLOWS FROM INVESTING ACTIVITIES

in KEUR	Note	2021	2020
Proceeds from the sale of property, plant and equipment		218	98
Payments for investments in property, plant and equipment		–41,232	–14,201
Payments for investments in intangible assets		–6,942	–6,092
Income taxes paid		64	60
Cash flows from investing activities		**–47,892**	**–20,136**

CASH FLOWS FROM FINANCING ACTIVITIES

in KEUR	Note	2021	2020
Proceeds from equity increases	5.8	–	24,799
Dividend payments	5.8	–15,566	–30,000
Proceeds from liabilities to banks		104,395	76,518
Repayments of liabilities to banks		–63,648	–115,483
Interest paid		–1,402	–2,535
Repayment of liabilities from leases		–2,779	–3,040
Cash flows from financing activities		**21,001**	**–49,742**
Net change in fund of means of payment		**309**	**1,151**
Impact of exchange rate fluctuations on fund of means of payment		22	4
Fund of means of payment at the beginning of the period		**2,839**	**1,684**
Fund of means of payment at the end of the period	5.6	**3,170**	**2,839**

Consolidated Statement of Changes in Equity

FINANCIAL YEAR 2021

in KEUR	Note	Subscribed capital	Capital reserves	Currency translation reserves	Retained earnings	Profit/loss carry-forwards	Consolidated net income	Total
Status as of 1 January		**10,377**	**26,926**	**–1,091**	**6,435**	**49,797**	**31,327**	**123,770**
Allocation of consolidated net income in profit/loss carry-forwards		–	–	–	–	31,327	–31,327	–
Transfer of profit/loss carried forward to retained earnings		–	–	–	65,558	–65,558	–	-
Profit before tax from continuing operations		–	–	–	–	–	25,904	25,904
Other comprehensive income		–	–	–304	–	–	–	–304
Total comprehensive income		**–**	**–**	**–304**	**65,558**	**–34,231**	**–5,422**	**25,600**
Transactions with owners								
Contributions and distributions								**–**
Share-based payment	12		74					74
Distributions	5.8	–	–	–	–	–15,566	–	–15,566
Total contributions and distributions		**–**	**74**	**–**	**–**	**–15,566**	**–**	**–15,492**
Total transactions with owners of the company		**–**	**74**	**–**	**–**	**–15,566**	**–**	**–15,492**
Status as of 31.12.		**10,377**	**27,000**	**–1,395**	**71,993**	**-**	**25,904**	**133,879**

FINANCIAL YEAR 2020

in KEUR	Note	Subscribed capital	Capital reserves	Currency translation reserves	Retained earnings	Profit/loss carry-forwards	Consolidated net income	Total
Status as of 1 January		**29**	**12,475**	**–533**	**6,435**	**48,627**	**31,170**	**98,203**
Allocation of consolidated net income in profit/loss carry-forwards		–	–	–	–	31,170	–31,170	–
Profit before tax from continuing operations		–	–	–	–	–	31,327	31,327
Other comprehensive income		–	–	–558	–	–	–	–558
Total comprehensive income		**–**	**–**	**–558**	**–**	**31,170**	**157**	**30,769**
Transactions with owners								
Contributions and distributions								**–**
Contributions to capital reserves	5.8	–	5,000	–	–	–	–	5,000
Capital increases from company funds	5.8	9,998	–9,998	–	–	–	–	–
Issuance of new treasury shares	5.8	350	19,950	–	–	–	–	20,300
Transaction costs	5.8	–	–501	–	–	–	–	–501
Distributions	5.8	–	–	–	–	–30,000	–	–30,000
Total contributions and distributions		**10,348**	**14,451**	**–**	**–**	**–30,000**	**–**	**–5,201**
Total transactions with owners of the company		**10,348**	**14,451**	**–**	**–**	**–30,000**	**–**	**–5,201**
Status as of 31.12.		**10,377**	**26,926**	**–1,091**	**6,435**	**49,797**	**31,327**	**123,770**

Notes to the Consolidated Financial Statements

1. General information

1.1. Reporting entity

Knaus Tabbert AG (individually referred to as “KTAG” or “Company”, and together with its subsidiaries as “Group”) is a capital market-oriented stock corporation based in Germany with its registered office at Helmut-Knaus-Str. 1, 94118 Jandelsbrunn. The Group mainly produces and distributes products for the leisure and commercial vehicle market. These include, in particular, caravans, motorhomes and camper vans. The Group's main sales market is the European Union (EU).

Knaus Tabbert AG (formerly Knaus Tabbert GmbH) was entered in the commercial register of the district court of Passau on 14 August 2020 under the commercial register number HRB 11089. The Company has been listed on the regulated market segment of the Frankfurt Stock Exchange (Prime Standard) since 23 September 2020. The Securities Identification Number (WKN) is A2YN50, and the International Securities Identification Number (ISIN) is DE000A2YN504.

The Consolidated Financial Statements of Knaus Tabbert AG as of 31 December 2021 include Knaus Tabbert AG and its subsidiaries.

1.2. Basis of accounting

The financial year of the Group comprises twelve months and ends on 31 December. The Consolidated Financial Statements of the Company have been prepared in accordance with uniform Group accounting policies for all reporting periods presented. The Consolidated Statement of Comprehensive Income has been prepared according to the total cost method.

The Consolidated Financial Statements of Knaus Tabbert AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as applicable in the European Union (EU) as of 31 December 2021, including the interpretations of the International Financial Reporting Interpretations Committee on IFRS (IFRIC) and the supplementary provisions of commercial law applicable under Section 315e para. 1 of the German Commercial Code (HGB).

The Management Board of Knaus Tabbert AG prepared the Consolidated Financial Statements as of 31 December 2021 under the going-concern assumption. The Consolidated Financial Statements were approved for publication by the Management Board on 25. March 2022.

1.3. Functional and presentation currency

These Consolidated Financial Statements are presented in euros, the Company's functional currency. Unless otherwise stated, all amounts reported in the Consolidated Financial Statements are rounded to the nearest thousand (KEUR). Deviations of up to one unit (KEUR) are rounding differences occurring for computational reasons.

1.4. Use of judgements and estimates

The preparation of the Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Both estimates and the underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognised prospectively.

The following section explains those balance sheet items for which judgements and/or estimates may have a significant impact on the values recognised in the Consolidated Financial Statements within the next financial year. For judgements in connection with consolidation procedures, please refer to Note 3.1.

Determining fair values

A number of accounting policies and disclosures of the Group require the determination of fair values for financial and non-financial assets and liabilities.

In determining the fair value of an asset or liability, the Group uses observable market data to the extent possible. On the basis of the input factors used as part of the valuation techniques, the fair values are categorised into different levels of the fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: valuation parameters other than the quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: valuation parameters for assets or liabilities that are not based on observable market data

If the input factors used to determine the fair value of an asset or liability can be categorised into different levels of the fair value hierarchy, the fair value measurement is allocated in its entirety to the level of the fair value hierarchy that corresponds to the input factor of the lowest level that is significant to the measurement as a whole.

The Group recognises reclassifications between levels of the fair value hierarchy at the end of the reporting period in which the change has occurred. For further details, please refer to Notes 3.5, 3.8 and 3.10.

Capitalisation of self-created intangible assets

When capitalising development costs, estimates by management of the technical and economic feasibility of the development projects are taken into account in the recognition decision. The valuation of capitalised development costs and thus the assessment of their recoverability depends on assumptions about the amount and period of the inflow of expected future cash flows as well as the discount rates to be applied. For further information, please refer to Note 3.3.

Determining the useful lives of property, plant and equipment, software and licences

Estimates of the useful lives of assets are based on past experience of the group. However, due to increasingly rapid technological progress, the useful lives of some assets may be shorter than others. For further details, please refer to Notes 3.3 and 3.4.

Determining lease terms with extension/termination options

When determining its lease terms, the Knaus Tabbert Group makes judgements while taking extension or termination options into account. The assessment of whether the extension or termination options will be exercised with a sufficiently high degree of probability has an impact on the term of the lease and can thus significantly impact the rights of use or lease liabilities. For further information, please refer to Note 3.6.

Provisions

Provisions differ from other liabilities in that the timing and/or amount of future expenditure required is subject to uncertainty. A provision must be recognised if the Company has a present obligation (legal or de facto) as a result of a past event, it is probable that an outflow of resources of economic value will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Due to differing economic and legal assessments and the difficulties in determining probabilities of occurrence, considerable uncertainties with regard to recognition and valuation exist. Please refer to Note 5.9 for information on the methodology used to determine the amount of the warranty provision and for further details.

Determining the net realisable value of inventories

Inventories are to be recognised at the lower of purchase or production cost and net realisable value. When determining the net realisable value, assumptions must be made, in particular regarding the development of sales prices and costs still to be incurred prior to sale. For further information, please refer to Note 5.3.

Revenue recognition from the sale of goods

The Group has determined, based on the existence of certain indicators, that the performance obligation will be settled when control of the motorhomes, caravans and camper vans is transferred to the customer, and revenue is recognised as of that date. For details, please refer to Note 3.16.1. In recognising revenue from the sale of goods, judgment is required in particular to determine the extent to which any follow-up work required after completion of the vehicles is significant and may preclude performance of the contract with the customer in accordance with the terms of the contract. In addition, estimates regarding the receipt of the consideration from the customer (creditworthiness) are necessary on a case-by-case basis and require the exercise of judgment.

1.5. Effects of COVID-19

Business continued to be overshadowed by the coronavirus pandemic and its repercussions in the 2021 financial year. Interrupted supply chains and shortages of semiconductors resulted in a shortfall in deliveries. As a result, vehicles were produced in significantly lower numbers than originally planned, or were only partially completed. The actual sales potential offered by the high market demand and the order backlog could not be fully exploited. Further production downtimes and major expenses for retrofitting the unfinished vehicles negatively impacted the result of the 2021 financial year.

Protecting the health of our employees as best as possible while maintaining our operational performance and safeguarding our earnings and liquidity position remained our key priority in 2021.

All estimates and assumptions of relevance to these Consolidated Financial Statements were made to the best of our knowledge, taking into account current events and measures. Due to the ongoing situation, predicting the effects on recognised assets and liabilities, and on income and expenses, is fraught with difficulty. The specific impacts of the coronavirus pandemic are described, where relevant, in the individual Notes to the Consolidated Financial Statements.

Recourse to support measures

In the reporting period, no recourse was made to government support measures such as short-time working allowances or loans.

Recoverability of non-current assets

After analysing all relevant circumstances and conditions, also in the second year of the pandemic, management found no indications of impairment of goodwill or brands with indefinite useful lives in the financial year 2021. This is primarily due to the unchanged strong demand for luxury Morelo motorhomes. While the first half of the year initially progressed according to plan in the Premium segment, the increasing shortage of raw materials in the second half of the year prompted us to adjust our planning. The mandatory impairment tests performed on the reporting date for goodwill and the brands also revealed no need for impairment. For further details, please refer to Note 5.1.

Management considered COVID-19-related impairments for other non-current assets in property, plant and equipment and intangible assets to be unnecessary.

Value adjustments for inventories and trade receivables
In the course of the financial year, missing or delayed deliveries of raw materials gave rise to temporary production disruptions or standstills across all locations. Due to the gradual lifting of global restrictions, the economic situation stabilised as the year progressed. Due to the continued high demand, increased value adjustments on inventories and trade receivables were not required as of the reporting date.

The Group experienced no other significant, direct effects of the COVID-19 pandemic.

1.6 Effects of climate change

When preparing the Consolidated Financial Statements, the Group assessed the impact of climate risks and future regulatory requirements related to the implementation of the Paris Climate Agreement, and concluded that these factors do not have a material impact on the Consolidated Financial Statements as of 31 December 2021. In particular, the effects on non-current assets, the recoverability of property, plant and equipment and intangible assets as well as provisions were assessed to the extent possible within the scope of the material estimates and judgements made. These estimates are reviewed by the Company on an ongoing basis. Due to the high uncertainty surrounding the effects of climate change and resulting future regulations, the conclusion reached may be subject to change in the future.

2. Valuation principles

The Consolidated Financial Statements were prepared on the basis of historical acquisition and production costs, with the exception of derivative financial instruments, which were measured at their fair value as of the reporting date.

3. Key accounting policies

3.1. Consolidation principles

Scope of consolidation

The scope of consolidation of Knaus Tabbert AG as of 31 December 2021 comprised the following fully consolidated subsidiaries:

SCOPE OF CONSOLIDATION

	Registered office	Shareholding in %
Domestic		
Caravan-Welt GmbH Nord[1)]	Bönningstedt	100,00
HÜTTLrent GmbH[1)]	Maintal	100,00
MORELO Reisemobile GmbH	Schlüsselfeld	100,00
Foreign		
Knaus Tabbert Kft	Vac (Ungarn)	100,00

[1)] The company exercised its right to be exempted from the duty to disclose its annual financial statements pursuant to Section 264 para. 3 of the German Commercial Code.

Business combinations

Acquired subsidiaries are accounted for using the acquisition method in accordance with IFRS 3. The consideration transferred in the course of a business combination is measured at fair value, which is calculated as the sum of the fair values of all assets transferred as consideration for control, the liabilities incurred or assumed by the seller, and the equity instruments issued.

In the course of the initial consolidation, the identifiable assets and liabilities are measured at fair value. The fair value of property, plant and equipment is generally determined using appraisals based on observable market data, while the fair value of financial instruments, retirement benefits and similar obligations and inventories is determined on the basis of available market information. The fair value of key intangible assets is calculated using adequate valuation methods based on projected future cash flows or multiples. Expenses in connection with business combinations are recognised to profit or loss as incurred.

For each company acquisition, the Group decides on a case-by-case basis whether the non-controlling interests in the acquired company are to be recognised at fair value, or according to the proportional share of the net assets of the acquired company.

Goodwill is equal to the positive difference between the acquisition costs and the fair value of the assets and liabilities acquired in the course of a business combination. If the amount thus determined is negative, the difference is recognised directly to profit or loss in the Consolidated Profit and Loss Statement following a further examination.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which the Group obtains control. Inclusion in the consolidated financial statements ends as soon as the Group loses control. If control is subsequently lost, the consolidated financial statements are to include the results for that part of the financial year during which the Group exercised control.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are recognised as equity transactions.

Intercompany results from deliveries and services that have not yet been realised from the Group's perspective are eliminated in the Consolidated Financial Statements. Receivables, liabilities, provisions, revenue, expenses and income between Group companies are eliminated. Differences resulting from the consolidation of debts are reported under other operating expenses. Differences from the consolidation of expenses and income are recognised directly in equity.

Deferred taxes are recognised for temporary differences arising from consolidation.

Where necessary, the annual financial statements of the subsidiaries are adapted to the accounting and valuation policies of Knaus Tabbert AG.

3.2. Foreign currencies

Business transactions in foreign currencies

Business transactions in foreign currencies are translated into euros at the exchange rate prevailing at the time of the transaction. In subsequent periods, monetary assets and liabilities denominated in a foreign currency are translated using the closing rate. Non-monetary items measured at historical acquisition or production cost in a foreign currency are translated using the exchange rate at the date of the transaction. Gains and losses arising from foreign currency translations are recognised in other operating income or other operating expenses.

Foreign operations

Assets and liabilities of the Hungarian subsidiary Knaus Tabbert Kft, whose functional currency is the Hungarian forint (HUF), are translated into euros at each balance sheet date using the closing rate. The income and expenses of this subsidiary are translated using the exchange rate at the time of the respective business transaction.

Currency translation differences are recognised in other comprehensive income and reported in the currency translation reserve under equity. The following exchange rates for HUF were used as the basis for the currency translation:

CURRENCY EXCHANGE RATES

	Average exchange rates	Average exchange rates	Year-end exchange rates as per 31 December	
1 euro is equal to	2021	2020	2021	2020
Hungary (HUF)	358.46	351.25	369.19	363.89

3.3. Intangible assets and goodwill

a) Recognition and measurement

Goodwill and acquired trademarks

Goodwill arising from business combinations is measured at cost less accumulated impairment losses.

Acquired trademark rights of the umbrella brands “Weinsberg”, “Knaus”, “Tabbert”, “T@B” and “MORELO” are measured at acquisition cost less accumulated impairment losses. An indefinite useful life is assumed for the trademark rights of the umbrella brands, as there is no indication of a foreseeable limit to the period in which these assets are expected to generate net cash flows for the Company. In the process, the assumption of an unlimited useful life of these trademark rights is checked for plausibility in each period, taking into account all relevant events and circumstances.

Self-created intangible assets
Expenditures for research activities are recognised in other operating expenses as incurred.

Development costs are capitalised only if they meet the definition of an intangible asset and can be measured reliably, the product or process is technically and commercially suitable, future economic benefits are probable, and the Group both intends and has sufficient resources to complete the development, and to use or dispose of the asset. Other development costs are recognised in other operating expenses as incurred.

In order to consistently check whether development costs can be capitalised, ongoing development projects are centrally monitored and divided into multi-stage project phases. If the above-mentioned requirements are fulfilled from a certain project phase onwards, the associated expenses are capitalised as production costs of the self-created intangible asset.

Other intangible assets
Other intangible assets that have been acquired by the Group and have finite useful lives are measured at acquisition cost less accumulated depreciation and amortisation and accumulated impairment losses.

b) Subsequent expenditure
Subsequent expenditure is capitalised as a material improvement only if it will increase the future economic value of the asset to which it relates. All other expenditure, including expenditure on self-created goodwill and self-created brand names, is recognised in other operating expenses as incurred.

c) Amortisation
Intangible assets are generally amortised on a straight-line basis over their estimated useful lives, with amortisation recognised to profit or loss. In contrast, goodwill and intangible assets with indefinite useful lives are not subject to scheduled amortisation.

Goodwill is tested for impairment at least once a year, and more frequently if state of affairs or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable.

The acquired brands have an indefinite useful life as they have established solid footholds in their markets and will continue to be promoted accordingly in the future in order to maintain their market position. There are no other legal, regulatory or competition-related factors that could impose restrictions on the use of the brand names. As a result, the brands are not subject to scheduled amortisation. Instead, they are tested for impairment at least once a year. The acquired trademarks were tested for impairment on 31 December 2021.

Capitalised development projects are generally subject to scheduled amortisation from the beginning of their useful life over a period of five years, which corresponds to the life cycle of the product. At each balance sheet date, the Group assesses whether there are any indications that a self-created intangible asset may be impaired.

The useful lives of other intangible assets such as patents, software and licences range from two to eight years.

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if necessary.

3.4. Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment is measured at amortised acquisition or production cost, less accumulated, scheduled depreciation and accumulated impairments.

The acquisition cost of an item of property, plant and equipment comprises the purchase price as well as all costs directly incurred in bringing the asset to operable condition. Rebates, discounts and bonuses are deducted from the purchase price. The costs of self-constructed property, plant and equipment include all costs directly attributable to the manufacturing process as well as proportionately allocated overheads. Financing costs are generally not recognised as part of the acquisition or production costs. However, if they are directly attributable to the acquisition, construction or production of a qualifying asset, they are capitalised in accordance with IAS 23 (Borrowing Costs). For borrowed capital not directly attributable to the acquisition, the borrowing costs eligible for capitalisation are determined by applying a financing cost rate to the expenditure on the qualifying asset. The financing cost rate is the weighted average of the borrowing costs of the Company's loans outstanding during the period, but excluding borrowings made specifically for the purpose of acquiring a qualifying asset. Repair and maintenance costs are immediately recognised as an expense if they do not generate any additional economic benefit.

Where relevant, acquisition and production costs include the estimated costs incurred for the demolition and removal of the asset and the restoration of the site.

b) Subsequent acquisition and production costs

Subsequent expenditure is capitalised only if the future economic benefits associated with the expenditure are expected to accrue to the Group.

c) Depreciation

Property, plant and equipment is depreciated on a straight-line basis over its useful life, based on the following estimated useful lives of key property, plant and equipment for the current and comparative years:

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

Buildings	10 to 50 years
Other constructions and property facilities	5 to 33 years
Technical plants and machinery	1 to 18 years
Other plants, operating and office equipment	1 to 14 years

When an item of property, plant and equipment is disposed of, gains or losses are determined by comparing the disposal proceeds with the carrying amount of the corresponding item of property, plant and equipment. These gains and losses are reported in other operating income or other operating expenses, with the exception of rental vehicles. The proceeds from the sale of these asset classes are reported under revenue.

The residual values, useful lives and depreciation methods of the assets are reviewed, and adjusted if necessary, at the end of each financial year.

Impairment losses are recognised if the carrying amount of property, plant and equipment exceeds the recoverable amount and there are indications of impairment of that asset. The recoverable amount is the higher of the fair value less costs of disposal, and the value in use. If the reason for an impairment loss already recognised no longer applies, the impairment loss is reversed to amortised acquisition or production cost.

3.5. Assets and disposal groups held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be realised primarily through disposal rather than through their continued use.

Intangible assets and property, plant and equipment are no longer subject to scheduled amortisation or depreciation, but recognised at fair value less costs to sell, if this value is lower than the carrying amount. The fair value is derived from purchase prices with potential buyers.

3.6. Leases

a) The Group as lessee

At the start of each contract, the Group assesses whether the contract constitutes, or contains, a lease in accordance with IFRS 16. This is the case if the contract entitles the lessee to control the use of an identified asset for a specified period of time in return for payment of a consideration.

The Group leases various types of assets, mainly land and buildings, technical plants and machinery, cars as well as operating and office equipment. The contracts are usually concluded for a fixed period of up to 15 years, but may also include extension or termination options. The terms are negotiated on an individual basis and may include a host of different provisions.

The Group recognises and values its leases in accordance with the provisions of IFRS 16, and recognises lease payment obligations and rights of use for the underlying assets. Furthermore, the Group continues to make use of the exemption for short-term leases and leases of low value provided under IFRS 16.5, and recognises lease payments for these leases as expenses on a straight-line basis over the respective lease term.

On the date of commencement, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at acquisition cost, corresponding to the initial measurement of the lease liability and adjusted for payments made on or before the commencement date, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset, or of restoring the underlying asset or the site on which it is located, less any lease incentives received.

Subsequently, the right of use is amortised on a straight-line basis from the date of commencement to the end of the lease term, unless ownership of the underlying asset is transferred to the Group at the end of the lease term, or the cost of the right of use takes into account the Group's intention to exercise a purchase option. In this case, the right of use is amortised 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 adjusted for impairments, where necessary, and for certain revaluations of the lease liability.

The lease liability is initially measured at the present value of the lease payments outstanding as of the commencement date, discounted at the interest rate applicable to the lease or, if this cannot be readily determined, at the Group's incremental borrowing rate. The Group usually applies its incremental borrowing rate as its discount rate.

To determine its incremental borrowing rate, the Group obtains interest rates from various external funding sources and applies certain adjustments to take into account the terms of the lease and the nature of the underlying asset.

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

- fixed payments, including de facto fixed payments,
- variable lease payments linked to an index or (interest) rate, measured for the first time using the index or (interest) rate applicable on the commencement date,
- amounts expected to be payable under a residual value guarantee, and
- the exercise price of a purchase option if the Group is reasonably certain to exercise it, lease payments for a renewal option if the Group is reasonably certain to exercise it, and penalties for early termination of the lease unless the Group is reasonably certain not to terminate the lease prematurely.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if the future lease payments change due to a change in an index or (interest) rate, if the Group adjusts its estimate of the expected payments under a residual value guarantee, if the Group revises its assessment of whether it will exercise a purchase, extension or termination option, or if there is a change in a de facto fixed lease payment.

When the lease liability is thus remeasured, the carrying amount of the right of use is adjusted accordingly, or recognised to profit or loss if the carrying amount of the right of use has decreased to zero.

The Group records rights of use to property, plant and equipment and lease liabilities under other financial liabilities.

b) The Group as lessor

The Group leases motorhomes and caravans on a small scale through its subsidiaries HÜTTLrent GmbH and Caravan-Welt GmbH Nord. From the perspective of a lessor, all leases are classified as operating leases as not all major risks and rewards associated with ownership are transferred when leasing the motorhomes. For further details, please refer to Note 6.1.

3.7. Inventories

Inventories are generally measured at the lower of net realisable value and acquisition or production cost. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs until completion and the estimated costs necessary to make the sale. When determining the net realisable value, the marketability, age as well as all apparent storage and inventory risks are taken into account.

Acquisition costs are determined on the basis of the moving average method. In addition to direct material, manufacturing and special manufacturing costs, the production costs of finished goods and work in progress also include overheads attributable to production as well as depreciation as a result of manufacturing. Overhead costs are allocated on the basis of normal operating capacity.

3.8. Financial instruments

a) Recognition and initial measurement

Trade receivables are recognised from the date on which they are incurred. All other financial assets and liabilities are first recognised on the day of trading when the entity becomes a party to the contract under the contractual provisions of the instrument.

Financial assets and financial liabilities are generally measured at fair value upon initial recognition. For a financial asset or liability that is not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue are added to the fair value. Trade receivables without a significant financing component are measured at their transaction price upon initial recognition.

b) Classification and measurement subsequent to initial recognition

Financial assets:

At initial recognition, a financial asset is classified and measured as follows:

- at amortised acquisition cost
- FVOCI debt instruments (investments in debt instruments measured at fair value with changes in other comprehensive income)
- FVTPL (at fair value with changes to profit or loss)

Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing its financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following the change of the business model.

A financial asset is measured at amortised acquisition cost if both of the following conditions are met, and it has not been classified as FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVOCI if both of the following conditions are met, and it has not been classified as FVTPL:

- The financial asset is held within a business model whose objective is to both hold financial assets in order to collect contractual cash flows, and to sell financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not measured at amortised cost or FVOCI are measured at FVTPL.

Financial assets – assessment of the business model

The Group evaluates the objectives of the business model in which the financial asset is held at a portfolio level, as this best reflects the way in which business is managed and information is provided to management. The information to be considered includes:

- the specified policies and objectives for the portfolio and the implementation of those policies in practice; this includes whether management's strategy is geared towards collecting contractual interest income, maintaining a particular interest rate profile, aligning the maturity of a financial asset with the maturity of an associated liability or expected cash outflows, or realising cash flows through the sale of assets;
- the manner in which the results of the portfolio are evaluated and reported to the Group’s management;
- the risks affecting the results of the business model (and the financial assets held under that business model) and the manner in which those risks are managed; and
- the frequency, amount and timing of sales of financial assets in prior periods and expectations about future selling activities.

Financial assets – assessment of whether the contractual cash flows are solely payments of principal and interest
For the purpose of this assessment, principal is defined as the fair value of the financial asset at initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal outstanding over a period of time, other fundamental credit risks, costs (for example, liquidity risks and administrative costs) and a profit margin.

The Group considers the contractual terms of the instrument when assessing whether the contractual cash flows are solely payments of interest and principal on the principal amount outstanding. This includes an assessment of whether the financial asset contains a contractual arrangement that could change the timing or amount of the contractual cash flows such that they no longer meet those conditions. In making this assessment, the Group takes into account:

- certain events that could change the amount or timing of cash flows;
- conditions that would lead to an adjustment of the interest rate, including variable interest rates;
- early repayment and extension options; and
- conditions that restrict the Group's right to collect cash flows from a specific asset (for example, no right of recourse).

FINANCIAL ASSETS – MEASUREMENT SUBSEQUENT TO INITIAL RECOGNITION AND GAINS AND LOSSES

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in financial income or financial expenses
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange rate gains and losses and impairments are recognised in profit or loss. Other net gains or losses are recognised in other comprehensive income. Upon derecognition, the accumulated other comprehensive income is reclassified to profit or loss
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. Impairment losses are deducted from the amortised cost. Interest income, exchange rate gains and losses and impairment losses are recognised in profit or loss. A gain or loss resulting from derecognition is recognised in profit or loss.

As of the balance sheet date, the Group holds financial assets in the form of trade receivables, receivables from shareholders, receivables from factoring and cash and cash equivalents.

These financial instruments are measured at amortised cost due to the fulfilment of the cash flow and business model condition. In the case of receivables from factoring, the original receivables from the customer were sold to the factoring company at the time of their occurrence.

Financial liabilities – classification, measurement subsequent to initial recognition, and gains and losses
Financial liabilities are classified and measured at amortised cost or at fair value through profit or loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or if it is a derivative or designated as such at initial recognition.

Financial liabilities at FVTPL are measured at fair value, and net gains or losses including interest expenses are recognised in financial income or finance costs.

Other financial liabilities are measured subsequent to initial recognition at amortised cost using the effective interest method. Interest expenses are recognised in financial income or finance costs, and foreign currency translation differences are recognised in other operating income or other operating expenses. Gains or losses from derecognition are recognised to profit or loss.

As of the balance sheet date, with the exception of derivative financial instruments and the financial guarantee, the Group only holds financial liabilities measured at amortised cost.

c) Derecognition

Financial assets

The Group derecognises financials asset if the contractual rights to the cash flows from the financial assets expire, or if the Group transfers the rights to the cash flows in a transaction together with all significant risks and rewards of ownership of the financial assets.

Derecognition also occurs when the Group neither transfers nor retains all the significant risks and rewards of ownership, and does not retain control of the transferred assets.

Financial liabilities

The Group derecognises financial liabilities when the contractual obligations are discharged, cancelled or expire. The Group also derecognises financial liabilities if their contractual terms are modified, and the cash flows of the modified liabilities have changed significantly. In this case, a new financial liability is recognised at fair value on the basis of the amended contractual terms.

When a financial liability is derecognised, the difference between the carrying amount of the extinguished liability and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised to profit or loss.

d) Offsetting

Financial assets and liabilities are offset and reported in the balance sheet as a net amount when the Group has a current, legally enforceable right to offset the reported amounts, and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

e) Derivative financial instruments

The Group holds derivative financial instruments to hedge interest rate risks.

Derivatives are measured at fair value at initial recognition and thereafter. Derivatives are subsequently measured at fair value. Any changes in the fair value are generally recognised in financial income or finance costs.

The Group does not apply hedge accounting to its derivative financial instruments.

f) Financial guarantee

The financial guarantee is measured at fair value at initial recognition. Subsequently, the financial liability is to be measured at the higher of the value adjustment determined in accordance with IFRS 9 and the adjusted fair value at initial recognition, if applicable. Resulting changes are generally recognised in financial income or finance costs.

g) Dealer financing models and factoring agreements of the Group

Due to the high capital intensity of the independent dealers' sales business, agreements were concluded with various credit institutes for the purchase financing of dealers. Under these models, the dealers may conclude a financing agreement with one of the credit institutes for the vehicle purchased by them from the Group. In this case, the Group shall receive the purchase price from the respective credit institute in the name and for the account of the respective dealer, who is granted a certain financing facility by the credit institute for their purchases. The existing trade receivable from the dealer is derecognised upon payment by the credit institute, as the contractual rights to the cash flows arising from the financial asset expire at that point.

In addition, the Group maintains several factoring agreements. Under these agreements, the underlying receivables from customers are sold to the respective factoring company as soon as they arise. In this context, the Group retains neither significant risks nor rewards from these sales of receivables and derecognises the trade receivables accordingly. Until payment is received, the Group holds a receivable from the factoring company, which is reported under other current financial assets.

3.9. Cash and cash equivalents

Cash and cash equivalents consist mainly of cash and other current, highly liquid investments with a term of three months or less. Cash and bank deposits are recognised at nominal value. Due to the good financial standing of the banks, expected losses were not recognised due to a lack of materiality.

3.10. Impairment

a) Non-derivative financial assets

Expected credit losses – general approach

The Group recognises impairment losses for expected credit losses on financial assets measured at amortised cost.

With the exception of trade receivables, impairment losses for financial assets are determined according to the general impairment model. Impairment losses for trade receivables are always measured in the amount of the credit loss to be expected over the term of the loan. The extent of the impairment and the interest received are determined according to the allocation of the financial instrument to the three levels listed below:

Level 1:

In principle, all relevant instruments are initially assigned to the first level. The present value of the expected credit losses resulting from possible default events within the next twelve months after the balance sheet date is to be recognised as an expense. Interest is recognised on the basis of the gross carrying amount. Consequently, the effective interest method is applied on the basis of the carrying amount before taking the risk provision into account.

Level 2:

This category includes all instruments that have been exposed to a significant increase in default risk since their initial recognition. The Group assesses whether the default risk has significantly increased on each balance sheet date. In principle, a significant increase in the default risk is assumed if an instrument is more than 30 days overdue. The extent of the impairment is equivalent to the present value of the expected credit losses from possible default events over the entire remaining term of the instrument. The recognition of interest remains unchanged from the procedure in the first level.

Level 3:

If, in addition to an increased risk of default, there are objective indications of an impairment of an instrument, the impairment is measured on the basis of the present value of the expected losses from possible default events over the remaining term. In this category, interest is recognised on the basis of the net carrying amount, i.e. on the basis of the carrying amount after taking risk provisions into account.

Expenses arising from expected credit losses are recognised in the Profit and Loss Statement under other operating expenses.

Expected credit losses – simplified approach

The Group applies the simplified approach to determine the expected credit losses for its trade receivables. Consequently, the expected credit losses over the contractual term are used for all trade receivables.

To measure the expected credit losses, the receivables are assigned to the groups of a provision matrix according to their maturity or past-due status. The loss rates of these groups are calculated according to the roll rate method, which is based on the probability of a receivable moving through successive stages of delinquency.

Expenses resulting from expected credit losses are recognised in the Profit and Loss Statement under other operating expenses.

Default and write-off

The Group considers a financial asset to be in default if:

- it is unlikely that the debtor will be able to pay their credit obligation to the Group in full without the Group having to resort to measures such as the realisation of collateral (if any); or
- the financial asset is more than 180 days past due.

In this case, the gross carrying amount of a financial asset is written off directly as in these cases, the Group cannot assume the financial asset to be realisable in full or in part.

b) Non-financial assets

The carrying amounts of the Group's non-financial assets, with the exception of inventories and deferred tax assets, are reviewed on each balance sheet date to determine whether there is any indication of impairment. If this is the case, an estimate of the recoverable amount of the asset is made. Goodwill and intangible assets with an indefinite useful life are tested annually for impairment.

To test for impairment, assets are combined into the smallest group of assets that generate cash flows from continuing use, that are largely independent of the cash flows from other assets or cash-generating units (CGUs for short). Goodwill acquired in a business combination is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market valuations of the interest effect and the risks specific to the asset or CGU.

An impairment loss is recognised when the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised under depreciation and amortisation. Impairment losses recognised for CGUs are first allocated to any goodwill allocated to the CGU, and subsequently to the carrying amounts of the other assets of the CGU (group of CGUs) on a pro-rata basis.

Impairment losses with respect to goodwill are not reversed. For other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount less scheduled depreciation and amortisation that would have been determined if no impairment loss had been recognised.

3.11. Share-based payment arrangements

The fair value of share-based payment arrangements granted to employees, determined at the grant date, is recognised as an expense with a corresponding increase in equity over the period in which the employees acquire an unconditional right to the award. The amount recognised as an expense is adjusted to reflect the number of awards for which the relevant service conditions and non-market conditions are expected to be satisfied, so that the final amount recognised as an expense is based on the number of awards that satisfy the relevant service conditions and non-market performance conditions at the end of the vesting period.

3.12. Provisions

A provision is recognised whenever the Group has a present legal or de facto obligation as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources of economic value will be required to settle the obligation (probability of occurrence greater than 50 %). If the recognition criteria for provisions are not met, a contingent liability may be recognised under certain conditions.

Non-current provisions are recognised at present value if the interest effect is material. To this end, the expected future cash outflows are discounted using a pre-tax discount rate that reflects current market expectations of the time value of money and the risks specific to the liability. Interest effects, including effects from changes in interest rates, are reported in the financial result.

3.13. Employee benefits

The Group has no benefit obligations from defined benefit pension plans, but only from defined contribution plans in the form of payments to statutory pension insurance. These obligations to make contributions to defined contribution plans are recognised as an expense once the associated work has been performed. Prepaid contributions are recognised as an asset insofar as these give rise to a right of reimbursement or the reduction of future payments.

Benefits resulting from the termination of an employment relationship are recognised as an expense at the earlier of the following dates: the date on which the Group is no longer able to withdraw the offer of such benefits, or the date on which the Group recognises reorganisation costs. The benefits are discounted if they are not expected to be settled in full within twelve months after the reporting date.

3.14. Accrued liabilities

Accrued liabilities include future expenses of uncertain amount or timing, but with a lower degree of uncertainty than provisions. They represent payment obligations for goods or services received or supplied, which have neither been paid nor invoiced by the supplier or formally agreed. In addition, they comprise amounts owed to employees (in connection with the accrual of holiday pay, for instance).

Accrued liabilities are recognised in the amount of the expected utilisation.

3.15. Government grants

Other government grants related to assets are initially recognised as deferred income when there is reasonable assurance that they will be received and the Group will comply with the conditions attached to the grant. Subsequently, these other government grants are recognised on a systematic basis as other operating income to profit or loss over the useful life of the asset.

Grants that compensate the Group for expenses incurred are systematically recognised to profit or loss for the periods in which the expenses are recognised.

3.16. Income and expense recognition

3.16.1. Revenue recognition

The Group recognises the majority of its revenue in accordance with IFRS 15 (Revenue from Contracts with Customers). To a lesser extent, the Group generates revenue from the rental of caravans and motorhomes, which qualify as operating leases under IFRS 16.

The Group generates revenue primarily from the production and distribution of motorhomes, caravans and camper vans. In addition, further revenue streams are derived from the sale of spare parts, the provision of repair services and the leasing of motorhomes and caravans, which are, however, of minor importance.

a) Revenue according to IFRS 15

Revenue is recognised in accordance with IFRS 15 when control of the goods or services is passed to the customer and it is probable that consideration will be received from the customer. Customer contracts of the Group typically contain performance obligations that are to be fulfilled either over a period of time or at a specific point in time.

The standard requires revenue to be recognised at the amount to which the entity expects to be entitled as control of the goods or services is passed from the entity to the customer, either over time or at a point in time.

Sale of goods

The Group has determined, based on the fulfilment of the criteria below, that the performance obligation will be fulfilled when the control of motorhomes, caravans and camper vans is transferred to the customer, and that revenue will be recognised at a point in time:

- The Company has a present right to payment for the asset;
- the customer has legal title to the asset;
- the Group companies have notified the customer that the vehicle is ready for collection, and enable the customer to take physical possession of the vehicle;
- the significant risks and rewards related to the ownership of the asset have been transferred to the customer.

Revenue from the sale of goods, i.e. motorhomes, caravans, camper vans and spare parts, is thus recognised upon provision for collection to the customer, as control of the asset is usually transferred to the customer at this point. The purchase price is due for payment within 30 days of the invoice date. If advance payments are made by customers, these are recognised as accrued contract liabilities. The transaction price is determined on the basis of the contractually agreed purchase price, taking into account various types of variable consideration in the form of price discounts, the estimate of which is regularly unlimited, and which are determined by the Company on the basis of empirical values. There are no significant financing components in this regard. Moreover, customers generally have no right of return for products of the Group. The warranty claims for goods purchased by the customer do not qualify as separate performance obligations, as they cannot be purchased separately and, moreover, do not exceed the statutory or customary provisions.

Provision of repair services

For simplicity, revenue from the provision of repair services is recognised at the point in time when the Group has provided the contractually agreed services. Repairs are predominantly performed in a short period of time. The transaction price amounting to the contractually agreed remuneration is due for payment within 30 days of the invoice date. No significant financing components exist in this context. Moreover, when determining the transaction price, the Group takes into account variable consideration determined on the basis of past experience.

Customer loyalty programme for dealers

The Group offers a customer loyalty programme under which dealers are credited with bonus points (CAPP points) for each motorhome or caravan purchased. The points can then be redeemed in exchange for selected Group-related bonuses in kind, and are valid for one year. In accordance with IFRS 15, this points programme and the associated option to purchase additional goods constitutes a material right of the customer. The transaction price allocated to the points in a contract for the sale of a motorhome/caravan is therefore recognised as a deferred contract liability. This contract liability is released to revenue when the points are redeemed, but at the latest when these expire.

Bonus and incentive programme for sales advisors at dealerships

Since the 2021 financial year, the Group has also been offering a voluntary bonus and incentive programme for sales advisors at dealerships. Each registered participant is credited bonus points for each documented sale of a new vehicle and submission of a contract approved by the dealership. The points can be redeemed in exchange for bonuses in kind or service bonuses, and generally expire after two years. In accordance with IFRS 15, this bonus programme and the associated option to purchase additional goods represent a material right of the customer. The transaction price allocated to the points in a contract for the sale of a motorhome/caravan is therefore recognised as a deferred contract liability. This contract liability is released to revenue when the points are redeemed, but at the latest when they expire.

Special bonuses

The Group grants special upfront bonuses to strategic dealers in order to bind them to the Group. The sales-related bonuses are offset against the special bonuses paid in advance in the amount of a certain percentage of annual sales until the advance bonus payment is used up, or the end of the term of the agreement is reached. Advance payments of special bonuses qualify as payments to customers and are therefore deferred as other assets and released to profit or loss depending on the share of the special bonus earned each year, thereby reducing earnings.

As the performance obligations of the Group from the above business transactions result from contracts with an expected term of less than one year, the Group makes use of the practical expedient according to IFRS 15.121

b) Revenue according to IFRS 16

Lease of caravans and motorhomes

According to IFRS 16, lease payments under operating leases are to be recognised as income by the lessor, either on a straight-line basis or on another systematic basis. The latter is to be applied if it is more representative of the pattern in which the benefit derived from the use of the underlying asset decreases.

The Group recognises revenue from the rental of caravans and motorhomes at the end of the lease contract for the purpose of simplification due to the minor significance of this revenue stream and the short term of the lease contracts.

3.16.2. Expense recognition

Expenses are recognised in the balance sheet at the time the service is used, or when they are incurred.

3.17. Financial income and finance costs

The financial income and finance costs of the Group comprise:

- interest income
- interest expenses
- net gain or loss from changes in the fair value of derivatives recognised to profit or loss
- income and costs from the disposal of financial instruments and
- fees and commissions

Interest income and interest expenses are recognised to profit or loss using the effective interest method.

3.18. Income taxes

Tax expenses comprise current and deferred taxes. Current taxes and deferred taxes are recognised in profit or loss, except to the extent that they are connected with a business combination or with an item recognised directly in equity or in other comprehensive income.

a) Current taxes

Current taxes are expected tax liabilities or tax assets for the taxable income or tax loss for the financial year, based on tax rates that have been enacted or substantively enacted by the reporting date, and any adjustments to tax liabilities for prior years. The amount of the expected tax liabilities or tax assets reflects the amount that represents the best estimate, taking into account any tax uncertainties. Current tax liabilities also include any tax liabilities arising as a result of the determination of dividends.

Current tax assets and liabilities are offset under certain conditions.

b) Deferred taxes

Deferred taxes are recognised with respect to temporary differences between the carrying amounts of assets and liabilities for Group accounting purposes, and the amounts used for tax purposes. Deferred taxes are not recognised for

- temporary differences arising at the initial recognition of assets or liabilities in a transaction other than a business combination that affects neither the accounting nor taxable profit
- temporary differences associated with investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable that the reversal will not take place in the foreseeable future, and
- taxable temporary differences at the initial recognition of goodwill.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available for which these can be used. Future taxable profits are determined on the basis of the individual business plans of the subsidiaries. Deferred tax assets are assessed at each reporting date and reduced to the extent that it is no longer probable that the associated tax benefit will be realised. Write-ups are recognised if the probability of future taxable profit increases.

Unrecognised deferred tax assets are reassessed at each reporting date, and are recognised to the extent that it is probable that future taxable profit will allow them to be recovered.

Deferred taxes are measured using the tax rates expected to apply to temporary differences once they reverse, and using tax rates enacted or substantively enacted on the reporting date. The following tax rates were applied:

GROUP COMPANY

	2021	2020
Knaus Tabbert AG	27.68 %	27.68 %
Knaus Tabbert Kft (HU)	10.00 %	10.00 %
MORELO Reisemobile GmbH	27.03 %	27.03 %
Caravan-Welt GmbH Nord (D)	29.83 %	26.68 %
HÜTTLrent GmbH	30.18 %	30.18 %

The measurement of deferred taxes reflects the tax consequences arising from the Group's expectation as to the manner in which the carrying amounts of its assets will be recovered or its liabilities settled at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if certain conditions are met.

3.19. Effects of new accounting standards

The Group has prepared these Consolidated Financial Statements in accordance with IFRS; all IFRS accounting standards applicable in the European Union on 31 December 2021 have been applied.

New standards and interpretations to be applied for the first time

The accounting policies adopted in these Consolidated Financial Statements are in general the same as those adopted in the Consolidated Financial Statements as of 31 December 2020.

The IASB has not published any new IFRS for which the first-time application is mandatory in the 2021 financial year.

The following table lists the most recent amendments to the standards, the first-time application of which is mandatory for entities with financial years beginning on 1 January 2021:

Fist application	New or amended standards and interpretations
Financial years beginning on or after January 1, 2021	COVID-19-related tenant relief (amendments to IFRS 16) Reference rate reform - phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) Postponement of the application of IFRS 9 (amendments to IFRS 4)

This did not have any significant impact on the Group in the 2021 financial year.

New standards and interpretations to be applied in the future

The following new standards must be applied for reporting periods of a financial year commencing after 1 January 2021, with early application permitted. However, the Group has not resorted to the early application of the new or amended standards in the preparation of these Consolidated Financial Statements, and does not plan to apply any new or amended standards in the future prior to the date of mandatory application.

Date of first application	New or amended standards	Possible effects on the
Financial years beginning on or after 1 January 2022	Onerous contracts - costs of fulfilling the contract (amendments to IAS 37)	Consolidated Financial Statements
	Property, Plant and Equipment: Revenue before Planned Use (Amendments to IAS 16)	No material effects
	Reference to the Framework (Amendments to IFRS 3))	No material effects
	Annual Improvements to IFRS Standards (2018-2020)	No material effects
Financial years beginning on or after 1 January 2023	Classification of liabilities as current or non-current (Amendments to IAS 1)	No significant effects
	IFRS 17: Insurance Contracts	No significant effects
	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	No impacts
	Definition of Estimates (Amendments to IAS 8)	No significant impacts
	Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction	No significant impacts
Date of first application still open	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and an Associate or Joint Venture	No significant impacts

4. Operating segments

Segment information is provided on the basis of the Group's internal reporting system in order to assess the nature and financial impact of the business activities conducted by the Group and the economic environment in which it operates.

Internal management reporting of the Group plays a decisive role in this regard. The Group is set up as a divisional organisation as its business activities are organised around both the Premium product division (i.e. caravans, motorhomes and camper vans), which includes the “Knaus”, “Tabbert”, “Weinsberg” and “T@B” brands, and the Luxury product division, which comprises luxury motorhomes of the “MORELO” brand.

Results are reviewed by the CODM (Chief Operation Decision Maker). Within the meaning of IFRS 8, the CODM is the management, i.e. the Management Board of Knaus Tabbert AG.

The profitability of each segment is assessed on the basis of EBITDA, which is short for “earnings before interest, taxes, depreciation and amortisation”. This key figure thus includes consolidated net income before depreciation and amortisation, financial income, finance costs and tax expenses. It does not include any interest or financing elements. The accounting policies for segment reporting are based on the IFRS standards applied in these Consolidated Financial Statements. The segment assets and segment liabilities are legally attributable to the corresponding units. The Group holds no cross-segment assets or liabilities.

4.1. Basis of segmentation

Segment information is published according to management's specifications for the Premium and Luxury segments. There are no other segments within the Group.

Although the segments offer similar products with regard to motorhomes, the production processes and customer target groups differ considerably.

Reportable segments	Business segments
Premium segment	Production and distribution of caravans, motorhomes and camper vans, and rental of caravans and motorhomes
Luxury segment	Production and distribution of luxury motorhomes

Transfer prices between the segments for goods sold and services rendered are determined on the basis of normal market conditions.

4.2. Information on the segments

Information on the segment results, and on the assets and liabilities for the financial years 2021 and 2020 is presented below.

2021

KEUR	Luxury segment	Premium segment	Total
Revenues from external customers	122,047	740,573	862,620
Inter-segment revenues		25	25
Segment revenues	**122,047**	**740,598**	**862,646**
EBITDA	**15,450**	**43,995**	**59,444**
Financial income	28	64	91
Finance costs	263	1,247	1,510
Scheduled depreciation and amortisation	2,047	19,011	21,059
Assets	**59,711**	**284,919**	**344,629**
Additions to non-current assets	4,813	47,260	52,073
Liabilities	**35,493**	**175,257**	**210,750**

2020

KEUR	Luxury segment	Premium segment	Total
Revenues from external customers	107,289	687,302	794,591
Inter-segment revenues		21	21
Segment revenues	**107,289**	**687,323**	**794,612**
EBITDA	**12,792**	**53,213**	**66,005**
Financial income	34	57	91
Finance costs	417	2,156	2,573
Scheduled depreciation and amortisation	1,858	17,587	19,445
Assets	**52,830**	**233,021**	**285,851**
Additions to non-current assets	2,128	19,743	21,871
Liabilities	**34,302**	**127,779**	**162,081**

Revenues from external customers of the segments are divided between the product groups caravans, motorhomes, camper vans and after-sales/other as follows:

2021

	Product group				
KEUR	Caravans	Motorhomes	Camper Vans	After sales / other	Total
Luxury segment	–	114,930	–	7,118	122,047
Premium segment	240,416	280,590	198,194	21,372	740,573
Total	**240,416**	**395,520**	**198,194**	**28,490**	**862,620**

2020

KEUR	Product group: Caravans	Motorhomes	Camper Vans	After sales / other	Total
Luxury segment	–	105,439	–	1,850	107,289
Premium segment	207,949	288,086	169,958	21,309	687,302
Total	**207,949**	**393,525**	**169,958**	**23,159**	**794,591**

In the previous year, revenues from the sale of second-hand vehicles in the Luxury segment amounting to KEUR 7,272 were allocated to motorhomes. In the reporting year, revenues of KEUR 4,784 were reported under the product group after-sales/other.

With information presented according to geographical region, revenue is broken down according to customers' geographic locations.

Broken down according to the geographical regions of Germany, Europe and the rest of the world, revenue from external customers of the segments is as follows:

2021

KEUR	Geographical region: Germany	Europe	Rest of the world	Total
Luxury segment	96,494	25,102	452	122,047
Premium segment	489,287	248,493	2,792	740,573
Total	**585,782**	**273,594**	**3,244**	**862,620**

Revenue of substantial volume which can be attributed to a single country was neither generated in Europe nor in the rest of the world.

2020

KEUR	Geographical region: Germany	Europe	Rest of the world	Total
Luxury segment	86,479	20,359	451	107,289
Premium segment	484,695	191,205	11,402	687,302
Total	**571,174**	**211,564**	**11,853**	**794,591**

4.3. Reconciliation of segment information

Eliminations of intra-group interrelationships between the segments are reported in a summarised form in the reconciliation.

in KEUR	2021	2020
Revenue		
Segment revenue	862,646	794,612
Elimination of inter-segment revenue	–25	–21
Revenue, consolidated	**862,620**	**794,591**
EBITDA		
EBITDA of the segments, consolidated	59,444	66,005
Depreciation and amortisation of the segments	–21,059	–19,445
Financial result of the segments	–1,419	–2,483
Profit before taxes, consolidated	**36,966**	**44,077**
Assets		
Assets of the segments	344,629	285,851
Consolidation effects	15	12
Consolidation effects	**344,645**	**285,863**
Liabilities		
Liabilities of the segments	210,750	162,081
Consolidation effects	15	12
Liabilities, consolidated	**210,765**	**162,093**

4.4. Geographical information

The segments are managed in Germany. The only foreign production facility is the Hungarian-based subsidiary Knaus Tabbert Kft, which operates in the Premium segment.

Non-current assets outside Germany are therefore exclusively held by the Hungarian subsidiary. Non-currents are distributed as follows:

GEOGRAPHICAL INFORMATION - NON-CURRENT ASSETS

in KEUR	2021	2020
Germany	122,629	104,777
Hungary (HUF)	28,280	16,474
Non-current assets	**150,909**	**121,251**

5. Notes to the Consolidated Balance Sheet

5.1. Intangible assets

For the accounting policies, see Note 3.3.

a) Description of significant items

The development of the carrying amounts of the Group's intangible assets for the financial years 2021 and 2020 can be found in the Asset Schedule.

In the reporting period, no disposal loss from the derecognition of an intangible asset in the form of a development project was recognised (previous year: KEUR 772).

Goodwill

Goodwill arose from the first-time inclusion of MORELO Reisemobile GmbH in the Consolidated Financial Statements. Goodwill is not subject to scheduled amortisation and is tested for impairment at least once a year. Goodwill was last tested for impairment as of 31 December 2021.

Intangible assets acquired for consideration

Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licences to such rights and assets, mainly relate to expenses to third parties incurred in connection with the acquisition of user software and acquired trademark rights. With the exception of acquired trademark rights, intangible assets acquired for a consideration are subject to scheduled amortisation over their expected useful life. The acquired trademark rights, on the other hand, have an indefinite useful life and are therefore not subject to scheduled amortisation. They are tested for impairment at least once a year.

Intangible assets acquired for consideration include the following significant items:

in KEUR	31.12.2021	31.12.2020
Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licences to such rights and assets	3,273	3,786
thereof		
WEINSBERG brand	87	87
T@B brand	57	57
KNAUS brand	856	856
TABBERT brand	576	576
MORELO brand	373	373
Software	1,036	1,429
Licences	285	393
Other	2	15

The the Morelo brand is fully allocated to cash-generating unit (CGU) Morelo.

Self-created intangible assets

In connection with self-created intangible assets, the Group primarily distinguishes between new developments and model maintenance. New developments are projects that result in the development of a product that is clearly recognisable as a new product to an outsider. Provided that the development projects meet the necessary requirements, they are capitalised as self-created intangible assets.

Model maintenance refers to visual and technical revisions of existing vehicle models. Model maintenance measures are recognised by the Group as expenses at the time they are incurred.

Self-created intangible assets are subject to scheduled amortisation over their useful life of five years.

In the 2021 financial year, research and development costs of KEUR 1,678 (2020: KEUR 1,606) were recognised as expenses (see Note 6.7). While research costs are always recognised as expenses, the development costs included in these expenses did not meet the respective requirements for capitalisation as an intangible asset.

b) Depreciation, amortisation and impairment test

For a presentation of the scheduled depreciation and amortisation and the impairment of intangible assets, please refer to Note 6.6.

Goodwill

The Group tests goodwill for impairment at least once a year. For the purposes of goodwill impairment testing, MORELO Reisemobile GmbH is the sole CGU to which goodwill is fully allocated.

The recoverable amount of this CGU was determined on the basis of the fair value less costs to sell, which was estimated using discounted cash flows. The fair value measurement was classified as Level 3 based on the input factors of the valuation technique used (see Note 1.4).

The key assumptions underlying the estimate of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future developments in the relevant industry, and are based on historical values obtained from external and internal sources.

DETERMINATION OF THE RECOVERABLE AMOUNT - ASSUMPTIONS

Figures in percent	31.12.2021	31.12.2020
ZGE MORELO Reisemobile GmbH		
Discount rate (WACC)	8.3	8.3
Sales growth rate detailed planning period (CAGR)	15.5	16.1
Planned EBITDA growth rate (average of the next four years)	12.2	17.2
Sustainable growth rate	1.0	1.0

As part of the calculations, the cash flow forecast is determined on the basis of the long-term plan approved by management and valid at the time of the impairment test. This multi-year planning is based on expectations regarding future market shares, growth in the respective markets and the profitability of the products, and includes a detailed planning period of three years along with a terminal growth rate for subsequent years. The planning of investments and short-term working capital is mainly based on historical experience. In this regard, management believes that the underlying growth rates do not exceed the long-term average growth rates of the business segment in which MORELO Reisemobile GmbH operates (see Note 4.1). The sustainable growth rate was determined on the basis of management's assessment of long-term inflation expectations and is consistent with assumptions that market participants would make.

The discount rate applied was the weighted average cost of capital (WACC) after corporate taxes, calculated on the basis of historical data of a group of benchmark companies (peer group).

In the course of the impairment test performed as of 31 December 2021, no goodwill impairment was identified.

The Management Board has established that a change in two key assumptions considered possible could result in the carrying amount of the CGU exceeding the recoverable amount. This situation occurs if:

- the discount rate (WACC) exceeds 19.2 % (previous assumption: 17.7 %);
- the sustainable EBIT margin in the annuity year is lower than 2.1 % (previous assumption: 2.5 %).

The calculations were based on the presupposition that the other of the two assumptions remains unchanged. The fair value less costs to sell of the Morelo CGU exceeds its carrying amount by TEUR 89,070 (31.12.2020: TEUR 62,288).

Acquired brands with indefinite useful lives
The Group tests the acquired brands with indefinite useful lives for impairment at least once a year. The impairment test is carried out at the level of the individual brands.

Impairment of the brands is determined by comparing the carrying amount with the fair value less costs to sell. To evaluate the fair value, the Group must estimate the expected future cash flows of the individual brands and, in addition, select an appropriate discount rate to determine the present value of these cash flows.

The fair value less costs to sell of the brands is determined in this context using the Relief from Royalty method. With this method, the fair value of the intangible asset is calculated as the present value of royalty fees saved. This involves determining the notional royalties that would be payable if the brand were owned by a third party. The notional royalties are calculated on the basis of royalty rates that can be observed on the market for comparable brands. In the present case, the sales figures of the respective trademark are used as a reference value for these rates. The royalty rate, expressed in EUR/unit, is then multiplied by the planned sales volume of the brand. The fair value of the respective brand is obtained by discounting the notional royalties thus determined and then deducting corporate tax.

Calculations are based on the following royalty rates: WEINSBERG brand EUR 25, T@B brand EUR 20, KNAUS brand EUR 20, TABBERT brand EUR 35, and MORELO brand EUR 150.

All other key assumptions used in estimating the fair value are outlined below. The values assigned to the key assumptions represent management's assessment of future developments in the relevant industry, and are based on historical values obtained from external and internal sources.

DETERMINATION OF THE FAIR VALUE - ASSUMPTIONS

Figures in percent	2021	2020
WEINSBERG brand		
Sales growth rate detailed planning period (CAGR)	10.2	3.8
T@B brand		
Sales growth rate detailed planning period (CAGR)	–4.5	8.5
KNAUS brand		
Sales growth rate detailed planning period (CAGR)	12.4	2.6
TABBERT brand		
Sales growth rate detailed planning period (CAGR)	6.9	3.6
MORELO brand		
Sales growth rate detailed planning period (CAGR)	28.0	24.6
The following applies to all brands:		
Discount rate (WACC)	8.3	8.3
Sustainable growth rate	1.0	1.0

As part of the calculations, the sales forecast is determined on the basis of the long-term plan approved by management and valid at the time of the impairment test. This multi-year planning is based on expectations regarding future market shares and growth in the respective markets, and includes a detailed planning period of three years along with a terminal growth rate for subsequent years.

The discount rate applied was the weighted average cost of capital (WACC) after corporate taxes, calculated on the basis of historical data of a group of benchmark companies (peer group).

In the course of the impairment test performed as of 31 December 2021, no impairment of the acquired brands with indefinite useful lives was identified.

The Management Board has established that a change in two key assumptions considered possible could result in the carrying amount exceeding the recoverable amount of the trademark right. This situation occurs if:

- the discount rate (WACC) exceeds 21.6 % for the Tabbert brand (previous assumption: 20.3 %), 11.2 % for the T@B brand (previous assumption: 13.9 %), 40.0 % for the Knaus brand (previous assumption: 24.6 %), 720.0 % for the Weinsberg brand (previous assumption: 434.4 %) and 30.8 % for the Morelo brand (previous assumption: 26.1 %);

- the average sales volume over the detailed planning period in percent (CAGR) decreases by 27.9 % for the Tabbert brand (previous assumption: increase of 27.9 %), decreases by 16.5 % for the T@B brand (previous assumption: increase of 11.5 %), decreases by 40.1 % for the Knaus brand (previous assumption: increase of 33.9 %), decreases by 77.6 % for the Weinsberg brand (previous assumption: increase of 74.7 %), and decreases by 28.4 % for the Morelo brand (previous assumption: increase of 23.6 %).

The calculations were based on the presupposition that the other of the two assumptions remains unchanged.

5.2. Property, plant and equipment

For the accounting policies, see Note 3.4. For the development of property, plant and equipment, please refer to the statement of changes in fixed assets at the end of the notes to the consolidated financial statements.

a) Description of significant items

The development of the carrying amounts of property, plant and equipment of the Knaus Tabbert Group for the financial years 2021 and 2020 can be found in the Asset Schedule.

b) Depreciation and amortisation, reversal of impairment losses and impairment testing

For a detailed presentation of the scheduled depreciation and amortisation of property, plant and equipment, please refer to Note 6.6.

As in previous years, there were no indicators necessitating the performance of an impairment test in the 2021 financial year.

c) Collateral

As of 31 December 2021, properties with a carrying amount of KEUR 15,100 (31.12.2020: KEUR 15,100) are pledged as collateral for bank loans.

d) Property, plant and equipment under construction

During the financial year, the Group began construction of new production buildings. The costs incurred up to the balance sheet date amounted to TEUR 9,291 (31.12.2020: TEUR 0). Debt capital costs of TEUR 94 were capitalised in the aforementioned costs. A financing cost rate of 2.0% was used for the calculation. The calculation was based on a financing cost rate of 2.0 %.Inventories

5.3. Inventory

For the accounting policies, see Note 3.7.

Inventories are divided into the following main groups:

INVENTORIES

in KEUR	31.12.2021	31.12.2020
of which	69,386	65,439
Work in progress	18,433	6,448
Finished goods and merchandise	57,068	52,071
Advance payments made on inventories	61	1
Total	**144,948**	**123,958**

The significant increase in inventory changes of work in progress is attributable to supply bottlenecks in production, which delayed the final completion of the products. Notwithstanding high demand, the inventory of finished goods had increased as of the reporting date since the completion of certain vehicles was prioritised as of mid-December and invoicing was suspended before the reporting date due to the holiday shutdown.

The impairment losses recognised on inventories to the net realisable value amount to KEUR 6,667 in the 2021 financial year (31.12.2020: KEUR 5,252). Part of the inventories are pledged as collateral for liabilities to banks (see Note 5.10).

5.4. Trade receivables

For the accounting policies, see Note 3.8.

The gross carrying amounts and net carrying amounts of the trade receivables are as follows:

TRADE RECEIVABLES

in KEUR	31.12.2021	31.12.2020
Gross carrying amount	**7,190**	**10,940**
Expected credit losses	–243	–362
Net carrying amount	**6,948**	**10,577**

The decline in trade receivables as of 31 December 2021 continues to be driven by the strong market demand.

Part of the trade receivables are pledged as collateral for liabilities to banks. For the exact amount, please refer to Note 5.10.

Regarding default risks and further information on trade receivables, please refer to Note 7.3.2.

5.5. Tax receivables

Tax receivables as of 31 December 2021 and 31 December 2020 are as follows:

TAX RECEIVABLES

in KEUR	31.12.2021	31.12.2020
Tax receivables	5,750	1,826

Tax receivables relate exclusively to income tax. For the development of deferred tax assets, please refer to Note 6.9.3.

5.6. Cash and cash equivalents

For the accounting policies, see Note 3.9.

Cash and cash equivalents are composed as follows:

CASH AND CASH EQUIVALENTS

in KEUR	31.12.2021	31.12.2020
Cash	39	64
Bank deposits	9,638	8,875
Total	**9,677**	**8,939**

Bank deposits include cash subject to limitations on disposal in the amount of KEUR 6,507 (31.12.2020: KEUR 6,100). This concerns the collateral fund within the framework of the purchase financing model for dealers (see Notes 3.9 and 10).

The reconciliation of cash and cash equivalents to the fund of means of payment shown in the Cash Flow Statement is as follows:

in **KEUR**	31.12.2021	31.12.2020
Cash and cash equivalents	**9,677**	**8,939**
less bank balances from dealer purchase financing model	6,507	6,100
Fund of means of payment	**3,170**	**2,839**

5.7. Other assets

For accounting policies regarding other financial assets, see Note 3.8.

Other assets are composed as follows:

OTHER ASSETS

in KEUR	31.12.2021	31.12.2020
Other non-current assets		
Other non-financial assets	2,222	1,802
Total	**2,222**	**1,802**
Other current assets		
Other financial assets	10,160	10,137
Other non-financial assets	13,474	6,061
Total	**23,634**	**16,198**
Total non-current	**2,222**	**1,802**
Total current	**23,634**	**16,198**
Total other assets	**25,856**	**18,000**

5.7.1. Other financial assets

Other financial assets include the following items:

OTHER FINANCIAL ASSETS

in KEUR	31.12.2021	31.12.2020
Other current financial assets		
Receivables from factoring	9,898	8,346
Receivables from shareholders	–	995
Vendors with debit balances	262	796
Total	**10,160**	**10,137**
Total current	**10,160**	**10,137**
Total other financial assets	**10,160**	**10,137**

5.7.2. Other non-financial assets

Other non-financial assets are broken down as follows:

OTHER NON-FINANCIAL ASSETS

in KEUR	31.12.2021	31.12.2020
Other non-current, non-financial assets		
Special bonuses	2,222	1,766
Other	–	36
Total	**2,222**	**1,802**
Other current, non-financial assets		
Prepaid expenses and deferred charges	1,397	1,025
Added-value tax receivables	2,885	741
Special bonuses	794	858
Bonus receivables	7,245	2,587
Other	1,154	850
Total	**13,474**	**6,061**
Total non-current	**2,222**	**1,802**
Total current	**13,474**	**6,061**
Total other non-financial assets	**15,697**	**7,863**

The bonus receivables result from agreements with suppliers on retroactive reductions in remuneration.

5.8. Equity

The development of Group equity is shown in the Consolidated Statement of Changes in Equity, which is presented as a separate component of the Consolidated Financial Statements.

Subscribed capital

The subscribed capital of Knaus Tabbert AG stood at KEUR 10,377 as of the reporting date (31.12.2020: KEUR 10,377) and consists of 10,377,259 (31.12.2019: 0) ordinary bearer shares with no par value, each representing a notional value of EUR 1.00 of the Company's share capital and conferring dividend rights.

The subscribed capital of Knaus Tabbert AG is fully paid up. Each share entitles the shareholder to one vote at the shareholders' meeting.

Conditional capital

By resolution of the shareholders' meeting on 21 September 2020, the conditional capital of Knaus Tabbert AG was increased by up to KEUR 5,000 by issuing up to 5,000,000 new ordinary bearer shares with no par value with a notional value of EUR 1.00 of the share capital of the Company (Conditional Capital 2020/I).

Capital reserve

The capital reserves as of 31 December 2021 amount to KEUR 27,000 (31 December 2020: KEUR 26,926). The increase in capital reserves is attributable to share-based payments. The Group recognises an expense for share-based payments settled with equity instruments in the amount of the fair value of the options granted. Expenses are recognised and transferred to the capital reserve over the contractually agreed vesting period.

Other retained earnings

Retained earnings as of 31 December 2021 stand at KEUR 71,993 (31 December 2020: KEUR 6,435). Retained earnings include the results generated in the past by the entities included in the Consolidated Financial Statements and the consolidated net income generated in the current reporting period, insofar as they have not been distributed, but have been transferred to reserves.

Differences in equity from currency translations

The currency translation differences resulting from the translation of the functional currency of the Hungarian subsidiary, HUF, into EUR are recognised directly in Group equity under the item equity difference from currency translation, and amount to KEUR -1,395 as of 31 December 2021 (31 December 2020: KEUR -1,091).

Distributions

Distributions in the 2021 financial year amount to KEUR 15,566 (31.12.2020: KEUR 30,000). This corresponds to a distribution of EUR 1.50 per dividend-bearing no-par value share.

For the 2021 financial year, a distribution of EUR 1.50 per dividend-bearing no-par value share was proposed. This corresponds to a distribution of KEUR 15,566 in the 2022 financial year.

5.9. Provisions

For the accounting policies, see Note 3.12.

The following table shows the development of other provisions:

OTHER PROVISIONS

in KEUR	Warranties	Restoration and deconstruction obligations	Other	Total
Status as of 1 January 2020	**12,059**	**2,166**	**2,299**	**16,523**
Additions	9,828	204	2,406	12,438
Used	–8,627	–155	–773	–9,555
Reversals	–	–	–65	–65
Change in carrying amount due to compounding	–	–24	–	–24
Status as of 31 December 2020	**13,259**	**2,190**	**3,868**	**19,317**
non-current	**10,449**	**2,190**	**218**	**12,858**
current	**2,810**	**–**	**3,649**	**6,459**
Status as of 1 January 2021	**13,259**	**2,190**	**3,868**	**19,317**
Additions	10,846	151	1,933	12,930
Used	–9,893	–63	–971	–10,927
Reversals	–65	–	–37	–102
Change in carrying amount due to compounding	–	–14	–	–14
Status as of 31 December 2021	**14,147**	**2,264**	**4,792**	**21,204**
non-current	**11,056**	**2,264**	**222**	**13,543**
current	**3,091**	**–**	**4,570**	**7,661**

Warranty provisions are formed for both statutory and guaranteed constructive properties such as tightness. This concerns in particular expenses for the free rectification of defects, deliveries of spare parts, compensation and similar expenses. Furthermore, provisions are also created for general warranty risks. To this end, percentage rates based on historical data are applied to sales under warranty for the current and the last three financial years. The general risk and thus the percentages used are estimated on the basis of historical actual warranty costs in relation to sales. The time at which the warranties are asserted may extend over the entire warranty period. The cash outflows for the non-current provisions as of 31 December 2021 are largely expected within a period up to 2024 (31.12.2020: up to 2023).

Remediation and asset retirement obligations mainly relate to the soil decontamination of a production site. The resulting cash outflows are mainly expected until 2025 (31.12.2020: until 2025).

Other provisions mainly comprise current provisions for legal disputes (31.12.2021: KEUR 1,802; 31.12.2020: KEUR 1,854) and miscellaneous other provisions (31.12.2021: KEUR 2,684; 31.12.2020: KEUR 1,883). The cash outflows for non-current provisions as of 31.12.2021 are largely expected within a period up to 2031 (31.12.2020: up to 2030).

In principle, the uncertainties regarding the amount or due date of the cash outflows from provisions are considered to be relatively minor from the Group's point of view.

5.10. Liabilities to banks

For the accounting policies, see Note 3.8.

Liabilities to banks are composed as follows:

LIABILITIES TO BANKS

in KEUR	31.12.2021	31.12.2020
Liabilities to banks		
non-current	2,331	5,616
current	93,052	49,001
Total	**95,382**	**54,616**

As of 31 December 2021, property with a carrying amount of KEUR 15,100 (31.12.2020: KEUR 15,100) is pledged as collateral for bank loans (see Note 5.2). The carrying amount of inventories (see Note 5.3) which are pledged as collateral for liabilities to banks stands at KEUR 139,450 in the 2021 financial year (2020: KEUR 115,676). The carrying amount of trade receivables (see Note 5.4) pledged as collateral totals KEUR 6,638 in the 2021 financial year (2020: KEUR 10,152).

Please refer to Note 7.3.3 for disclosures on the Group's currency and liquidity risks relating to liabilities to banks. The reconciliation of the change in liabilities to banks to the cash flows from financing activities is shown in the Liabilities Schedule after Note 5.12.1.

As in previous years, the covenants stipulated in the syndicated loan agreement were met in the financial year.

5.11. Trade payables

For the accounting policies, see Note 3.8.

Trade payables are composed as follows:

TRADE PAYABLES

in KEUR	31.12.2021	31.12.2020
current	38,471	35,167
Total	**38,471**	**35,167**

Of the current trade payables, KEUR 523 (2020: KEUR 187) are trade payables to related parties.

Please refer to note 7.3.3 for disclosures on the Group's currency and liquidity risks and other disclosures concerning trade payables.

5.12. Other liabilities

Other liabilities comprise other financial liabilities, accrued liabilities and other non-financial liabilities, and are composed as follows:

OTHER LIABILITIES

in KEUR	31.12.2021	31.12.2020
Other non-financial liabilities		
Other financial liabilities	5,831	7,560
Other non-financial liabilities	2,454	1,379
Total	**8,284**	**8,939**
Other current liabilities		
Other financial liabilities	10,043	13,225
Accrued liabilities	14,251	11,374
Other non-financial liabilities	10,867	9,735
Total	**35,161**	**34,334**
Total non-current	**8,284**	**8,939**
Total current	**35,161**	**34,334**
Total other liabilities	**43,445**	**43,273**

5.12.1. Other financial liabilities

For the accounting policies, see Note 3.8.

Other financial liabilities include lease liabilities, negative fair values from derivative financial instruments and refund liabilities:

OTHER FINANCIAL LIABILITIES

in KEUR	31.12.2021	31.12.2020
Other non-current financial liabilities		
Leasing liabilities	5,816	7,517
Derivative financial instruments	15	42
Total	**5,831**	**7,560**
Other current financial liabilities		
Leasing liabilities	2,396	1,040
Liabilities to shareholders	50	14
Refund liabilities	7,404	12,071
Financial guarantee	193	100
Total	**10,043**	**13,225**
Total non-current	**5,831**	**7,560**
Total current	**10,043**	**13,225**
Total other financial liabilities	**15,874**	**20,784**

Refund liabilities result from the granting of bonuses to dealers who achieve certain sales targets, where this is expected with a high degree of probability.

The financial guarantee recognised as part of the valuation amounts to KEUR 193 (31.12.2021: KEUR 100). This guarantee remains connected with the purchase financing model for dealers, and is used to compensate for any financial losses from the destruction or liquidation of the financed vehicles (see Notes 3.8 and 5.6).

The liabilities from derivative financial instruments consist of an interest rate swap and an interest rate cap concluded in the 2016 financial year. The nominal values and fair values of the instruments as of 31 December 2021 and 31 December 2020 are shown below:

DERIVATIVE FINANCIAL INSTRUMENTS

	Nominal value		Fair value	
in KEUR	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Interest rate swap	900	1,500	14	42
Interest rate cap	1,054	1,166	1	-
Total	**1,954**	**2,666**	**15**	**42**

The reconciliation of changes in financial liabilities to cash flows from financing activities is presented below.

								Eigenkapital	
in KEUR	Liabilities to banks	Liabilities to shareholders	Lease liabilities	Liabilities from derivative financial intruments	Subscribed capital	Capital reserve	Retained earnings	Profit-carry-forward	Total
Status as of 1 January 2021	**54,616**	**14**	**8,558**	**42**	**10,377**	**26,926**	**6,435**	**49,797**	**156,765**
Changes in cash-flow from finncing avtivities									
Incurrence of financial liabilities	104,395	–	–	–	–	–	–	–	104,395
Repayment of financial liabilities	–63,648	–	–	–	–	–	–	–	–63,648
Incurrence of lease liabilities	–	–	–2,779	–	–	–	–	–	–2,779
Interest paid	–1,305	–	–96	–	–	–	–	–	–1,402
Distribution to shareholders	–	–	–	–	–	–	–	–15,566	–15,566
Total change in cash flow from financing activities	**39,442**	**–**	**–2,875**	**–**	**–**	**–**	**–**	**–15,566**	**21,001**
Other changes in relation to liabilities ans equity									
Supervisory Board remuneration	–	36	–	–	–	–	–	–	36
Interest expenses	1,321	–	96	–	–	–	–	–	1,417
New leases	–	–	2,438	–	–	–	–	–	2,438
other non-cash expenses ans income	4	–	–5	–	–	–	–	–	–1
Net gains/losses from derivative financial intruments	–	–	–	–28	–	–	–	–	–28
Allocation of net income to profit/loss carried forward	–	–	–	–	–	–	–	31,327	31,327
Allocation of profit/loss carried forward to retained earnings	–	–	–	–	–	–	65,558	–65,558	–
Share-based payment	–	–	–	–	–	74	–	–	74
Total other changes in relation to liabilities	**1,325**	**36**	**2,530**	**–28**	**–**	**74**	**65,558**	**–34,231**	**35,264**
Status as of 31 December 2021	**95,382**	**50**	**8,212**	**15**	**10,377**	**27,000**	**71,993**	**-**	**213,029**

								Eigenkapital	
in KEUR	Liabilities to banks	Liabilities to shareholders	Lease liabilities	Liabilities from derivative financial intruments	Subscribed capital	Capital reserve	Retained earnings	Profit-carry-forward	Total
Status as of 1 January 2020	**94,289**	**–**	**9,507**	**73**	**29**	**12,475**	**6,435**	**79,797**	**202,606**
Changes in cash-flow from finncing avtivities									
Incurrence of financial liabilities	76,518	–	–	–	–	–	–	–	76,518
Repayment of financial liabilities	–115,483	–							–115,483
Incurrence of lease liabilities	–	–	–3,040						–3,040
Interest paid	–2,421	–	–114						–2,535
Proceeds from equity injections	–	–			10,348	14,451			24,799
Distribution to shareholders	–	–						–30,000	–30,000
Total change in cash flow from financing activities	**–41,386**	**–**	**–3,154**	**–**	**10,348**	**14,451**	**–**	**–30,000**	**–49,742**
Other changes in relation to liabilities ans equity									
Supervisory Board remuneration	–	14	–	–	–	–	–	–	14
Interest expenses	2,359	–	114	–	–	–	–	–	2,474
New leases	–	–	1,387	–	–	–	–	–	1,387
Expenses fot other services	–	547	–	–	–	–	–	–	547
Payment for other services	–	–547	–	–	–	–	–	–	–547
other non-cash expenses ans income	100	–	–43	–	–	–	–	–	57
Net gains/losses from derivative financial intruments	–	–	–	–30	–	–	–	–	–30
Reclassification	–746	–	746	–	–	–	–	–	–
Total other changes in relation to liabilities	**1,713**	**14**	**2,204**	**–30**	**–**	**–**	**–**	**–**	**3,901**
Status as of 31 December 2020	**54,616**	**14**	**8,558**	**42**	**10,377**	**26,926**	**6,435**	**49,797**	**156,765**

5.12.2. Accrued liabilities

For the accounting policies, see Note 3.13.

Accrued liabilities are exclusively current in nature and include the following significant items:

ACCRUED LIABILITIES

in KEUR	31.12.2021	31.12.2020
Personnel-related accruals	10,927	7,814
Outstanding invoices	1,522	1,477
Audit costs and expenses for preparing the annual financial statements	516	627
Insurance premiums	767	513
Dealer financing	362	641
Miscellaneous accrued liabilities	157	302
Total accrued liabilities	**14,251**	**11,374**

Accrued liabilities for dealer financing are interest expenses for vehicles financed by dealers relating to other accounting periods. Knaus Tabbert bears the interest charges for such financing.

5.12.3. Other non-financial liabilities

Other non-financial liabilities, with the exception of deferred income (see Note 5.12.4), are current in nature and include the following significant items:

OTHER NON-FINANCIAL LIABILITIES

in KEUR	31.12.2021	31.12.2020
Added-value tax receivables	370	405
Vendors with debit balances	2,273	992
Other taxes	1,256	1,105
Liabilities from wages and salaries	1,870	1,540
Contractual liabilities	4,027	4,278
deferred income	2,604	1,468
Other liabilities	921	1,326
Total other non-financial liabilities	**13,321**	**11,114**

Contractual liabilities include, in particular, advance payments for ordered vehicles and liabilities from the customer loyalty programme (see Note 6.1).

The grant of KEUR 811 included in the previous year was reclassified as deferred income due to the completion of the production hall and office building in Hungary.

5.12.4. Government grants

For the accounting policies, see Note 3.15.

DEFERRED INCOME

in KEUR	31.12.2021	31.12.2020
Government grants	2,603	1,442
Total deferred income	**2,603**	**1,442**
Total non-current	**2,454**	**1,379**
Total current	**150**	**63**
Total deferred income	**2,603**	**1,442**

In the 2021 financial year, Knaus Tabbert Kft was awarded further government grants within the meaning of IAS 20 as part of two subsidy programmes for the construction of an additional production hall and an office building. The above figure includes the grant of KEUR 811, which was reported under other liabilities in the previous year. Under these subsidy programmes, Knaus Tabbert Kft undertakes to implement and complete the investment by 30 June 2022 at the latest, as well as to create and maintain new jobs. Knaus Tabbert AG continues to act as guarantor for the subsidies already granted in previous years in the amount of the subsidy paid out.

The assistance recognised as deferred income is amortised over the useful life of the assets. In 2021, KEUR 171 of this amount was released and reported under other operating income.

5.13. Tax liabilities

Tax liabilities as of 31 December 2021 and 31 December 2020 are as follows:

TAX LIABILITIES

in KEUR	31.12.2021	31.12.2020
Tax liabilities	4,669	2,815

The liabilities relate exclusively to income tax. For the development of deferred tax liabilities, please refer to Note 6.9.3.

6. Notes to the Consolidated Profit and Loss Statement

6.1. Revenues

Revenues are divided between the product groups caravans, motorhomes, camper vans and after-sales/other as follows:

REVENUES BY PRODUCT GROUPS

in KEUR	2021	2020
Caravans	240,344	207,949
Motorhomes	396,776	393,525
Camper Vans	199,769	169,958
After sales / other	25,731	23,159
Total	**862,620**	**794,591**

Revenues are divided between the geographical regions of Germany, Europe and the rest of the world as follows:

REVENUES BY GEOGRAPHICAL REGIONS

in KEUR	2021	2020
Germany	588,624	571,174
Europe	270,757	211,564
Rest of the world	3,239	11,853
Total	**862,620**	**794,591**

Revenues mainly fall within the scope of IFRS 15 and are recognised in full at a point in time. In addition, revenues accounted for under IFRS 16 in the amount of KEUR 1,142 (2020: KEUR 1,179) are included. For further information on revenue, please refer to Note 3.16.1. For the breakdown of revenue between the Luxury and Premium segments, please see Note 4.2.

The following table provides information on receivables and contractual liabilities from contracts with customers.

RECEIVABLES AND CONTRACTUAL LIABILITIES

in KEUR	Note	31.12.2021	01.01.2021	31.12.2020	01.01.2020
Trade receivables	5.4	6,948	10,577	10,577	37,275
Contractual liabilities	5.12.3	4,027	4,278	4,278	3,294

The contractual liabilities result from advance payments received from customers and outstanding bonus points within the framework of a customer loyalty programme (see Note 3.15.1). The reversal of these contractual liabilities is expected in the next financial year.

In the 2021 financial year, a further bonus and incentive programme for sales advisors at dealerships was introduced (see Note 3.16.1). The reversal of these contractual liabilities is expected in the next two financial years.

The main changes in contractual liabilities within the financial year result on the one hand from the complete derecognition of the opening balance of the contractual liabilities with an effect on revenue due to the fulfilment of the associated performance obligations (KEUR 4,278; 2020: KEUR 3,294), and from the receipt of advance payments by customers for vehicles ordered and the granting of bonus points under the one-year customer loyalty programme (KEUR 3,021; 2020: KEUR 4,248). The remaining contract liabilities (KEUR 1,006; 2020: KEUR 0) are attributable to bonus points of a two-year customer loyalty programme, that was newly introduced in the financial year.

6.2. Changes in inventory and other own work capitalised

CHANGES IN INVENTORY AND OTHER OWN WORK CAPITALISED

in KEUR	2021	2020
Changes in inventory finished goods	7,061	3,847
Changes in inventory work in progress	12,022	516
Changes in inventory	**19,083**	**4,364**
Other own work capitalised	**4,448**	**4,144**

For the development of inventory changes, please refer to Note 5.3 providing information on inventories.

6.3. Other operating income

Other operating income comprises the following items:

OTHER OPERATING INCOME

in KEUR	2021	2020
Income from the disposal of assets	15	16
Income from currency translation	291	287
Insurance compensation	282	333
Subsidies	62	5
Government grants	171	264
Remuneration in kind	491	453
Income from material regress of supplier	1,144	949
Income from changes in default risks	148	164
Other income	499	576
Total	**3,103**	**3,045**

Income from the reversal of provisions was reported in the respective expense items.

Other income mainly includes bonus credits in the amount of KEUR 70 (2020: KEUR 100), income from canteen operations in the amount of KEUR 61 (2020: KEUR 55), subsidies for electromobility in the amount of KEUR 59, and the refund of tax on electricity in the amount of KEUR 47 (2020: KEUR 59).

6.4. Cost of materials

The cost of materials increased as a result of the greater total output in the financial year and higher prices in purchasing, and comprises the following items:

COST OF MATERIALS

in KEUR	2021	2020
Expenses for raw, auxiliary and operating materials	586,782	530,866
Purchased services	38,136	27,188
Cost of materials	**624,918**	**558,054**

6.5. Personnel expenses

In the reporting year, an average of 2,158 (2020: 2,026) industrial workers and 478 (2020: 438) salaried employees were employed. The increase in wage and salary expenses is mainly due to the targeted recruiting and training of temporary workers and the collective bargaining adjustments that were made. Personnel expenses include social security contributions and expenses for pensions and other benefits.

PERSONNEL EXPENSES

in KEUR	2021	2020
Wages and salaries	106,046	92,499
Social security contributions and expenses for pensions and other benefits	21,217	18,893
of which retirement benefits	19,597	17,286
Personnel expenses	**127,264**	**111,393**

As a traditional manufacturing enterprise with a high degree of vertical integration, the Group ranks among the most labour-intensive companies. The personnel expense ratio (personnel expenses to total operating revenue) stands at 14 % in the 2021 financial year (2020: 14 %).

The retirement benefits exclusively comprise employer contributions to the German statutory pension scheme.

For the first time, personnel expenses include an amount of KEUR 74 from a remuneration programme for the Management Board (Long Term Incentive Plan, LTIP). The personnel expenses for the LTIP tranche granted on 1 January 2021 are generally allocated on a straight-line basis over the four-year term, whereby an estimate of the fulfilment of service conditions and non-market conditions is included in the assessment of the amount of the personnel expenses to be allocated.

6.6. Depreciation and amortisation

Depreciation, amortisation and impairment losses are as follows:

DEPRECIATION AND AMORTISATION

in KEUR	2021	2020
Intangible assets	4,857	4,466
Property, plant and equipment	16,202	14,979
of which on rights of use from leases	2,294	2,405
Scheduled depreciation and amortisation	**21,059**	**19,445**

6.7. Other operating expenses

In the 2021 financial year, other operating expenses increased by KEUR 6,937 relative to the previous year, and comprise the following items:

OTHER OPERATING EXPENSES

in KEUR	2021	2020
Costs for premises, energy and maintenance	9,728	8,838
Expenses for advertising, trade fairs and sales	28,979	25,554
Research and development costs	1,678	1,606
Expenses from foreign currency translation	913	1,186
Insurance policies and legal and consultancy costs	5,649	6,051
Warranty and goodwill expenses	10,128	11,265
Order-related expenses	6,437	4,677
Travel and representation expenses	1,744	1,384
Vehicle expenses	1,490	1,341
Costs for IT, tools and small devices	4,072	3,046
Contributions and fees	878	844
Other personnel-related expenses	870	748
Incidental costs of monetary transactions	653	587
Expected credit losses	40	8
Other expenses	4,369	3,556
Total	**77,628**	**70,691**

The increase in other operating expenses was mainly caused by greater expenditure on advertising, trade fairs and sales due to the rental of a large area at the Caravan Salon 2021 trade fair in Düsseldorf, and by expenses incurred for a multi-media campaign in the financial year.

Moreover, higher order-related expenses and maintenance costs were incurred due to renovation and expansion work. Travel and representation expenses decreased in the previous year due to pandemic-related restrictions. Expenses for IT equipment and security increased in the financial year due to corona-related teleworking regulations. Other expenses include COVID-19 protection measures such as rapid antigen tests and protective masks.

6.8. Financial result

The main components of the financial result are shown in the following table:

FINANCIAL RESULT

in KEUR	2021	2020
Interest income	64	60
Income from derivative financial instruments	28	30
Financial income	**91**	**91**
Interest expenses	1,182	2,068
Expenses from the financial guarantee	93	100
Credit commissions and pool management fees	235	406
Finance costs	**1,510**	**2,573**
Financial result	**–1,419**	**–2,483**

The substantial decrease in interest expenses is attributable to the on average low drawdown of operating credit lines as a result of the positive market environment and the associated rapid reflux of liquidity, particularly in the first half of 2021. Moreover, a large part of the investments was not settled until the second half of the year.

Income and expenses from derivative financial instruments include the changes in fair value through profit or loss of the interest rate swap and the interest rate cap, and of the financial guarantee.

Interest expenses recognised using the effective interest method, are attributable to liabilities to banks and lease liabilities, which are allocated to the category of financial liabilities to be measured at amortised cost (see Note 7.1).

The net gains and losses from the measurement through profit or loss of derivative financial instruments, which are allocated to the category of financial liabilities measured at fair value through profit or loss (see Note 7.1), are shown in the following table:

in KEUR	2021	2020
Net gains from derivate financial Instruments	28	30

6.9. Income tax

6.9.1. Taxes recognised in profit or loss

TAXES RECOGNISED IN PROFIT OR LOSS

in KEUR	2021	2020
Current year	9,388	11,980
Previous years	70	25
Current tax expense	**9,458**	**12,005**
Creation / reversal of temporary differences from tax losses	1,025	181
Deferred tax expense	**1,025**	**181**
Tax expense	**10,483**	**12,186**

Tax expense of KEUR 11,062 (2020: KEUR 12,751), recognised in the Consolidated Profit and Loss Statement, includes other taxes in the amount of KEUR 579 (2020: KEUR 564).

6.9.2. Reconciliation of the effective tax rate

The expected tax expense for the 2021 financial year is calculated on the basis of an income tax rate of 28.7 % (2020: 28.1 %), which corresponds to the combined trade and corporate income tax rate plus a solidarity surcharge of the parent company.

RECONCILIATION OF THE EFFECTIVE TAX RATE

	31.12.2021		31.12.2020	
	%	KEUR	%	KEUR
Profit before tax from continuing operations		36,388		43,513
Expected taxes	27.7%	10,072	27.7%	12,044
Deviations in tax rates	–0.3%	–109	–0.1%	–58
Tax corrections (permanent effects)	1.1%	416	0.5%	200
Non-recognition of losses of the current year and change / value allowance of tax loss carry-forwards and temporary differences	0.0%	–	0.0%	18
Prior-year taxes	0.2%	70	0.1%	25
Other	0.1%	33	–0.1%	–43
Effective taxes	**28.7%**	**10,483**	**28.1%**	**12,186**

6.9.3. Changes in deferred taxes in the balance sheet during the year

FINANCIAL YEAR 2021

in KEUR	Net as of 01.01.	In profit/loss	In other compreIn other compre-hensive income	Recognised in equity	Business combinations	Other	Status as of 31.12. Net	Deferred tax assets	Deferred tax liabilities
Intangible assets	3,650	570	–	–	–	–	4,220	–	4,220
Property, plant and equipment	2,879	–100	–	–	–	–	2,779	–	2,779
Inventories	215	155	–	–	–	–	370	–	370
Trade receivables	–415	381	–	–	–	–	–34	–34	–
Other assets	39	–39	–	–	–	–	–	–	–
Other provisions	–356	–116	–	–	–	–	–472	–476	4
Liabilities to banks	–	187	–	–	–	–	187	–	187
Trade payables	33	–33	–	–	–	–	–	–	–
Other liabilities	–2,061	–21	–	–	–	–	–2,082	–2,082	–
Other	–192	39	–	–	–	–4	–157	–189	33
Tax claims (liabilities) before offsetting	**3,792**	**1,025**	**–**	**–**	**–**	**–4**	**4,813**	**–2,780**	**7,593**
Offsetting of taxes	–	–	–	–	–	–	–	–	–
Tax claims (liabilities) net	**3,792**	**1,025**	**–**	**–**	**–**	**–4**	**4,813**	**–2,780**	**7,593**

FINANCIAL YEAR 2020

in KEUR	Net as of 01.01.	In profit/loss	In other compreIn other compre-hensive income	Recognised in equity	Business combinations	Other	Status as of 31.12. Net	Deferred tax assets	Deferred tax liabilities
Intangible assets	3,572	78	–	–	–	–	3,650	–	3,650
Property, plant and equipment	3,204	–325	–	–	–	–	2,879	–	2,879
Inventories	204	11	–	–	–	–	215	–	215
Trade receivables	–482	67	–	–	–	–	–415	–415	–
Other assets	44	–5	–	–	–	–	39	–162	201
Other provisions	–234	–122	–	–	–	–	–356	–394	38
Trade payables	33	–	–	–	–	–	33	–	33
Other liabilities	–2,539	477	1	–	–	–	–2,061	–2,064	3
Other	–	–	–	–192	–	–	–192	–192	–
Tax claims (liabilities) before offsetting	**3,802**	**181**	**1**	**–192**	**–**	**–**	**3,792**	**–3,227**	**7,019**
Offsetting of taxes	–	–	–	–	–	–	–	114	–114
Tax claims (liabilities) net	**3,802**	**181**	**1**	**–192**	**–**	**–**	**3,792**	**–3,113**	**6,905**

6.9.4. Outside basis differences

Temporary differences from outside basis differences pursuant to IAS 12.39 in the amount of KEUR 1,461 (2020: KEUR 1,132) exist as of the balance sheet date 31 December 2021.

6.10. Earnings per share

Undiluted earnings per share are calculated by dividing the share of earnings attributable to the shareholders of Knaus Tabbert AG by the weighted average number of shares outstanding. In the financial year, share options under the Long Term Incentive Plan (LTIP) did not dilute the weighted average number of ordinary shares as not all necessary conditions for inclusion were met. For further information on the option programme, please refer to Note 12.

EARNINGS PER SHARE

		2021	2020
Consolidated net income	KEUR	25,904	31,327
Calculation of the weighted average number of ordinary shares Undiluted			
Undiluted	Quantity	10,377,259	4,103,917
Diluted	Quantity	10,377,259	4,103,917
Earnings per share			
Undiluted	EUR	2.50	7.63
Diluted	EUR	2.50	7.63

7. Other information on financial instruments

7.1. Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not contain any information on the fair value of financial assets and financial liabilities that have not been measured at fair value if the carrying amount represents a reasonable approximation of the fair value.

	Carrying amount				Fair value			
31.12.2021 KEUR	Measured at amortised cost	Measured at fair value	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value								
Trade receivables	6,948	–	–	6,948	–	–	–	–
Receivables from factoring	9,898	–	–	9,898	–	–	–	–
Cash and cash equivalents	9,677	–	–	9,677	–	–	–	–
	26,522	**–**	**–**	**26,522**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value								
Derivative financial instruments	–	15	–	15	–	15	–	15
Financial guarantee	–	193	–	193	–	–	193	193
	–	**208**	**–**	**208**	**–**	**15**	**193**	**208**
Financial liabilities not measured at fair value								
Liabilities to banks (current)	–	–	93,052	93,052	–	–	–	–
Liabilities to banks (non-current)	–	–	2,331	2,331	–	2,293	–	2,293
Liabilities to shareholders	–	–	50	50	–	–	–	–
Trade payables	–	–	38,471	38,471	–	–	–	–
Refund liabilities	–	–	7,404	7,404	–	–	–	–
	–	**–**	**141,308**	**141,308**	**–**	**2,293**	**–**	**2,293**

31.12.2020 KEUR	Carrying amount Measured at amortised cost	Measured at fair value	Other financial liabilities	Total	Fair value Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value								
Trade receivables	10,577	–	–	10,577	–	–	–	–
Receivables from factoring	8,346	–	–	8,346	–	–	–	–
Receivables from shareholders	995	–	–	995	–	–	–	–
Cash and cash equivalents	8,939	–	–	8,939	–	–	–	–
	28,858	**–**	**–**	**28,858**	**–**	**–**	**–**	**–**
Financial liabilities measured at fair value								
Derivative financial instruments	–	42	–	42	–	42	–	42
Financial guarantee	–	100	–	100	–	–	100	100
	–	**142**	**–**	**142**	**–**	**42**	**100**	**142**
Financial liabilities not measured at fair value								
Liabilities to banks (current)	–	–	49,001	49,001	–	–	–	–
Liabilities to banks (non-current)	–	–	5,616	5,616	–	5,519	–	5,519
Liabilities to shareholders	–	–	14	14	–	–	–	–
Trade payables	–	–	35,167	35,167	–	–	–	–
Refund liabilities	–	–	12,071	12,071	–	–	–	–
	–	**–**	**101,868**	**101,868**	**–**	**5,519**	**–**	**5,519**

7.2. Determining fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. It is irrelevant whether the price is directly observable or determined using a valuation technique.

The following valuation techniques were used to determine the fair values of Levels 2 and 3.

Level 2

Derivative financial instruments

The fair values of derivative financial instruments in the form of interest rate swaps and interest rate caps are determined by the counterparties using valuation methods based on market prices.

Other financial liabilities

The fair values of other financial liabilities in the form of long-term liabilities to banks were determined by discounting the expected cash flows using a risk-adjusted discount rate.

Level 3

Financial guarantee

The fair value of the financial guarantee was determined on the basis of the maximum possible utilisation of the Group using historical intra-group loss rates, corrected for observable market risk adjustments, and market recovery rates from the realisation of pledged collateral in the event of a loss.

There were no reclassifications between the individual fair value hierarchy levels in the present reporting periods.

7.3. Financial risk management

7.3.1. Risk management principles

The Knaus Tabbert Group is exposed to a variety of risks on account of its existing financial instruments.

The Management Board of the parent company is responsible for establishing and controlling the risk management system of the Group. The risk management system implemented at the Knaus Tabbert Group records potential risks and assesses them by means of a risk analysis. The finance department is responsible for developing and monitoring this risk management, and reports on this to the Management Board on a regular basis. The identified risks are then systematically evaluated according to the criteria of “probability of occurrence”, “potential extent of damage” and “time horizon”, and assigned to defined risk classes.

The defined risk classes result in various reporting obligations of the individual risk managers to the Management Board. Measures have been developed to mitigate and prevent risks. Regular reporting with deviation analyses on the earnings situation and the development of orders by the controlling department of the group is an essential component of this risk management system. The individual risks that have been identified are continuously monitored by the responsible members of staff and management.

On account of its business operations, the Knaus Tabbert Group is obliged to knowingly accept certain risks in order to be able to exploit opportunities and successfully compete in the market. In the process, the Group is exposed to a broad range of opportunities and risk fields.

The Group is exposed to the following risks arising from the use of financial instruments:

- receivables and credit risks
- liquidity risks
- market risks

7.3.2. Receivables and default risk

The default risk is the risk of incurring financial losses in the event that a customer or the contracting party of a financial instrument fails to fulfil their contractual obligations. The default risk essentially arises from the trade receivables.

The carrying amounts of the financial assets correspond to the maximum default risk.

Trade receivables

The default risk of the Group is primarily influenced by the individual characteristics of its customers. The frequently low equity base of our trading partners will continue to be the cause of further defaults of businesses from the current dealer network in the future, which may have a negative impact on the net asset situation, financial and profit situation of the Knaus Tabbert Group. Increased cooperation with the purchase financing banks, broader inventory controls, permanent debtor monitoring and paying attention to early indicators such as inventory development, the issue of vehicle documentation and collection deadlines therefore remain a top priority. The Group sells its vehicles subject to retention of title, that is, it retains ownership of the purchased item as security for its purchase price claims. A collateral fund has been set up for realisation risks of financed vehicles (see Notes 3.8 and 6.6).

In order to determine any necessary impairments, the Group has implemented a procedure allowing for an estimation of the expected losses from trade receivables.

The maximum default risk for trade receivables, broken down by geographical region, as of 31 December 2021 and 31 December 2020 is as follows:

DEFAULT RISK BY GEOGRAPHICAL REGION

in KEUR	31.12.2021	31.12.2020
Germany	3,476	7,259
Europe	3,028	2,943
Rest of the world	444	376
Total	**6,948**	**10,577**

The maximum default risk for trade receivables, broken down by type of customer, as of 31 December 2021 and 31 December 2020 is as follows:

DEFAULT RISK BY TYPE OF CUSTOMER

in KEUR	31.12.2021	31.12.2020
Dealers	6,798	9,821
End customers	150	756
Total	**6,948**	**10,577**

The following table contains information on the loss rates, gross carrying amounts and cumulative expected credit losses within the time intervals used to determine the impairments of trade receivables.

2021

in KEUR	Loss rate (weighted average)	Gross carrying amount	Impairment
Not overdue	0.57%	3,915	–22
0 - 29 days past due	2.78%	1,673	–46
30 - 60 days past due	6.01%	1,042	–63
61 - 90 days past due	15.54%	500	–78
91 - 180 days past due	28.73%	16	–4
More than 180 days past due	64.51%	45	–29

2020

in KEUR	Loss rate (weighted average)	Gross carrying amount	Impairment
Not overdue	0.49%	7,375	–36
0 - 29 days past due	3.21%	2,240	–72
30 - 60 days past due	9.00%	982	–88
61 - 90 days past due	22.96%	115	–26
91 - 180 days past due	34.30%	75	–26
More than 180 days past due	74.68%	153	–114

The impairment of trade receivables developed as follows:

DEVELOPMENT OF EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES

in KEUR	31.12.2021	31.12.2020
Status as of January 01	**362**	**533**
Additions to non-current assets	31	8
Reversals	–148	–164
Exchange rate effects	–3	–14
Status as of 31 December	**243**	**362**

Receivables from factoring

As the receivables from factoring are due from credit institutes and financial institutions with a high credit rating and are current in nature, the Group does not recognise any impairments for expected credit losses (ECL).

Cash and cash equivalents

As of 31 December 2021, the Group holds bank deposits in the amount of KEUR 9,638 (31.12.2020: KEUR 8,875). This sum thus also represents the maximum default risk with regard to these assets. Cash and cash equivalents are deposited with credit institutes that enjoy a high credit rating.

Derivative financial instruments

The default risk associated with derivative financial instruments materialises when counterparties fail to meet their payment obligations, or only meet them to a limited extent. To mitigate this risk, contracts are only concluded with selected banks with a correspondingly high credit rating.

7.3.3. Liquidity risk

The risk of the Knaus Tabbert Group being unable to meet its payment obligations when due is referred to as liquidity risk. In the course of managing its liquidity risk, the Knaus Tabbert Group ensures that sufficient liquidity is available at all times to settle due liabilities without incurring unsustainable losses or compromising the reputation of the Knaus Tabbert Group.

The liquidity-related risks of the Knaus Tabbert Group consist of the possibility that financial obligations such as the repayment of loans or the ongoing capital requirements of operating activities cannot be met.

The Knaus Tabbert Group counters these risks as follows: The financial planning required to ensure liquidity is carried out on the basis of medium and short-term annual planning. With the existing syndicated loan agreement, the Company has a sufficient financing framework at its disposal in the coming years. The Group discusses its current business performance and the outlook for its industry in regular meetings with its principal banks, thus ensuring an adequate dissemination of information.

Production adjusted to the respective order situation enables clear and transparent inventory management, particularly in the area of finished vehicles, which in turn provides for a stable liquidity situation.

Significance of the liquidity risk

The following table shows the contractual residual terms of the financial liabilities on the balance sheet date. The amounts indicated are undiscounted gross amounts:

31.12.2021

In KEUR	Carrying amounts	Contractually agreed cash flows	Residual term of less than 1 year	Residual term of between 1 and 5 years	Residual term of more than 5 years
Liabilities to banks	95,382	95,742	93,263	1,961	517
Liabilities to shareholders	50	50	50	–	–
Trade payables	38,471	38,471	38,471	–	–
Lease liabilities	8,212	8,472	2,489	5,268	715
Derivative financial instruments	15	22	15	7	–
Total	**142,131**	**142,757**	**134,288**	**7,236**	**1,233**

31.12.2020

In KEUR	Carrying amounts	Contractually agreed cash flows	Residual term of less than 1 year	Residual term of between 1 and 5 years	Residual term of more than 5 years
Liabilities to banks	54,616	55,039	49,187	4,902	951
Liabilities to shareholders	14	14	14	–	–
Trade payables	35,167	35,167	35,167	–	–
Lease liabilities	8,558	8,873	2,694	5,171	1,008
Derivative financial instruments	42	49	27	22	–
Total	**98,397**	**99,141**	**87,088**	**10,094**	**1,959**

7.3.4. Market risk

Market risks are risks connected to changes in market prices, such as exchange rates or interest rates, which are influenced by the earnings of the Group or the value of the financial instruments held. The aim of market risk management is to control and steer market risks within acceptable ranges while optimising returns.

Currency risk

Currency risk can be described as a sub-category of market risk. Hedging of currency risks is not necessary as invoicing and procurement are mainly undertaken in euros. As a result, currency risks play only a minor role within the Knaus Tabbert Group.

Interest rate risk
The interest rate risk is the risk of the fair values or future cash flows of financial instruments fluctuating due to changes in market interest rates.

Variable interest rate agreements carry the risk of rising interest rates for financial liabilities. This risk is evaluated, assessed and, where required, managed through the use of derivative interest rate hedging instruments. These focus on the interest-bearing net financial liabilities of the Knaus Tabbert Group.

Bedeutung des Zinsänderungsrisikos

in KEUR	31.12.2021	31.12.2020
Interest rate exposure		
Variable-rate financial liabilities	93,547	49,686

An increase in the average interest rate of the variable-rate financial liabilities by 50 basis points would result in a decrease in profit before income taxes of KEUR 173 (2020: KEUR 329). A decrease of 50 basis points would produce a positive effect on profit before income taxes of KEUR 173 (2020: KEUR 329).

7.4. Capital management

The aim of the Group's capital management is to secure the capital base and ensure the necessary financial and liquidity scope. The financial profile is actively managed and monitored. For this purpose, the Executive Board of the Group uses the equity ratio. The equity ratio is calculated as the quotient of balance sheet equity and balance sheet total.

In addition, the Group manages and monitors capital using the equity ratio. This is calculated as the ratio of equity (TEUR 130,258) to the adjusted balance sheet total according to the calculation scheme of the syndicated loan agreement (TEUR 341,023). When calculating equity, the equity shown in the balance sheet is reduced by goodwill, the goodwill, deferred tax assets and receivables from shareholders. The balance sheet total is also adjusted for the aforementioned balance sheet items.

Furthermore, the management controls the capital on the basis of the gearing ratio. This is calculated as the ratio of net debt (TEUR 100,424) to adjusted EBITDA in accordance with the calculation scheme of the syndicate agreement (TEUR 59,202). Net debt includes liabilities to banks, liabilities to shareholders and liabilities from finance leases less cash and cash equivalents. Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortisation adjusted for non-operating effects. This is calculated by eliminating income or expenses from the disposal of non-current assets, income from the reduction or reversal of impairment losses on receivables, income from the reversal of provisions, income from the translation of foreign currency transactions, and income from claims for damages and insurance benefits from the consolidated net profit adjusted for taxes, depreciation and amortisation, financial income and financial expenses.

The financial ratio net working capital ratio is not applicable on the basis of the rule stipulated in the syndicated loan agreement, as the equity ratio was already above 30% on two consecutive reporting dates.

The Executive Board of the Group strives for an equity ratio of more than 30%. The gearing ratio may not exceed 2.75.

in KEUR	31.12.2021	31.12.2020
Equity	133,879	123,770
Equity ratio	38.85%	43.30%
Proprietary funds	130,258	118,821
Proprietary funds ratio	38.20%	42.30%
Debt-to-equity ratio	1.7	0.9
Net working capital ratio	–	2.7

8. Leases

For the accounting policies, see Note 3.6.

8.1. The Group as lessee

The Group leases land and buildings. The term of the lease agreements is typically ten years with the option to extend the agreements after this period. Lease payments are renegotiated after a reasonable period of time to reflect market rents. Some agreements provide for additional lease payments on the basis of changes in local price indices.

In addition, the Group leases production machinery with terms ranging between 3 and 5 years.

The Group leases IT equipment with contractual terms ranging from one to three years. These lease agreements are either concluded for a short period of time and/or for low-value items. For these leases, the Group has decided not to recognise any right-of-use assets or lease liabilities.

Information on leases in which the Group acts as lessee is presented below.

a) Rights of use

For the development of rights of use, please refer to the Asset Schedule.

b) Amounts recognised in the Profit and Loss Statement

LEASE AGREEMENTS IN ACCORDANCE WITH IFRS 16

In KEUR	31.12.2021	31.12.2020
Interest expenses for lease liabilities	96	114
Expenses for short-term leases	712	479
Expenses for leases of an asset of low value, with the exception of short-term leases of assets of low value	556	383

c) Amounts recognised in the Cash Flow Statement

In KEUR	31.12.2021	31.12.2020
Total cash outflows for leases	2,779	3,040

d) Extension options

A number of land and building leases contain renewal options, which may be exercised by the Group up to six months prior to the expiry of the non-cancellable lease term. Where possible, the Group seeks to include renewal options when entering into new leases to provide operational flexibility. At the date of commencement of the lease, the Group assesses whether the exercise of renewal options is reasonably certain. Subsequently, the Group reassesses whether the exercise of a renewal option is reasonably certain upon the occurrence of a significant event or change in circumstances within its control.

The Group estimates that potential future lease payments arising from the exercise of renewal options would result in an increase in lease liabilities of KEUR 332.

8.2. The Group as lessor

The Group recognised revenue from its rental business in the amount of KEUR 1,142 (2020: KEUR 1,179) in the financial year.

The Group generally does not lease motorhomes and caravans for periods including the balance sheet date. There are therefore no significant lease receivables as of 31 December 2021.

9. Future payment obligations

In addition to the payment obligations resulting from leases, the Group has entered into other payment obligations. These include contractual obligations from the purchase of property, plant and equipment in the amount of KEUR 26,447. Further payment obligations result from maintenance and service contracts.

FUTURE PAYMENT OBLIGATIONS

in KEUR	31.12.2021	31.12.2020
Due within one year	29,904	3,176
Due in between one and five years	1,321	331
Total	**31,224**	**3,507**

10. Contingent receivables and liabilities

The Group holds no contingent receivables as of 31 December 2021.

The following contingent liabilities exist as of the balance sheet date:

DUE IN MORE THAN FIVE YEARS

in KEUR	31.12.2021	31.12.2020
Liabilities from guarantees	590	1,377
Total	**590**	**1,377**

The Group considers the probability of a claim arising from the above contingent liabilities to be low due to the overall favourable economic environment in the caravanning industry.

11. Related parties

In accordance with IAS 24, the following were identified as related parties of the Group:

- related companies and persons exercising a significant influence on the reporting company
- members of the Management Board and Supervisory Board of Knaus Tabbert AG, including their close relatives, as persons holding key positions in the Company
- other related companies

Business transactions with related parties exercising a significant influence on the reporting company

in KEUR	2021 Transaction volume Expense	Liability	Transaction volume Revenue	Receivable
Consulting services	50	50	–	–
Total	**50**	**50**	**–**	**–**

in KEUR	2020 Transaction volume Expense	Liability	Transaction volume Revenue	Receivable
Consulting services	476	14	2,406	995
before IPO	451	–	–	–
after IPO	26	14	2,406	995
Total	**476**	**14**	**2,406**	**995**

Business transactions with persons in key positions of the company

The total remuneration of the Executive Board consists of short-term benefits and share-based payments. For further information on share-based payments, please refer to note 12.

The total remuneration of the Supervisory Board consists exclusively of short-term benefits.

REMUNERATION FOR EXECUTIVE BOARD AND SUPERVISORY BOARD

in KEUR	2021	2020
Total remuneration Management Board	2,443	1,650
Total remuneration Supervisory Board	458	228
Social security contributions and expenses	19	32

The total remuneration of the Management Board in the previous year does not include the services of KEUR 547 invoiced by a manager who did not have an employment contract with the Company until 22 September 2021.

Business transactions with other related companies

in KEUR	2021 Transaction volume Expense	Liability	Transaction volume Revenue	Receivable
Purchase of goods	12,070	523	–	–
Services	2	–	–	–
Total	**12,072**	**523**	**–**	**–**

in KEUR	2020 Transaction volume Expense	Liability	Transaction volume Revenue	Receivable
Purchase of goods	10,298	187	–	–
Services	591	–	78	–
before IPO	591	–	–	–
after IPO	–	–	78	–
Total	**10,889**	**187**	**78**	**–**

12. Share-based remuneration

Description of the share-based remuneration agreement

The Group introduced a Long Term Incentive Plan (LTIP) for the Management Board in the past year. Under the LTIP, the participating members of the Management Board are allocated virtual performance shares in annual tranches at the beginning of each year, starting in the 2021 financial year. The number of performance shares allocated depends on the average volume-weighted share price of Knaus Tabbert AG in the three-month period prior to the granting of the respective tranche (initial share price). On 1 January 2021, the members of the Management Board were awarded the first tranche of performance shares.

The members of the Management Board who have been allocated performance shares are entitled, under certain conditions, to receive compensation determined on the basis of the average volume-weighted share price of Knaus Tabbert AG in the last three months of a four-year period (final share price), provided that the final share price exceeds the initial share price. The Supervisory Board of the Company (as representative of the Management Board) can determine the type of remuneration (cash settlement or settlement in shares). The Company classifies the LTIP as share-based remuneration settled through equity instruments.

In the financial year, the members of the Management Board were granted 10,704 performance shares with a four-year term under the LTIP as of 1 January 2021. The performance shares granted are subject to certain exercise conditions. A minimum service period must thus be reached in order to exercise the shares. In addition, a market condition relating to the development of the share price and a non-market condition relating to the achievement of certain financial targets in the consolidated financial statements of the Knaus Tabbert Group apply over the term of the LTIP programme. Remuneration from the performance shares is capped for each Management Board member.

Determining the fair value

The fair value of the performance shares was determined using a transformed Black-Scholes formula. Service conditions and non-market conditions were not taken into account in determining the fair value.

The following parameters were applied in determining the fair value at the grant date of the share-based remuneration plans:

DETERMINATION OF THE FAIR VALUE - ASSUMPTION

LTIP tranche	2021
Fair value per performance share at grant date [EUR]	27.79
Share price at grant date [EUR]	63.40
Initial price = exercise price [EUR]	59.80
Share price for cap (share price at which cap is reached) [EUR]	168.16
Expected volatility [%]	45.0
Maturity [years]	4.0
Risk-free interest rate, based on government bonds [%]	–0.757
Expected dividends [%]	5.0

As the shares of Knaus Tabbert AG have only been listed for a short period of time, the expected volatility is calculated by assessing the historical volatility of the share price of companies in a peer group with similar business models to that of Knaus Tabbert AG.

Reconciliation of outstanding performance shares

The reconciliation of the outstanding performance shares is shown in the table below:

	2021	
	Quantity of PS	Exercise price
Reconciliation of outstanding performance shares (PS)		
Outstanding as of January 01	–	–
Expired in the fiscal year	–	–
exercised in the fiscal year	–	–
granted in the fiscal year	10,704	59.80
outstanding as of December 31	10,704	59.80
vested as of December 31	–	–

The performance shares outstanding as of 31 December 2021 have an exercise price of EUR 59.8 and a contractual term of 3 years.

Expenses recognised in profit or loss

For information on expenses incurred in connection with share-based payments, please refer to Note 6.5.

13. Events after the reporting date

After going public in 2020, Knaus Tabbert AG has taken a further step towards financial flexibility by concluding a syndicated loan agreement totalling EUR 190 million with its long-term partners Commerzbank AG, Raiffeisenlandesbank Oberösterreich and Norddeutsche Landesbank. As in previous years, Commerzbank AG acts as syndicate leader. The contract entered into effect on 4 January 2022.

On 3 January 2022, Knaus Tabbert AG completed the acquisition of the WVD Südcaravan Group (Freiburg, Germany) consisting of the operating companies WVD-Südcaravan GmbH (WVD) and CFC Camping Freizeit Center GmbH (CFC).

CFC Camping Freizeit Center GmbH (CFC) and has thus taken over 100 percent of the shares in the two trading companies for leisure vehicles. The company had already announced the purchase of the WVD Group (Freiburg, Germany) in December.

The acquired dealerships are long-standing trading partners of Knaus Tabbert and are among the leading suppliers of recreational vehicles in southern Germany. In the 2020/21 financial year, both companies generated total sales of

total turnover of around EUR 20 million was generated by both companies. This turnover was mainly accounted for by Knaus Tabbert vehicles. In addition to the sale and rental of recreational vehicles, both companies also offer the complete portfolio of services.

The acquisition of the WVD Group was made to complement the Group's own dealer network in a strategically important sales region in Germany.

in a strategically important sales region in Germany. The acquisition is a further building block in the growth strategy for the

growth strategy for the coming years, the acquisition secures further sales potential in a region of Germany with strong purchasing power. With its own dealers, the Group can intensify its dialogue with end customers and use the knowledge gained to develop future forms of distribution.

The following summarises the provisional fair values of the cash and cash equivalents and contingent consideration at the acquisition date:

Cash TEUR 6,300 (thereof for WVD: TEUR 5,670 and for CFC: TEUR 630).

Contingent consideration (earn out) TEUR 500 (thereof for WVD: TEUR 375 and for CFC: TEUR 125) for the year 2022)

Conditional consideration (earn out) TEUR 500 (thereof for WVD: TEUR 375 and for CFC: TEUR 125) for the year 2023)

The contingent consideration is calculated on the basis of the EBITDA of the consolidated figures of WVD and CFC in the financial years 2022 and 2023 in accordance with the principles of commercial law. It amounts to either TEUR 0 or TEUR 500 in the respective year, depending on the fulfilment of the contractual provision. An amount in between is not envisaged.

The acquisition is expected to result in goodwill of TEUR 3,784 (of which TEUR 3,438 for WVD and TEUR 364 for CFC). In determining these expected values, the contingent consideration was included in the consideration transferred with a value of TEUR 1,000. This means that the contingent considerations are included in the consideration transferred at their maximum amounts, for simplicity without interest effect. Of the goodwill recognised for the contingent consideration, TEUR 500 is attributable to the 2022 financial year and TEUR 500 to the 2023 financial year. The minimum amount is TEUR 0 for both years.

At the time of acquisition, there were trade receivables with a carrying amount of EUR 22,000.

The associated costs expected to be incurred in the Group for legal advice in the context of the business combination in the amount of EUR 62,000 will be recognised in the financial year 2022 under other operating expenses.

The following summarises the expected carrying amounts of the assets acquired and liabilities assumed at the acquisition date. Mutual receivables and liabilities in the amount of EUR 226,000 were eliminated.

Carrying amounts	in KEUR
Intangible assets	1
Property, plant and equipment	256
Financial assets	18
Inventories	3,730
Receivables and other assets	1,942
Cash, Bank deposits	2,876
Prepaid expenses and deferred charges	144
Provisions	–447
Liabilities	–4,666
Deferred income	–337

Russia has been at war with Ukraine since 24 February 2022 (Russia-Ukraine war). The impact of the Russia-Ukraine war represents a non-adjusting event and therefore has no effect on the recognition and measurement of assets and liabilities as of the balance sheet date. Based on our current understanding, the Russia-Ukraine war is not expected to have any significant direct impact on purchasing and sales at Knaus Tabbert AG. Our Hungarian subsidiary employs Ukrainian staff, and it is our top priority to ensure their safety. This could indirectly affect our operations in Hungary.

For information on the effects of the coronavirus pandemic, please refer to the Management Report.

14. Additional disclosures according to the German Commercial Code (HGB)

14.1. Number of employees

On average, the following staff groups were employed by the Group during the financial year:

EMPLOYEE GROUPS

Number in heads	2021	2020
Industrial workers	2,158	2,026
Salaried employees	478	438
Average number of employees, excluding apprentices	**2,636**	**2,464**
Apprentices	60	70
Total number of employees, including apprentices	**2,696**	**2,534**

14.2. Total fee for the auditor of the Consolidated Financial Statements

Pursuant to Section 314 para. 1 (9) HGB, the fees for the auditor of the Consolidated Financial Statements that are recognised as expenses are broken down as follows:

FEE FOR THE AUDITOR OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO SECTION 314 PARA.1 (9) HGB IN KEUR

in KEUR	2021	2020
the audits of the Consolidated Financial Statements	394	561
other assurance services	22	469
tax consultancy services	41	54
other services	–	64
Total	**457**	**1,149**

Other assurance services include confirmations of covenant ratios and reviews of the financial statements of subsidiaries. Tax advisory services include services in connection with the preparation of business tax returns and advance tax returns in the area of sales tax. In the previous year, the fee expense for auditing services was significantly higher due to special audits and consulting services in connection with the IPO.

14.3. List of shareholdings

List of shareholdings of Knaus Tabbert AG, Jandelsbrunn, as of 31 December 2021

Name of the company	Registered office	Share in %
Caravan-Welt GmbH Nord	Bönningstedt, Deutschland	100
HÜTTLrent GmbH	Maintal, Deutschland	100
MORELO Reisemobile GmbH	Schlüsselfeld, Deutschland	100
Knaus Tabbert Kft	Vac (Ungarn)	100

14.4. Remuneration of the Executive Board and Supervisory Board

For information pursuant to § 314 para. 1 no. 6 of the German Commercial Code (HGB), please refer to Chapter 11.

14.5. Corporate Governance Code

The Executive Board and Supervisory Board of Knaus Tabbert AG have issued the declaration required by § 161 of the German Stock Corporation Act (AktG) and have also made it permanently available to the shareholders on the website www.knaustabbert.de .

15. Members of the Management Board

Wolfgang Speck, Diplom‐Ingenieur (graduate engineer), Chairman of the Management Board, Chief Executive Officer (CEO)
Marc Hundsdorf, (graduate engineer), Chief Financial Officer (CFO)
Gerd-Rainer Adamietzki, Kaufmann (business administrator), Chief Sales Officer (CSO)
Werner Vaterl, Diplom-Kaufmann (graduate business administrator), Chief Operating Officer (COO)

16. Supervisory Board

Pursuant to Section 1 para. 1, Section 6 para. 2, Section 7 para. 1 (1) of the German Co-Determination Act, this Supervisory Board is composed of six Supervisory Board members representing shareholders and employees. According to Section 7 para. 2 (1) of the Co-Determination Act, these must include four employees of the Company and two representatives of trade unions.

The Supervisory Board consists of the following members:

Shareholder representatives:
Dr. Esther Hackl, in-house lawyer – Chairwoman of the Supervisory Board
Willem Paulus de Pundert, entrepreneur
Klaas Meertens, entrepreneur
Rene Ado Oscar Bours, consultant
Manfred Pretscher, Dip. Ing. (FH)
Jana Donath, Head of Finance

Employee representatives:
Anton Autengruber, Chairman of the General Works Council, Deputy Chairman
Stephan Kern, IT administrator
Michael Heim, Works Council
Ferdinand Sommer, Head of IT and Organisation (authorised signatory)
Robert Scherer, Trade Union Secretary IG Metall
Daniela Fischer, Trade Union Secretary IG Metall

Asset schedule 2021

INTANGIBLE ASSTES

in KEUR	Licences and acquired rights	Goodwill	self-created intangible assets	Advance payments	Total intangible asstes
Acquisition / production costs					
Status 1 January 2021	**10,266**	**841**	**37,098**	**65**	**48,271**
Currency differences	–1	–	-	–	–2
Additions	562	–	5,833	547	6,942
Reclassification	–	–	–	–	–
Disposals	–	–	–	–	–
Status 31 December 2021	**10,827**	**841**	**42,931**	**612**	**55,211**
Depreciation					
Status 1 January 2021	**6,479**	**–**	**25,826**	**–**	**32,305**
Currency differences	–1	–	-	–	–1
Currency differences Ongoing amortisation	-	–	–	–	-
Depreciation for the financial year	1,076	–	3,781	–	4,857
Disposals	–	–	–	–	–
Status 31 December 2021	**7,554**	**–**	**29,606**	**–**	**37,161**
Carrying amount 31 December 2021	**3,273**	**841**	**13,324**	**612**	**18,050**
Carrying amount 31 December 2020	**3,786**	**841**	**11,273**	**65**	**15,966**

PROPERTY, PLANT AND EQUIPMENT

in KEUR	Land, land rights and buildings and buildings, including buildings on thirdparty land on land owned by others	thereof rights of use	Technical equipment and machinery	thereof rights of use	Other equipment, factory and office equipment	thereof operating lease	thereof rights of use	Advance payments and assets under construction	Total Property, plant and equipment
Acquisition / production costs									
Status 1 January 2021	**79,440**	**7,211**	**38,544**	**3,201**	**54,270**	**1,613**	**1,971**	**2,201**	**174,456**
Currency differences	–195	–5	–107	–	–44	–	–3	–6	–351
Additions	16,945	2,269	7,545	–	8,278	1,193	437	12,364	45,131
Reclassification	766	–	833	–	295	–	–	–1,893	–
Disposals	415	414	1,244	1,244	1,986	1,459	78	24	3,670
Status 31 December 2021	**96,541**	**9,061**	**45,571**	**1,957**	**60,812**	**1,347**	**2,327**	**12,641**	**215,566**
Depreciation									
Status 1 January 2021	**16,058**	**2,018**	**18,432**	**1,748**	**36,483**	**412**	**809**	**–**	**70,972**
Currency differences	–36	–2	–52	–	–28	–	–1	–	–115
Currency differences Ongoing amortisation	–13	–2	–28	–	–24	–	–1	–	–65
Depreciation for the financial year	3,648	1,201	4,263	472	8,292	416	624	–	16,202
Disposals	147	145	991	991	925	593	78	–	2,064
Status 31 December 2021	**19,510**	**3,069**	**21,623**	**1,229**	**43,797**	**235**	**1,352**	**–**	**84,930**
Carrying amount 31 December 2021	**77,032**	**5,992**	**23,947**	**728**	**17,015**	**1,112**	**976**	**12,641**	**130,636**
Carrying amount 31 December 2020	**63,383**	**5,193**	**20,112**	**1,453**	**17,788**	**1,201**	**1,163**	**2,201**	**103,483**

Asset Schedule 2020

INTANGIBLE ASSETS

in KEUR	Licences and acquired rights	Goodwill	Self-created intangible assets	Advance payments	Total intangible assets
Acquisition / production costs					
Status 1 January 2020	**8,898**	**841**	**33,118**	**104**	**42,960**
Currency differences	–7	–	–3	–	–10
Additions	1,207	–	4,756	2	5,965
Reclassification	168	–	–	–41	127
Disposals	–	–	772	–	772
Status 31 December 2020	**10,266**	**841**	**37,098**	**65**	**48,271**
Amortisation					
Status 1 January 2020	**5,577**	**–**	**22,269**	**–**	**27,847**
Currency differences	–5	–	–3	–	–8
Currency differences Ongoing amortisation	–1	–	–	–	–1
Amortisation during the financial year	907	–	3,559	–	4,467
Disposals	–	–	–	–	–
Status 31 December 2020	**6,479**	**–**	**25,826**	**–**	**32,305**
Carrying amount 31 December 2020	**3,786**	**841**	**11,273**	**65**	**15,966**
Carrying amount 31 December 2019	**3,320**	**841**	**10,848**	**104**	**15,114**

PROPERTY, PLANT AND EQUIPMENT

in KEUR	Land, land rights and buildings and buildings, including buildings on third-party land on land owned by others	thereof rights of use	Technical equipment and machinery	thereof rights of use	Other equipment, factory and office equipment	thereof operating lease	thereof rights of use	Advance payments and assets under construction	Total Property, plant and equipment
Acquisition / production costs									
Status 1 January 2020	**76,376**	**6,714**	**38,071**	**5,291**	**47,398**	**1,552**	**1,529**	**3,803**	**165,648**
Currency differences	–1,229	–29	–725	–33	–296	–	–22	–34	–2,285
Additions	3,334	526	2,684	–	7,704	1,454	1,052	2,184	15,906
Reclassification	959	–	683	–	1,982	–	–	–3,752	–127
Disposals	–	–	2,169	2,057	2,517	1,393	587	–	4,686
Status 31 December 2020	**79,440**	**7,211**	**38,544**	**3,201**	**54,270**	**1,613**	**1,971**	**2,201**	**174,456**
Amortisation									
Status 1 January 2020	**13,255**	**957**	**16,087**	**2,497**	**30,237**	**298**	**648**	**–**	**59,579**
Currency differences	–225	–7	–284	–9	–157	–	–7	–	–667
Currency differences Ongoing amortisation	–9	–2	–32	-	–18	–	–2	–	–59
Amortisation during the financial year	3,036	1,070	4,202	727	7,740	510	608	–	14,978
Disposals	–	–	1,541	1,467	1,319	396	440	–	2,860
Status 31 December 2020	**16,058**	**2,018**	**18,432**	**1,748**	**36,483**	**412**	**809**	**–**	**70,972**
Carrying amount 31 December 2020	**63,383**	**5,193**	**20,112**	**1,453**	**17,788**	**1,201**	**1,163**	**2,201**	**103,483**
Carrying amount 31 December 2019	**63,121**	**5,757**	**21,984**	**2,794**	**17,160**	**1,253**	**881**	**3,803**	**106,069**

Jandelsbrunn, 25 March 2022

The Management Board of Knaus Tabbert AG

Wolfgang Speck | Marc Hundsdorf | Werner Vaterl | Gerd Adamietzki

AUDITOR’S REPORT

Independent Auditor's Report

To Knaus Tabbert AG, Jandelsbrunn

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of Knaus Tabbert AG, Jandelsbrunn, and its subsidiaries (hereinafter the 'Group'), which comprise the consolidated statement of financial position as of December 31, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report (hereinafter the 'combined management report') of Knaus Tabbert AG, Jandelsbrunn, for the financial year from January 1 to December 31, 2021.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Accrual of revenue from the sale of motorhomes, caravans and camper vans

Please refer to chapter 1.4 of the Notes to the Consolidated Financial Statements for the accounting policies applied and details on management judgments and sources of estimation uncertainty, and to chapter 3.16.1 of the Notes to the Consolidated Financial Statements for details on revenue.

RISKS ASSOCIATED WITH THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's revenues in the 2021 financial year amount to EUR 862.6 million. Revenues are mainly generated from the sale of motorhomes, caravans and camper vans.

Companies of the Knaus Tabbert Group recognize revenue upon fulfillment of a contractual obligation by transferring a contractually agreed asset to a customer. An asset is deemed to be transferred as soon as the customer obtains the power of control over this asset. According to the transfer of control, revenue is recognized either at a point in time or over a period of time, and at the amount to which the Group companies are expected to be entitled.

The determination and appraisal of the complete fulfillment of the contractual customer agreements as of the balance sheet date, and thus the determination of the time of revenue recognition on the basis of indicators for the transfer of control of the motorhomes, caravans and camper vans as defined by the legal representatives, are subject to discretionary judgment.

The Consolidated Financial Statements are subject to the risk that revenues from the sale of motorhomes, caravans and camper vans may be recognized prematurely and incorrectly as of the balance sheet date.

OUR AUDITING APPROACH

To audit the accrual-based revenue recognition from the sale of motorhomes, caravans and camper vans, we assessed the design, implementation and operating effectiveness of internal controls of the issue of goods and invoicing and, in particular, the determination and verification of the transfer of control. We also reviewed the revenue recognition requirements in the Groupwide accounting policy for compliance with IFRS 15.

For contracts concluded in the course of the financial year, we evaluated the interpretation and weighting by the legal representatives of the indicators set out in the accounting policy for the determination of the time of transfer of control. To this end, we verified whether the accounting policy had been properly implemented on the basis of a representative sample of contracts.

Furthermore, we assessed the actual timing of recognized revenue by obtaining third-party confirmations or, alternatively, by checking invoices against the corresponding purchase orders, the transfer of control and the receipt of payments. For this purpose, we selected revenue recognized in a defined period prior to the balance sheet date by applying a mathematical-statistical method. In addition, we examined revenue entries in samples by applying a mathematical-statistical method for a defined period prior to the balance sheet date and, to this end, checked contractual agreements with customers for completeness and reviewed the transfer of control. We examined credit notes issued after the balance sheet date for a defined period of time in risk-oriented samples, and satisfied ourselves that they were allocated to the correct period.

OUR CONCLUSIONS

The Knaus Tabbert Group pursued an appropriate approach to the accrual of revenues.

Valuation of the provisions for warranty and goodwill obligations and for product warranties

Please refer to chapter 1.4 of the Notes to the Consolidated Financial Statements for the accounting policies applied and details on management judgments and sources of estimation uncertainty, and to chapter 5.9 of the Notes to the Consolidated Financial Statements for details on product warranties.

RISKS ASSOCIATED WITH THE CONSOLIDATED FINANCIAL STATEMENTS

The provisions for warranty and goodwill obligations and for product warranties, to the extent that no claims have yet been asserted, are included in the Consolidated Financial Statements of Knaus Tabbert AG in other provisions at a significant amount. The obligations total EUR 14.1 million (approx. 4.1% of the balance sheet total) as of 31 December 2021.

In order to estimate uncertain obligations arising from legal warranty obligations, contractual warranty commitments going beyond legal warranty obligations, as well as goodwill obligations and product warranties for vehicles sold, information on the nature and volume of any damage that has occurred and its remediation is recorded and evaluated. The expected volume of the obligations is derived from past expenses and, if the recognition criteria of IAS 37 are met, a provision is created in the corresponding amount. For this purpose, percentages derived from historical data are applied to the revenue under warranty of the last four financial years. The timing of the assertion of warranty claims may extend over the entire statutory or promised warranty and goodwill period.

The calculation of the provisions is subject to estimation uncertainties and a high risk of change, depending, among other things, on the disclosure of identified defects and the assertion of warranty claims by vehicle owners. The Consolidated Financial Statements are subject to the risk that the warranty provisions may be undervalued or overvalued.

OUR AUDITING APPROACH

In order to assess the appropriateness of the valuation method, including the assumptions and parameters, used for determining the provisions for warranty and goodwill obligations and for product warranties, we above all obtained an understanding of the process for determining the assumptions and parameters in discussions with the responsible employees of the Knaus Tabbert Group. Furthermore, we assessed the design and effectiveness of the controls for determining the assumptions and parameters as well as the warranty and goodwill expense process. We tested the controls incorporated in the warranty and goodwill expense process using a representative sample.

We compared the provisions recognized for warranty and goodwill claims with the expenses actually incurred in the subsequent period in order to draw conclusions about the accuracy of estimates of the previous year's provisions. We checked the data on which the comparison was based against the recorded warranty and goodwill expenses by means of representative samples, and verified the mathematical accuracy of the valuation model applied by using elements selected on a risk-oriented basis. We verified and assessed the assumptions of the Knaus Tabbert Group regarding the extent to which the historical values are representative of the expected susceptibility to damage, and the anticipated assertion of claims from warranty and goodwill obligations.

OUR CONCLUSIONS

The method used to measure the provisions for warranty and goodwill obligations and for product warranties is appropriate. The assumptions and parameters applied by management, taking into account the information available, are overall well-balanced.

Other Information

The Executive Board or the Supervisory Board is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the combined corporate governance statement of the company and the Group referred to in the combined management report, and
- the separate combined non-financial statement of the company and the Group (sustainability report), which is expected to be made available to us after the date of this auditor's report, referred to in the combined management report.

The other information also includes the remaining parts of the annual report.

The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Executive Board is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Executive Board is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Executive Board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Board is responsible for the preparation of a combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the Executive Board and the reasonableness of estimates made by the Executive Board and related disclosures.

- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the Executive Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Assurance Report in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes

We have performed an assurance engagement in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the electronic reproduction of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, „knaustabbertag-2021-12-31-de.zip" (SHA256-Hashwert:

ccf6b02713e8f24dc45a34c91f135724f911ad787fc0ad16d719fddbbc479da9) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1, 2021, to December 31, 2021, contained in the “Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report” above.

We conducted our assessment of the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3a) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410 (10.2021)). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company’s Executive Board is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company’s Executive Board is responsible for the internal controls it considers necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Company’s Executive Board is also responsible for the submission of the ESEF documents together with the auditor’s report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be published 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.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.

- Evaluate whether tagging the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date provides an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation
We were elected as group auditor at the Annual General Meeting on June 23, 2021. We were engaged by the Supervisory Board on October 27, 2021. We have been the group auditor of Knaus Tabbert AG without interruption since financial year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Miscellaneous Matters – Use of the Auditor's Report
Our auditor's report should always be read in connection with the audited consolidated financial statements and the audited combined management report and the audited ESEF documents. The consolidated financial statements and the combined management report transferred to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF note and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement
The German Public Auditor responsible for the engagement is Dr. Joachim Schroff.

Nuremberg, March 28, 2022

KPMG AG -Wirtschaftsprüfungsgesellschaft

[signature] Dr. Schroff
Wirtschaftsprüfer
[German Public Auditor]

[signature] Sanetra
Wirtschaftsprüfer
[German Public Auditor]

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Responsibility statement by the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Jandelsbrunn, March 25, 2022

Wolfgang Speck | Marc Hundsdorf | Werner Vaterl | Gerd Adamietzki

Further Information

This annual report of Knaus Tabbert AG is also available in English. The report is available in German and English as a PDF on the Knaus Tabbert website.

This annual report was published on March 30, 2022. The editorial deadline was March 25, 2022.

Produced in-house with firesys.

Contact

Corporate Headquarters

Knaus Tabbert AG
Helmut Knaus Street 1
D-94118 Jandelsbrunn
Phone:+49 (0) 8583 21 0
Internet: www.knaustabbert.de

Head of Investor Relations

Manuel Taverne
Phone:+49 (0) 8583 21 307
Mobile: +49 (0) 152 02092909
E-mail: m.taverne@knaustabbert.de