

120 JAHRE
DIEHL

ANNUAL REPORT

2021

N^o 1916 49







120 JAHRE DIEHL

**THE FREEDOM
TO THINK LONG
TERM.**

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Sabine Schott from Diehl Defence in Röthenbach.

**2021: On the way back to old strength –
2022: Sustainable products with strong
demand provide for a high order volume**

In the year under review 2021, which continued to be dominated by corona and its aftereffects, the Diehl Group's corporate sales rose to € 3,167.4 million and thus were over previous year's value (€ 2,978.8 million) by € 188.6 million or 6.3 %. The turnover forecast on previous year's level was exceeded with this increase. The Diehl Group regained momentum and is on the way back to old strength with great energy. Diehl Metall mainly profited from increasing electromobility and therefore experienced a powerful growth impulse. At Controls the shortage of material led to massive price increases and loss of sales. However, sales 2021 rose to a record level thanks to the significantly increased demand in the field of large household appliances. Defence continued its successful growth course. The order backlog of Metering has almost doubled in comparison to the previous year. The processing of the high order backlog remains challenging due to the shortage of materials. The aviation industry

is only slowly recovering from the corona low point. Despite the challenging framework conditions, Aviation was able to achieve almost all operational sales and income targets and set the course for the future thanks to the personnel downsizing program that has been carried out.

The generated EBIT is positive once again (€ 19.4 million after a negative EBIT of € -132.1 million in 2020). The relevant structural adjustments that debited the other operating expenses once only with € 100 million in 2020 could be implemented as planned.

Against the backdrop of the recovering global economy, the **Metall Corporate Division** was able to increase its sales in the first three quarters of the year under review in all strategic business segments. The continuing trend toward electromobility allowed the corporate division to further expand its range of products and technologies for alternative drives and to continue its profitable growth in this field.

Diehl Controls looks back on a successful year with significant sales growth. Sales, to whose positive development all regions made a gratifying contribution, were even significantly above the related value from the pre-corona year 2019. In view of unpleasant restrictions on the availability of materials on the world market this is a remarkable result.

Diehl Defence continues to be on a stable course of growth which is supported by an increasing demand of equipment from NATO countries as well as from countries treated as equivalent under export law. The high order backlog secures a pleasingly stable capacity utilization at all locations and companies.

In 2021 as well, **Diehl Aviation** as an aerospace company was massively under pressure due to the corona pandemic. While domestic air traffic has recovered in many places in the meantime, this is not the case

for international air traffic. This subsequently led to a correspondingly low demand for long-range aircraft with associated products and services. Despite the corona crisis, the company was able to extend the portfolio with regard to more sustainable and eco-efficient products and solutions increasingly required by customers.

Notwithstanding the aftereffects of the Covid-19 pandemic, **Diehl Metering** was able to record an impressive receipt of orders in the year under review. The fact that an initially higher sales expectation was not achieved was due to extreme material bottlenecks in some cases which had significant impacts on the production. Nevertheless, the company was able to successfully strengthen its position as solution provider in the field water and energy measurement.

Despite the considerable corona burdens of the Group, **investments** remained on a continued high level with around € 114.5 million (2020: € 116 million). **R&D expenditures** also remained on a comparable high level, namely at € 307.7 million (after € 328.9 million in the previous year).

Growing sales and a high order intake indicate that Diehl will quickly return to pre-corona times. But 2022 continues to be characterized by many uncertainties, such as shortage of parts with its repercussions on the production or the further increase of energy prices as a result of the war in Ukraine. Nevertheless, Diehl looks ahead optimistically. The set-up of the Group as community of opportunities and risks remains important for the existence and success of the company.

The limited partnership Diehl Stiftung & Co. KG is managed by Diehl Verwaltungs-Stiftung, the general partner. Executive Board and Supervisory Board are the organs of Diehl Verwaltungs-Stiftung.

Supervisory Board

Karl Diehl († January 19, 2008)
Honorary Chairman

Peter Diehl († February 6, 2016)
Vice Chairman

Dr.-Ing. E.h. Thomas Diehl († April 16, 2017)

Dr. Herbert Fehrecke
Chairman

Werner Diehl
Vice Chairman

Markus Diehl

Executive Board

Dr. Klaus Richter
President of the Executive Board
Corporate Section Technology
Aviation Corporate Division
(*ad interim*)

Jürgen Reimer
Vice President of the Executive Board
Corporate Section Finance and Controlling

Jens Böhlke
Corporate Section Human Resources and
Social Matters

Dieter Landgraf
Corporate Division Metall

Carsten Wolff
Corporate Division Controls

Helmut Rauch
Corporate Division Defence

Dr. Christof Bosbach
Corporate Division Metering

Senior Vice Presidents

Dr. Elisabeth Hauschild
Government Affairs

Bernd Joeris
Corporate Matters

Michael Prymelski
Corporate Communications

Organizational status as of June 2022

Metall

Diehl Metall Stiftung & Co. KG
Corporate Division Board

Dieter Landgraf (P)
Rainer Wehn

Diehl Brass Solutions
Röthenbach a. d. Pegnitz

Diehl Metall Schmiedetechnik
Röthenbach a. d. Pegnitz

Diehl Advanced Mobility
Zehdenick

Diehl Augé Découpage
Besançon/France

Diehl do Brasil Metalúrgica
São Paulo/Brazil

Diehl Electronic Components
Wuxi/China

Diehl Metal Applications
Berlin
Teltow

Diehl Metal India
Pune/India

Diehl Power Electronic
Siaugues Sainte-Marie/France

**Diehl SynchroTec
Manufacturing**
Wuxi/China

Diehl Werkzeugbau Seebach
Seebach

Franconia Industries
Naperville, Illinois/USA

**SMH Süddeutsche Metall-
handels-gesellschaft**
Röthenbach a. d. Pegnitz

Controls

Diehl AKO Stiftung & Co. KG
Corporate Division Board

Carsten Wolff (P)
Josef Fellner
Dirk Fricke

Diehl AKO
Wangen
Nürnberg

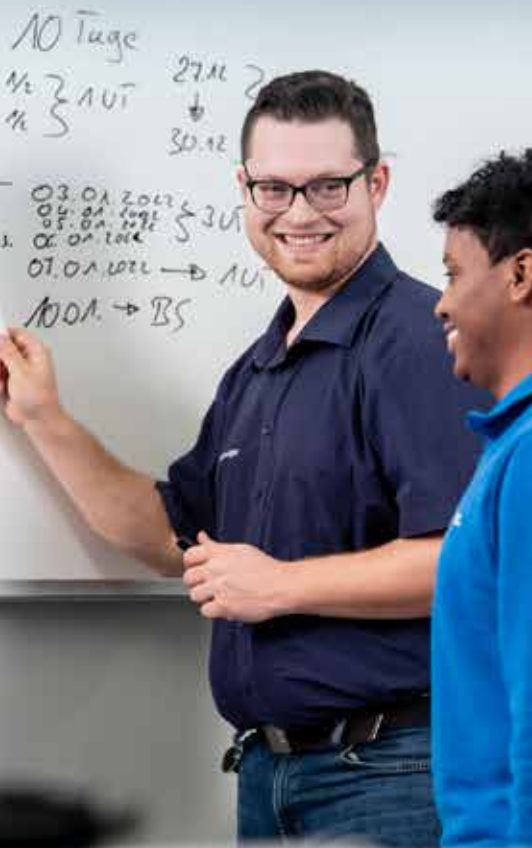
Diehl Controls Polska
Namysłów/Poland
Wrocław/Poland

Diehl Controls (Nanjing)
Nanjing/China

Diehl Controls Mexico
Querétaro/Mexico

**Diehl Controls Development
Center Querétaro**
Querétaro, Qro. Mexico

Diehl Controls North America
Naperville, Illinois/USA



Hassan Muse and trainer
Alexander Schweiger at the
Nürnberg training center

Defence

Diehl Defence GmbH & Co. KG
Corporate Division Board

Helmut Rauch (P)
Thomas Bodenmüller
Dr. Harald Buschek
Frank Kienzler

Diehl Defence

Überlingen
Röthenbach a. d. Pegnitz
Nonnweiler-Bierfeld
Nonnweiler-Mariahütte
Office in Berlin-Steglitz
Office in Koblenz
Office in Abu Dhabi/U.A.E.
Office in Bangkok/Thailand

AIM Infrared Module

Heilbronn

Diehl Energy Products

Röthenbach a. d. Pegnitz

Diehl Retrofit Missile Systeme

Überlingen

DynITEC

Troisdorf

EuroSpike

Röthenbach a. d. Pegnitz

GIWS

Nürnberg

JUNGHANS Microtec

Dunningen

JUNGHANS T2M

La Ferté Saint Aubin/France

PARSYS

Schrobenhausen

RAM-System

Ottobrunn

Diehl Defence Verpackungssysteme

Röthenbach a. d. Pegnitz

Aviation

Diehl Aviation Holding GmbH
Corporate Division Board

Klaus Richter (P) *ad interim*
Harald Mehring
Dr. Christoph Weigand

Diehl Aviation

Office in Dubai/U.A.E.
Office in Seattle, Washington/USA
Office in North Charleston
South Carolina/USA

Diehl Aviation Gilching

Gilching
Dresden

Diehl Aviation Laupheim

Laupheim
Hamburg
Tianjin/China
Toulouse/France
Nyírbátor/Hungary
Debrecen/Hungary

Diehl Aviation Hamburg

Hamburg

Diehl Aerospace

Überlingen
Frankfurt am Main
Nürnberg
Donauwörth
Hamburg
Rostock
Seattle, Washington/USA
Toulouse/France
Singapore
Sterrett, Alabama/USA

Metering

Diehl Metering GmbH
Corporate Division Board

Dr. Christof Bosbach (P)
Reiner Edel
Annette Geuther

Diehl Metering/Germany

Ansbach
Nürnberg
Apolda

Diehl Metering/China

Jinan
Shanghai

Diehl Metering/Denmark

Esbjerg

Diehl Metering/Great Britain

Rochdale

Diehl Metering/U.A.E

Dubai

Diehl Metering/Austria

Vienna

Diehl Metering/Poland

Bažanowice

Diehl Metering/France

Saint-Louis

Diehl Metering/Singapore

Diehl Metering/Spain

Madrid

Diehl Metering/Sweden

Rosersberg

Diehl Metering/USA

Lisle

P = President

Organizational status as of
June 2022

Basic Economic Conditions

According to the Annual Economic Report 2021 of the Federal Government, 2021 was once again a turbulent year for the German economy. Until spring, economic development was primarily characterized by the pandemic and related containment measures, whereas the successful vaccination campaign towards the summer enabled almost all sectors of the economy to recover. Delivery bottlenecks and shortage of materials which, in particular, burdened the industrial activity played an increasing role in the course of the year. And in fall, there was another sharp increase in the number of infections, as a result of which the economic recovery suffered a noticeable setback in the final quarter. As a result, the report notes, the price-adjusted GDP rose by a rate of 2.7 percent in 2021 (source: Annual Economic Report 2022 of the Federal Government).

According to an economic survey conducted by the Deutscher Industrie- und Handelskammertag (Association of German Chambers of Industry and Commerce - DIHK) on February 11, 2022, German companies were cautiously optimistic shortly before the war in Ukraine started and before the sanctions subsequently were imposed on Russia (source: Economic Survey conducted by the DIHK at the beginning of 2022). However, another survey carried out just a few weeks later made it clear that the German economy is feeling the effects of the Russia-Ukraine war in the entire range. Three quarters of all industrial companies suffer from disruptions in the supply chain and logistics, and almost 90 percent from a lack of raw materials and inputs. Across all industrial sectors, nine out of ten companies cite higher energy costs as noticeable effect that hits the entire

economy with full force (source: Quick Poll carried out by DIHK on March 18, 2022). With no end of war in sight at present, Germany's future economic development remains uncertain.

Business Development of the Diehl Group

At Group level, the key performance indicators for business development are sales as well as income (EBIT).

Following the severe slump in the corona crisis year 2020, the Diehl Group's corporate sales rose to € 3,167.4 million and thus were over the previous year's value (€ 2,978.8 million) by € 188.6 million or 6.3 percent in the year under review 2021 which was still dominated by the corona crisis and its aftereffects. The turnover forecast on previous year's level was exceeded with this increase. After a negative EBIT of € - 132.1 million in the previous year, a positive EBIT of € 19.4 million could be generated for the year under review. Thus, the earnings forecast with a significantly lower net loss for the year was achieved. The Diehl Group regained momentum and is on the way back to old strength with great energy. Once again, the broad positioning of the Diehl Group has proven itself and contributed decisively to the fact that the company as a whole is stable and able to withstand persistently difficult times.

Especially the Metall Corporate Division with its products could increasingly benefit from electromobility. The fiscal year for the Controls Corporate Division has also been successful due to the considerably increased demand in the field of large household

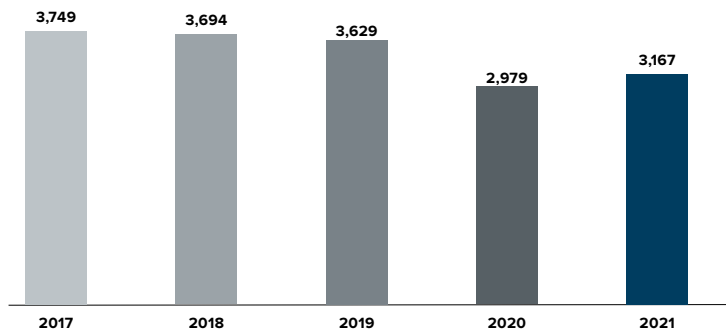
appliances - despite the growing shortage of components. Defence continues its successful course of growth. Metering as well shows an impressive order intake, although the operational sales and income targets originally set could not be achieved due to the shortage of components. At Diehl Aviation, the drastic drop in orders from 2020 continued in the year under review, as expected, and remains at the level of the medium-term decline of around 40 percent compared to the pre-crisis figure that was already predicted at the beginning of the crisis. The Aviation Corporate Division was able to achieve almost all operational sales and income targets.

Structural adjustments that debited the other operating expenses once only with € 100 million in 2020 could be implemented as planned in FY 2021. The reduction in personnel expenses will become more noticeable in 2022.

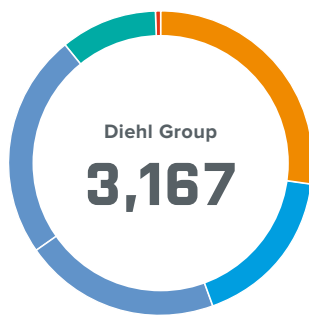
The total number of employees decreased by 731 persons – i.e. 4.3 % – to now 16,135 persons. This decrease was attributable, in particular, to the reduction of workforce in the Aviation Corporate Division (-863), while a slight increase of jobs took place in different areas.

FISCAL YEAR 2021

SALES (in million euros)

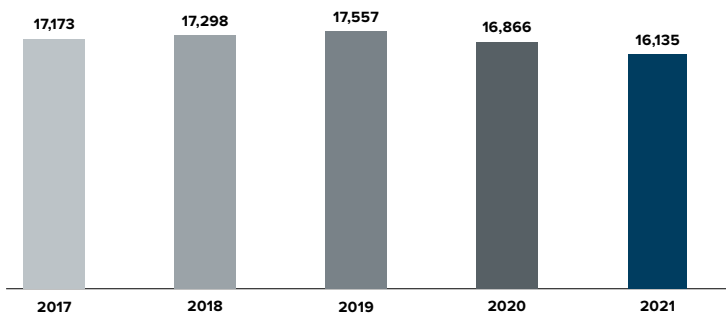


SALES PER CORPORATE DIVISION (in million euros)

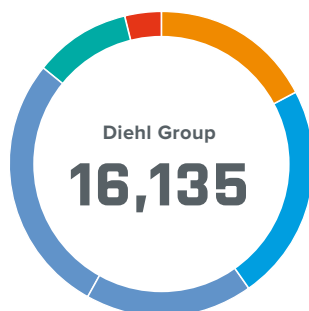


Division	Sales (in million euros)	Percentage
Metal	863	27.3%
Controls	550	17.4%
Defence	660	20.8%
Aviation	757	23.9%
Metering	322	10.2%
Other	14	0.4%

EMPLOYEES



EMPLOYEES PER CORPORATE DIVISION



Division	Employees	Percentage
Metal	2,821	17.5%
Controls	3,687	22.9%
Defence	2,904	18.0%
Aviation	4,440	27.5%
Metering	1,695	10.5%
Other	588	3.6%

Aspects of the Financial Situation

The corporate group's balance sheet total increased slightly by € 54.9 million to € 2,199.9 million. Fixed assets remained largely unchanged on the assets side. Inventories without received advances payments and with advance payments increased by € 112.1 million which is mainly attributable to a generally higher stock level of raw materials and manufacturing supplies as well as to increased advance investments of the Defence Corporate Division. Trade receivables increased from € 356.6 million to € 393.2 million as a result of the growing customer demand. The decrease in deferred taxes on the assets side to € 163.2 million essentially reflects the consumption and revaluation of deferred taxes on tax loss carryforwards. On the liabilities side, the shareholder's equity decreased by € 85,0 million to € 480,0 million mainly due to the loss for the financial year in the amount of € 84.5 million. The equity ratio decreased from 26.4 % to 21.8 %. Other accruals decreased from € 523.6 million to € 474.2 million, especially due to the consumption of other accruals for structural adjustments. Trade payables recorded an increase from € 101.6 million to € 268.1 million which is not only attributable to the larger business volume and the more careful provisioning, but also to the historically very low level of previous year's balance sheet date due to the good payment behavior of customers.

Liquid assets decreased by € 48.5 million to € 120.8 million so that, after deduction of current financial liabilities of € 9.6 million, cash and equivalents amounted to € 111.2 million compared to € 163.6 million in the previous year. This corresponds to a decrease of € 52.4 million compared to FY 2020. Cash flow from operating activities increased by € 86.0 million, from

€ -43.4 million to € 42.6 million despite cash outflow for structural adjustments. After deducting the negative cash flow from investments of € 115.2 million, free cash flow amounted to € -72.6 million. In the year under review, there was an outflow of € 19.2 million from cash flow from financing activities.

Advance investments

Despite the considerable corona burdens of the Group, investments (addition to tangible assets and intangible assets) remained on a continued high level with around € 114.5 million (2020: € 116 million). The largest investments were made at Diehl Advanced Mobility (DAM), Diehl Defence KG, Diehl Brass Solutions and Diehl Metal Applications (DMA). DAM in Zehdenick is also significantly investing in the further expansion and in its ability to contribute to e-mobility this year and will continue to build up a state-of-the-art development and production center for cell contacting systems for electric vehicles. Controls investments centered not only on the replacement of systems but mainly on the modernization of production processes and start-up of new projects, whereas Metering implemented the global focus as well as modernization of production processes, for example, through the construction of a final assembly plant in the United States. At Aviation, improvement and modernization of production procedures were also the center of attention, whereas Defence placed special focus on putting into service a modern integration center for air defence systems which is supposed to be expanded this year in addition to the investment activities for expansions, rationalization and replacement.

In 2021, R&D expenditures remained on a comparable high level with € 307.7 million after € 328.9 million in the previous year. Developments in the corporate divisions Aviation and Defence are mainly responsible for the expenses.

Corporate Legal Changes

In the year under review, there were again some corporate legal changes:

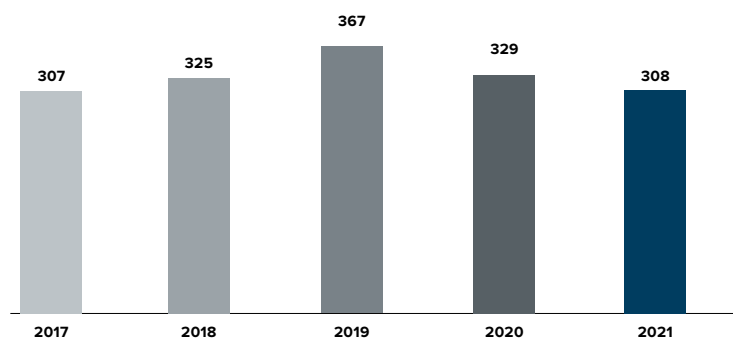
As of June 1, 2021, Diehl Metall Messing, which was legally belonging to Diehl Metall Stiftung & Co. KG within the Metall Corporate Division to date, became the independent company Diehl Brass Solutions Stiftung & Co. KG and is thus legally independent. In the new company, the existing business will be continued unchanged at the same location in Röthenbach a.d. Pegnitz and further developed to meet future needs. The background of this spinoff is the increasingly fast developing economic environment of the metal business which requires the implementation of more effective structures and the view for further strategic development of companies.

In the year under review, Diehl Defence took over all shares of Diehl & Eagle Picher GmbH which were previously held by the US company EaglePicher with retroactive effect from the beginning of the year. The joint venture founded in 1971 is one of the leading providers of special batteries for civil and military applications. Since the takeover, the company is operating under the name Diehl Energy Products GmbH. Newly founded was Diehl Services Middle East FZCO located in Dubai while Diehl Iberia Sistemas, S.A. in Sevilla was dissolved.

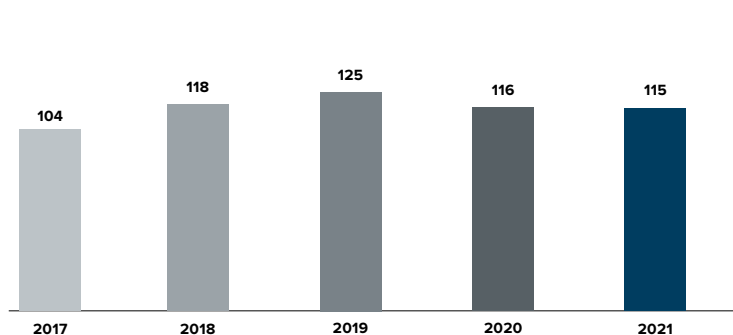
Given the increasing importance of the NAFTA region, Diehl Metering opened a final assembly plant in Lisle (Illinois), United States, at the end of the year under review to further improve proximity to the customer and enable faster growth on the North American static water meter market by means of more flexible configuration and faster product delivery. In addition, Diehl Metering is reducing its CO₂ footprint thanks to the set-up of a local production. Already at the beginning of the year, Diehl Gas Metering GmbH was incorporated to Diehl Metering GmbH.

The cessation of operational activities of Diehl Connectivity Solutions GmbH (DCS) in the ongoing fiscal year is the consequence of an extensive investigation of the company's economic perspective with the established portfolio of data driven business models. The concept approved by the Supervisory Board and Executive Board in the year under review concerning the termination of operational business activities has been almost completed, several customer contracts are expiring or are being transferred to customers. Numerous employees used the HR concept and changed to other corporate divisions, the headquarters or to customers, whereas others made use of the voluntary program.

R&D EXPENSES (in MILLION EUROS)



INVESTMENTS (in MILLION EUROS)



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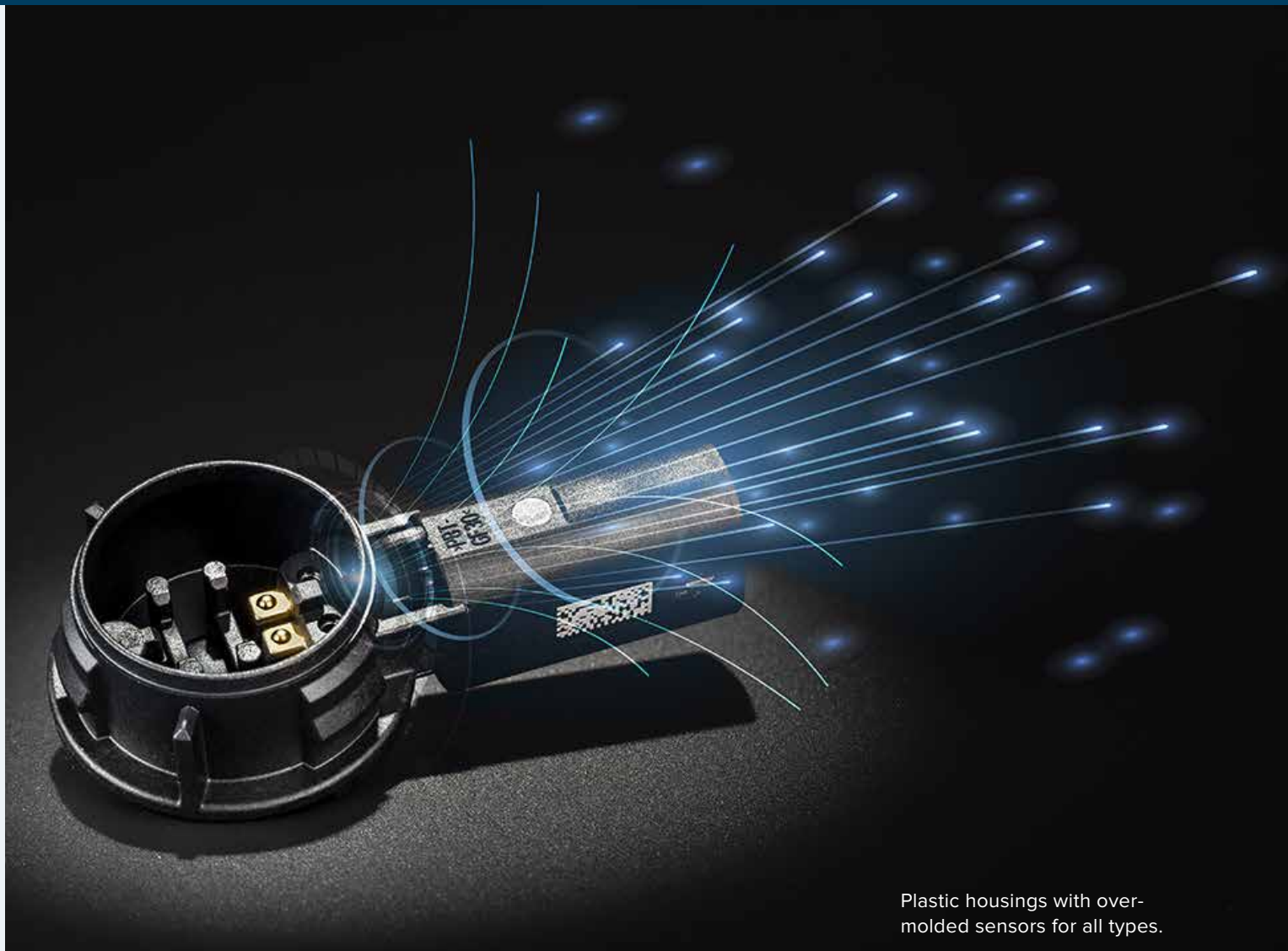
Against the backdrop of the recovering global economy, the Corporate Division Metall was able to increase its sales in the first three quarters of the year under review in all strategic business segments. By contrast, negative economic influences became noticeable in the fourth quarter as a result of bottlenecks in the supply of starting materials which affected the important automotive industry in particular. Diehl Metall also had to respond to the reduced production rates of automobile manufacturers by means of efficiency measures and capacity adjustments as well as a strict cost saving program. On the whole, however, the fiscal year 2021 was concluded very successfully but the pre-crisis level was not reached.

For the strategic business segment Diehl Brass Solutions FY 2021 was characterized by a high demand from all relevant customer branches. Diehl Brass Solutions, which became an independent company in summer 2021, is to be understood as the former business segment Diehl Metall Messing. Especially in the first half of the year, the order intake showed clear signs of catch-up effects from customers, while in the further course enormous price increases for raw materials, supplied and logistics services used led to increased cost pressure. A drastic increase in energy costs was also recorded. The long-term procurement of Diehl Metall mitigated the repercussions of the electricity price increase, however the price increases in the business area's energy-intensive manufacturing operations of the business segment had a very strong impact on profitability. In the year under review, the course for a continuous decarbonization of the business segment was set with the project „DBS Goes Green“ in order to focus more on sustainability of processes,

WE CREATE FUTURE-ORIENTED SOLUTIONS

„As a company, we actively contribute our core competencies for sustainable solutions and thus help shaping the mobility of tomorrow.“

Ingo Weber from Diehl Advanced Mobility
in Zehdenick.



Plastic housings with over-molded sensors for all types.

acting and products. Simultaneously, major investments were made in the further development of the product portfolio towards a lead-free alloy world which represents the basis for future, sustainable and environmentally friendly growth.

The strategic business segment forgings recorded an increase in sales in the year under review – despite a very poor fourth quarter on a global level which was heavily impacted by the semiconductor shortage among customers. Despite the declining business in Europe, the worldwide market position in the field of synchronizer rings could be further expanded. Besides this core business, focus continues to be on the strengthening of the portfolio optimization in the field of formed parts made out of brass. The new production plants

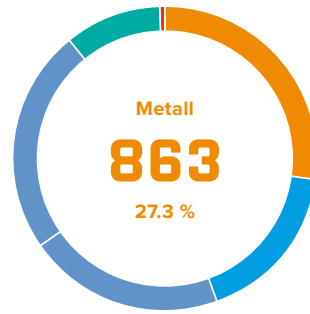
for hollow forgings started series production and currently mainly produce housings for water meters. The Chinese subsidiary Diehl SynchroTec can also report a pleasingly positive development; the business units in India and Brazil remained stable in 2021.

In spite of ongoing supply bottlenecks, the strategic business segment Diehl Metal Applications achieved a very good result. Although the favorable development from the beginning of the year weakened in the course of the second half of the year, the income remained satisfactory. In FY 2021, we strongly pushed the further internationalization which has already resulted in interesting new customer relationships in Asia. First successes were also recorded in the new segment e-solutions and two important projects were won.

The strategic business segment Diehl Advanced Mobility is still very well positioned with the core product, the high-performance cell contact system, which is required for the contacting of battery cells in hybrid and electric vehicles. The trend toward electromobility is unbroken and will continue to be supported by targeted economic purchase incentives. In this environment, the business segment was able to further expand sales, despite the pandemic-related burdens and semiconductor shortages in the automotive industry. Important was the successful ramp-up of production lines and the completion of a new production facility at the Zehdenick location in the fourth quarter 2021 for which further production lines have already been ordered. This creates the prerequisite for the continuation of the envisaged strong growth path of the business segment.

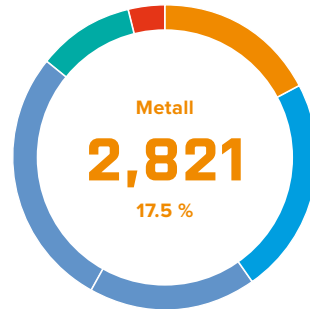
For Diehl Metall, the current year will also be characterized by the existing challenging framework conditions, such as raw material prices, resource scarcity, energy cost explosion and the corona pandemic – especially against the backdrop of the war in Ukraine and related resulting sanctions. However, after the great efforts of the last few years, the company sees itself on the right track to continue to meet these challenges and to achieve continuous and sustainable growth.

DIEHL METALL SALES (in MILLION EUROS)



Controls	Defence	Aviation	Metering	Other
550	660	757	322	14
17.4%	20.8%	23.9%	10.2%	0.4%

EMPLOYEES AT DIEHL METALL



Controls	Defence	Aviation	Metering	Other
3,687	2,904	4,440	1,695	588
22.9%	18.0%	27.5%	10.5%	3.6%

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Diehl Controls can look back on a successful year with significant sales growth. Sales, to whose positive development all regions made a gratifying contribution, were even significantly above the related value from the pre-corona year 2019. In view of unpleasant restrictions on the availability of materials on the world market this is a remarkable result. This development became critical in the second half of FY 2021, but already in the second quarter, in view of foreseeable extensions of delivery times, first discontinuations of already confirmed volumes were made. These difficult conditions did not fail to have an impact on both delivery reliability and efficiency in the company's production. The management of the tense supply chain was only possible on both sides, at customers and suppliers, with massive additional effort and great commitment of all parties involved. A way out of the problematic delivery situation at Diehl Controls were, for example, design changes in the development of several products in order to switch to components with higher availability. This flexibility at all parties involved contributed decisively to the successful conclusion of the year under review.

In view of the international positioning of Diehl Controls, the course of the pandemic has affected the company's locations in different ways according to regional developments. All in all, the impact of the pandemic did not reach the scale of the previous year. The consistent implementation of protective measures as well as the company's vaccination program at all

FEEL THE DNA OF ELECTRONICS

Engineering, industrialization, production.

Roland Rädler at Diehl Controls in Wangen.



Diehl Controls HMI solutions

location which was actively taken up by employees also contributed to this. Against this backdrop, the production at Diehl Controls could be constantly maintained.

Thanks to the proven competence profile of Diehl Controls with its focus on the development and production of customer-specific electronic components, successful start-ups in all regions took place in the year under review. These include the start-up of a washing-machine control for the North American market leader, the ramp-up of innovative HMI products (Human Machine Interface) in the field of heating, ventilation and air conditioning (HVAC) in Asia as well as production start of the first application in the area of battery management systems in delivery for the company Diehl Advanced Mobility of Diehl Metall.

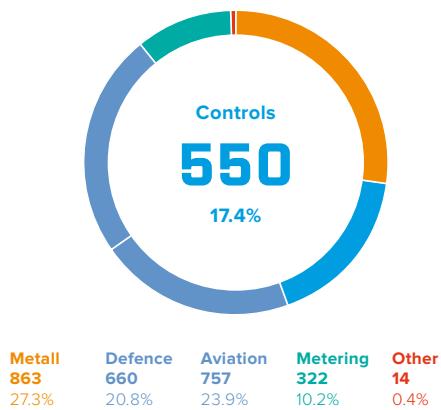
The customer benefit thanks to the application of leading technology was further increased due to the newly created „Strategy TWENTY6“ of Diehl Controls. „Home Appliances“, „Professional Appliances“ and „HVAC/R (heating, ventilation, air-conditioning and refrigeration) are defined as core markets. An essential part of this strategy is the global roll-out of the inverter activities for heat pumps successfully launched in Europe. As part of this strategy, various projects were successfully acquired in all three core markets. In addition, Diehl Controls could also win a first project „Smart Sanitary“ in the strategic expansion market. In the future, Diehl Controls will increasingly offer products for markets and solutions that support the decarbonization of industry and society, thus placing the issue of sustainability even more firmly at the center of the company's orientation. Already

today, the efficient drive controls of Diehl Controls contribute to save CO₂ emissions caused by the operation of household appliances.

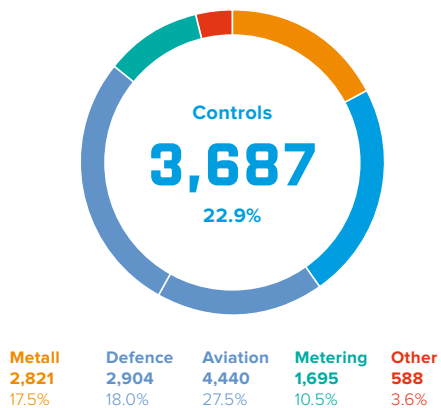
Within the context of Diehl Controls employee development, the in-house DC Academy was extended by further modules. One of the core elements here were, once again, programs concerning digital cooperation and leadership. In the second year of the pandemic, global management meetings could partly be carried out again in person.

The order backlog of the year 2022 continues to be high and is expected to once again exceed available components on the supply side. This is also the reason why a tense supply chain can be expected in the first half of the year whose comprehensive function still requires high attention of all persons involved. In addition to this, the effects of the war in Ukraine cannot yet be assessed, and the significant rise in material prices, which are leading to price pressure, have to be countered in the company with a range of measures. All in all, Diehl Controls however expects sales to increase again in 2022, across all regions.

DIEHL CONTROLS SALES (in MILLION EUROS)



EMPLOYEES AT DIEHL CONTROLS



120 JAHRE
DIEHL



In the second year as well, the German defence industry was less affected by the ongoing pandemic than other industrial sectors. Customer's demand on national and international basis is usually aligned to the long-term supplies of multiannual procurement plans which is why the pandemic did not have a significant impact on Diehl Defence. Supply chains also remained stable. Thanks to extensive precautionary measures, pandemic-related absences of employees remained comparably low.

Increasing needs are expected from NATO countries as well as from countries treated as equivalent under export law. In view of the war in Ukraine and other persisting tensions on an international basis, with which Diehl Defence customer countries see themselves confronted, increasing defence budgets and a generally rising availability of funds for the procurement of defence goods are to be expected. At the moment, it is not yet foreseeable which specific Diehl Defence products will be procured as part of the special funds approved by the German government in response to the war in Ukraine. The company is in discussion with authorities in charge and will adapt itself flexibly to changing situations with its employees.

Against this background, Diehl Defence continues its stable course of growth with its proven portfolio in the strategic business segments Effect & Protection, Reconnaissance and Fuzes which, in turn, resulted in rising turnovers and a considerable number of new employments. The high order backlog secures a pleasingly stable capacity utilization at all locations and companies in the years ahead.

TECHNOLOGY FOR PEACE AND FREEDOM.

„A sustainable digitization strategy supports our success.“

Sebastian Rackl at Diehl Defence in Röthenbach.



IRIS-T seeker head

The high-tech company Diehl Defence GmbH & Co. KG scored a success with several products in its core business guided missiles and ammunition: During a firing campaign of the further developed „Laser Guided Sidewinder“ (LaGS) all customer requirements could be met. Thus, the way for a serial procurement was paved. A further firing campaign was also successful and provided evidence of the comprehensive functionality of the IRIS-T SLM medium-range air defence system. With the receipt of the export order, Diehl Defence will extend its existing portfolio of short and medium-range systems by IRIS-T SLX,

a product for large ranges. The Corporate Division is thus strengthening its position as system provider in this market segment and opens up new sales potential. It is clear that the market success of ground-based air defence systems will decisively drive the growth of Diehl Defence in the next few years. New application and sales opportunities for the proven short-range air-to-air missile IRIS-T open up thanks to integration orders for further platforms such as Northrop F-5E and the Korean fighter aircraft KF-21 which is still under development. The reprocurement on the part of existing customers provides for a steady

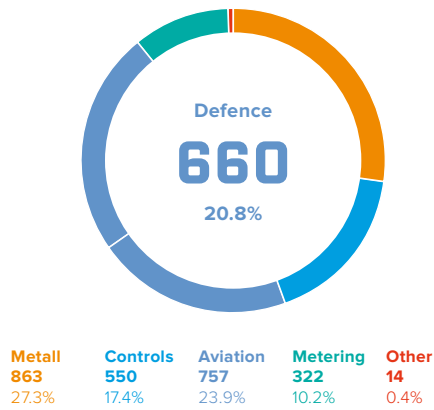
capacity utilization of the production. The contract conclusion on different variations of the GUARDION drone defence system with an international customer was of great importance in the year under review.

Thanks to the acquisition of the remaining business shares of Diehl & Eagle-Picher, a former joint venture with the leading supplier of special batteries Eagle-Picher Industries, Diehl Defence secures the continuation and further development of key technologies in the Corporate Division.

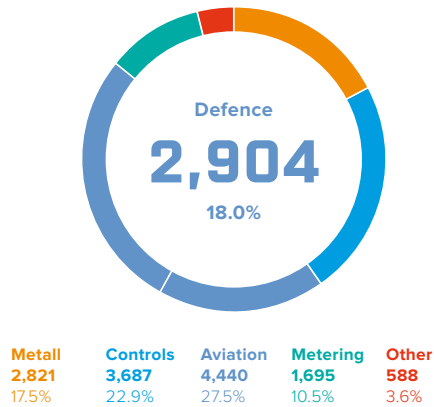
JUNGHANS Microtec GmbH, a leading supplier of high-tech fuzes in Europe and on international markets together with the French subsidiary JUNGHANS T2M, was able to consolidate its market position in the course of the year under review. AIM Infrarot-Module GmbH, a component supplier for thermal imagers and infrared technology, also achieved considerable successes, including the commissioning of the detector for reconnaissance satellite „Georg“. This further strengthens the company’s technological orientation towards the developing market for space applications.

Large procurement projects in the upcoming years will comprise the Future Combat Air System (FCAS) which addresses complex future threats. As long-standing, reliable partner of the participating countries Germany, France and Spain, Diehl Defence brings its expertise to the project and intends to contribute not only armament options and sensor solutions but also parts of an unmanned aerial vehicle (remote carrier). As integral part of a family-owned technology group, Diehl Defence will continue to contribute to the national security and defence precautions. This is being achieved, in particular, by strengthening the company’s own market position in its core business, by consistently expanding its position as system provider of ground-based air defence and by pursuing a long-established proven product-specific cooperation strategy with selected strong partners on international markets.

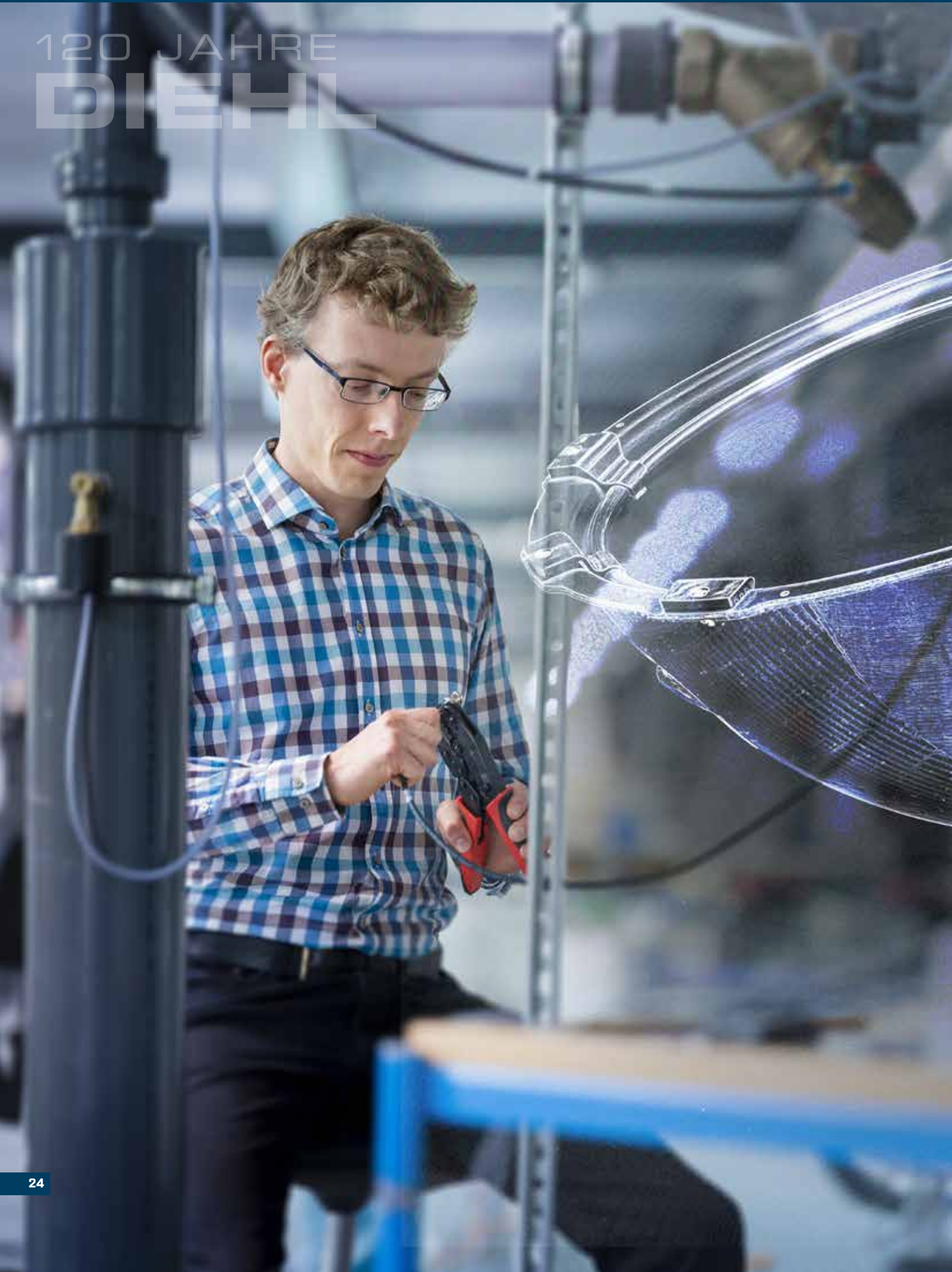
DIEHL DEFENCE SALES (in MILLION EUROS)

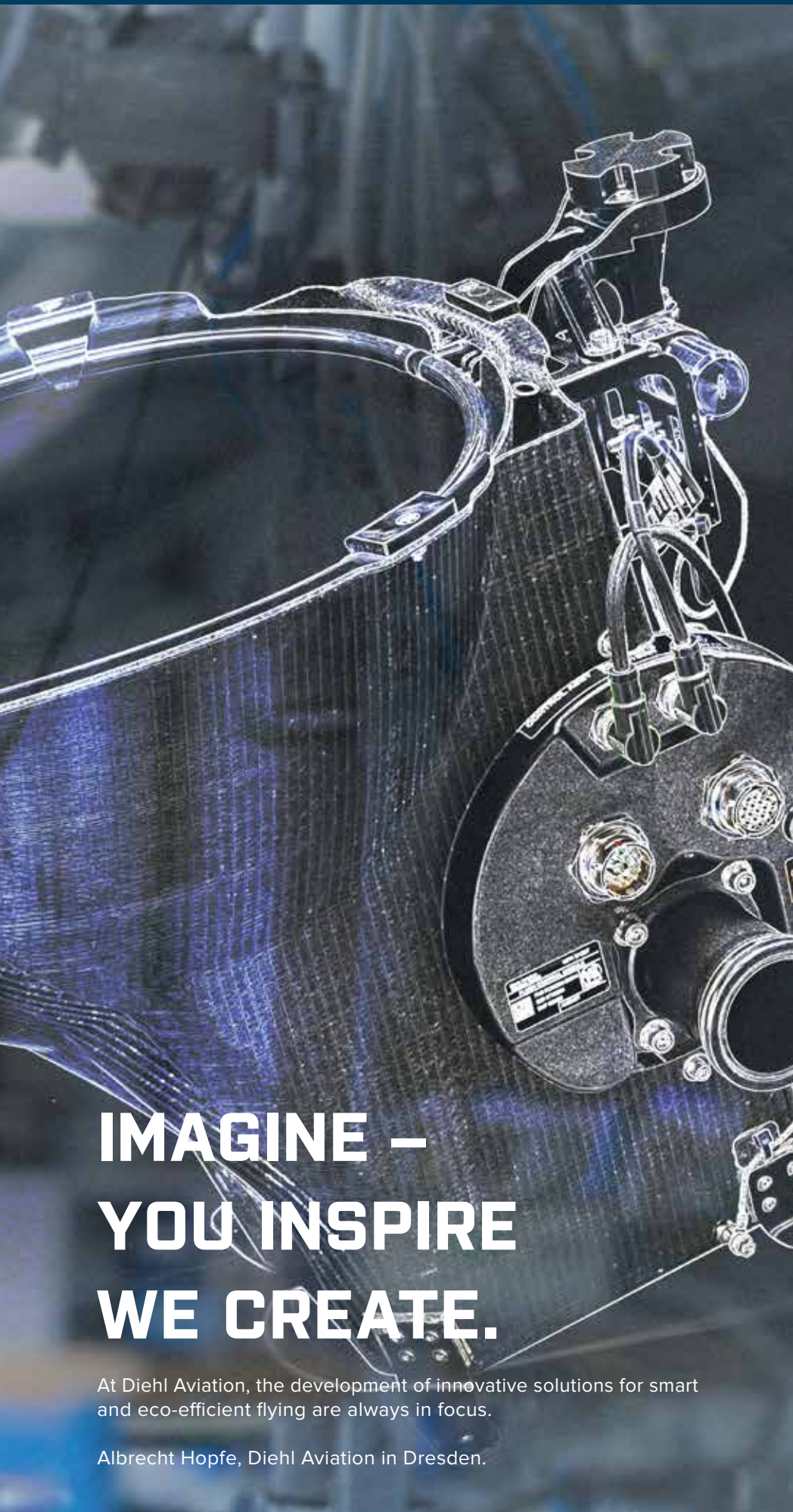


EMPLOYEES AT DIEHL DEFENCE



120 JAHRE
DIEHL





IMAGINE – YOU INSPIRE WE CREATE.

At Diehl Aviation, the development of innovative solutions for smart and eco-efficient flying are always in focus.

Albrecht Hopfe, Diehl Aviation in Dresden.

For Diehl Aviation, the year under review 2021 was also significantly affected by the corona pandemic which has hardly hit any industry as hard as international aviation. While in many places at least domestic air traffic has recovered in the meantime, the same cannot be said of international air traffic which remains at an extremely low level. This particularly affects flights to the USA and China which are very important for the economic success of the airlines. This subsequently leads to a correspondingly low demand for long-range aircraft with associated products and services which not only affects various manufacturers but also suppliers, among others Diehl Aviation. Thus, the drastic drop in orders from 2020 continued in the year under review, as expected, and remains at the level of the medium-term decline in sales of around 40 percent compared to the pre-crisis figure that was already predicted at the beginning of the crisis.

In order to be able to counter the consequences of this significant decline, Diehl Aviation elaborated an extensive concept for the future including necessary restructuring measures which the corporate division successfully adopted with its social partners in June of the year under review. This also involved severe cuts, including a reduction of around a quarter of the jobs at German locations. For this purpose, employers and employees agreed on a broad voluntary program that was very well accepted which is the reason why terminations of employment for



Innovative air outlets made of granulated foam plastic enable a new level of efficiency and weight reduction on board aircraft

operational reasons could be avoided completely. In addition, all German locations can be maintained. This is an important success in ongoing difficult times.

Despite the corona crisis, Aviation was able to extend the portfolio in the year under review with regard to more sustainable and eco-efficient products and solutions increasingly required by customers. In particular, the focus continued to

be on further reducing weight of materials, for example through new types of dividing walls and special particle foams for air ducts. Reducing weight and improving eco-efficiency is also the aim of grey water reuse which can reduce water consumption on board of commercial aircraft. The new technology processes service water from the lavatories' sinks to subsequently use it to flush toilets. This innovative concept has earned broad recognition thanks to the

renowned Crystal Cabin Award with the first price in the category „Greener Cabin, Health, Safety & Environment“.

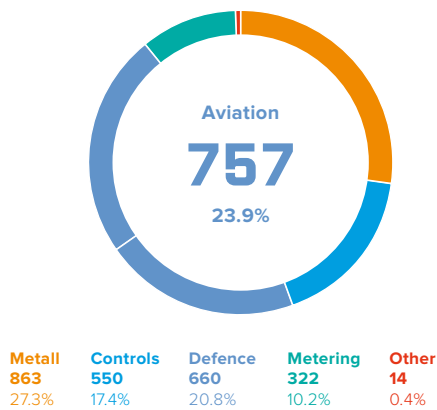
In the reporting period, Diehl Aviation was also able to expand its activities in the field of fully-electric air taxis in the Urban Air Mobility (UAM) market. After the cooperation with Volocopter for the flight control of VoloCity, Airbus could also be won as customer for the secondary flight control

computer with its CityAirbus NextGen. The UAM market which represents more sustainable mobility in future is an expanding market that is becoming more and more important for Diehl Aviation. The company is able to bring its expertise to bear and to make a major contribution to the sustainability targets of the aviation industry.

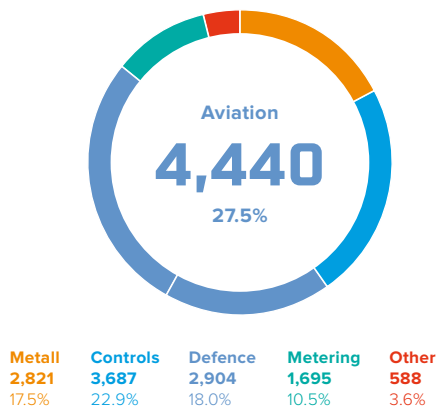
In May of FY 2021, the delivery of the first machine of the A320neo family from Airbus with the new airspace cabin to the airline JetBlue was of major importance for the Aviation Coporate Division. Diehl Aviation is involved in the new cabin with major work packages for which, among others, the cabin's lining was adapted and for which a completely new lightning concept was developed in addition to virtually touchless lavatories. In this way, Diehl Aviation contributes to set new standards for the modern aircraft cabin to better meet passenger's growing needs for more space, comfort and maximum hygiene. In the year under review, Diehl Aviation and the US company HAECO Cabin Solutions (HCS) signed a strategic commercial agreement on the bundling of competencies in the field of cabin upgrades for passenger aircraft.

Thanks to a successful restructuring of the corporate division and the solid technological positioning of the company, Diehl Aviation sees itself well-positioned for the challenges of the market. However, the cautious optimism at the beginning of the year has been joined by great uncertainty about future developments with the start of hostilities in Ukraine and the far-reaching mutual sanctions.

DIEHL AVIATION SALES (in MILLION EUROS)



EMPLOYEES AT DIEHL AVIATION



REALIZING SMART
SOLUTIONS.
WORLDWIDE.

SHAPING
WITH SMART SOL

120 JAHRE
DIEHL

Notwithstanding the aftereffects of the Covid-19 pandemic, Diehl Metering was able to record a solid growth and an impressive receipt of orders in the year under review. The fact that an initially higher sales expectation was not achieved was due to extreme material bottlenecks that had significant impacts on the Diehl Metering production, especially in the fourth quarter 2021.

In the core business, the company was able to successfully strengthen its position as solution provider in the field of water and energy measurement. Diehl Metering can refer to clearly measurable benefits in using smart meter data to optimize water and energy supply networks which provide customers with considerable financial savings and equally significant reductions in CO₂ emissions. To meet these demands even better, the core business of Diehl Metering was expanded by new software and services with regard to data analysis and artificial intelligence in 2021.

Of great significance in the year under review was the partnership with the US technology company Itron, thanks to which the commissioning of a large quantity of HYDRUS meters has taken place in the course of four years.

EMPOWER A SUSTAINABLE FUTURE

„We contribute to create a better future for our customers and the communities they are working for.“

Theresa Raspel from Diehl Metering in Nürnberg.



HYDRUS 2.0 outstanding measurement technique and connectivity – the best of both worlds

Given the increasing importance of the NAFTA region, the corporate division opened a final assembly plant in Lisle (Illinois), United States, at the end of FY 2021 to further improve proximity to the customer on the one hand and to enable a faster growth on the North American static water meter market. Thanks to the set-up of a local production, Diehl Metering not only reduces its related CO₂ footprint but also ensures a more flexible configuration and a faster product delivery. In 2021, record sales of HYDRUS ultrasonic meters were scored on Latin American markets which indicate a significant upside potential in view of the challenges that go along with urbanization and the expected economic growth. Diehl Metering was also able to expand its good position in the United Arab Emirates. Here, the company succeeded in winning a major contract from a state-owned utility provider for the

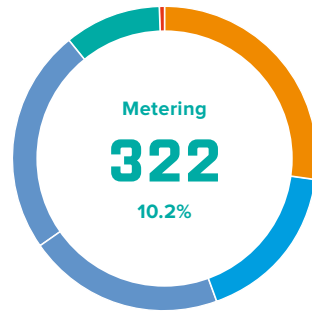
new HYDRUS 2.0 BULK which is the Corporate Division's first bulk water meter with ultrasonic technology. This is a new important milestone for Diehl Metering in 30 years of ultrasonic innovation. Business in Central Europe remained stable, especially in Germany and France which represent the most important markets for the Corporate Division. The promising market position in Great Britain, as well as in Benelux countries, Italy and Scandinavia, could be consolidated. Here, the implementation of the EU Energy Efficiency Directive (EED) actively pursued by respective government shows considerable growth potential for the upcoming years.

In the field of water, the Diehl Metering software applications Water Loss Management (WLM) and Non-Revenue Water (NRW) Reduction Service will offer the utility companies extended possibilities to reduce water loss in future. „IoT Network Planning as a Service“ counts among the introduced technical consulting services enabling the customer to benefit from the Internet of Things. The connectivity of measuring solutions was also further improved by the integration of communication solutions, such as LoRaWAN®, NB-IoT and mioty®. From a long-term perspective, the further expansion of the solutions and network business represents an important strategic pillar for Diehl Metering.

Responsible entrepreneurial action and pursuit of economic growth with due regard for the environment have been representing the basis of action for Diehl Metering for a long time. In order to make this more visible to the outside world, the company participated in the „Global Compact“ of the United Nations (UN) in 2021 to follow the defined targets of a sustainable development in future. The first COP report (Communication on Progress) describing the successes of Diehl Metering in this field will be published in 2022.

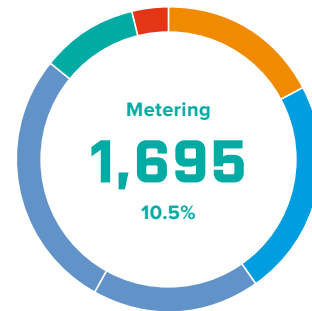
For 2022, the business segment expects a significant increase in sales. The increase will, in particular, be driven by the expansion of the water segment on the North American market. Due to the expiry of a large meter contract, the prospects are more difficult for the energy segment. Development and growth will of course continue to depend on the availability of materials which will presumably continue to persist until the third quarter. The impact of the war in Ukraine on further business is also unclear.

DIEHL METERING SALES (in MILLION EUROS)



Metall	Controls	Defence	Aviation	Other
863	550	660	757	14
27.3%	17.4%	20.8%	23.9%	0.4%

EMPLOYEES AT DIEHL METERING



Metall	Controls	Defence	Aviation	Other
2,821	3,687	2,904	4,440	588
17.5%	22.9%	18.0%	27.5%	3.6%



Opportunities, risks and outlook

Dr. Werner Gross from AIM.

The Federal Government expects an increase of the price-adjusted GDP in the amount of 3.6 % for the total year 2022. While the start to the year was overshadowed by the corona situation and related restrictions, the economic recovery should gain noticeable momentum in the further course of the year after the flattening of the infection process and the corresponding withdrawal of restrictions (source: Annual Report of the German Federal Government 2022). According to a survey of the Deutscher Industrie- und Handelskammertag (Association of the German Chambers of Industry and Commerce - DIHK), the Russian invasion of Ukraine also has impacts on the German economy. While the DIHK was rather cautious in the economic forecast at the beginning of the year due to the high energy prices, it evaluates the situation to have deteriorated significantly

since then. The survey indicates that there is a mood of crisis in industries depending on energy and raw materials as well as in traffic and logistics: „Economic forecasts are now waste paper“ (source: Quick Poll carried out by DIHK on March 18, 2022). In its updated economic forecasts issued on March 30, 2022, the German government's board of experts also assumes a minimal growth in the years 2022 and 2023.

As an internationally positioned and broadly diversified company, Diehl came safely through the crisis and sees itself on the way back to old strength despite the current challenges.

Thus, the company will be able to regain lost businesses as soon as the demand in established markets comes up. The catch-up process is already in full swing in the Metall, Controls and Metering Corporate Divisions and Diehl Aviation was also able to stabilize at a low level thanks to substantial cuts in the company after the dramatic slump as a result of the crisis. It is still unclear in what way Diehl's business will be affected by the war in Ukraine and resulting mutual sanctions. The Diehl Group's orientation as a conglomerate will once again have a stabilizing effect, especially in view of the persistent positive course of business at Defence. The risk management implemented in the Diehl Group on the basis of the group-wide management information system allows risks of an economic nature to be recognized and assessed in good time so that countermeasures can be taken promptly.

The corona crisis also has a considerable influence on the Diehl Group's liquidity. However, the high level of liquidity as well as available long-term credit lines from the syndicated loan agreement secure the Group's financing.

Besides the risks arising from the corona crisis and the war in Ukraine which mainly affect supply chains, energy prices and raw material supply, the Group's fields of business show a number of peculiarities:

About the half of the business volume in the Metall Corporate Division depends on the market prices for copper and zinc. But raw materials such as nickel and palladium are needed for the production. High volatility leads to fluctuations in sales, without any effect on the employment situation though. Therefore, sales forecasts are generally difficult to make for Diehl Metall. The corporate division sees itself still confronted with challenging basic conditions which almost affect all parts of the company. Higher raw material prices,

resource scarcity, energy price explosion and the corona pandemic require multiple new solution paths and great commitment of all persons involved to maintain the production. The company considers itself well prepared for the current challenges of electromobility. Diehl Metall supports the change from classic combustion engines to eco-friendly and climate-friendly propulsions by the development of future-oriented solutions, for example with the help of components for cooling systems and power modules as well as parts for the sensor systems up to contact systems for battery storage devices. For Diehl, the electric car of the future is the most interesting technological challenge during the past decades.

Due to the persistently high level of demand for household appliances, Diehl Controls can refer to a pleasingly high order backlog despite the unchanged price pressure in the supplier business. However, the company sees itself confronted with a lasting shortage of important components in the current year. For 2022 as well, a tense supply chain is also to be expected whose management may only be possible with massive additional effort and great commitment of all parties involved. In view of the worldwide efforts for more sustainability, Diehl Controls sees itself well positioned with its new efficient drive controls. In the future, these efforts shall be further intensified and the topic sustainability shall be moved more strongly to the focus with regard to the development of new products and solutions.

The implementation of an increase of the national defence budget remains to be seen. The positive perspective of the defence business can be impaired by further restrictions in the field of export licences. Especially during challenging times in terms of world politics we are

currently facing, Diehl Defence has been a reliable and successful partner of the Bundeswehr since its foundation and knows the troop's needs very well. Diehl continues to contribute to the national security and defence precautions. This does not only apply to procurement projects but also to development shares in international cooperation projects.

The outlook at Diehl Aviation depends to a considerable extent on the further development of the worldwide air traffic and the discussion on sustainable flying. Thus, a return to the pre-crisis level remains challenging. The interim recovery in domestic air traffic cannot obscure the fact that international air traffic with large aircraft is still on a very low level. Hence, the demand for new long-range aircraft with related products and services continues to remain on the very low level of the decline in sales of around 40 percent compared to the pre-crisis figure that was already predicted at the beginning of the crisis. Against this backdrop, the successful implementation of the restructuring program 'Robust' in the corporate division can be interpreted as a very positive development. In this context, the Group has, however, continued to consume a part of its liquidity buffer but has created the preconditions for the successful start-up of the business at Diehl Aviation in this way. Despite the tensions, aviation remains an attractive business.

The topic sustainability affects many people nowadays and leads to the fact that companies change their behaviors and develop new criterias for their products. At Diehl Metering, sustainability has been a priority for a long time. Because the company focuses on products and solutions that help people to use the planet's natural resources more efficiently - one of the prerequisites for sustainability. In the course of the energy

turnaround pursued worldwide, the system of energy generation and consumption is getting more and more complex. In order to achieve measurable results, intelligent measurement systems and modern measuring devices are needed to integrate volatile renewable energies into the power grid. This is why Diehl Metering still sees itself in a growing market which is characterized by high attractiveness. The growing demand for energy makes it more urgent than ever to make exact predictions concerning the required amounts in order to avoid unnecessary losses (Energy Demand Management). This is an important and interesting growth segment for Diehl Metering.

Following the current sustainability megatrend, many companies set the course for business on future markets. This also applies for Diehl. After the unexpected slump in business caused by the corona pandemic, the company currently sees itself on the way back to old strength in its established businesses and markets. Satisfying sales and a high order intake indicate that Diehl will quickly return to pre-corona times. On a strategic level, considerations in all corporate divisions, however, go far beyond that. Customer requirements are undergoing a radical change on a broad front and any company that wants to continue to count among the successful suppliers of technology and services needs to be ready to break new grounds. Diehl focuses even more on the

company's core competences and resulting opportunities for the markets of the future to progressively contribute to a sustainable progress of the society. Especially the electric energy turnaround offers great potential for Diehl as a company with traditionally deep expertise in the field of mechatronics.

There are many uncertainties in plannings, such as shortage of parts with its repercussions on the production in some corporate divisions or the further increase of energy prices as a result of the war in Ukraine – nevertheless, Diehl looks ahead optimistically. In view of the persistent difficult framework conditions, the year 2022 remains under tension. Considering the well-established operations and the great commitment of all persons involved since the beginning of the corona crisis, chances are good that the defined goals can be achieved this year as well. Digitization and transparent corporate communications within the Group and towards the markets or customers and suppliers are still of particular importance to overcome the economic impacts caused by the corona crisis and the war in Ukraine. It is also necessary to intensively focus the extensive technology portfolio of the Diehl Group in its variety of economic and sustainable perspectives to make Diehl even more present in the fields of digitization and sustainability. Due to the established risk management system, the risks existing in the corporate divisions are regarded as

medium from the Diehl Group's perspective. The positioning of the Group as a community of opportunities and risks continues to be important for the existence and success of the company. The Diehl Group strives for moderately rising sales and a noticeable improvement of the earnings for 2022.

Nürnberg, April 8, 2022

Diehl Verwaltungs-Stiftung

Dr. Klaus Richter
Jürgen Reimer
Jens Böhlke
Dr. Christof Bosbach
Dieter Landgraf
Helmut Rauch
Carsten Wolff



120 JAHRE
DIEHL

Ines Wiegel from DIEHL Informatik
in Nürnberg

As of the balance sheet date, December 31, 2021, the Diehl Group employed a total of 16,135 people at its worldwide locations. A comparison with the previous year (16,866) shows a decline by 731 employees (4.3 %). This decrease was primarily attributable to the reduction of workforce in the Aviation Corporate Division (-863), while a considerable increase took place at Defence (+107). At the reporting date, there were 10,567 employees employed at the sites in Germany (11,394 in the previous year). In Germany, this means a reduction in personnel of 827 persons which mainly results from the reduction at Aviation. The domestic rate decreased slightly and is now at 65.5 %.

Qualified dual vocational training as proven basis for securing the next generation of employees in the field of specialist personnel and young graduates still plays an

important role within the Diehl Group. In comparison with previous years, the number of junior staff hired decreased slightly with 411 apprentices (2020: 444), 371 (2020: 405) of whom in Germany. At a total of 14 training locations in Germany, the apprentices complete their training in 20 recognized training occupations together with 66 junior employees who undergo a dual course of studies in ten different fields of study, combining study as well as practical in-depth phases at our locations. In addition, 18 prospective specialists from other companies are trained at our Diehl training centers, acquiring the necessary basic and technical skills of their training occupation that cannot be offered by the respective associated partner.

Against the background of the corona pandemic, during lock-down periods in their practical vocational training, apprentices were either taught individually at home via „mobile learning“ or divided into small groups as usual in the respective workshops as part of shift models.

Diehl continues to give young people from crisis regions the chance to get qualified vocational training with subsequent employment in the Group in order to enable them to integrate optimally into society. To this end, four young refugees from Eritrea, Somalia and Syria are currently undergoing vocational training.

As a result of Covid-19, training marketing activities were extended to digital formats like online trade fairs, digital parent’s evenings or virtual tours through the training fields. Related events in regional schools or apprenticeship exhibitions were only possible in fall. The digital formats of training marketing which were expanded by new offers are supposed to complement traditional offers such as school visits and apprenticeship exhibitions in future. Unfortunately, the usual one-week insights into the world of working during trial internships on the apprenticeships offered at the sites could only be carried out as of fall 2021.

In order to also get young women interested in technical professions, Diehl has been involved in the „Girl’s Day“ - which took place mainly as an online event in 2021 – and the „Girls for Technology Camp“ educational initiative of the Bildungswerk der Bayerischen Wirtschaft e.V. (Educational Institute of the Bavarian Industry) for many years. In spring 2021, the latter format was conducted online and in fall it took place in person again. The social media activities of training at Diehl via diverse channels were expanded to the single training sites to keep respective subscribers up-to-date with current posts.



Temesgen Kinfe and trainer Christoph Heindl (from left to right) at the Nürnberg training center



Max Wallmüller from Diehl Metering in Nürnberg



The area of specialists and executives and their qualification are of crucial importance for Diehl. The current environment requires that, in addition to the continuation of classic classroom approaches, we also increasingly rely on virtual qualification in order to be able to offer suitable measures. Whether for employees with required potential for higher-level duties, junior staff or experts – the scope of on-the-job and off-the-job qualification opportunities at Diehl will continually be adjusted to current requirements and supported with digital tools.

As a competing family-owned company, Diehl recruits only on the basis of relevant qualifications. In accordance with legal requirements, the proportion of women does not fall short of the already achieved quota.

As in 2020, the second corona crisis year made a lasting impression on Diehl and all its employees. However, it was possible to successfully master the challenges thanks to joint efforts of all employees and to bring the company back on course and to old strength in the year under review. This applies, in particular, to the Aviation Corporate Division where the economically viable size of the company had to be adjusted by means of significant job cuts to the clearly reduced market demand as part of the concept for the future. In the current year, armed conflicts in Ukraine and resulting sanctions require particular consideration. Many people originating from Ukraine are working in the Diehl Group. The company shares the concerns of employees who are worried about their future, their relatives and friends. The company's shareholders and the Supervisory Board are thus supporting on site as needed to stand by our Ukrainian employees in Poland to help with particular emergency situations.

Currently it is not yet clear which consequences will result for the German economy and thus, for Diehl. The company continues to count on proven circumspection, great commitment and flexibility of the employees to be able to quickly and effectively respond to unpredictabilities. The corona pandemic has shown that Diehl as a company is able to successfully handle crises. The Executive Board would like to express its sincere thanks to all employees. Gratitude is also expressed to the employee representatives for their always objective and constructive cooperation which has led the company to sustainable and future-oriented solutions.



Since its entrepreneurial beginnings, the principles of sustainable growth and lasting competitiveness have applied in the family-owned company Diehl. This basic understanding still forms the basis for Diehl's entrepreneurial activities today. Social responsibility, sustainability and active sustainability management are key elements for the Diehl Group with regard to the strategic orientation and the long-term company success.

Thus, the topic sustainability plays a central role in implementing the corporate strategy and simultaneously represents a decisive executive function for the upcoming years. Here, the prevention of negative impacts on employees, society

and environment as well as concerns of stakeholders are the center of attention.

Within the further development of the sustainability strategy, joint fields of actions for the corporate divisions were defined in the fields of Environment, Social and Governance (ESG) in the year under review. These fields of action are aligned to the globally accepted frameworks of sustainability and each Diehl company is making its contribution to that.

As a result, Diehl Metering joined the UN Global Compact by signing a declaration of commitment in June 2021. Like all members of the UN Global Compact, Diehl Metering will adhere to the ten principles

covering the areas human rights, work, environment and fight against corruption while 17 goals for sustainable development are actively supported.

In addition to the activities of the single business units and corporate divisions, group-wide projects were started which make important contributions to the further sustainability development at Diehl. In the year under review, for example, a project for the systematic group-wide determination of CO₂ footprint (Scope 1, Scope 2 and Scope 3) was started. Results of the projects are to be expected by the middle of 2022.

At the end of the year, the existing sustainability organization with a separate sustainability board on Executive Board level was replaced by a dedicated department which directly reports to the President of the Executive Board. With that, the topic sustainability is even more anchored in the existing organizational structures of the Diehl Group. The purpose of the new department is to actively further develop the Diehl sustainability strategy in 2022 as well as prepare upcoming requirements from the European Sustainability Report duties according to the Corporate Sustainability Reporting Directive and EU Taxonomy.

120 JAHRE DIEHL



The social commitment of the family and the Diehl Group has been mainly focusing on the Karl Diehl Foundation for People in Need (KDS) as well as on the Irmgard Diehl Children's Foundation (IDS) for many years. Since its foundation, the KDS was able to help in 15,600 cases of challenging situations with more than 5 million euros. In the year under review, the Foundation's work again effectively helped more than 700 people – often with their families. Part of the concept of the IDS is the cooperation with around twenty social institutions to help abused, traumatized, socially disadvantaged, sick and disabled children and young people from the Middle Franconia, Upper Franconia and Swabia regions. Here as well, the manifold activities and

the commitment were able to be maintained and even further expanded.

Mr. Werner Diehl, who celebrated his 75th birthday in FY2021, has been holding the Presidency of the respective board of trustees of both foundations since their founding. On this occasion, he handed over the Presidency of the board of trustees of the Karl Diehl Foundation to his niece Ms. Stephanie Haas and the Presidency of the board of trustees of the Irmgard Diehl Children's Foundation to his niece Ms. Laura Diehl. This will ensure that the legacy including the great commitment of Karl Diehl and his son Werner Diehl will be continued according to the family's vision. Mr. Werner Diehl will stay committed to the board of trustees as a member.

The traditional support of Nürnberg's Old-Town Friends who were able to complete the baroque Gerberhaus Hintere Ledergasse 43 in the year under review was also continued. The Protestant-Lutheran Church Congregation Nürnberg-St. Sebald was also supported in the fundamental restoration of the Sebald vicarage and the publication of a scientific research volume on the occasion of the 500th anniversary of the Sebaldus grave.

Editor's notes:

In the interest of readability, gender-specific differentiation has been dispensed with.

**Consolidated Financial Statements
as of December 31, 2021**

CONSOLIDATED BALANCE SHEET OF DIEHL VERWALTUNGS-STIFTUNG AS OF DEC. 31, 2021

(in K€)

ASSETS

	Dec. 31, 2021	Dec. 31, 2020
A. Fixed assets		
I. Intangible assets	20,577	21,249
II. Tangible assets	584,285	562,024
III. Financial assets	19,376	17,212
	624,238	600,485
B. Current assets		
I. Inventories		
1. Raw materials and supplies	357,212	288,705
2. Work in process	444,821	413,523
3. Finished goods and merchandise	149,361	137,096
4. Advance payments	74,956	91,642
5. Advance payments received	- 279,607	- 255,430
	746,743	675,536
II. Receivables and other assets		
1. Trade receivables	393,162	356,516
2. Receivables due from affiliated companies	376	358
3. Receivables due from companies in which participations are held	29,266	35,719
4. Other assets	103,650	101,943
	526,454	494,536
III. Securities		
Trade securities	2,911	2,871
IV. Cash, bank balances and checks	120,803	169,334
	1,396,911	1,342,277
C. Prepaid expenses	15,506	13,678
D. Deferred tax assets	163,222	188,545
	2,199,877	2,144,985

CONSOLIDATED INCOME STATEMENT OF DIEHL VERWALTUNGSSTIFTUNG FOR THE PERIOD JAN. 1 TO DEC. 31, 2021

(in K€)

	2021	2020
1. Sales	3,167,421	2,978,766
2. Increase (decrease) in finished goods and work in process	35,313	– 13,344
3. Other capitalized services and materials	11,459	9,485
4. Other operating income	151,316	113,829
5. Cost of materials and services :		
a) Cost of raw materials, supplies and purchased goods	– 1,595,324	– 1,379,982
b) Cost of purchased services	– 224,953	– 221,594
	– 1,820,277	– 1,601,576
6. Personnel expenses :		
a) Wages and salaries	– 830,545	– 818,011
b) Social security and pensions costs	– 178,577	– 172,617
– <i>thereof for pensions :</i>	– 16,035	– 8,149
	– 1,009,122	– 990,628
7. Amortization and depreciation		
a) On intangible assets and tangible assets	– 95,420	– 96,006
8. Other operating expenses	– 422,991	– 533,540
9. Income from investments	318	230
– <i>thereof from affiliated companies :</i>	137	205
10. Income from investments in associated companies	1,424	703
11. Other interest and similar income	27,639	3,272
– <i>thereof from affiliated companies :</i>	28	25
12. Writing down of financial assets and current securities	– 1	0
13. Interest and similar expenses	– 70,157	– 69,039
– <i>thereof to affiliated companies :</i>	– 2	– 1
14. Income tax	– 61,415	25,788
– <i>thereof deferred taxes :</i>	– 28,482	50,634
15. Earnings after tax	– 84,493	– 172,060
16. Net loss/net income for the year	– 84,493	– 172,060
– <i>thereof part of other shareholders :</i>	– 84,364	– 172,066

CONSOLIDATED CASH FLOW STATEMENT OF DIEHL VERWALTUNGSSTIFTUNG FOR THE PERIOD JAN. 1 TO DEC. 31, 2021

(in K€)

	2021	2020
Net loss for the year	- 84,493	- 172,060
Adjustment to reconcile net income between exchange rate as of 12/31/2021 and yearly average exchange rate	638	2,830
Depreciations / write-ups on fixed assets	98,903	95,613
Decrease / increase in accruals and provisions	- 62,561	71,434
Other non-cash expenses / income	39,747	- 12,423
Gains on disposals of assets related to investing activities	- 220	- 2,156
Increase / decrease in inventories, trade receivables and other assets	- 134,062	71,119
Increase / decrease in trade payables and other liabilities	159,688	- 119,088
Interest expenses / interest income	42,518	65,767
Other investment earnings	- 1,071	- 1,113
Income tax expenses	32,933	25,764
Income tax payments	- 27,833	- 48,136
Income from grants	- 21,603	- 20,998
Cash flow from operating activities	42,584	- 43,447
Disposals of tangible and intangible assets	1,212	4,129
Purchase of tangible and intangible assets	- 115,204	- 124,307
Acquisition of / disposals of financial assets	- 3,776	- 796
Payments from the purchase / sale of consolidated companies	900	- 4,008
Payments from financial assets from short-term financial management	- 40	- 46
Interest received	604	1,660
Dividends received	1,071	1,113
Cash flow from investing activities	- 115,233	- 122,255
Dividends paid to shareholders	- 10,550	- 32,990
Decrease of bank liabilities and other financial liabilities	- 15,161	- 33,372
Increase of bank liabilities and other financial liabilities	10,819	3,211
Payments from grants	21,603	20,998
Interest paid	- 13,529	- 13,168
Reimbursed interests	25,996	0
Cash flow from financing activities	19,178	- 55,321
Change in cash and cash equivalents	- 53,471	- 221,023
Effect of changes in exchange rates, changes in Group structure and changes due to valuations	1,092	269
Cash and cash equivalents at beginning of period	163,602	384,356
Cash and cash equivalents at end of period	111,223	163,602
<i>Cash and cash equivalents have been reduced by € 9.6 million (12/31/2020: € 5.7 million) of current liabilities due to banks and other short-term financial liabilities.</i>		

**STATEMENT
OF CHANGES IN CONSOLIDATED EQUITY
OF DIEHL VERWALTUNGS-STIFTUNG**

	Equity of parent company				Capital of
	Capital stock	Reserves	Retained earnings brought forward	Equity of parent company	Non-controlling interests before net income
(in K€)					
As of Dec. 31, 2020	511	199	1,656	2,366	707,357
Allocation to reserve		22	– 22		– 9,845
Distribution of earnings					
Currency translation					6,168
Other changes					– 430
Consolidated net loss			– 128	– 128	
As of Dec. 31, 2021	511	221	1,506	2,238	703,250

Non-controlling interests						Shareholders' equity
corporate division Diehl Stiftung & Co. KG		other third party shareholders			Shares held by other shareholders	
Profits / losses due to non-controlling interests	Total	Non-controlling interests before net income	Profits / losses due to non-controlling interests	Total		
- 197,268	510,089	34,852	17,949	52,801	562,890	565,256
9,845						
		- 6,380		- 6,380	- 6,380	- 6,380
	6,168	680		680	6,848	6,848
	- 430	- 524		- 524	- 954	- 954
- 97,105	- 97,105		12,740	12,740	- 84,365	- 84,493
- 284,528	418,722	28,628	30,689	59,317	478,039	480,277

I. General remarks

Diehl Verwaltungs-Stiftung, headquartered in Nürnberg, is registered in the commercial register of the Nürnberg Local Court under number HRA 11756.

The consolidated financial statements of the Diehl Group are prepared in accordance with the consolidation rules of the German Commercial Code.

The financial statements of all companies included in the consolidated financial statements are prepared pursuant to the accounting and valuation methods valid in the Diehl Group. Accounting for foreign companies is adjusted to the uniform accounting and valuation principles where this is material to give a true and fair view of the net assets, financial position and results of operations.

II. Basis of consolidation and associated companies

In addition to Diehl Verwaltungs-Stiftung, the consolidated financial statements include 44 domestic and 23 foreign companies, which are under direct or indirect control of Diehl Verwaltungs-Stiftung. As of fiscal year 2021, the circle of fully consolidated group companies is extended by the inclusion of the formerly affiliated, not consolidated companies Diehl Brass Solutions Stiftung & Co. KG and Diehl Metall Messing Beteiligungs GmbH. The companies Metares SAS, Saint-Louis, France and Diehl Iberia Sistemas, S.A., Sevilla, Spain were liquidated in the course of fiscal year 2021. The companies Diehl Metering GmbH and DIEHL Gas Metering GmbH were merged.

Five domestic shareholdings were included in the consolidated financial statements as associated companies. As of FY 2021, ROCKETHOME GmbH left the group of associated companies.

Due to their minor significance for a true and fair view of the group's net assets, financial position and results of operations, 11 companies were not consolidated. The circle of affiliate group companies outside the consolidated entity will be extended as of fiscal year 2021 by the foundation of Diehl Services Middle East FZCO, Dubai,

VAE. Based on Art. 296, Para 1, no. 1 of the German Commercial Code, two companies were not included in the corporate financial statements since their assets are limited to the respective company purpose.

An overview of share ownership and of the basis of consolidation is provided in an appendix to the notes.

III. Consolidation principles

For subsidiaries, the revaluation method is applied for capital consolidation, with assets and debts being stated at their full fair value and the acquisition value of the shareholding offset against the group's share of the equity of the consolidated company at the time of its acquisition. The resulting difference on the assets side is shown as goodwill.

The shares in associated companies are treated in accordance with the principles of the equity method of accounting. They are stated using the book value method at the date of their acquisition.

Intercompany profits and losses, sales, expenses and income as well as receivables and payables between fully consolidated companies are eliminated. Intercompany results with associated companies are not eliminated since their influence on the Group's overall situation is of minor significance.

Deferred taxation is made for consolidation operations affecting the results whenever diverging tax expenses are expected to be compensated for in future fiscal years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2021

IV. Accounting and valuation principles, foreign currency translation

As in previous years, the financial statements were prepared on the basis of the following accounting and valuation principles.

1. Fixed assets

Acquired intangible assets are valued at acquisition cost, less scheduled or non-scheduled amortization. Normally, the useful life is 3 years, unless a different period is appropriate, e.g. due to the validity period of rights of use.

Tangible assets are valued at the cost of acquisition or manufacture, less scheduled or non-scheduled depreciation. The production costs of self-constructed fixed assets also include proportional overhead expenses and depreciation in addition to direct costs. For new investments, the straight-line method of depreciation is used. Scheduled depreciation of buildings and parts of buildings is based on a useful life ranging from 3 to 50 years, depending on the extent of use. The useful life of technical equipment and machinery and that of other equipment, factory and office equipment ranges from 1 to 25 years. Low-value assets with acquisition costs of up to 800 euros are completely written off in Germany in the year of acquisition. Fixed values are defined for tools and fixtures. Extraordinary value reductions are taken into account by means of non-scheduled depreciation.

Shares in affiliated companies and **Participations** are valued at cost of acquisition or at the lower applicable value.

Shares in associated companies are valued using the equity method of accounting, starting with the book value.

Interest-bearing **Loans** are stated at their nominal values, non-interest bearing ones at their cash values.

Long-term marketable securities recorded under fixed assets are valued at the cost of acquisition or at the lower applicable value.

2. Current assets

Under Inventories, raw materials and supplies as well as resales are valued at lower of cost or market value.

The valuation of metal inventories at the lower of cost or market takes account of the contracted selling prices for the metal portion, if selling contracts already exist at the balance sheet date.

Work-in-process and finished goods are valued at cost. In addition to the direct cost of material and labor, proportional overheads are included.

Depreciation is made for stock and usability risks to an appropriate extent.

If at the time of preparing the balance sheet a need for devaluation is identified because costs are not covered completely by the proceeds, an appropriate markdown is made for the purpose of loss-free valuation.

Advances paid and received are stated at nominal value.

Advances received are deducted from the inventories in accordance with Art. 268, para 5, sentence 2 of the German Commercial Code.

Receivables, other assets and liquid assets are always included in the balance sheet at their nominal value. In the case of receivables, allowances are made to appropriately cover discernible individual risks through individual value adjustments and general credit risks as well as costs of collecting receivables through general value adjustments. Interest-free receivables which will probably be received only after a period of 12 months are shown at their cash value. **Short-term marketable securities** under current assets are valued at lower of cost or market value.

3. Accruals / liabilities

Accruals for pensions and similar liabilities are actuarially valued according to the modified entry-age normal method. Calculations are based on the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck. Assumptions regarding the future development of particular parameters are taken into account in the valuation. Wage and salary increases of 2.47% p.a. and a dynamic pension increase of 1.70% p.a. have been taken as a basis. An interest rate of 1.87 % p.a. as given by the German Central Bank for a remaining term of 15 years is used for the discounting of reserves.

Tax accruals and other accruals are set up to cover all contingent liabilities and discernible risks. They are stated in the amount expected to be required based on prudent commercial assessment (i.e. including future price and cost increases). Accruals with a residual term of more than 1 year are discounted. The average market rate of the past 7 years established by the German Central Bank is used for related remaining term of the accrual. If no valuation units are formed between metal purchase contracts and the metal portion of sales contracts, these items are checked for impending losses.

All **liabilities** are stated at the amount payable.

4. Foreign currency translation

The valuation date for fixed assets in foreign currencies is the day of purchase, while receivables and payables are valued on the day they accrue. Short-term assets and liabilities with a term of less than one year are converted at the average spot exchange rate on the balance sheet date. Receivables and liabilities with a remaining term of more than one year are valued according to the imparity principle, using the average spot exchange rate.

The financial statements of the consolidated foreign companies in foreign currencies are translated at the rates valid on the balance sheet date. The individual equity items are converted at historical rates, the net income at the average rate of the year.

The items of the income statement are converted at the average rate of the year. The difference between balance sheet date rate, historical rates and average rates is reported in the equity section of the corporate group Diehl Stiftung & Co. KG or in the shares of other third-party shareholders. Differences over the previous year's statement are taken into account without affecting the income.

Currency and metal-price risks are countered by a corporate-wide risk management strategy. Valuation units are created and documented in accordance with Art. 254 of the German Commercial Code. If they are hedged by forward transactions, the respective hedging rates are applied.

Receivables and liabilities in the same currency with nearly the same term are combined to form valuation units if they are of the same value.

Effective items of the valuation units created are reported in the balance sheet using the freezing method (compensatory valuation). For ineffective items, the imparity principle is applied. This means that positive market values are not shown in the balance sheet and provisions for contingent losses are set up for negative market values only if a negative balance results from a valuation unit or if an open item yields a loss.

V. Notes to the balance sheet

1. Fixed assets

Development of the individual fixed asset items and depreciations is shown in an appendix to the notes. The „Changes“ column contains all changes to the initial amounts resulting from additions and disposals affecting the consolidated companies and from currency translation differences.

2. Receivables and other assets

A residual term of more than one year applies for the following amounts under the respective items:

	K€ 12/31/2021	K€ 12/31/2020
Trade receivables and trade payables	91	155
Receivables due from affiliated companies	150	163
Other assets	1,546	1,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2021

3. Deferred taxes

Deferred taxes (on the assets and liabilities side) result from valuation differences in the commercial and tax balance sheet, tax loss carryforwards as well as consolidation measures if the differences are compensated in the future. Deferred taxes on the assets and liabilities side are not balanced.

Deferred taxes are valued at uniform corporate tax rates of 12% to 13% (partnerships) or 27% to 33% (joint-stock companies) for domestic companies. For foreign subsidiaries, the individual national statutory tax rates (11% to 34%) are applied.

Deferred taxes on the assets side in the amount of K€ 163,222 mainly result from the creation of deferred taxes based on different valuation methods in the commercial and tax balance sheet (pension reserves, different depreciation methods and valuation methods and periods different in fixed and current assets and other accruals), tax carryforwards as well as elimination of intercompany profits and losses in the fixed assets and inventories.

Deferred taxes on the liabilities side in the amount of K€ 12,853 mainly result from special tax depreciation, different valuation methods in the commercial and tax balance sheet as well as reserves only permissible under tax law (e.g. Art. 6b of the Income Tax Act).

	K€ Status as of 12/31/2021	K€ Status as of 12/31/2020	K€ variation
Deferred taxes on the assets side	163,222	188,545	– 25,323
Deferred taxes on the liabilities side	12,853	10,504	2,349

4. Shareholders' equity

The equity of the corporate division Diehl Stiftung & Co. KG consists of the liable limited liability capital of Diehl Stiftung & Co. KG and the reserves of Diehl Stiftung & Co. KG. The statement of changes in equity is prepared according to the principles of the German accounting standards DRS 22.

5. Accruals

Long-term marketable securities used to finance life work-time accounts are valued at their fair value and offset against the respective accruals in the amount of K€ 10,765 (inclusion of plan assets). The acquisition costs were K€ 9,183.

Coverage capital for insolvency insurance of life work-time accounts in the amount of K€ 4,001 was offset against the corresponding accruals in the amount of K€ 4,880.

Receivables from pension liability insurances for deferred compensation are offset against pension reserves for reinsured deferred compensation (inclusion of plan assets). The historical acquisition cost and the fair value of the receivables from offset pension liability insurances amount to K€ 14,130. The settlement amount of the pension reserve offset for reinsured deferred compensation corresponds to the asset value from the pension liability insurance (K€ 14,130). Expenses and income in the amount of K€ 320 were offset.

Other accruals mainly include accruals for warranty expense, for outstanding invoices, for severance pay and paid release from work (without partial retirement), for contractual penalties, for long-term working time accounts, for compensatory damages, for any infringement of rights and legal costs, for management bonuses and gratuities.

6. Liabilities

The total amount of liabilities and the breakdown of liabilities based on their remaining term are shown in an appendix to the notes.

The total amount of **liabilities due to banks** runs to K€ 6,218 and is secured by pledged accounts and land charges.

„Other liabilities“ include the following items:

	K€ 12/31/2021	K€ 12/31/2020
Social security liabilities	7,855	6,428
Tax liabilities	29,806	17,774

7. Derivative financial instruments and valuation units

For its business activities, the Diehl Group uses forward contracts to manage the risks arising from the fluctuations in currencies and metal prices between the balance sheet date and the settlement date.

Forward exchange transactions are concluded by the companies with Diehl Stiftung & Co. KG. The latter, in turn, concludes appropriate forward exchange contracts with banks, which are essentially identical regarding value and term. The conclusion of such contracts is based on uniform guidelines, subject to internal controls and restricted to business in foreign currencies.

The nominal volume and the market values of the derivative financial instruments existing at the balance sheet date are as follows:

Forward exchange contracts in million €	Market values		Nominal- volume
	positive	negative	
Type			
USD	17	27	1,351
PLN	1	1	98
GBP	0	0	19
HUF	0	0	14
MXN	0	0	12
CNY	0	0	9
Other currencies	0	0	4
Commodity futures contracts			
Metals exchange	4	2	44

The nominal volume is the total of all buying and selling values of derivative financial instruments.

The market value of forward exchange and commodity futures contracts is calculated on the basis of a comparison between the forward (futures) contract value applicable at the balance sheet date for the remaining contract term and the contracted value (market-to-market method).

Forward exchange transactions are conducted to hedge business in foreign currencies and valuation units are created to cover the risks on the balance sheet date, worth € 18 million. Micro and macro hedges as well as portfolio hedges are employed in the valuation of foreign currency

positions. Foreign currency receivables (€ 187.6 million), liquid assets (€ 23.9 million), foreign currency liabilities (€ 56.9 million), firmly contracted business not yet included in the balance sheet (€ 394.4 million) and transactions expected with high probability (€ 1,016.4 million) are included in the valuation units. Transactions expected with high probability mainly concern orders on hand. Basically, opposite changes in value/cash flows of these underlying and hedging transactions will presumably balance completely by March 2024.

The business transactions summarized in valuation units are subject to the same risk. Accordingly, it is to be expected that opposite changes in value of the underlying and hedging transactions will in the future balance completely for the respective risk hedged. The prospective effectiveness of hedging relationships is determined on every balance sheet date by means of the critical-terms-match method, ensuring that the value-determining factors (nominal value, term, currency) for the underlying transaction and the hedging instrument are identical. Therefore, the individual hedging relationships are each rated as effective for the entire hedging period. The same applies for retroactive determination of the previous effectiveness. Here, too, it is proved by the critical-terms-match method that all value-determining factors of the hedged part of the underlying business and the hedging part of the hedging instruments are identical. In these cases, there can be no ineffectiveness that is relevant for the balance sheet with regard to the valuation units.

Metal price risks in connection with metal procurement and metal sales contracts (pending business) result from the change in the prices of primary metals, scraps and semi-finished products between the date of contract conclusion and performance. Purchase and sales contracts not covered by corresponding physical transactions are hedged by appropriate exchange positions.

Commodity futures and forward contracts are concluded to hedge metal price risks (pending business). Micro and portfolio hedges are employed in valuation.

The risks covered by portfolio hedges are highly homogeneous. The contract volume of hedging transactions is chosen so that it agrees with the contract volume of the underlying transactions – related to the respective primary metal portion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2021

Underlying and hedging transactions are included in the valuation units with the following market values (futures contract value applicable at the balance sheet date compared with the contracted value):

Metals Dec. 31, 2021	Market value in million €
Pending procurement transactions	0.1
Hedged by commodity futures	– 0.1
Pending sales transactions	– 6.2
Hedged by commodity futures	9.7

The changes in value of the pending sales and procurement transactions are hedged over a period of up to 12 months for the valuation units.

Opposite changes in value of these underlying and hedging transactions will presumably balance completely in the next 12 months. The effectiveness of the valuation units employed is measured by means of the „dollar-offset method“ in a cumulated form, taking into account given risk limits. The „dollar-offset method“ compares the cumulated market value changes of the underlying transactions with the cumulated market value changes of the hedging transactions in absolute amounts of money from the designated date. The „dollar-offset test“ is carried out on every balance sheet date.

A provision of € 0.05 million was set up on the balance sheet date. Risks worth € 6.3 million were hedged by micro/portfolio hedges, thus avoiding corresponding negative value changes on the balance sheet date.

Transactions expected with high probability with a volume of € 9.8 million were included in the evaluation units.

8. Contingent liabilities

On the balance sheet date, there were liabilities on guarantees in the amount of € 43.3 million (2020: € 49.7 million) and liabilities under warranties worth € 89.4 million (2020: € 89.6 million).

On the balance sheet date, there were contingent liabilities due to affiliated companies in the amount of € 34.4 million (2020: € 31.5 million).

In view of the business development of the individual companies towards which contingent liabilities exist, no related claims are expected to be raised.

Indirect pension liabilities are not shown in the balance sheet. The respective missing amount – € 2.8 million (2020: € 3.1 million) – due to affiliated, non-consolidated companies is included in the contingent liabilities (liabilities from warranty contracts).

9. Other financial commitments

Financial commitments from long-term contracts amount to € 1,205.2 million. They relate above all to commitments from open purchase orders, commitments under rental and leasing contracts, quantity contracts for Metall (purchasing) for which prices have not yet been fixed, commitments from commodity futures contracts (Metall), offset obligations as well as obligations to pay back development cost subsidies.

On the balance sheet date, there were other financial commitments to affiliated companies in the amount of € 38.9 million (2020: € 38.9 million).

VI. Notes to the income statement

1. Sales

Sales break down as follows:

in million € 2021	Total	Domestic	Foreign
Corporate Division Metall	863	456	407
Corporate Division Controls	551	84	467
Corporate Division Defence	660	319	341
Corporate Division Aviation	757	319	438
Corporate Division Metering	322	67	255
Services / other	14	13	1
Total:	3,167	1,258	1,909

in million € 2020	Total	Domestic	Foreign
Corporate Division Metall	732	358	374
Corporate Division Controls	477	76	401
Corporate Division Defence	571	245	326
Corporate Division Aviation	880	364	516
Corporate Division Metering	306	59	247
Services / other	13	12	1
Total:	2,979	1,114	1,865

Foreign sales are mainly generated in Europe, North America and in China.

2. Other operating income

Includes income from foreign currency translation in the amount of € 7.0 million (2020: € 6.1 million).

3. Amortization and depreciation

Non-scheduled depreciation in the amount of € 0.3 million was made. This concerned the items „Amortization and depreciation on intangible assets and tangible assets“ in the income statement.

4. Other operating expenses

„Other operating expenses“ include expenses from foreign currency translation in the amount of € 4.8 million (2020: € 14.8 million) as well as other taxes in the amount of € 5.3 million (2020: € 5.7 million).

5. Other interest and similar income/interest and similar expenses

The item „Other interest and similar income“ includes income from the discounting of accruals in the amount of € 0,8 million (2020: € 1.0 million).

The item „Interest and similar expenses“ includes expenses from the discounting of accruals in the amount of € 56.6 million (2020: € 54.5 million).

6. Taxes on income

This item includes corporate income tax, trade income tax, deferred income taxes and comparable foreign income taxes.

7. Income/expenses relating to other accounting periods

Income relating to other accounting periods amounted to € 106.3 million, mainly resulting from the reversal of accruals not made use of.

Expenses relating to other accounting periods amounted to € 4.4 million. Those mainly result from expenses for previous year's taxes.

8. Income and expenses of extraordinary size and significance

Interest reimbursement from conditionally repayable loans for the aircraft program A 380 are of extraordinary magnitude and significance in the other interest and similar income with € 26.0 million. Extraordinary expenses result from the reduction of deferred tax assets on losses carried forward in the amount of € 33.3 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2021

VII. Other information

1. Explanations concerning the cash flow statement

The cash flow statement is prepared using the indirect method in accordance with the German accounting standards DRS 21. Cash holdings include cash and cash equivalents after deduction of liabilities to banks due at any time.

Payments to shareholders include distributed profits to third-party shareholders as well as withdrawals for taxation of the shareholders of Diehl Stiftung & Co. KG.

2. Employees

	Annual average	
	2021	2020
Corporate Division Metall	2,753	3,050
Corporate Division Controls	3,711	3,556
Corporate Division Defence	2,766	2,651
Corporate Division Aviation	4,703	5,416
Corporate Division Metering	1,663	1,681
Services / other	477	479
Staff members	16,073	16,833
Apprentices	390	425
Total:	16,463	17,258

3. Fees paid for services provided by auditors

in K€ Type	Group auditor	Other auditors
Annual audit services	1,366	112
Audit-related services	33	6
Tax consultation services	800	0
Other services	155	28
Total:	2,354	146

4. Events after the reporting period

The consequences of the military actions in Ukraine since February 2022 are currently not foreseeable but they may have negative impacts on the assets, financial and earnings situation. No events of special importance, having an impact on the group's net assets, financial position and results of operations, occurred with the companies included in the consolidated financial statements between the balance sheet date – December, 31, 2021 – and April 8, 2022.

5. Information required pursuant to Art. 314, Para 1, no. 6 of the German Commercial Code

Total remunerations for the members of the Executive Board amounted to K€ 8,161 in the reporting period. The emoluments of former members of the Executive Board and their surviving dependants amounted to K€ 927. Pension obligations to these persons amounted to K€ 14,098. Remunerations for the Supervisory Board members amounted to K€ 1,147.

6. Proposal for the appropriation of earnings

The Executive Board proposes to add an amount of K€ 22 to the capital maintenance reserve in order to really maintain the foundation's assets.

7. Special regulations for business partnerships

Due to their inclusion in and publication of the consolidated financial statements, the following business partnerships are relieved from the obligation to publish their audited annual financial statements pursuant to Art. 264b of the German Commercial Code:

Diehl AKO Stiftung & Co. KG, Wangen im Allgäu, Diehl Brass Solutions Stiftung & Co. KG, Röthenbach a. d. Pegnitz, Diehl Defence GmbH & Co. KG, Überlingen, Diehl Metall Stiftung & Co. KG, Röthenbach a. d. Pegnitz, Diehl Röthenbach GmbH & Co. KG, Nürnberg and Diehl Stiftung & Co. KG, Nürnberg.

Nürnberg, April 8, 2022

Diehl Verwaltungs-Stiftung

The Executive Board

STOCK OWNERSHIP OF THE GROUP AS OF DECEMBER 31, 2021

1. Consolidated Companies

Name and registered office of company	Share in capital %
Production and sales companies	
Germany	
AIM Infrarot-Module GmbH, Heilbronn	50.0
Diehl Energy Products GmbH, Röthenbach	100.0
Diehl Advanced Mobility GmbH, Zehdenick	100.0
Diehl Aerospace GmbH, Überlingen	51.0
Diehl AKO Stiftung & Co. KG, Wangen im Allgäu	100.0
Diehl Aviation Gilching GmbH, Gauting	100.0
Diehl Aviation Hamburg GmbH, Hamburg	100.0
Diehl Aviation Laupheim GmbH, Laupheim	94.0
Diehl Brass Solutions Stiftung & Co. KG, Röthenbach an der Pegnitz	100.0
Diehl Connectivity Solutions GmbH, Nürnberg	100.0
Diehl Defence GmbH & Co. KG, Überlingen	100.0
Diehl Metal Applications GmbH, Röthenbach a. d. Pegnitz	100.0
Diehl Metall Messing Beteiligungs GmbH, Röthenbach an der Pegnitz	100.0
Diehl Metall Stiftung & Co. KG, Röthenbach a. d. Pegnitz	100.0
Diehl Metering GmbH, Ansbach	98.8
Diehl Metering Systems GmbH, Nürnberg	100.0
Diehl Retrofit Missile Systeme GmbH, Überlingen	100.0
Diehl Service Modules GmbH, Hamburg	100.0
Diehl Werkzeugbau Seebach GmbH, Seebach	100.0
DynITEC GmbH, Troisdorf	58.8
JUNGHANS Microtec GmbH, Dunningen	55.0
SMH Süddeutsche Metallhandelsgesellschaft mit beschränkter Haftung, Nürnberg	100.0
Other countries	
Diehl Aerospace Pte. Ltd., Singapore	100.0
Diehl Aerospace, Inc., Birmingham / Alabama, USA	100.0
Diehl Augé Découpage SAS, Besançon, France	100.0
Diehl Aviation Hungary Kft., Nyírbátor, Hungary	100.0
Diehl Controls (Nanjing) Co., Ltd., Nanjing, China	100.0
Diehl Controls México S.A. de C.V., El Marqués / Querétaro, Mexico	100.0
Diehl Controls North America Inc., Wilmington / Delaware, USA	100.0
Diehl Controls Polska Sp. z o.o., Namysłów, Poland	100.0
Diehl do Brasil Metalúrgica Limitada, São Paulo, Brazil	100.0
Diehl Electronic Components (Wuxi) Co., Ltd., Wuxi, China	100.0
Diehl Metal India Private Limited, Pune, Maharashtra, India	100.0
Diehl Metering (Jinan) Co., Ltd., Jinan, China	100.0
Diehl Metering GesmbH, Wien, Austria	100.0
Diehl Metering LLC, Wilmington / Delaware, USA	100.0

Name and registered office of company	Share in capital %
Production and sales companies	
Other countries (continuation)	
Diehl Metering S.A.S., Saint-Louis, France	100.0
Diehl Metering Sp. z o.o., Bażanowice, Poland	100.0
DIEHL POWER ELECTRONIC SAS, Siaugues Sainte Marie, France	100.0
Diehl SynchroTec Manufacturing (Wuxi) Co., Ltd., Wuxi / Jiangsu, China	100.0
Franconia Industries, Inc., Albany / New York, USA	100.0
Junghans T2M SAS, La Ferté Saint-Aubin, France	100.0
Management, property and other companies	
Germany	
Afelixa Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	94.0
Diehl Assekuranz Rückversicherungs- und Vermittlungs-AG, Nürnberg	100.0
Diehl Ausbildungs- und Qualifizierungs-GmbH, Nürnberg	100.0
Diehl Aviation Holding GmbH, Nürnberg	100.0
Diehl Beteiligungen GmbH, Nürnberg	100.0
Diehl Controls Nürnberg Verwaltungs GmbH, Nürnberg	100.0
Diehl Defence Holding GmbH, Überlingen	100.0
Diehl Defence Land Systems GmbH, Röthenbach a. d. Pegnitz	100.0
Diehl Defence Verwaltungs-GmbH, Überlingen	100.0
DIEHL Informatik GmbH, Nürnberg	100.0
Diehl Röthenbach GmbH & Co. KG, Nürnberg	100.0
Diehl Röthenbach Verwaltungs GmbH, Nürnberg	100.0
Diehl Stiftung & Co. KG, Nürnberg	0.0
Diehl Track Gesellschaft mit beschränkter Haftung, Nürnberg	100.0
Diehl Ventures GmbH, Nürnberg	100.0
GEBRÜDER JUNGHANS GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG, Röthenbach a. d. Pegnitz	86.3
Goma GmbH, Röthenbach a. d. Pegnitz	100.0
Gummiwerk Blankenheim GmbH, Nürnberg	100.0
Integra Vermögensverwaltungs- und Beteiligungsgesellschaft mbH, Nürnberg	100.0
Neubrandenburger Fahrzeugwerke GmbH, Nürnberg	100.0
Pyrotechnische Fabrik (PYF) GmbH, Röthenbach a. d. Pegnitz	100.0
Sundwiger Messingwerk Verwaltungs GmbH, Röthenbach a. d. Pegnitz	100.0
Other countries	
Diehl Americas, Inc., Wilmington / Delaware, USA	100.0
Diehl Metal Applications France SAS, Besançon, France	100.0
DIEHL METERING INDUSTRIA DE SISTEMA DE MEDICAO LTDA, Recife, Brazil	100.0

STOCK OWNERSHIP OF THE GROUP AS OF DECEMBER 31, 2021

2. Affiliated companies

Name and registered office of company	Share in capital %
Diehl Aviation Middle East FZCO, Dubai, VAE	100.0
Diehl Metering AB, Karlskrona, Sweden	100.0
Diehl Metering ApS, Esbjerg, Denmark	100.0
Diehl Metering FZE, Dubai, United Arab Emirates	100.0
Diehl Metering Limited, Halifax / West Yorkshire, Great Britain	100.0
Diehl Metering Pte. Ltd., Singapore	100.0
Diehl Metering S.L., Madrid, Spain	100.0
Diehl Metering S.R.L., Milano, Italy	100.0
Diehl Middle East GmbH, Nürnberg	100.0
Diehl Services Middle East FZCO, Dubai, VAE	100.0
FFT Fahrzeugbau und Fahrzeugtechnik GmbH, Nürnberg	100.0
Heinrich Diehl Gedächtnisfonds Gesellschaft mit beschränkter Haftung, Nürnberg	100.0
Mauser-Werke Oberndorf Unterstützungskasse Gesellschaft mit beschränkter Haftung, Oberndorf am Neckar	100.0

3. Associated companies (equity accounting)

Name and registered office of company	Share in capital %
Diehl VC GmbH, Nürnberg	49.6
EuroSpike GmbH, Röthenbach a.d. Peg.	40.0
GIWS Gesellschaft für Intelligente Wirksysteme mbH, Nürnberg	50.0
PARSYS GmbH, Schrobenhausen	50.0
RAM-SYSTEM Gesellschaft mit beschränkter Haftung, Ottobrunn	50.0

4. Investments (share in capital \geq 20%)

HIL Industrie-Holding GmbH i.L., Bonn	33.3
OEM Defence Services SAS, Elancourt, France	20.0
OEMServices SAS, Tremblay-en-France, France	25.0
Schramberger Wohnungsbau, Gesellschaft mit beschränkter Haftung, Schramberg	24.1
Troisdorf Genehmigungshaltergesellschaft mbH, Troisdorf	20.0

CONSOLIDATED STATEMENT OF FIXED ASSETS OF DIEHL VERWALTUNGS-STIFTUNG

(in K€)

Cost of acquisition/manufacture

	As of Dec. 31, 2020	Changes	Additions	Write-ups	Disposals	Transfers	As of Dec. 31, 2021
I. Intangible assets							
1. Acquired concessions, industrial property rights and licenses	142,350	3,055	4,669	0	55	2,597	152,616
2. Goodwill	199,748	- 11,182	1	0	0	0	188,567
3. Advance payments	3,744	0	3,105	0	0	- 2,578	4,271
	345,842	- 8,127	7,775	0	55	19	345,454
II. Tangible assets							
1. Real property, corporeal rights in real property and buildings, including buildings on real property of third parties	499,357	1,774	2,528	24	205	1,396	504,874
2. Technical equipment and machinery	884,641	7,450	26,270	3	11,443	26,503	933,424
3. Other equipment, factory and office equipment	516,347	2,201	24,937	0	13,391	5,163	535,257
4. Advance payments and assets under construction	62,220	332	52,933	0	332	- 33,081	82,072
	1,962,565	11,757	106,668	27	25,371	- 19	2,055,627
III. Financial assets							
1. Shares in affiliated companies	5,375	31,171	0	0	0	0	36,546
2. Shares in associated companies	7,523	0	229	671	2,070	0	6,353
3. Other investments	1,652	0	2,899	0	0	420	4,971
4. Loans to companies in which participations are held	39	0	0	0	30	0	9
5. Other loans	7,394	158	743	0	2	0	8,293
	21,983	31,329	3,871	671	2,102	420	56,172
Total	2,330,390	34,959	118,314	698	27,528	420	2,457,253

Amortization/Depreciation

Net book value

As of Dec. 31, 2020	Changes	Additions	Write-ups	Disposals	Transfers	Diff. between exchange rate as of Dec. 31 and yearly average rate	As of Dec. 31, 2021	As of Dec. 31, 2021	As of Dec. 31, 2020
124,845	2,827	8,648	0	52	0	42	136,310	16,306	17,505
199,748	- 11,182	1	0	0	0	0	188,567	0	0
0	0	0	0	0	0	0	0	4,271	3,744
324,593	- 8,355	8,649	0	52	0	42	324,877	20,577	21,249
315,364	864	9,674	0	202	0	69	325,769	179,105	183,993
694,305	5,265	48,640	0	11,607	- 70	381	736,914	196,510	190,336
390,872	1,714	28,457	0	12,573	70	119	408,659	126,598	125,475
0	0	0	0	0	0	0	0	82,072	62,220
1,400,541	7,843	86,771	0	24,382	0	569	1,471,342	584,285	562,024
2,701	31,196	0	0	0	0	0	33,897	2,649	2,674
2,070	0	0	0	2,070	0	0	0	6,353	5,453
0	0	2,899	0	0	0	0	2,899	2,072	1,652
0	0	0	0	0	0	0	0	9	39
0	0	0	0	0	0	0	0	8,293	7,394
4,771	31,196	2,899	0	2,070	0	0	36,796	19,376	17,212
1,729,905	30,684	98,319	0	26,504	0	611	1,833,015	624,238	600,485

RESIDUAL TERMS OF LIABILITIES AS OF DECEMBER 31, 2021

(in K€)

Liabilities	Total As of Dec. 31, 2021	Of which with a residual term of up to 1 year	Of which with a residual term of more than 1 year	Of which with a residual term of more than 5 years
1. Liabilities due to banks	88,353	45,721	42,632	2,368
2. Trade payables	268,136	268,135	1	0
3. Payables due to affiliated companies	1,883	1,883	0	0
4. Payables due to companies in which participations are held	54,712	40,400	14,312	0
5. Other liabilities	83,186	79,698	3,488	1,109
TOTAL	496,270	435,837	60,433	3,477

Liabilities	Total As of Dec. 31, 2020	Of which with a residual term of up to 1 year	Of which with a residual term of more than 1 year	Of which with a residual term of more than 5 years
1. Liabilities due to banks	79,125	35,496	43,629	5,678
2. Trade payables	166,499	166,092	407	0
3. Payables due to affiliated companies	1,230	1,230	0	0
4. Payables due to companies in which participations are held	44,561	41,238	3,323	0
5. Other liabilities	70,946	64,863	6,083	2,836
TOTAL	362,361	308,919	53,442	8,514

Independent Auditor's Report

To Diehl Verwaltungs-Stiftung, Nürnberg

Audit Opinions

We have audited the consolidated financial statements of Diehl Verwaltungs-Stiftung, Nürnberg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31st, 2021 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from January 1st to December 31st, 2021 and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of Diehl Verwaltungs-Stiftung for the financial year from January 1st to December 31st, 2021.

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 requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at December 31st, 2021 and of its financial performance for the financial year from January 1st to December 31st, 2021 in compliance with German Legally Required Accounting Principles, and

the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 para 3 sentence 1 of the German Commercial Code, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in ac-

cordance with § 317 of the German Commercial Code 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law, and 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 German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, 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 directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

(Continuation Independent Auditor's Report)

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group 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 group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group 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 group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 of the German Commercial Code 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 group 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 group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions.

- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

München, May 5, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thorsten Dzulko
Wirtschaftsprüfer
(German Public Auditor)

ppa. Harald Hofmeister
Wirtschaftsprüfer
(German Public Auditor)

EXECUTIVE BOARD

Dr. Klaus Richter President of the Executive Board Corporate Section Technology <i>ad interim Corporate Division Aviation</i>	(as of August 1, 2021) (as of March 25, 2022)
Jürgen Reimer Vice President of the Executive Board Corporate Section Finance and Controlling	
Jens Böhlke Corporate Section Human Resources and Social Matters	(as of January 1, 2022)
Dr. Martin Sommer Corporate Section Human Resources and Social Matters	(until December 31, 2021)
Dr. Heinrich Schunk Corporate Division Metall	(until March 31, 2021)
Dieter Landgraf Corporate Division Metall	(as of April 1, 2021)
Carsten Wolff Corporate Division Controls	
Helmut Rauch Corporate Division Defence	
Rainer von Borstel Corporate Division Aviation	(until April 30, 2021)
Josef Köcher Corporate Division Aviation	(as of May 1, 2021 until March 24, 2022)
Dr. Christof Bosbach Corporate Division Metering	

During 2021, the Executive Board regularly informed the Supervisory Board about the course of business, the situation of the Corporate Group, and important individual business transactions. The questions and decisions resulting from this reporting were discussed comprehensively in meetings. The Supervisory Board was especially concerned with the market orientation of the Corporate Group and Corporate Divisions as well as the financial and earnings situation. For these issues, the Supervisory Board again received the Advisory Board's esteemed advice.

The Advisory Board comprises:

Prof. Dr. Nikolaus Schweickart (until May 5, 2022), Chairman,
former Chairman of the ALTANA Kulturstiftung gGmbH and
former Chairman of the Management Board of ALTANA AG,

Dr. Klaus Probst, Vice-Chairman, until May 5, 2022
(Chairman as of May 5, 2022)
former CEO of Leoni AG,
Chairman of the Supervisory Board of Leoni AG,

Herr Dr. Jakob Baer, (Vice-Chairman as of May 5, 2022)
former CEO of KPMG Switzerland, among others,
former Chairman of the Board of Directors
at Stäubli Holding AG,
former Vice Chairman of the Board at Barry Callebaut AG,

Dr. Olaf Berlien,
President and CEO of the INNIO Group,

Dr. Johannes Bußmann,
CEO at Lufthansa Technik AG
Member of the Supervisory Board of DIS AG,

Mr. Karlhermann Jung,
attorney and notary public (ret.).

The Consolidated Financial Statements and the Group Management Report of Diehl Verwaltungs-Stiftung were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and certified without qualification. The Supervisory Board has taken note of the audit result. The Supervisory Board would like to express its thanks to the Advisory Board, the Executive Board, the members of the works councils, and all employees of the Corporate Group for the work performed in the past fiscal year.

For the Supervisory Board

Dr. Herbert Fehrecke
Chairman

Nürnberg, May 05, 2022

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