

# Geratherm<sup>®</sup>

*SOLUTIONS FOR A HEALTHY WORLD*



Annual Report **2021**



## Facts and figures

		31/12/2021	31/12/2020	Change in %
<b>Sales revenues</b>	<b>kEUR</b>	<b>23,940</b>	<b>27,466</b>	<b>- 12.8</b>
of which export share	kEUR	18,719	22,520	- 16.9
Export ratio	%	78	82	- 4.9
Gross profit (EBITDA)	kEUR	2,305	4,347	- 47.0
<b>EBITDA margin</b>	<b>%</b>	<b>9.6</b>	<b>15.8</b>	<b>- 39.2</b>
Amortisation and depreciation	kEUR	- 1,715	- 1,308	31.1
<b>Operating result (EBIT)</b>	<b>kEUR</b>	<b>590</b>	<b>3,039</b>	<b>- 80.6</b>
<b>EBIT margin</b>	<b>%</b>	<b>2.5</b>	<b>11.1</b>	<b>- 77.5</b>
Financial results	kEUR	- 282	- 320	- 11.8
Profit (loss) on ordinary activities	kEUR	308	2,719	- 88.7
<b>Profits of the parent company's shareholders</b>	<b>kEUR</b>	<b>122</b>	<b>2,045</b>	<b>- 94.0</b>
Long-term assets	kEUR	14,948	14,591	2.4
Short-term assets	kEUR	19,612	21,399	- 8.4
Balance sheet total	kEUR	34,560	35,990	- 4.0
Equity capital	kEUR	18,631	19,925	- 6.5
Return on equity	%	0.7	10.3	- 93.6
Equity ratio	%	53.9	55.4	- 2.7
Cash, cash equivalents and securities	kEUR	6,470	10,262	- 37.0
<b>Earnings per share according to IFRS (EPS)*</b>	<b>EUR</b>	<b>0.02</b>	<b>0.41</b>	<b>- 95.1</b>
<b>Earnings per share according to DVFA*</b>	<b>EUR</b>	<b>0.02</b>	<b>0.41</b>	<b>- 95.1</b>
Number of employees (annual average)		226	228	- 6.1
Total shares issued		4,949,999	4,949,999	0.0
* based on total shares issued		4,949,999	4,949,999	0.0

# Overview of highlights

## 2019

Geratherm Medical's sales decreased by -7.0 % to EUR 19.9 million, with an EBIT margin of 5.3 %.

The Warming Systems segment together with LMT Medical and OR Warming Systems weighed on the group result due to the decrease in sales and high approval costs.

Geratherm Respiratory's new production facility was completed at the end of 2019.

The challenges posed by the new European Medical Device Regulation (MDR) are being addressed, tie up capacities and reduce the reported earnings.

## 2020

Strongest growth posted by Geratherm Group to date. The sales increased by +38.4 % to EUR 27.5 million with operating results (EBIT) of EUR 3 million.

Geratherm designated as systemically important company in the coronavirus pandemic.

All product segments show double-digit growth. Respiratory starts production at its new production facility.

Implementing the new European Medical Device Regulation (MDR) continues to tie up staff and slows down momentum of medical technology companies.

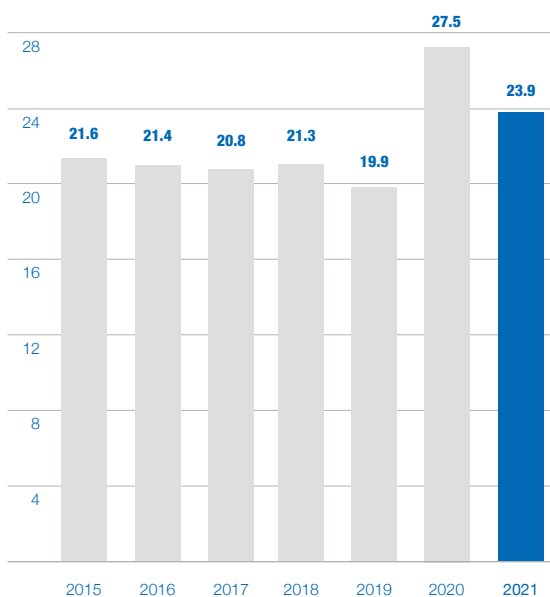
## 2021

After the peak of the pandemic, sales decreased by -12.8% to 23,940 kEUR. EBIT amounted to 590 kEUR.

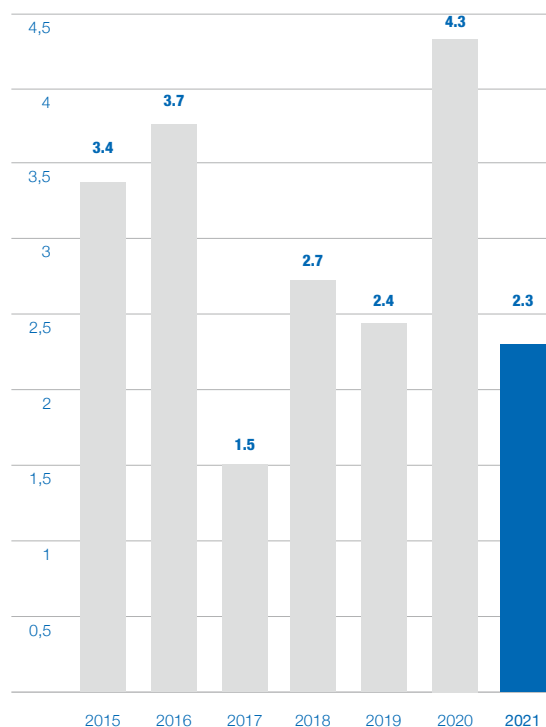
The warming systems for operating rooms and the associated research/development were discontinued at the end of the year.

Geratherm Respiratory and apoplex medical developed very positively. The implementation of the MDR as well as the shortage of skilled workers remain a major challenge.

Extensive investments in automation and capacity expansion are planned for 2022.



**SALES**  
in million EUR

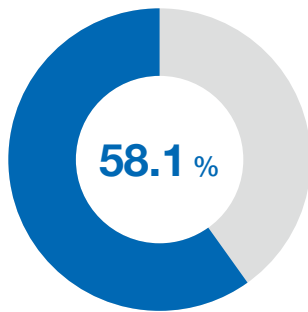


**EBITDA**  
in million EUR

# Geratherm<sup>®</sup>

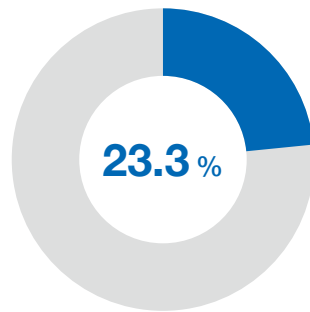
Geratherm Medical AG is an internationally focussed medical technology company with the following business units

## Healthcare Diagnostic



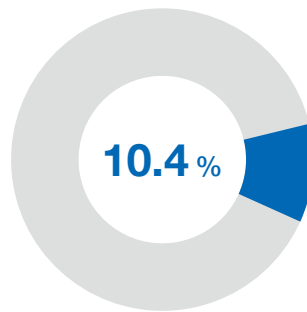
PRODUCTS FOR MEASURING VITAL DATA

## Respiratory



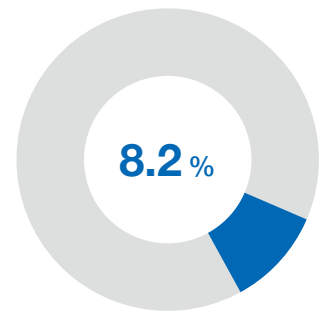
PULMONARY FUNCTION DIAGNOSTICS

## Cardio/Stroke

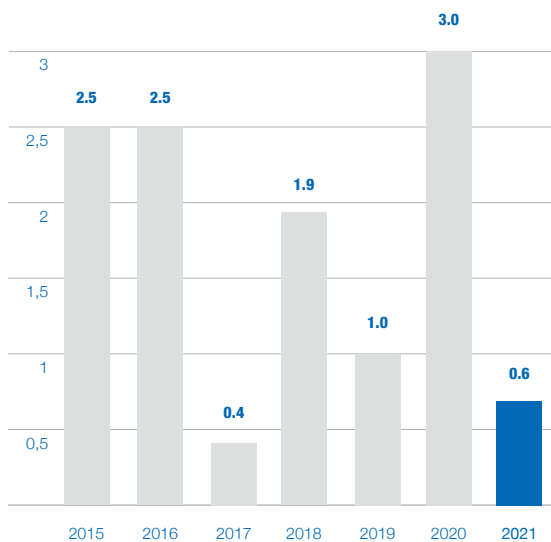


SCREENING OF CARDIAC ARRHYTHMIA

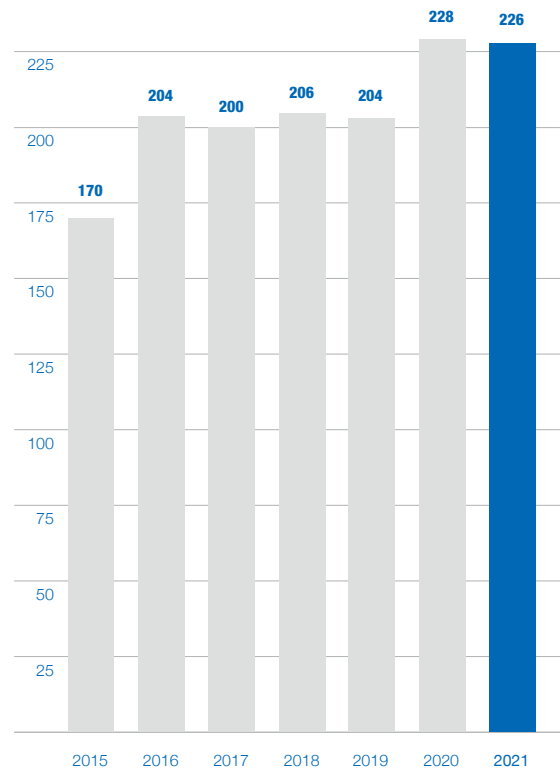
## Medical Warming Systems



MONITORING AND MAINTAINING THE BODY'S TEMPERATURE



EBIT  
in million EUR



STAFF



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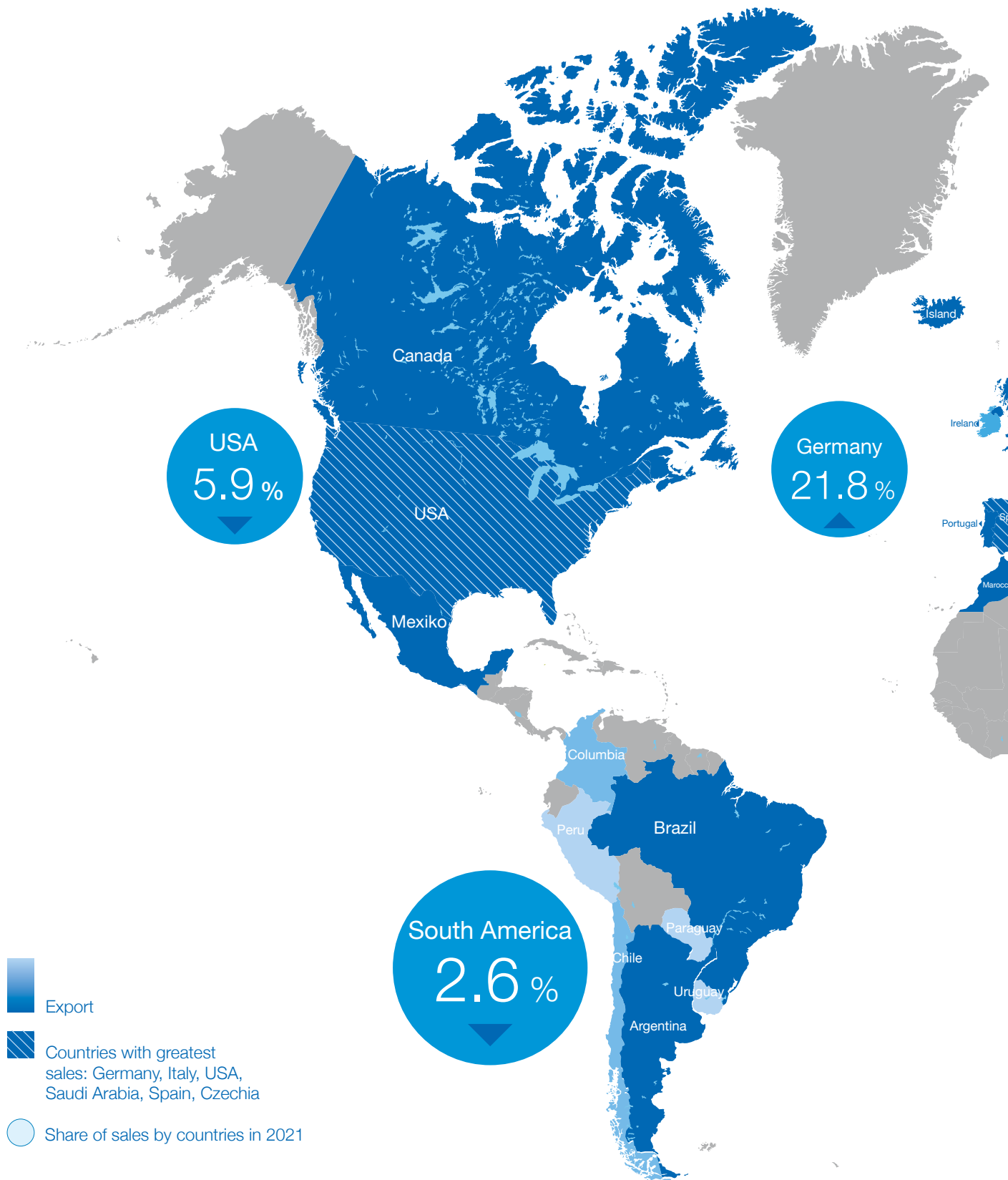
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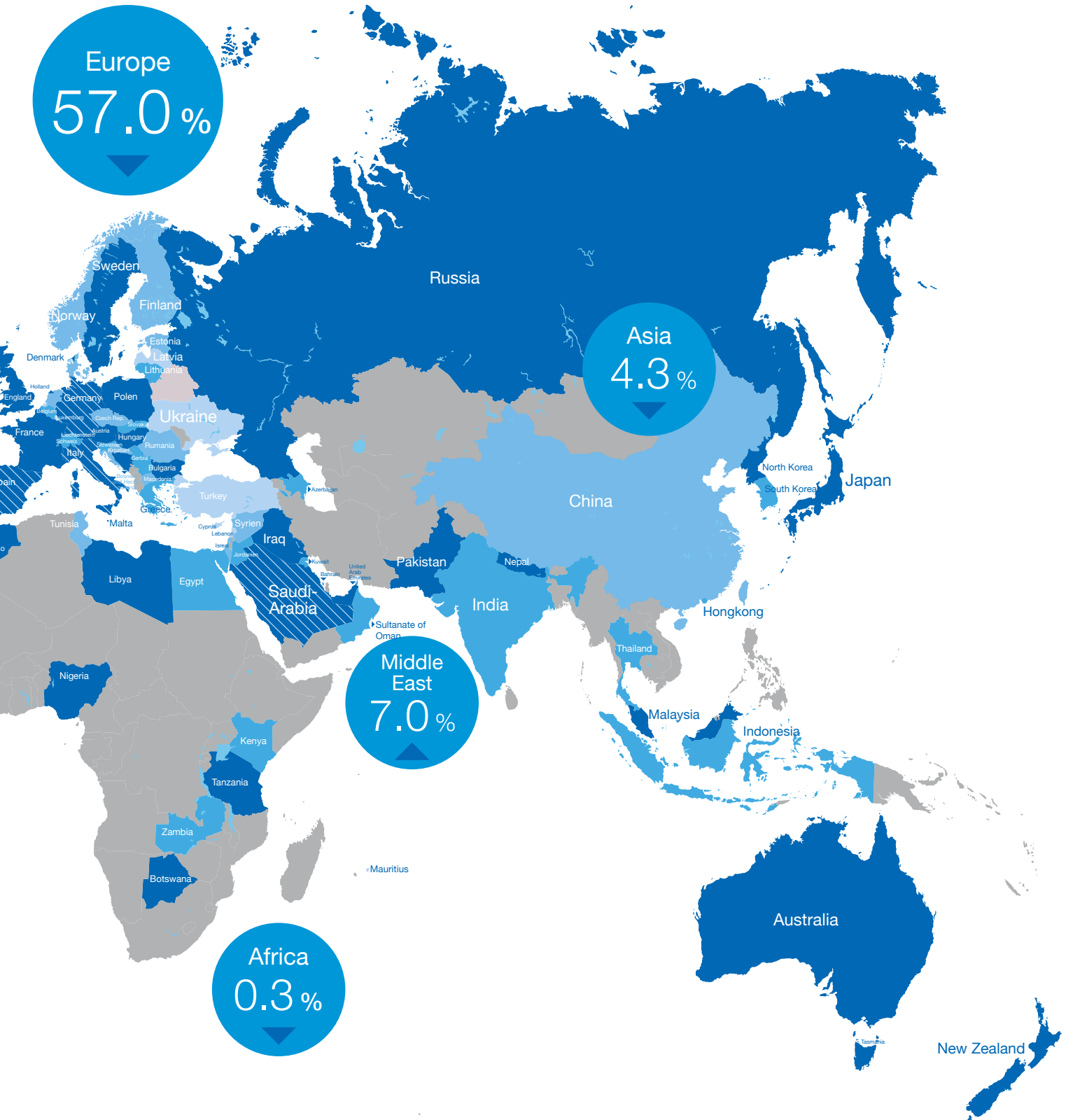
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# Geratherm Medical AG exports products to more than 60 countries









Dr. Gert Frank  
Chairman of the Supervisory Board

# Supervisory Board's Annual Report

Dear Shareholders and Friends of Geratherm,

The supervisory board of Geratherm Medical AG performed its duties as prescribed by law and set out in the company's articles of association as well as regularly monitored and advised the management board while carrying out its duties throughout the 2021 financial year.

The supervisory board was included in all decisions that were to be considered by the management board and were of major importance for the company. It was also regularly informed in writing, orally or by phone about all business-related activities in a timely manner.

The supervisory board carried out monitoring activities, as in past years, on the basis of segment reports for the corporate areas Healthcare Diagnostics, Respiratory, Medical Warming Systems and Cardio/Stroke. The corresponding performance indicators were prepared on a regular basis and provided to the supervisory board. Even outside of meetings, the supervisory board enjoyed a regular exchange of information with the company's management board. It was able to satisfy itself that the company's business activities were being conducted properly.

During its four meetings, the supervisory board focussed in particular on the current situation of the company, its strategic development, the effects of the new EU Medical Device Regulation (MDR) and its operational implementation. In addition, it also discussed investment strategies for the 2021/2022 year, the effects of the COVID pandemic on the company, the personnel situation and changes in the competitive landscape.

The collaboration with the management board was constructive and based on trust. The management board has fulfilled its duties to inform and report in full at all times.

The year-end financial statements of Geratherm Medical AG, which were prepared according to Germany's Commercial Code (HGB), the consolidated financial accounts compiled in accordance with International Financial Reporting Standards (IFRS) and the management report have been checked by the appointed auditor, BDO AG Wirtschaftsprüfungsgesellschaft Erfurt, with consideration given to the accounting for the 2021 fiscal year and issued with an unqualified audit opinion.

The auditor participated virtually in the supervisory board's meeting with regard to the 2021 year-end accounts and consolidated financial statements and reported the significant results of the audit.

The auditor examined the management board's report on relations existing with affiliated companies and confirmed that according to its dutiful audit and assessment the advice of this report is accurate and that the performance of the company was suitable. Following the conclusion of the audit, there are no objections against the statements made by the management board on the relations with affiliated companies. We agree with the results of the audit.

There were no conflicts of interest on part of the members of the management board and supervisory board, which would have required immediate disclosure to the supervisory board.

We checked the year-end financial statements and the consolidated financial accounts including the management reports after presentation of the final reports and have no objections to raise based on the conclusive results of our audit. We have approved the year-end financial statements and the consolidated financial statements prepared by the management board as at 31 December 2021. The financial statements are thus adopted.

For the period from 1 January 2021 to 31 December 2021, the supervisory board consisted of the following members: Rudolf Bröcker (chairman till 11 June 2021), Dr. Gert Frank (new chairman as of 11 June 2021), Bruno Schoch (deputy chairman) and Dirk Isenberg.

We also approved the management board's proposal to use the distributable profit for the year, which pays a dividend of EUR 0,12 per share.

The supervisory board would like to express its gratitude to the management board and each and every employee of all companies in the Geratherm Group for their dedication and hard work during the second year of the Covid pandemic.

Geratal, den 25. April 2022

Dr. Gert Frank  
Chairman of the Supervisory Board



Dipl.-Kfm. Christian Frick  
Chief Executive Officer

# 2021 Consolidation after the Corona hype

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Ladies and Gentlemen,  
dear Shareholders,

The 2021 financial year was a difficult year of consolidation following the very successful "Corona year" of 2020. Internally, we have achieved a lot and secured a good position for our future.

2021 was marked by global supplier problems and bottlenecks in material availability, sharply increased costs in the areas of logistics and personnel as well as dynamically changing market conditions.

In the area of medical diagnostics, we will utilise the consolidation to realise a larger investment and modernisation project towards a more automated laser- and computer-supported production process in 2022.

Geratherm Respiratory GmbH got off to a strong start in 2021, with a large order from B.A.D (Gesundheitsvorsorge und Sicherheitstechnik, health care and safety technology) for EUR 425,000. Towards the end of 2021, another order was placed by a new customer from China. Here, we will supply ergospirometers for more than EUR 600,000 in 2021 and 2022 as an OEM supplier. We see Geratherm Respiratory on a growth path in the field of premium medical products and thus have also leveraged the opportunity in Q2 to expand our stake by an additional 2.31 % to 67.58 %.

The Cardio/Stroke segment with the subsidiary apoplex medical technologies GmbH was also able to show above-average performance with a sales growth of 34.0 %, thus posting a new sales record. apoplex has further expanded its strategic share in EVINIA Spain in the 4th quarter and now holds 57.57 % of company's shares so that the company has been renamed to "apoplex Spain". In Spain, we do expect new business to be as strong as in Germany in 2022. All in all, apoplex has examined more than 100,000 patients for atrial fibrillation with its diagnostic algorithm in 2021. We will also take a chance at apoplex for a further increase of our share by 3.66% to 57.08% in the financial year 2022.

At the beginning of 2022, we decided to discontinue the Warming Systems segment for operating rooms. This decision ends a cost-intensive phase of development that could not be successfully implemented unfortunately. The measure, which weighed on the 2021 result with a special depreciation amounting to EUR 927,000 saves annual expenses in the amount of approx. EUR 400,000 and thus frees up important resources so that we are able to focus on new challenges on the way to becoming a diversified medical technology company.

Dr. Gert Frank transferred to the supervisory board at the end of the annual general meeting on 11 June 2021 and has assumed its chairmanship. Thus, he will continue to be available to the Geratherm Group with his many years of experience. On behalf of our shareholders, customers and employees, I would like to take this opportunity to thank Dr. Frank for his outstanding work at Geratherm Medical AG over the years and look forward to continuing to work with him.

All in all, the Geratherm Group is well positioned with its diversified business units to continue on its growth course in 2022. Our innovative products meet the needs of time.

Yours,



Dipl.-Kfm. Christian Frick  
Chief Executive Officer

# Geratherm Shares

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The capital market experienced some turbulent trends in 2021.

Most indexes closed with gains in spite of the new omicron variant of the corona virus.

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The German Dax managed to post an approx. 16 % increase over the year, concluding the ninth year with a gain in the last ten years. The market was especially affected by the historically low interest rates and the very high liquidity.

The index for European blue chip stocks, Euro-Stoxx-50, showed an approx. 21 % increase.

The US capital market once again posted new highs. The Dow Jones concluded 2021 with a 19.7 % gain. Technology shares also performed exceptionally well. The Nasdaq Composite Index increased by +27.9 %. That was another impressive development in the second COVID year.

The MSCI World Index also closed the year at a substantial plus of 20.5 % over the prior year.

Healthcare shares in Europe and in the US showed opposing trends. The investor demand for healthcare shares in Europe was positive. The European Stoxx Healthcare managed to record a 16.5 % growth in 2021. The Nasdaq Biotec Index showed a considerably weaker development with a minus of 0.4 %.

The German Pharmaceutical and Healthcare shares, which are shown in Dax (Prime Standard Pharma- and Healthcare), declined by 7.6 % compared to the end of the previous year.

The Geratherm share price dropped from EUR 10.90 to EUR 8.21, a decrease of 24.7 %, during the course of the year. Geratherm shares did not benefit from the positive stock market environment.

In 2021, the highest market price posted by Geratherm shares was EUR 12.60, while the lowest price was EUR 8.21.

The trading volume of Geratherm shares on the German stock exchanges was 897,693 shares traded (2020: 1,517,064). The majority of the transactions, amounting to 801,217 shares (2020: 1,328,596), were carried out using the electronic XETRA platform.

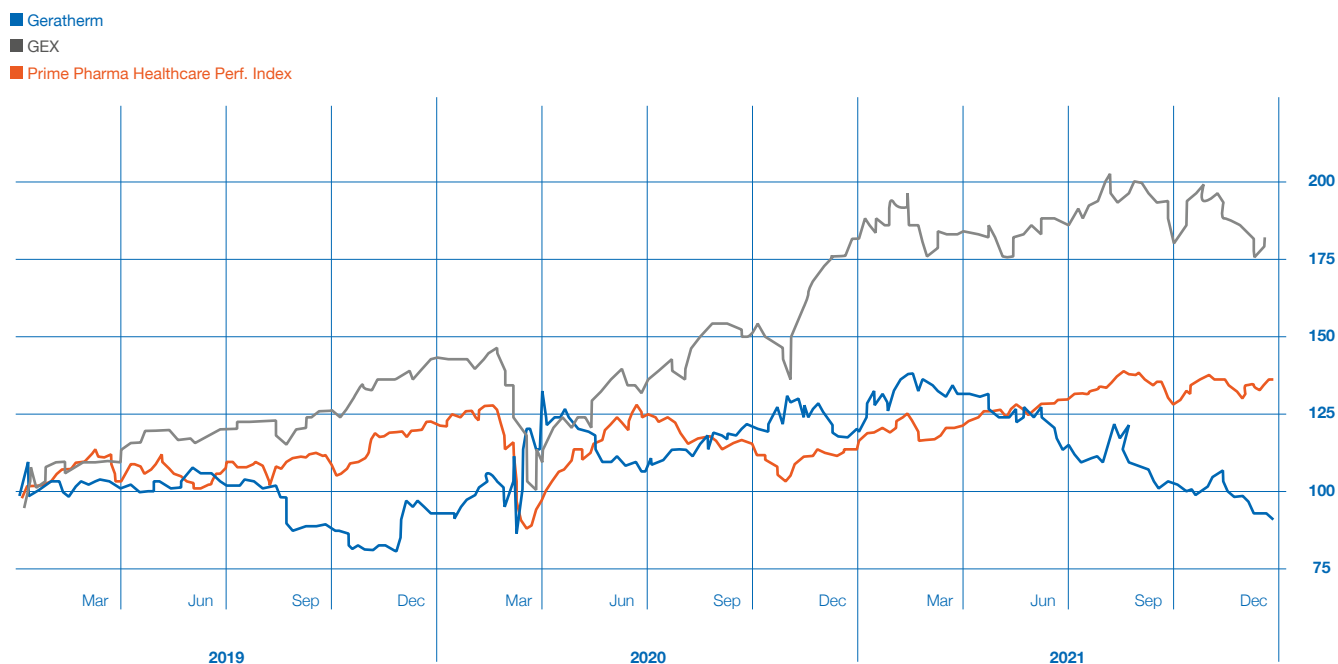
The average daily sales volume stood at 3,649 shares (2020: 6,192 shares). The highest daily sales volume was reported at 46,737 shares (2020: 74,182) of Geratherm Medical.

The shares of the company are listed in the so-called Prime Standard, which represents the highest quality segment of the German stock exchange. Moreover, Geratherm shares are also listed in the German Entrepreneurial Index (GEX).

The above diagram shows how Geratherm shares have developed over the last three years in comparison to GEX and Prime Healthcare Index.

Geratherm Medical enjoys a stable shareholder structure. The issued 4,949,999 shares are held by approx. 2,918 shareholders (2020: 2,968).

## Development of Geratherm shares



Period: 1/1/2019 to 31/12/2021

Main shareholder in 2021 were GMF Capital, Frankfurt, with 41.84 %. The company is not aware of any additional holdings exceeding 3 %. The portion of freely floating shares is thus 58.16 %.

Geratherm Medical attaches great importance on ensuring up-to-date and transparent financial communication.

Geratherm participated in the virtual fall investor conference of the Equity Forum held on 17 May 2021.

Besides seeking constant dialogue with potential investors and attending the capital market conferences, the company prepares an in-depth annual report and publishes information about current business development within the framework of quarterly reports.





## OPERATIONAL PRODUCT AREAS

Healthcare Diagnostic	<b>18</b>
Respiratory	<b>20</b>
Medical Warming Systems	<b>22</b>
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# Healthcare Diagnostic

## International demand for Geratherm products has normalised

In the Healthcare Diagnostic business unit, we produce primarily medical products for end consumers, which are marketed internationally in pharmacies and in part in hospitals and clinics. The main products include clinical thermometers, blood pressure monitors and women's healthcare products. The Geratherm brand enjoys a high degree of recognition internationally in this product segment and stands primarily for ecological and sustainable products thanks to the use of our mercury substitute "Galinstan".

### Clinical thermometers

Geratherm has a long-standing tradition in the production of clinical thermometers. We have been manufacturing mercury-free clinical thermometers at our plant in Geratal, Thuringia for more than 25 years. The patented mercury substitute developed by Geratherm Medical is used in the production of analog clinical thermometers. As a result, we are making an important contribution to reducing mercury pollution in the environment. Geratherm boasts in the meantime a very solid international market position which can be attributed to the development of this innovation.

We possess a high level of vertical integration when it comes to our analog thermometer with gallium filling, thus controlling the entire production process from sand as input material and medical capillary production through to the final end product, the clinical thermometer. This means that the entire value-added process for this product group is covered in house.

The international demand for clinical thermometers has normalised due to market saturation from the high demand during the pandemic, resulting in a drop in demand to pre-pandemic levels.

The share of sales of our environmentally friendly analog clinical thermometers decreased to 37.2 % (2020: 40.9 %). During the 2021 financial year, we posted a decline in sales of EUR 2.3 million, a minus of 20.8 %.

At our location in Geratal, we produce, among other things, medical glass capillaries and glass dosing systems for liquid medications for clinical use. As in the previous year, the demand for special glass drinking straws for the hotel industry was of secondary importance due to corona virus pandemic.

In addition to the analog clinical glass thermometers, we also market digital clinical thermometers to round out the product group. Sales has decreased to EUR 1.8 million after a healthy 2021.

The top-selling digital thermometer in 2021 was our "non contact" thermometer posting sales of EUR 0.6 million (2020: EUR 1.5 million).

The clinical thermometer product group accounts for 44.8 % of the company's entire sales (2020: 55.0 %). In 2021, Geratherm sold a total of 4.9 million clinical thermometers (2020: 6.8 million).

### Blood pressure monitors

Under the Geratherm brand name, we offer a variety of products for measuring blood pressure via the same sales channels. Sales focuses primarily on upper arm blood pressure monitors. The sales volume of blood pressure monitors was significantly higher with a total of 99,678 units (2020: 69,868) in the 2021 financial year.

Blood pressure monitors represent 10.7 % of the Healthcare Diagnostic segment and 6.2 % of the Geratherm Group's overall sales.

### Women's Health

In the "Women's Health" product segment, we sell diagnostic self-test products for women.

That includes pregnancy tests, diverse ovulation test solutions, chlamydia tests, urinary tract infection and pH test kits. The products are marketed internationally under the Geratherm brand name. This in-vitro diagnostic product group is subject to considerably more stringent monitoring requirements. The top-selling product in Women's Health is our Early Detect pregnancy test, with a share of 54.5 % (2020: 53.5 %).

The Healthcare Diagnostic segment has to accept a decrease in sales of EUR 4.5 million, a 24.3 % drop, across all product areas in 2021. That said, we were still 6.1 % higher than prior to the corona virus pandemic.

The products of Geratherm Medical have been making an important contribution to fighting the pandemic.



# Respiratory

The Respiratory segment develops and manufactures products specifically for pulmonary and cardiopulmonary function diagnostics

Geratherm products for cardiopulmonary applications are developed, produced and marketed internationally at the Bad Kissingen location. Together with the proprietary "BLUE CHERRY" software platform, we offer a powerful system solution for cardiopulmonary functional diagnostics.

## Spirometry

The USB-based "Spirostik" or the bluetooth "Spirostik Blue" spirometer is used for the small lung function, which is used, e.g., in general medicine, occupational medicine or allergology. The devices utilise disposable sensors that prevent contamination between patients. To prevent the distribution of aerosols in the examination room, "Spirostik Blue" can also be used with an additional bacteria / virus filter.

## PFT – Pulmonary Function Testing

With "Bodystik", Geratherm Respiratory offers a comfortable body plethysmograph for large lung function in pneumology practices and clinics. Measuring the diffusivity of the lung (transfer of oxygen from the lung to the blood) can be implemented either as an independent product "Diffustik" or as an extension to the "Bodystik". Since a Covid-19 infection reduces the lung volume and the diffusion capacity deteriorates, these products are especially suited for post-/long Covid diagnostics.

## CPET – Cardiopulmonary Exercise Testing

The product range is completed by the "Ergostik" spiroergometer. This is used to determine cardiopulmonary performance in many areas. Spiroergometry provides a wide variety of information about the condition of the cardiovascular system. The range of applications thus extends from a preoperative assessment and cardiological and pulmonological diagnostics through to performance diagnostics in sports.

A positive factor in 2021 was the large order for 500 spirometers from B.A.D (Gesundheitsvorsorge und Sicherheitstechnik, health care and safety technology), which were successfully installed. That also includes a major order from China for 100 spiroergometry systems, of which 50 have been delivered in 2021 and another 50 will be delivered by mid-2022.

Plenty of time and work also went into fulfilling the requirements of European Medical Device Regulation (MDR) in 2021. For instance, we not only implemented new process and organisation requirements but also revised product documentation in order to be able to continue these products under MDR at the end of the transition period in mid-2023. This task will also be pursued in 2022 and will continue to tie up resources.

Our development department is currently working intensively on second generation devices for our product range. This first product to be introduced in 2022 is the "Ambistik CPET", which also measures the CO<sub>2</sub> content in addition to environmental conditions, which are important for lung function, such as temperature, air pressure and humidity. This will be the first product with the new housing design, which additionally underscores our claim to premium products for the professional market. The "Ergostik Blueflow" will also be launched in 2022, which is intended for use with disposable flow sensors and thus offers an outstanding hygiene concept.

For 2022, we do expect sales to continue to increase as a result of existing orders, both from the large order from China and from the supply bottleneck for "Bodystik", in conjunction with the completion of the registration for "Ergostik" in Russia and a generally better market penetration. In addition to that, the increased demand caused by post-/long-Covid treatment shall also contribute to this.



# Medical Warming Systems

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In this product segment, Geratherm focusses on the development, production and distribution of MRI-compatible incubators for premature and newborn infants via its subsidiary LMT Medical

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Geratherm Medical has decided to discontinue Medical Warming Blankets for operating rooms as well as the related research and development. The current market situation and market prospects for the product do not reflect the related expenses for certification under MDR.

As of 31 December 2021, extraordinary one-time write-offs in the amount of 927 kEUR have been incurred, which will offset the annual savings, in particular for R&D expenses and certifications, in the amount of approx. 400 kEUR. There have been no noteworthy decreases in sales in this segment as a result of recertification that has been taking place for three years.

According to the company, this measure should ensure that it is well positioned for the future.

We will still handle warranty claims and service cases during the concluded contractual periods in order to offer our customers the best possible support.

## LMT

Incubators that are suited for use in magnetic resonance imaging (MRI) are developed at the Lübeck location and marketed internationally under the LMT brand. With LMT's Incubator System nomag® IC, premature and newborn infants can be examined directly in the MRI in order to diagnose any possible brain or organ damage. This is currently an internationally unique solution.

The recertification of the MR coils under MDR has been successfully carried out and in England we have installed the first systems for animal examinations in MRT.

In 2021, we delivered six systems, including the first one with new approval for Mexico.

The last quarter of 2021 and the beginning of 2022 have been characterised by a healthy level of incoming orders from Europe and the US. This means that our production capacity is already booked well beyond the summer.

Material procurement and delivery delays will remain, however, challenging for the current year. The delivery times are sometimes 6 to 12 months. We are currently introducing a new ERP system and are shifting production to external partners. By doing so, we hope to offset the staffing shortage in the second quarter and to become more efficient in our processes.

We currently have an order volume of 10 systems with approx. EUR 2.4 million. The market launch of the second generation of the nomag MR diagnostic incubator two years ago can be described as successful. We see a strong demand for replacements in clinics and hospitals as well as from new customers and expect approx. 5 to 10 additional orders this year. The various "competitive products" from Sree Medical USA, Aspekt Imaging Israel and Neoscan solutions Magdeburg, some of which are new, did not affect our business performance during the past year.

We are negotiating with Siemens for the current MR interface that shall allow us to develop new multi-channel coils for cardiac, head and pediatric examinations. During the second half of 2022, we will expand the MR coils for premature and newborn infants to include the Pediatric MR coils product segment.

To date, more than 100 LMT Medical systems have been deployed for diagnosis of premature infants in children's hospitals around the world.



# Cardio/Stroke

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Certification according to DIN ISO 13485 was successfully obtained in 2021

Further increase in the stake in EVINA Spain to 57.57 %

Considerable customer growth expected in 2022

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apoplex medical technologies has developed an algorithm for identifying the presence of paroxysmal (occasional) atrial fibrillation episodes with great precision by evaluating ECG records. The SRAclinic product impresses with a sensitivity of 97 % for 100 % specificity in daily clinical use. The safety for stroke patients is thus increased significantly, thereby shortening their length of stay in a stroke unit considerably. The use of apoplex's SRAclinic product supports the digitalisation strategy that clinics have.

The algorithm-based analysis of ECG data relies on a mathematical procedure that interprets changes in heart rate dynamics, which are associated with the onset of atrial fibrillation.

Business developed very favorably in 2021, recording a new sales record for apoplex medical technologies GmbH with a 34.0 % growth in sales totalling EUR 2.5 million.

The pandemic did continue to have a negative impact on the company in 2021: Sales activities could not be carried out as usual and the realisation of new orders was also characterised by significant obstacles and delays.

In 2021, a total of 176 hospitals utilised the services of apoplex medical technologies. The number of patients examined increased by 27,430 patients compared to the prior year to a total of 104,800 patients in 2021.

In February 2021, apoplex medical technologies GmbH successfully obtained the certification according to DIN ISO 13485. This means that the requirements for medical products, which have to be developed in accordance with the new MDR, have been met. While this certification did involve great personnel and financial expenditure, it forms the basis for safeguarding the company's future.

In cooperation with the Telekom, our diagnostic support service was put into operation as the first medical application of the Telekom Healthcare Cloud in May of 2021. All requirements relating to data privacy, data security and system stability, which are required, e.g., by Germany's Federal Office for Information Security (BSI), are fulfilled with this cloud solution. All existing and new customers are currently being transferred to the cloud environment. The company hopes that this step will generate an even greater customer acceptance.

In October 2021, apoplex medical technologies GmbH acquired a majority stake in EVINA Spain and currently holds 57.57 % of the company's shares. This company has been very closely linked to apoplex medical technologies GmbH since 2016 and has carried out a study with SRA® service at eight hospitals in Catalonia up till 2019. The successful completion of this study forms the basis for the reimbursement of costs by the government. In the meantime, corresponding contracts have been formed for the regions of Catalonia and Andalusia. apoplex medical technologies GmbH expects about 30 new customers in the clinical sector, who will utilise the SRA® service, in Spain in 2022.

Geratherm Medical holds a 5.79 % (2020: 5.79 %) stake in protembis, a company that offers solutions to reduce the risk of strokes by filtering micro-particles during heart valve operations so that they do not travel to the brain and trigger a stroke.

Since the founding of the company, in which Geratherm Medical has a participating interest, further large financing rounds took place, including, among others, the US-based medical technology group Abiomed. The company protembis is showing very promising development.







## GROUP MANAGEMENT REPORT

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# A. BASIS OF GERATHERM MEDICAL GROUP

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## 1. Business model of the Group

The Geratherm Medical Group, hereinafter called Geratherm or Geratherm Medical, is an internationally focused medical technology company with the following business units

- **Healthcare Diagnostic,**
- **Respiratory,**
- **Cardio/Stroke and**
- **Medical Warming Systems.**

The individual business units serve different markets and thus are managed independently at their own locations as well.

**Healthcare Diagnostic** is currently the largest business unit with a 58.1 % share of sales. The focus is here on products for measuring body temperature. Geratherm has a long-standing tradition in this segment and thus offers a wide range of products for measuring the body's temperature, which for the most part distinguish our company from the competition. This segment's main product, which accounts for 37.1 % share of sales, is an environmentally friendly and mercury-free clinical thermometer that is produced at the Geratal plant in Thuringia. Geratherm controls all essential components of the production process. The company's flagship product has a high level of vertical integration. Geratherm is a global leader on the market for mercury-free clinical glass thermometer.

**Geratherm Respiratory** develops, produces and distributes products for testing pulmonary function at the location in Bad Kissingen.

In the **Cardio/Stroke** segment, Geratherm is represented in the field of cardiology by the subsidiary apoplex medical technologies, which focuses on the promising market of cardiac arrhythmia. The SRAclinic product offers solutions for detecting atrial fibrillation in order to prevent a stroke and is currently used in more than 160 hospitals and clinics on a daily basis.

In the **Medical Warming Systems** segment, we offer our customers MRI-compatible incubators for preterm babies. The product solutions are developed, produced and distributed world-wide by our subsidiary LMT Medical at its location in Lübeck. LMT is becoming a global leader on the developing market for preterm baby examinations.

All the business segments, in which Geratherm operates, have long-term growth prospects. The export ratio is above-average across all business units compared to the competition. This is a testament to the quality and usefulness of the medical products manufactured by Geratherm.

Geratherm Medical's long-term objective is to focus on premium medical products. Geratherm's overall strategy is to establish for the future good distinguishing characteristics with highly innovative products that are associated with complex regulatory hurdles in order to allow us to hold our own in competition with significant product advantages.

Significant changes in the business model compared to the prior year have occurred only in the Medical Warming Systems segment for operating rooms. This business segment was discontinued on 31 December 2021. Due to the ongoing recertification, no noteworthy sales losses are to be expected here.

<sup>1</sup> <https://www.bvmed.de/de/branche/aussenwirtschaft/export>

## 2. Research and development

The research and development activities of Geratherm are based on medium to long-term objectives.

The segments apoplex medical and Respiratory currently have the greatest expenditure in terms of development services. At apoplex medical, this essentially involves extensions to its product portfolio for early detection of atrial fibrillation. In this context, more and more artificial intelligence systems (AI) are being integrated. A large part of the staff at apoplex medical are involved in research and development.

Geratherm Respiratory is currently carrying out various studies and joint research projects together with universities for a variety of topics in the field of early detection of vital data.

The research and development expenditure in 2021 amounted to EUR 1.370 million (2020: EUR 1.753 million). Development costs in the amount of 563 kEUR (2020: 909 kEUR) were capitalised in 2021. Based on that, the capitalisation ratio was 41.12 % (2020: 51.86 %).

# B. ECONOMIC REPORT

## 1. Overall economic factors

### Overall economic factors

Geratherm Medical's sales markets are primarily international; as a result, the underlying macroeconomic conditions have a significant impact on the company's development. Due to the company's product portfolio, Geratherm was designated as a "systemically important" company during the coronavirus pandemic.

There was a significant decline in economic performance world-wide, which still continued in 2021. Geratherm Medical could not completely decouple itself from this overall negative macroeconomic trend. Although we were able to generate good results, which were 20.6 % above the reference year 2019, we were not able to maintain the sales recorded in 2020, which was exceptional.

The partial lockdowns, which were implemented to stem the coronavirus pandemic, had resulted in a significant reduction in business activities world-wide. Economic output dropped around the globe. The standstill resulted especially in considerable shortages with sub-products from component suppliers. Deliveries from Asia in particular were in part disrupted and long delivery periods are still prevalent to this day.

Geratherm's sales areas are international, focussing on emerging markets that have a great deal of catching up to do in medical technology. In 2021 the demand for clinical thermometers of any kind had dropped considerably. Fortunately, the drop in demand could be partially offset with a healthy increase in the demand for blood pressure monitors. We are well-prepared and have secured enough stock to be able to fulfil currently all of our customers' requests for the most part without being affected by limited transport capacities.

Geratherm Medical has in part different underlying conditions at its four locations in Germany and is also active in different markets. One thing that all sub-segments have in common is that the requirements on approval and maintenance of medical products have increased tremendously in the past few years. In addition to the significantly higher level of costs, this means obtaining appropriate specialists for the company. With the current underlying economic conditions, this remains a challenge in order to be able to highlight the increasing complexity of tasks and the company's growth.

The medical technology market is subject to medium and long-term cycles and thus is less affected by short-term fluctuations in economic conditions.

#### Outlook:

Based on the current underlying conditions, we expect economic growth to slow down considerably in 2022. Contributing factors include vaccine-resistant COVID variants, supply chain disruptions, rising inflation, slower growth in China and geopolitical tensions. The war between Russian and Ukraine, which started at the end of February 2022, has further amplified the tense situation world-wide. Inflation reaches new highs almost every month. Energy prices, a major cost driver for Geratherm, are rising to unprecedented heights. Therefore, it is not possible to reliably predict further development, since there are too many external influencing factors and the economic research institutes are regularly revising their forecasts.

### Industry related factors

The medical technology market enjoys an international outlook and is a growth market with a high rate of innovation. German companies profit from their innovative products and good reputation based on a continuing high foreign demand.

Apart from large medical technology groups (ten leading international MedTec companies generate approx. 37 % of the overall sales in the industry), the industry is distinguished by medium-sized companies and is for the most part resistant to economic trends.

In the past few years, the medical technology industry has experienced a continuous growth thanks to the demographic development and growth taking place in developing countries.

In the medical technology field, German companies profit from their innovative products and good reputation based on a continuing high foreign demand.

Due to the global structure of the market, there is increasing competition and cost pressure, linked with stricter regulatory requirements such as the EU's MDR. The growing digitalisation in the industry is also leading to profound transformation processes. These developments are accelerating the consolidation process in the medical technology industry.

The global medical technology market continues to enjoy a solid growth outlook. This should grow to USD 595 billion by 2024.

German medium-sized companies have to compete with innovative, mostly niche products, with large conglomerates in Germany and abroad. The export share of German medical technology companies remains unchanged at approx. 66 %.

The largest market for medical technology is North America, which accounts for approx. 39 % of world market. Europe represents the second largest market with a global market share of approx. 27 %. The Asian market accounts for approx. 26 %. The German market for medical technology represents approx. 7 % of the world market.

Technology and M&A trends in the medical technology market include artificial intelligence, especially in imaging diagnostics and big data, in order to accelerate analyses and support decisions. Sensors are increasingly playing an important role in medical technology with regard to generating vital data and making medical devices safer and more capable. Based on patient-specific data, more and more medical products are being developed with patient-specific applications. E-health and telemedical solutions enable medical care to be provided digitally.

On the medical technology market, the new EU Medical Device Regulation (MDR) is mandatory as of 26 May 2021. All medical devices that are currently marketable must be certified again. This currently represents one of the greatest challenges for companies in the medical technology sector.

Company certification and the approval of medical products will be significantly more comprehensive and cost-intensive than in the past. All medical technology companies are expected to assume enormous expenditure in terms of human resources, finances and bureaucracy.

As a result, the range of products will have to be reduced as well. The period for a successful launch of medical products on the market will be clearly longer. A critical company size and easy access to financing options will become increasingly important.

The described industry-specific conditions also apply to Geratherm Medical. We must accept these challenges.

## 2. Financial and non-financial performance indicators

Geratherm utilises a variety of key performance indicators for guiding the company towards its goals. In the finance-related sector, the key performance figures correspond with those used to manage the segments. The central objectives growth and profitability are tied to the performance indicators sales and earnings before interests and taxes (EBIT). And product sales and export share are used as the performance indicators for non-financial factors. Moreover, the performance indicators equity-to-assets ratio and liquidity are useful for capital management and total cost profitability of funds tied in the individual business segments. These performance indicators are consulted in the following sections on Business trend and Situation.

## 3. Business trend

### General overview

In the 2021 financial year, Geratherm showed a decent business performance on the whole, which was negatively affected by high expenditure for certification and by the decision to discontinue the Medical Warming Systems business segment. In spite of a certain normalisation of market demand and saturation, sales were able to increase by 20.6 % over 2019 or pre-corona times.

The result from ordinary business activities decreased to 308 kEUR due to one-off factors compared to the prior year. Despite the ongoing problems involving the possibility to go hospitals or clinics for appointments, Respiratory managed to boost sales by +15.6 %. The Cardio/Stroke segment managed to increase sales the most by +34.0 %. The Medical Warming Systems segment, essentially LMT Medical, posted lower sales by 18.5 % compared to the strong previous year.

All in all, we had to record a -12.8 % drop in the consolidated sales to EUR 23.9 million during the course of the 2021 business year, which was below our expectations. The sales was still clearly over the sales posted in in 2019 with approx. EUR 19.9 million. The Diagnostics core business had to report a -24.3 % drop in sales. The demand in particular for clinical thermometers was very sluggish and fortunately could be offset somewhat by the need for blood pressure monitors. Some market saturation was noticeable. The subsidiaries, especially apoplex medical, were able to make a stabilising contribution to the result this year. The extraordinary charges for warming systems and certifications clearly weighed on the results after taxes with 122 kEUR (2020: EUR 2.045 million). This corresponds to an earnings of EUR 0.02 per share (2020: EUR 0.41).

In 2021, the gross margin on sales was 78.7 % (2020: 66.7 %).

The gross profit EBITDA on a group basis decreased by -47.0 % to EUR 2.305 million (2020: EUR 4.347 million). The EBITDA margin decreased to +9.6 % (2020: 15.8 %). The EBIT operating result amounted to 590 kEUR (2020: 3.039 kEUR) and was thus below planning. The EBITDA margin was 2.5 % (2020: 11.1 %) and was thus

below our expectations. With this result, we fell below our medium-term target performance of 10 %. Without the special effect from discontinuing the production of warming blankets for operating rooms in the amount of 927 kEUR (2020: 0 kEUR), the operating result would be EUR 1.517 million (EBIT margin 6.3 %).

The reasons for these deviations are, in addition to the negative impact on earnings reported by the Medical Warming Systems segment, in particular with the discontinuation of the medical warming systems for operating rooms as well as expenses for regulatory requirements and above-average personnel expenses in the Group and especially at the Geratal location.

To be able to meet the challenges of the market in the future as well, we will be investing extensively in modernising and automating our thermometer production in Thuringia in 2022, in order to compensate for increasing cost burden.

The Geratherm Medical group has a stable financial position.

The liquid assets including the securities held amount to EUR 6.470 million (2020: EUR 10.262 million) and are within the target values.

Based on the current situation, we expect that business will continue to show stable development in 2022. The demand for Geratherm products is still strong. The current production capacities for clinical thermometers are still working at full capacity. There is also a strong demand for pulmonary function measuring devices and other products of the Geratherm Group.

## SALES DEVELOPMENT BY SEGMENTS (in kEUR)

	2020	2021	Change
Healthcare Diagnostic	18,369	13,911	-24.3 %
Respiratory	4,818	5,570	+15.6 %
Medical warming systems	2,427	1,978	-18.5 %
Cardio/Stroke	1,852	2,481	+34.0 %
<b>Total</b>	<b>27,466</b>	<b>23,940</b>	<b>-12.8 %</b>

### Healthcare Diagnostic

In the Healthcare Diagnostic segment, we market medical products like clinical thermometers, blood pressure monitors and women's healthcare products, which are geared primarily to the end consumers and are sold via pharmacies/drugstores in Germany and abroad. The segment's products are produced and marketed at the Geschwenda location in Thuringia. There are a total 148 people (2020: 147) employed in this segment. The segment accounts for 58.1 % (2020: 66.9 %) of the Group's consolidated sales. This has once again decreased the dependence on thermometer business and has proven that the decision to diversify the Group was correct.

All in all, we posted a 24.3 % drop in sales in the Healthcare Diagnostic segment in 2021. The decrease in sales is due to a world-wide saturation of the market with clinical thermometers following the extreme demand in the corona year of 2020.



The top-selling product in our Healthcare Diagnostic segment is the analog clinical glass thermometer, which does not use mercury but rather our proprietary metal alloy based on gallium. Gallium-filled clinical glass thermometers account for 37.2 % (2020: 40.9 %) share of the Group sales. The product showed a -20.8 % decrease in sales in 2021. Infrared thermometers, which had a strong demand in 2020, also experienced a -63.9 % drop in demand while digital thermometers declined by -43.5 %. The sales of blood pressure monitors saw the opposite, posting a +27.5 % growth in sales. The Woman Health product group showed a -12.9 % decrease in sales.

Posting sales of EUR 13.9 million (2020: EUR 18.4 million), the segment reported earnings on a prior-to-consolidation EBIT basis of EUR 1.043 million (2020: EUR 2.841 million). The EBIT margin of the Healthcare Diagnostic segment amounted to 6.7 % (2020: 14.1 %).

We are anticipating for 2022 that the Healthcare Diagnostic segment will continue to enjoy a stable development.

## Respiratory

In the Respiratory segment we focus on the development, production and marketing of products designed for cardiopulmonary function diagnostics. The activities of this business segment are concentrated at the location in Bad Kissingen. The Steinbach-Hallenberg location is also integrated at the individual segment level and produces primarily disposable products for monitoring pulmonary function. A total of 40 people are employed in this segment,

Respiratory generates sales of EUR 5.570 million in 2021 (2020: EUR 4.818 million). The growth of +15.6 % did correspond with our planning estimates. The possibility of visiting hospitals or clinics was still very limited on an international level.

Respiratory represents a 23.3 % share of the Group's overall sales (2020: 17.5 %).

The operating result (EBIT) for Geratherm Respiratory was 356 kEUR prior to consolidation (2020: 121 kEUR). That corresponds to an EBIT margin of 6.6 % (2020: 2.6 %). The export rate accounts for 78.1 %. The higher earnings can be attributed to the successful implementation of price increases and the acquisition of a major order from Betriebsärztlicher Dienst and a new customer from China.

Promising product developments are currently in the pipeline in the Respiratory segment. Product approvals for larger markets, such as Russia were granted at the beginning of 2022.

For 2022, we anticipate further business growth.

## Medical Warming Systems

In the Medical Warming Systems segment Geratherm offers products that are designed to maintain the body's temperature. Segment sales also include the activities of the subsidiary LMT Medical, Lübeck, Germany. LMT Medical develops, produces and distributes internationally MRI-compatible incubators for preterm babies.

In consultation between the supervisory board and the management board, Geratherm Medical AG has decided to discontinue Medical Warming Blankets for operating rooms as well as the related research and development. The current market situation and market prospects for the product do not reflect the related expenses for certification under MDR.

In the 2021 financial year, Medical Warming Systems segment recorded, in contrast to the prior year, a significant one-off loss due to irregular write-downs, which could not be offset by LMT Medical's good business development. Segment sales decreased to EUR 1.978 million (2020: EUR 2.427 million).

LMT's sales reduced to EUR 1.717 million (2020: EUR 2.299 million), with an EBIT margin of 12.8 %. After interest and taxes, a consolidated result of 209 kEUR (2020: 218 kEUR) was posted.

In 2021, we were able to deliver newly licenced systems to Mexico for the first time. The MR coils were also successfully re-certified under MDR. In England, the first system for MRI examination of animals were installed. A good level of orders received already guarantees us a capacity utilisation well into the second half of 2022.

This segment currently has 20 employees. The export rate accounts for 94.0 %.

## Cardio/Stroke

In the Cardio/Stroke segment, we offer products that are designed to detect atrial fibrillation. The generated information/data is crucial for stroke prevention. apoplex' SRAclinic product for stroke risk analysis is the first practical screening process for paroxysmal atrial fibrillation. The product solution is available in versions for specialised stroke units located in hospitals and for use in doctors' offices. The business activities of the Cardio/Stroke division are concentrated at the Pirmasens location, where newly rented premises were moved into in 2021, which will allow further growth. It currently has 21 employees.

The Cardio/Stroke segment is still in a growth phase. It managed to conclude 2021 with a 34.0 % increase in sales. Posting sales of EUR 2.481 million, the segment achieved a consolidated EBIT of 319 kEUR (2020: 310 kEUR). The share of total sales of the Geratherm Group amounts to 10.4 %.

In 2021, we managed to successfully connect more clinics and hospitals to apoplex medical's system. All in all, 176 stroke centers rely on the analytical system of apoplex medical. We further expanded our internationalisation strategy in 2021 and thus increased our stake in apoplex medical technologies Spain SL (formerly EVINA Spain) to 57.57 %. In Spain alone, we expect to gain more than 30 new hospitals and clinics as customers in the new year. The cooperation entered into with Telekom Healthcare Cloud in May 2021 has also been very favourable.

We are again anticipating a significant double-digit growth in sales for 2022.

## SALES DEVELOPMENT BY REGIONS (in kEUR)

	2020	2021	Change
Europe	16,411	13,649	-16.8 %
Germany	4,946	5,221	+5.6 %
USA	2,163	1,401	-35.2 %
Middle East	1,003	1,667	+66.2 %
South America	1,003	621	-38.1 %
Other	1,940	1,381	-28.8 %
<b>Total</b>	<b>27,466</b>	<b>23,940</b>	<b>-12.8 %</b>

Geratherm Medical's business activities are international. 78.2 % of Geratherm's products are exported (2020: 82.0 %), which corresponds to the export quota based on the prior year's expectations. Our products are sold in more than 60 countries. Main markets outside of Germany are Europe, the U.S., South America and Middle East.

On the whole, sales in the amount of EUR 23.9 million were generated in 2021. The high and steady export share reflects the continued competitiveness of Geratherm's products on the international market.

The euro zone outside of Germany is Geratherm's largest sales market, whereas the Italian market dominates here. The European market accounts for EUR 13.6 million which corresponds to 57.0 % of the total sales of the Geratherm Group.

While the sales of Geratherm products in Europe posted a -16.8 % decline in sales for the 2021 financial year, this was still above the results for year prior to the pandemic.

The sales volume of Geratherm products on the German market was also favourable. On the whole, the turnover here grew by +5.6 % to EUR 5.2 million. Domestic sales volume accounts for 21.8 % of the Geratherm Group's total sales.

While the sales on the U.S. Market did decline in 2021 following the pandemic year of 2020, it was still approx. 27.0 % over the sales figure posted in 2019. The share of sales on the U.S. market accounts for 5.9 % of the overall sales of the Geratherm Group.

The underlying conditions on the South American market were challenging. With the reported -38.1 % drop in sales and sales of EUR 0.6 million we are not satisfied and aim to bolster our sales with new structures in 2022. The sales in this region accounts for 2.6 % of the total sales of the Geratherm Group.

The Middle Eastern market showed a significantly positive development of +66.2 % in sales. The jump is essentially due to the partial return of tourists and pilgrims to the markets of Dubai and Saudi Arabia. Geratherm primarily sells blood pressure monitors in these markets.

The Other Countries group essentially includes the markets Africa and Asia. Sales in this group normalised again in 2021 and thus fell by -28.8 %.

## 4. Situation

### Earnings situation

Geratherm Medical AG could not maintain unfortunately the sales revenues from 2020, which was an exceptional year, in 2021. That said, the sales figures were above the level recorded in 2019. Group sales decreased by -12.8 % to EUR 23.9 million. The result from ordinary business activities decreased to EUR 0.3 million due to specific one-off issues.

The lower sales reported for 2021 is due to coronavirus-related market saturation and normalisation. The decline in earnings was due to certification-related special expenses and the discontinuation of the Medical Warming Systems segment. The healthy growth in sales and earnings at subsidiaries deserve special emphasis, since they had a stabilising effect.

The cost of materials decreased by -0.9 %. Eliminating the special effects from discontinuing the segment of warming blankets for operating rooms, the decrease would be at - 9.3%.

The gross margin, based on the total operating revenue, was held constant at 63.5 % (2020: 66.1 %). The gross profit decreased by -10.3 % to EUR 16.4 million.

Personnel costs at the Group level rose on average by +3.8 %.

The other operating expenses could be decreased slightly by -3.2 % to EUR 5.272 million. In particular, high approval-related costs had to be shouldered again here. This mainly relates to the costs for studies, consultants and expert opinions.

The gross earnings prior to depreciation and amortisation (EBITDA) was roughly at the level of 2019 and amounted to EUR 2.305 million with a minus of 47.0 % in 2021. The operating margin, based on sales on an EBITDA level, was 9.6 % (2020: 15.8 %).

Amortisation of intangible assets and depreciation of tangible assets increased by +31.1 % to EUR 1.715 million (2020: EUR 1.308 million) due to a one-off effect caused by discontinuing the Medical Warming Systems segment.

The operating results (EBIT) in the amount of 590 kEUR (2020: EUR 3.039 million) dwindled accordingly compared to the prior year's performance. The EBIT margin for the entire company amounted to 2.5 % (2020: 11.1 %). By doing so, we failed to achieve our goal of posting a 10 % EBIT margin on the Group level for the 2021 fiscal year.

While we view the earning power of the entire Group as being significantly higher, it is currently negatively impacted by the high approval-related costs due to the new Medical Device Regulation for medical devices. In addition to that, there were still costs for recertification and one-off effects. With the measures taken, the company sees itself well positioned for the future.

For Geratherm Medical, 2022 made a good start at the Group level during the first quarter. Based on current information, the strong international demand for Geratherm products will enable us again to show solid sales and earnings in 2022 (see forecast report). That said, the uncertainties on how Russia's invasion in Ukraine will develop, the high inflation rate and sharply increased prices for raw materials and logistics remain. No reliable statement could be made about further developments when we were preparing the financial accounts.

## EARNINGS PERFORMANCE (in kEUR)

	2016	2017	2018	2019	2020	2021	Change
Operating result (EBITDA)	3,710	1,548	2,676	2,354	4,347	2,304	-47.0 %
Operating profit (EBIT)	2,539	407	1,862	1,049	3,039	590	-80.6 %

The Medical Diagnostic business segment at our location in Thuringia showed a negative development as a result of the pandemic compared to the prior year. Sales reduced by -23.7 % to EUR 13.3 million. The result EBIT decreased by -71.5 % to 793 kEUR. That corresponds to an EBIT margin of 5.9 % (2020: 15.9 %).

In consultation between the supervisory board and the management board, Geratherm Medical AG has decided to discontinue Medical Warming Blankets for operating rooms as well as the related research and development. The current market situation and market prospects for the product do not reflect the related expenses for certification under MDR. With the measures taken, the Group sees itself as well positioned for the future.

The discontinuation of the business segment resulted in one-time expenses of 927 kEUR. Those included 238 kEUR disposals/ write-downs of fixed assets and 689 kEUR impairments on inventories.

The product sales reported by LMT Medical, which are integrated in the Warming Systems product segment, had healthy sales and earnings in 2021. LMT Medical's sales amounted to EUR 1.717 million with an EBIT of 220 kEUR (2020: -327 kEUR).

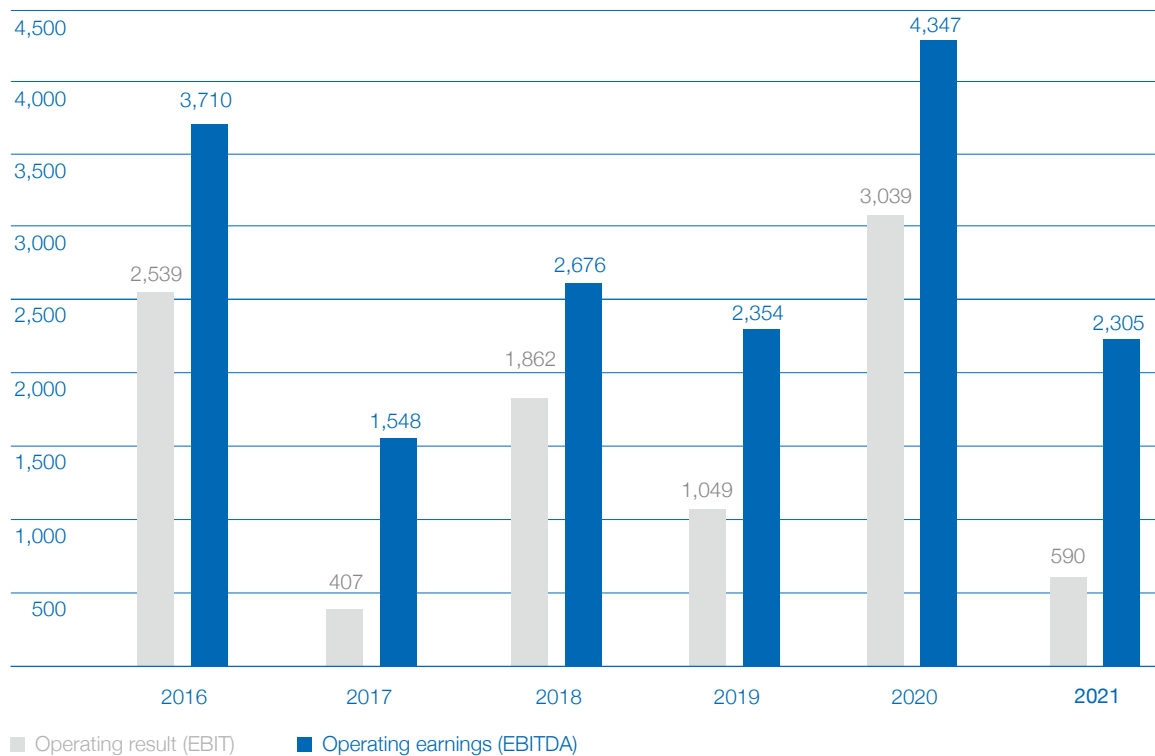
apoplex medical had a very satisfactory sales performance with a significantly higher quality of earnings again in spite of coronavirus-related limitations. Sales increased by +32.0 % to EUR 2.445 million. The EBIT operating result increased to 319 kEUR (2020: 310 kEUR). That corresponds to an EBIT margin of 13.0 %.

The sales of Geratherm Respiratory in Bad Kissingen increased by a favourable +16.7 % to EUR 3.986 million. Geratherm Respiratory generated a ten-fold increase of the EBIT of 202 kEUR (2020: 21 kEUR).

The financial results amounted to -282 kEUR (2020: -320 kEUR). Income from dividends and securities amounted to 30 kEUR. The financial result is essentially influenced by interests and similar expenses, which are associated with investments in the new glass basin at Capillary Solutions and with the construction of the new building for Geratherm Respiratory and the interest paid by Geratherm do Brasil (0 kEUR; 2020: 154 kEUR). The changes in value of held securities were shown in the equity capital.

Taking into account the financial result and the operating result, profits from ordinary business activities in the amount of 308 kEUR (2020: EUR 2.719 million) were generated for the 2021 fiscal year. Eliminating the special effects from discontinuing the production of warming blankets for operating rooms would have resulted in an operating result of EUR 1,517 million. Income taxes amounted to -25 kEUR (2020: 816 kEUR) and consisted of expenses for current income taxes in the amount of 84 kEUR and the change in deferred tax liabilities in the amount of -109 kEUR.

## EARNINGS PERFORMANCE (in kEUR)



The consolidated net income decreased for 2021 to 333 kEUR (2020: EUR 1.903 million).

The result attributable to minority shares or non-controlling shareholders amounted to 210 kEUR (2020: -142 kEUR).

The earnings of the shareholders of the parent company after taxes (EAT) decreased by EUR -1.923 million to 122 kEUR

The earnings per share are EUR 0.02 (2020: EUR 0.41).

The management board and supervisory board will propose to the general meeting in August 2022 to distribute a dividend of EUR 0.12 per share for the 2021 fiscal year.

## Financial situation, investments and liquidity

Geratherm Medical enjoyed a sound financial position throughout the entire 2021 business year. The cash and cash equivalents available including securities as at 31 December 2021 amounted to EUR 6.470 million (2020: EUR 10.262 million). The securities held in the amount of EUR 4.206 million were essentially unchanged compared to the prior year; the securities of BAYER AG and BIOGEN IDEC Inc. were successfully sold in the financial year.

The good liquidity position allows the company to utilise the advantages that have arisen from the stable demand for Geratherm products in the 2021 financial year without the need for external financing. Regardless of that, we have taken the opportunity to borrow EUR 1.5 million at very attractive long-term conditions for research and development as well as product approval at the Pirmasens location. Only EUR 0.4 million of that has been called up thus far. There are free current account credit lines in the amount of 800 kEUR. The company always has the option to finance medium- to long-term objectives, such as product development and market entries, which could extend over longer periods of time. Even possible acquisitions can be implemented within short notice at any time with the existing financial budget.

The gross cash flow amounted to EUR 2.334 million in 2021 (2020: EUR 5.001 million). The cash flow from operations amounts to kEUR 917 (2020: EUR 3.915 million).

The negative cashflow from investment activities with -3 kEUR was considerably lower than in the previous year (2020: EUR 3.788 million). In 2022 we will continue to make modernisation and rationalisation investments at our Geratal location in Thuringia. The outflow of investments to fixed assets amounted to EUR 1.745 million. No cash outflow based on financial assets were made.

The cashflow from financing activities totalled EUR -3.525 million (2020: 684 kEUR). The reported item was formed by the dividend payments in the amount of EUR 1.980 million and cash outflow from repayment of loan liabilities in the amount of EUR 1.494 million.

The cash and cash equivalents at the end of the period under review amounted to EUR 2.264 million (2020: EUR 4.855 million).

In 2021, Geratherm Medical was always in the position of fulfilling its payment obligations as they arose. When possible, cash discounts were utilised. Payment targets are subject to risk management and are defined on the basis of customer and country-specific factors. Individual cases are adapted in accordance with the management board's approval.

Geratherm possesses a good financial structure with an equity-to-assets ratio of 53.7 % (2020: 56.7 %) of the balance sheet total. We do not foresee any situations, which could jeopardise the continued existence of the company.

## Assets and capital structure

Geratherm Medical possessed a sound assets situation at the end of the 2021 business year. At the end of the financial year, the company's balance sheet total was EUR 34.6 million and was thus -4.0 % lower than on the reporting date of the prior year. The reported equity capital is EUR 18.6 million (2020: EUR 19.9 million) or 53.6 % (2020: 56.4 %) of the balance sheet total. This results in a book value of EUR 3.78 based on an individual share (2020: EUR 4.03). With the reported equity capital, the company is capable of operating and pursuing its own long-term corporate objectives for the most part without any external financing.

Geratherm possesses sufficient resources for countering the risks of the underlying industry-specific conditions.

As of 31 December 2021, the assets side of the balance sheet contains long-term assets amounting to EUR 14.949 million (2020: EUR 14.592 million). The increase is primarily due to intangible assets for apoplex medical at the Pirmasens location. The short-term assets amounted to EUR 19.612 million (2020: EUR 21.399 million).

Within the long-term assets, the intangible assets increased by +35.0 % to EUR 4.158 million (2020: EUR 3.079 million). This results essentially from the capitalisation of development costs for new software solutions at apoplex medical. Regular depreciation and amortisation had an opposite effect.

Fixed assets decreased by -3.2 % to EUR 8.807 million (2020: EUR 9.101 million). Investments in tangible assets amounted in 2021 to 628 kEUR (2020: EUR 1.720 million). These were offset by the depreciation of tangible fixed assets in the amount of 923 kEUR.

Other financial assets declined to EUR 1.370 million (2020: EUR 1.420 million). The item reflects the interest held in Protembis GmbH, Aachen, Mindpeak GmbH, Hamburg, and HALM Straws GmbH, Berlin. Geratherm Medical had value-adjusted the investment in HALM Straws GmbH with 50 % (100 kEUR) of the acquisition costs as at 31 December 2021. The decision to adjust the value is based on the significant drop in sales and the extremely high level of inventories built-up.

Geratherm Medical still has existing losses carried forward in the amount of EUR 4.484 million (2020: EUR 4.375 million) for subsidiaries and preliminary trade tax losses carried forward in the amount of EUR 4.672 million (2020: EUR 4.563 million), which were not capitalised in 2021. The capitalisation of deferred taxes on losses carried forward affects the subsidiaries apoplex medical and LMT Medical.

With regard to the short-term assets, the inventories increased by 16.9 % to EUR 8.540 million (2020: EUR 7.305 million). The reason for this increase is two-fold. On the one hand, delivery had become difficult sometimes, since individual components could not be supplied from Asia. This applies in particular to Respiratory and apoplex medical. On the other hand, we have stocked up sufficient products in the area of Diagnostics in order to be a reliable partner and supplier for our customers at all times and to avoid high logistics costs.

The inventory of raw materials and supplies decreased by -7.9 % compared to the prior year.

The inventory of works in progress increased by 5.4 % to EUR 1.223 million. The inventories of finished goods and products also increased by 33.9 % to EUR 5.307 million.

As of the reporting date, the total amount of receivables increased by +20.1 % to EUR 4.601 million (2020: EUR 3.831 million). In this case, trade receivables accounted for EUR 3.177 million (-0.9 %).

Tax receivables rose sharply and jumped from 62 kEUR to 759 kEUR. The other assets increased by +37.7 % to 518 kEUR and essentially involved prepayments made.

The reported book value of the securities held by Geratherm decreased due to the sale to EUR 4.206 million (2020: EUR 5.407 million).

The cash and cash equivalents available as at 31 December 2021 amounted to EUR 2.264 million (2020: EUR 4.855 million).

The equity and liabilities side of the balance sheet shows the company's strong equity capital base. The equity capital in the amount of EUR 18.631 million (2020: EUR 19.925 million) is offset by liabilities in the amount of EUR 15.929 million (2020: EUR 16.065 million).

The long-term debts decreased by -8.9 % to EUR 7.501 million

The other long-term liabilities remained with 459 kEUR on the same level as last year. The item contains liabilities to other minority shareholders.

The short-term debts increased by +7.7 % to EUR 8.428 million (2020: EUR 7.827 million). This includes short-term liabilities to banks in the amount of EUR 2.845 million (2020: EUR 3.200 million). The trade accounts payable decreased by -4.9 % to EUR 1.430 million as of the reporting date.

The other liabilities increased slightly by +12.4 % to EUR 1.538 million (2020: EUR 1.368 million). The position includes accrued liabilities, especially outstanding invoices from initiated purchase orders.



## Events after the balance sheet date

The outlook for 2022 makes us optimistic, since we can assume that the international stress factors, currently caused by the coronavirus pandemic, will no longer occur in this form.

Based on the current underlying conditions, we expect economic growth to slow down considerably in 2022. Contributing factors include vaccine-resistant COVID variants, supply chain disruptions, rising inflation, slower growth in China and geopolitical tensions.

The war between Russian and Ukraine, which started at the end of February 2022, has further intensified the tense situation world-wide. Inflation reaches new highs almost every month. Energy prices, a major cost driver for Geratherm, are rising to unprecedented heights. Therefore, it is not possible to reliably predict further development, since there are too many external influencing factors and the economic research institutes are regularly revising their forecasts.

The affiliated company Geratherm Medical do Brasil, Sao Paulo, Brazil, was still subject to Brazilian "Chapter 11" proceedings as of 31 December 2021. A resolution is expected to be reached at the creditors' meeting for the first six months of 2022. On 13 April 2022, the company published an ad-hoc announcement regarding a planned cash capital increase from the authorised capital as well as a planned downlisting.

# C. FORECAST, CHANGES AND RISK REPORT

## 1. Forecast

For 2022, we are currently following the general assumption of economic growth at the local and global level. We expect to be able to reach or surpass the pre-pandemic level of 2019 and 2021.

There are still, however, serious uncertainties about the underlying economic conditions, in particular about the further development of the corona pandemic due to possible new virus mutations, the trend of vaccination rates, the ongoing supply bottlenecks from the Far East, which could increasingly slow down growth.

In addition to this, there are also the permanent uncertainty and the volatile fluctuations in energy and raw material prices that are difficult to forecast as well as transport costs as key cost factors for our products.

Unfortunately, the geopolitical conflict in Ukraine has evolved into a war with Russia since the end of February, the further development of which and its long-term consequences still cannot be assessed. Geratherm only has, however, a few suppliers and low sales in the regions currently affected by the conflict.

As a medical technology company, Geratherm Medical is active on international markets and has an export rate of 78 % so that the underlying economic conditions in Germany only have a limited impact on Geratherm's business development.

The medium- and long-term indicators for a positive market growth in the medical technology industry are still intact. Demographic trends and the needs of emerging markets to catch up are the most important drivers. All in all, the outlook of the healthcare industry still remains favourable for the future.<sup>1</sup>

<sup>1</sup> [Tapping demand in emerging markets \(medica.de\)](#)

Geratherm Medical has a good position. The company operates in four totally independent sectors. The newer

business segments are the current growth drivers. The markets in the emerging economies are of particular importance for Geratherm, since the healthcare system in these countries are under-equipped with medical technology that is potentially available. The fast-growing middle class in these countries generates a high demand for healthcare services.<sup>1</sup>

The Chinese market is becoming increasingly important to Geratherm, whereas the opportunities must be carefully weighed against the risks. The lack of protection of intellectual property there remains an issue to this day. On the other hand, China's share of the global market for medical devices is expected to increase considerably over the next ten years. The government are doing everything to ensure the independent supply of medical devices.<sup>2</sup>

Geratherm is a major manufacturer of mercury-free clinical thermometers. Mercury-filled products will be banned as per the guidelines of the World Health Organisation (WHO) on a global level in the next few years. This should result in a stable and promising expansion of business.<sup>3</sup>

Geratherm has reduced its dependence on third parties considerably by investing in a new production facility for medical capillaries. The construction of the new production facility was successfully commissioned in 2019, resulting in a considerably better risk profile on the supplier side.

In the first months of the new business year, we have noted a stable demand for clinical thermometers and other products, albeit at a significantly lower level than during the peak period of the pandemic. Based on the current situation, we assume that we will be able to generate a comparable sales figure to 2021 and achieve a slight increase in the reported earnings for the fiscal year ahead of us (corrected result prior to WSYS). In 2022, we will be investing more in machinery and systems for manufacturing our clinical thermometers in order to be able to ensure that production processes are more efficient in the future with greater automation and higher quality. This may result in a slight drop in product sales. The objective is to compensate for this drop with higher sales figures in other areas. We expect to post a positive EBIT margin that is slight over the figure of the prior year. The export rate will be at the same level as in the prior year.

The equity ratio will presumably be somewhat lower due to the planned investments.

The re-alignment of Geratherm do Brasil as a distribution company, which has been in "Chapter 11" proceedings since 2019, has not yet been finalised. The competent court in Sao Paulo has set a date for determining a settlement rate for mid 2022. The outcome is still open. We expect to be able to conclude the re-alignment in the third quarter of this year.

We would like to point out that the actual results may deviate from our expectations with regard to the foreseeable development, if any of the uncertainties specified above should occur or the assumptions which serve as a basis for the statements prove to be incorrect. That would include in particular the scheduled start of utilisation of development projects, the anticipated growth of the gallium-filled thermometer product group, the successful re-alignment of Geratherm do Brasil as a distribution company, the war in Ukraine as well as the impact and duration of the coronavirus pandemic.

If the aforementioned assumptions do not occur, we then expect negative effects on the planned development of sales and earnings. This could mean that sales and earnings targets might not be met.

<sup>1</sup> Demand for medical technology is growing worldwide ([medica.de](https://www.medica.de))

<sup>2</sup> Medical technology for China: experiences and hurdles ([industrie.de](https://www.industrie.de))

<sup>3</sup> EU mercury regulation in force ([eurofins.de](https://www.eurofins.de))

## 2. Risk report

### Risk management

Geratherm Medical is a medical technology company that is internationally active in the segments Healthcare Diagnostic, Respiratory, Cardio/Stroke and Medical Warming Systems. The market for medical technology is distinguished by a brisk rate of innovation and strict requirements relating to product safety, which have tightened gradually over the years. Our range includes products that are used in hospitals and clinics as well as medical devices that are used by end consumers.

Product safety requirements and regulatory demands in approval procedures have increased tremendously over the past few years. Approvals involve an ever-increasing expenditure with regard to documentation, safety factors and ability to prove added benefit. The timeline between finished product and actual start of product launch is always becoming longer. That results in a greater risk profile for the company.

Short-notice, unannounced audits by regulatory authorities may lead to restraints that may have an adverse effect on the company's business development in addition to extra costs.

Geratherm and its partners in the individual sales markets attach great importance to maintaining its product approvals and certifications. After audits or other significant events, product approvals can be revoked or new conditions may be placed on them. Geratherm strives to take these processes into account as early as possible and do everything to fulfill the changing requirements in order to minimise any possible damage for the company.

In spite of all the precautionary measures taken, there is still a risk of injury or damage due to the use of medical products. We have taken out the appropriate insurances. That said, there may be risks that could still have an effect.

In most cases, a small number of suppliers are involved in the special technological know-how. Taking the related risk aspects into consideration, that can lead to bottlenecks.

Innovative medical products are frequently protected under patent law. Due to the international sales, the enforcement of intellectual property rights frequently entails a high financial commitment and can even extend over a very long period of time. Successfully asserting patent claims is fraught with uncertainty.

The company is also subject to risks when long-standing experts and specialists with extensive expertise are no longer available, especially at the senior executive and top management level.

One of the greatest challenges for Geratherm Medical AG is finding up-and-coming, qualified and hard-working technical personnel. With the current underlying economic conditions, this remains a major challenge in order to be able to highlight the increasing complexity of tasks and the company's growth.

The more rigorous regulatory requirements in terms of approval and monitoring of medical devices demand highly specialised professionals. Since all medical device manufacturers currently face the same requirements, we anticipate a bottleneck occurring in the recruiting of necessary specialists.

The aforementioned situation gives rise to opportunities and risks that may have a long-term impact on the assets, financial and earnings situation.

As part of the group-wide risk management system, the management board and supervisory board of Geratherm Medical have established goals and methods for enabling the company to take controlled risks when there are prospects of significant increases in the operating results with the required financial earnings.

Risks can be minimised by means of diversification in terms markets, products and countries. At the same time, an attempt is being made not to accept any dominant customer risks.

The operations of the individual segments of Geratherm are managed independently such that any risks arising in case of a change in management are controllable for the most part.

During the development of new products, major expenses are incurred initially without there being any guarantee that the anticipated success will indeed be achieved. The medical technology market does reward successful product developments. In case of successful market launch, the aforementioned risk is offset by the greater scope of opportunities.

The management board works within the specific risk profile for medical products and manages the financial burdens in such a way that the security and independence of Geratherm Medical is not seriously affected in the event of a worst-case scenario occurring.

Geratherm's risk management and control system monitors the operative and strategic risks. The activities of the product groups, business segments and subsidiaries are described in monthly reports. These analyses include information about sales, order situation, EBIT margin and currency risk exposure. The management is convinced that the internal controls and risk management systems established within Geratherm Medical are capable of meeting the existing requirements in a suitable manner.

An important source for reducing the strategic risks for the company is maintaining close contact with customers and users. The management is included in all negotiations conducted with key customers of Geratherm products. Important information relating to trends and technological development are obtained by attending all major relevant international trade fairs.

## Financial management

Financial management focuses on the administration of financial aspects of the Geratherm Group. That includes in particular the financing of operating processes, liquidity management, return-oriented use of available capital and all activities relating to the capital market.

## Financial risks

### Liquidity risk

The liquidity risk is for Geratherm Medical low. The company enjoys a very good liquidity position for its size and compared to the rest of the industry. Short-term debts are covered by funds that are freely available. Due to its good credit rating, the company would be able to secure additional external financing or sources of equity at any time. Moreover, the Group still has free current account lines that represent an additional liquidity reserve.

### Market price risk - Interest

Geratherm is essentially exposed to interest rate risks only with regard to investments. The debt capital has fixed interest rates and can be paid back at any time based on the company's liquidity situation. As of the reporting date, there were loans with banks in the amount of EUR 8.338 million. Of this amount there are agreements with regard to fulfilling financial covenants for a partial amount of EUR 4.392 million. If these are not fulfilled, risks may arise from interest surcharges or fees. For the management board there is currently no indication of factors that would contend with the fulfillment of covenants.

## Market price risk - Foreign currency

Geratherm Medical is internationally active and thus receives income in dollars as well. We have not protected ourselves against a currency risk exposure, since we strive to use dollar proceeds to settle expenses and other outlay in the same currency. The assets in dollars are held within the framework of currency diversification. With regard to our business activities in Brazil, we are exposed to currency risks involving the Brazilian real.

## Credit and non-payment risk

The Group implements a process for minimising bad debt losses, in particular, the monitoring of due dates and the prompt initiation of steps to collect debts when necessary. In case of new customers, advance payments and letters of credit are required for the most part. For existing customers, we arrange customer-specific payment targets. If these targets are not complied with, then payment must be made in advance. The non-payment risk for Geratherm has been minimal for the past few years. Trade accounts receivable amounted to EUR 3.177 million net as of the reporting date, whereas receivables in the amount of 66 kEUR were adjusted in value.

## Market price risk - Raw materials

To maintain our production, we depend on certain raw materials like gallium and semiconductor chips. The procurement risk involves shortages in supplies or increases in the prices of raw materials necessary for production. We constantly monitor the price trends of raw materials that are crucial for us. The risk of changes in market prices can only be avoided to a limited extent. We strive to negotiate long-term supply agreements based on fixed prices with our suppliers and thus distribute the supply risk among several suppliers.

## Market price risk - Securities

Part of our liquid resources are invested in securities of the healthcare industry. We are aware, however, that due to fluctuations on the capital market the valuation of held securities may have negative effects on the assets, financial and earnings situation. Temporary fluctuations in assets that represent a medium to long-term commitment are part of our investment strategy.

## Cyber crime

International order and payment processes are handled exclusively via the internet. The risk here is that unauthorised persons may infiltrate computer systems and manipulate business processes. Another risk is also fraud with false identities. We strive to educate the corresponding employees about potential risks and use current software solutions and technologies that minimise risks.

## Performance risks and sales risks

### IT security risk

With regard to IT, it is possible to expect that problems that have not yet been identified may arise or previously remedied problems may occur again. It is also not possible to ensure that an IT problem will not result in data loss and thus considerable damage in spite of making regular backups. To limit these risks, we take the typical precautions and security measures that apply in the IT field. Such measures are checked on a regular basis and adapted to the changing requirements when necessary.

## Patent protection risk

Geratherm holds patents for certain products. Industrial and intellectual property rights may become the target of attacks and violations. Enforcing patent rights internationally is not simple and involves very high financial expenditure. The enforcement of industrial property rights is hardly possible especially in countries where there is a lack of legal certainty. Geratherm strives to take action against any patent infringements in order to protect our patent claims, while taking various criteria into consideration. Such processes are usually lengthy and involve high costs.

## Product approval risk

Medical technology companies have long been the focus of increased requirements posed by regulatory authorities. The criteria are increasingly being raised on an international level. The complexity of the requirements, product approvals and product monitoring represent a major challenge for medium-sized medical technology companies. If certain criteria are not fulfilled, there is a risk of ban on production and marketing. We strive to counter this risk through quality management by reducing product complexity and by increasing our own know-how.

## Risk - New business areas

Geratherm has a stable core business. On the whole, Geratherm is active in four business segments, which operate in different markets. We try to manage the new business areas so that there are no cumulative risks.

The purchase and integration of companies does come with risks. The original objectives could not be achieved. Legal disputes may arise as a result of that. The time and the scope of the expected benefit may change. It is not possible to rule out a total write-off of the endeavour. We are aware of the opportunities and risks and are guiding our activities accordingly.

Geratherm do Brasil continues to be important for the sales of our products on the South American market. Since we do not know the outcome of the "Chapter 11" proceedings, the risk of a possible full write-off of this subsidiary does remain.

## Additional risks

In addition to the outlined risks, there are also factors that cannot be predicted and which are difficult for us to control. If such risks occur, they may adversely affect our further development. Such risks include political unrest, natural catastrophes or epidemics, to name just a few. We do try to counter these risks through product and supplier diversification and by implementing hygiene measures.

With regard to risks due to the Ukraine crisis, we make reference to the statements already made.

# 3. Opportunities

## Management of opportunities

The medical industry is, similar to the pharmaceutical industry, a market segment based on a medium- to long-term strategic approach. As a result of demographic trends, it is possible to expect an increase in the demand for healthcare products over the next few years.

The medical industry has become increasingly important in light of the global impact of the coronavirus. Opportunities could arise for us as a result of the not-only-short-term demand for our main products.

Innovative products offer good chances for business models that are attractive over the long term in the medical technology industry. The increased approval hurdles keep possible competition in check.

Medical technology has a lot to do with confidence in the products offered. A strong brand presents opportunities and facilitates the market launch in case of complex framework conditions.

The medical technology market enjoys an international outlook. Attractive products are sold internationally within a niche market policy.

## 4. Final conclusion

Short-term successes are possible only to a limited extent as a result of the medium to long-term nature of the markets, in which Geratherm is active. Short-term risks are more or less negligible. One of the greatest risks is recognising in the long run that one has been active on the wrong market with an unappealing product or that business difficulties arise due to the unexpected revocation of approvals. For a well-balanced opportunity and risk profile, products must be so attractive that there is a certain level of pricing power that permits a company to generate adequate returns despite the sharp increase in costs due to government regulations. Geratherm has the potential to assume this position in all segments.

Adequate financial resources are a key prerequisite for having success on the medical technology market. In our opinion, the efforts taken over the past few years to broaden the business model to include various markets and sources of income are in line with a well-balanced opportunity and risk profile.

Especially with regard to our main product, the gallium-filled thermometer, we have achieved in the meantime a high level of vertical integration for reducing our dependence on third parties as much as possible.

The requirements posed by approval and regulatory authorities on medical technology companies have been constantly increasing over the past few years. There is a risk of temporarily failing to meet the requirements, since the dynamics of the requirements are not always transparent and comprehensible.

## 5. Internal control and risk management system for the financial reporting process

The objective of the internal control system for our financial reporting process is to ensure that the financial information is correct.

In this regard, Geratherm Medical is obligated, on the one hand, to prepare financial reports as part of the consolidated financial statements as well the individual financial statements. The processes for preparing both financial statements are monitored by the internal control system, which identifies key risks for depicting business transactions.

Such risks include the evaluation of securities, financial assets, capitalised developments and correct allocation of sales revenues.

Significant regulations and instruments of the internal control system are: guidelines both at the group level and in the individual companies, division of tasks and clear assignment of responsibilities, structured reporting system for the individual companies, which permits the group's accounting system to gain insight down to the individual cost level.

To monitor the control system and its effectiveness, detailed monthly analyses, which are based on operating figures, are prepared in Group Controlling. These include the monthly preparation of a break-even analysis on the product level including the reconciliation of the Group's profit and loss statement and a presentation of how security investments have developed. Doing so ensures the possibility of following the individual companies and their development with regard to one another even on a month-to-month basis.

In particular, the internal control system for the subsidiaries of Geratherm Medical AG is still in a continuous improvement process.

## 6. Additional disclosures

### Corporate governance statement

According to Sect. 161 of AktG (German Stock Corporation Act) in the version of Transparenz- und Publizitätsgesetz (German Transparency and Disclosure Act) from 19 July 2002, the management board and the supervisory board are obligated to state once a year whether the recommendations of the Government Commission on the German Corporate Governance Code will be and had been complied with and which recommendations will not be or have not been applied.

This statement was given for the first time in 2002.

During the 2021 business year, Geratherm Medical did not adhere to the recommendations ("target" provisions) of the Commission on the Corporate Governance Code implemented by the German federal government for company management and control. Geratherm Medical does not intend to satisfy the aforementioned recommendations during the 2022 business year (in the version from 17 December 2021).

The management board and the supervisory board reserve the right to change this statement with effect as of a future date.

Opinion:

Geratherm Medical is listed on the regulated market of the Frankfurt Stock Exchange with admission to the sub-segment of the regulated market with further post-admission obligations (Prime Standard). Consequently, the company is subject to the most stringent statutory obligations and additional requirements of the prime standard at the given moment and in the future.

For a company the size of Geratherm Medical, the recommendations of the Corporate Governance Code as a whole, which are aimed at larger stock-exchange listed groups, represent a considerable time and cost expenditure. In their decision on adopting or rejecting the recommendations, the management board and the supervisory board considered the aspects of appropriateness and efficiency.

In our opinion, the adoption of these recommendations results in additional expenditure in terms of time and finances for Geratherm Medical, which is disproportionate with the achievable benefit.

Thus, we opt not to adopt the recommendations of the Corporate Governance Code. The membership in the "Prime Standard" already means that we comply with the highest standards of the German Stock Exchange.

Corporate governance practices

Corporate governance practices that exceed the requirements of German law are not adhered to. Further corporate governance practices have not been followed.



## Procedures of the management board and supervisory board

The members of the supervisory board are listed in the Notes. The supervisory board decided not to create committees due to its size (three members). The activities of the supervisory board are determined by the statutory requirements of the German Stock Corporation Act and the company's Articles of Association.

The supervisory board hold periodic meetings. These are also held via video conferences when it appears appropriate. Meetings are called together in writing with fourteen days' notice. In urgent cases, the period for giving notice may be shortened or the relevant meeting may be called together by fax or phone or via e-mail. The management board does participate in the meetings.

Resolutions are adopted after careful review of all reports and proposals and advice in meetings, provided such are necessary in accordance with statutory demands or requirements set forth in the Articles of Association. At the order of the chairman of the supervisory board, resolutions may also be adopted in writing, by phone or email if no member speaks out immediately against this method. Resolutions are adopted with a simple majority of the votes cast, unless stipulated otherwise by law. In the event of a tie, the chairman casts the decisive vote. Minutes are taken of the supervisory board's meetings.

In addition, the management board informs the chairman of the supervisory board periodically (at least once a month) about the company's situation. That involves the operating activities of the company and its subsidiaries as well as the company's securities.

Geratherm does not have any fixed quotas, targets and periods for filling executive positions below the management board, on the management board itself or on the supervisory board based on gender or ethnicity. Executive positions and bodies at Geratherm are filled exclusively on the basis of experience and professional qualifications. That is why we do not strive to have a certain quota that is independent of the above criteria.

Based on that, the specific quota of women in management positions is "0 %".

The compensation report essentially explains the compensation of the members of the management board and the statutory compensation of the members of the supervisory board of Geratherm Medical AG. It is based in particular on the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). More in-depth information about the compensation systems for members of the management board and supervisory board of Geratherm Medical AG can be found on the company's website.<sup>1</sup>

With regard to the remuneration of the supervisory board and the executive board, we refer to the explanations in the remuneration report. This can be found on the website of Geratherm Medical AG.

<sup>1</sup> <https://geratherm.com/geratherm/investor-relations/verguetungssysteme/>

## Additional information

The subscribed capital of Geratherm Medical AG amounts to EUR 4,949,999 as of Thursday, December 31, 2021 and is divided into 4,949,999 share certificates issued to the bearers. The calculated par value per share is EUR 1.00.

The ownership of shares entitles a shareholder to vote during the annual general meeting and to share in the company's profits in case of endorsement of a dividend payment.

Amendments to the bylaws can be passed in accordance with the provisions of Sect. 133 of AktG (German Stock Companies Act).

The management board was authorised on 11 June 2021 to increase the share capital of the company subject to the approval of the supervisory board by issuing up to a maximum 2,474,999 new share certificates made out in the name of the holder through individual or multiple cash or non-cash contributions not exceeding EUR 2,474,999 by 10 June 2026. Subject to the approval of the supervisory board, the management board is moreover authorised to exclude the statutory subscription rights of shareholders to certain extents.

The authorisation of the general meeting of shareholders on 6 June 2016 to increase the share capital of the company was cancelled with the new authorisation resolution coming into force.

Information as pursuant to Sect. 160 Para. 1 (5) of AktG

The company granted the management board the right to acquire 120,000 shares of Geratherm Medical AG at a reference price of EUR 10.50. The share options can be exercised at the earliest after four years. The right to a partial exercise exists after three years with a maximum quota of 25 %. The subscription right for shares is limited through 31 December 2025. In the event of an extension of the management board agreement beyond 31 December 2024, the subscription period is extended for the new term of the management board agreement.

The company is authorized to purchase own shares up to a portion of the share capital not exceeding 10% through to 17 September 2025. The acquired shares, together with other own shares that the company already has acquired or still has or which is attributable to it according to Sections 71a ff. of AktG (Germany's Stock Corporation Law), may not exceed 10 % of the company's share capital at any time.

The purchase price paid by the company may not be more than 10 % above or below the arithmetic mean of the prices determined for the company's share in the opening auction in XETRA trading (or a comparable successor system of the Deutsche Börse AG) during the last 5 trading days prior to acquisition.

The management board is authorised to resell own shares purchased on the basis of the authorisation as per Sect. 71 Para. 1 (8) of AktG with the approval of the supervisory board while observing the principle of equal treatment (Sect. 53a of AktG) for other purposes than trading in its own shares. The acquired own shares may be sold via the stock exchange. In this regard, the buying option of shareholders is excluded.

The management board is authorised to redeem own shares of the company that were purchased based on this authorisation without having the general meeting convene to pass another resolution for the performance of this redemption.

The management board is authorised up until 17 September 2025 to purchase shares of the company in order to be able to offer own shares to third parties as part of a merger with companies or the purchase of companies or holdings thereof, whereby the buying option of shareholders to own shares is excluded. This authorisation is limited to the purchase of a portion of the share capital, which may not exceed 10 %. The authorisation may be exercised in full or in part.

Geratherm Medical AG has not yet made use of such authorisations.

The company's management board consists of one or more persons. The supervisory board determines the number of members of the management board. The supervisory board can appoint a chairman and a deputy chairman of the management board. Deputy members of the management board can be appointed.

The management board has issued a separate report on the relations with affiliated companies in accordance with Sect. 312 Para. 3 of AktG. The company received or paid a suitable consideration for every legal transaction cited in the report on the relations with affiliated companies and has not been placed at a disadvantage.

The GMF Capital GmbH, Frankfurt, holds a direct share of 41.84 % in Geratherm Medical AG as of the reporting date.

The annual general meeting of Geratherm Medical AG convened on 11 June 2021 in Frankfurt, Germany. The attendance at the annual general meeting represented 44.99 % of the share capital.

The expenses for the stock exchange listing in 2021 was 109 kEUR (2020: 130 kEUR).

Geratal, this 14th day of April 2022

A handwritten signature in black ink, appearing to read 'Frick', written in a cursive style.

Christian Frick  
Chief Executive Officer



## ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

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# CONSOLIDATED FINANCIAL STATEMENTS

(IFRS) as of 31 December 2021

ASSETS	Notes	31/12/2021	31/12/2020
	No.	EUR	EUR
<b>A. LONG-TERM ASSETS</b>			
I. Intangible assets	1.		
1. Development costs		2,993,567	2,783,213
2. Other intangible assets		1,073,600	296,006
3. Goodwill		90,433	1
		<b>4,157,600</b>	<b>3,079,220</b>
II. Tangible assets	2.		
1. Land, land rights and buildings		5,144,613	5,238,519
2. Technical equipment and machinery		3,049,051	3,161,023
3. Other equipment, factory and office equipment		303,545	330,048
4. Construction in process		310,182	371,672
		<b>8,807,391</b>	<b>9,101,262</b>
III. Rights of use	3.	514,331	576,346
IV. Financial assets accounted on basis of equity method	4.	0	296,609
V. Other financial assets	4.	1,370,151	1,420,401
VI. Other long-term receivables	4.	99,216	117,838
VII. Deferred taxes	5.	0	0
		<b>14,948,688</b>	<b>14,591,676</b>
<b>B. SHORT-TERM ASSETS</b>			
I. Inventories	6.		
1. Raw materials and supplies		2,010,257	2,182,687
2. Unfinished goods		1,222,856	1,160,668
3. Finished goods and merchandise		5,306,967	3,961,995
		<b>8,540,080</b>	<b>7,305,350</b>
II. Receivables and other assets			
1. Trade accounts receivables	7.	3,176,815	3,205,412
2. Receivables from current income taxes	8.	759,095	62,075
3. Receivables from other taxes	8.	147,713	187,843
4. Other assets	8.	517,850	376,021
		<b>4,601,473</b>	<b>3,831,351</b>
III. Securities	9.	4,206,085	5,407,190
IV. Cash and cash equivalents	10.	2,264,089	4,854,893
		<b>19,611,727</b>	<b>21,398,784</b>
		<b>34,560,415</b>	<b>35,990,460</b>

EQUITY AND LIABILITIES		Notes	31/12/2021	31/12/2020
	No.		EUR	EUR
<b>A. EQUITY CAPITAL</b>				
I. Subscribed capital	11.		4,949,999	4,949,999
II. Capital reserves	12.		12,203,077	12,174,192
III. Other reserves	13.		1,369,052	3,177,349
Assignable to the shareholders of the parent company			18,522,128	20,301,540
Shareholders of minority interests	14.		109,228	-376,082
			<b>18,631,356</b>	<b>19,925,458</b>
<b>B. Non-current debts</b>				
1. Liabilities to banks	15.		5,493,281	6,194,638
2. Accrued investment subsidies	16.		1,289,432	1,233,669
3. Long-term leasing liabilities	3.		245,046	331,372
4. Other long-term liabilities financial	17.		459,400	424,492
5. Deferred taxes	5.		14,033	53,401
			<b>7,501,192</b>	<b>8,237,572</b>
<b>C. Current debts</b>				
1. Liabilities to banks	18.		2,844,914	3,200,202
2. Trade accounts payable	19.		1,430,128	1,503,391
3. Current provisions	20.		42,189	32,400
4. Short-term leasing liabilities	3.		278,513	251,787
5. Liabilities from current income taxes	21.		51,672	84,576
6. Contractual liabilities	23.		1,759,206	888,279
7. Other tax liabilities	21.		483,503	499,268
8. Other short-term liabilities	22.		1,537,742	1,367,527
			<b>8,427,867</b>	<b>7,827,430</b>
			<b>34,560,415</b>	<b>35,990,460</b>

## CONSOLIDATED PROFIT AND LOSS STATEMENT

(IFRS) for the period from 1 January to 31 December 2021

	Notes	01/01–31/12/2021	01/01–31/12/2020
	No.	EUR	EUR
Sales revenues	23.	23,939,674	27,466,230
Change in inventory of finished goods and works in progress		636,929	-1,143,572
Other capitalised own work	1.	475,265	655,270
Other operating income	24.	816,999	723,561
		<b>25,868,867</b>	<b>27,701,489</b>
Cost of materials	25.		
Cost of raw materials, consumables and goods for resale		-7,442,429	-8,201,421
Impairment loss from devaluation of inventories	6.	-688,979	0
Costs of purchased services		-1,298,684	-1,180,143
		-9,430,092	-9,381,564
<b>Gross profit or loss</b>		<b>16,438,775</b>	<b>18,319,925</b>
Personnel costs	26.		
Wages and salaries		-7,393,011	-7,138,642
Social security, pension and other benefits		-1,433,338	-1,366,089
		-8,826,349	-8,504,731
Impairing loss from trade accounts receivables		-35,798	-20,922
Other operating expenses	28.	-5,272,206	-5,447,099
<b>Gross profit (EBITDA)</b>		<b>2,304,422</b>	<b>4,347,173</b>
Amortisation of intangible assets and depreciation of tangible assets	27.	-1,714,694	-1,307,933
<b>Operating results</b>		<b>589,728</b>	<b>3,039,240</b>
Dividend income		30,000	0
Securities-related expenses		-37,263	-1,282
Share of profits or losses from associated companies accounted for using the equity method		-32,828	-53,391
Impairment of holdings		-100,000	0
Other interest and similar income		1,165	1,135
Interests and similar expenses		-143,164	-266,374
<b>Financial results</b>	<b>29.</b>	<b>-282,090</b>	<b>-319,912</b>
<b>Profit (loss) on ordinary activities</b>		<b>307,638</b>	<b>2,719,328</b>
Tax on profit (loss)	30.	25,009	-815,738
<b>Consolidated net income</b>		<b>332,647</b>	<b>1,903,590</b>
<b>Result of non-controlling shareholders</b>		<b>210,412</b>	<b>-141,738</b>
<b>Results of the shareholders of the parent company</b>		<b>122,235</b>	<b>2,045,328</b>
Earnings per share undiluted	31.	0.02	0.41
Earnings per share undiluted	31.	0.02	0.41



## CONSOLIDATED STATEMENT OF EARNINGS

(IFRS) for the period from 1 January to 31 December 2021

	01/01–31/12/2021 EUR	01/01–31/12/2020 EUR
<b>Consolidated net income</b>	<b>332,647</b>	<b>1,903,590</b>
<b>Income and expenses directly recognised in equity, which are not reclassified to profit or loss:</b>		
Profits or losses from valuation of securities according to IFRS 9	98,090	-757,819
	98,090	-757,819
<b>Income and expenses directly recognised in equity, which are reclassified to profit or loss under specific conditions:</b>		
Difference resulting from currency translation	-12,440	836,405
	-12,440	836,405
<b>Other income</b>	<b>85,650</b>	<b>78,586</b>
<b>Overall result</b>	<b>418,297</b>	<b>1,982,176</b>
of which assignable to shareholders of minority interest	200,987	270,554
of which assignable to shareholders of parent company	217,310	1,711,622

## CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(IFRS) of 31 December 2021

	Subscribed capital	Capital reserves
	11.	12.
	EUR	EUR
<b>As of 1 January 2020</b>	<b>4,949,999</b>	<b>12,174,192</b>
Dividend paid to shareholders	0	0
<b>Transactions with shareholders and member partners</b>	<b>0</b>	<b>0</b>
Consolidated net income	0	0
Unrealised profits and losses from valuation of investments	0	0
Unrealised profits and losses from valuation of securities	0	0
Currency translation in the group	0	0
<b>Overall result</b>	<b>0</b>	<b>0</b>
<b>As of 31 December 2020</b>	<b>4,949,999</b>	<b>12,174,192</b>
<b>As of 1 January 2021</b>	<b>4,949,999</b>	<b>12,174,192</b>
Acquisition of subsidiary "apoplex medical technologies Spain SL" with non-controlling interests	0	0
Purchase of shares in the subsidiary Geratherm Respiratory GmbH from shareholders of minority interests without change in control	0	0
Share-based payments with compensation by equity instruments	0	28,885
Dividend paid to shareholders	0	0
<b>Transactions with shareholders and member partners</b>	<b>0</b>	<b>28,885</b>
Consolidated net income	0	0
Unrealised profits and losses from valuation of investments	0	0
Unrealised profits and losses from valuation of securities	0	0
Currency translation in the group	0	0
<b>Overall result</b>	<b>0</b>	<b>0</b>
<b>As of 31 December 2021</b>	<b>4,949,999</b>	<b>12,203,077</b>

**Other reserves**

Currency conversion difference	Währungs- umrechnungsrücklage 13.	Accumulated earnings	Assignable to the shareholders of the parent company	Non-controlling shares 14.	Group equity capital
EUR	EUR	EUR	EUR	EUR	EUR
1,929,289	313,599	460,339	19,827,418	-646,636	19,180,782
0	0	-1,237,500	-1,237,500	0	-1,237,500
<b>0</b>	<b>0</b>	<b>-1,237,500</b>	<b>-1,237,500</b>	<b>0</b>	<b>-1,237,500</b>
0	0	2,045,328	2,045,328	-141,738	1,903,590
0	0	0	0	0	0
-757,819	0	0	-757,819	0	-757,819
0	424,113	0	424,113	412,292	836,405
<b>-757,819</b>	<b>424,113</b>	<b>2,045,328</b>	<b>1,711,622</b>	<b>270,554</b>	<b>1,982,176</b>
<b>1,171,470</b>	<b>737,712</b>	<b>1,268,167</b>	<b>20,301,540</b>	<b>-376,082</b>	<b>19,925,458</b>
<b>1,171,470</b>	<b>737,712</b>	<b>1,268,167</b>	<b>20,301,540</b>	<b>-376,082</b>	<b>19,925,458</b>
0	0	0	0	298,715	298,715
0	0	-45,608	-45,608	-14,392	-60,000
0	0	0	28,885	0	28,885
0	0	-1,979,999	-1,979,999	0	-1,979,999
<b>0</b>	<b>0</b>	<b>-2,025,607</b>	<b>-1,996,722</b>	<b>284,323</b>	<b>-1,712,399</b>
0	0	122,235	122,235	210,412	332,647
0	0	0	0	0	0
98,090	0	0	98,090	0	98,090
0	-3,015	0	-3,015	-9,425	-12,440
<b>98,090</b>	<b>-3,015</b>	<b>122,235</b>	<b>217,310</b>	<b>200,987</b>	<b>418,297</b>
<b>1,269,560</b>	<b>734,697</b>	<b>-635,205</b>	<b>18,522,128</b>	<b>109,228</b>	<b>18,631,356</b>

## CONSOLIDATED CASH FLOW STATEMENT

(IFRS) for the period from 1 January to 31 December 2021

	Notes	01/01– 31/12/21	01/01– 31/12/20
	No.	kEUR	kEUR
Consolidated net income		333	1,904
Non-cash expenses and income of Geratherm do Brasil Ltda.		8	-227
Other non-cash expenses		206	931
Interest earnings	29.	-1	-1
Interest expenses		144	266
Increase in deferred taxes		-110	23
Income tax expenditure		84	793
Depreciation of fixed assets		1,387	1,013
Amortisation of usage rights	3.	328	295
Amortisation of public grants and subsidies	16.	-118	-114
Loss from disposal of fixed assets		73	118
<b>Gross cash flow</b>	<b>33.</b>	<b>2,334</b>	<b>5,001</b>
Decrease/increase in inventories		-1,235	559
Increase in trade receivables and other assets		-117	-752
Increase/decrease in current liabilities and other liabilities		891	-344
Cash inflow from interest		1	1
Cash outflow from interest		-143	-112
Cash outflow/inflow from taxes		-814	-438
<b>Cash flow from operations</b>	<b>34.</b>	<b>917</b>	<b>3,915</b>
Cash outflow for investments in intangible assets (without capitalised development costs) and tangible assets		-738	-1,870
Additions to capitalized development costs		-563	-909
Additions to capitalised development costs		31	0
Cash inflow from funding sources for investments	4.	-50	-247
Acquisition of equity holdings		24	0
Cash inflow based on financial assets	9.	1,299	0
Cash outflow based on financial assets	9.	0	-762
<b>Cash flow from investments</b>	<b>35.</b>	<b>3</b>	<b>-3,788</b>
Cash outflow for rental and lease liabilities	3.	-326	-294
Share acquisition of non-controlling shareholders		-60	0
Dividend payments	13.	-1,980	-1,238
Cash inflow from taking out loan liabilities	15.	300	3,298
Cash outflow for repayment of loan liabilities	15.	-1,494	-1,096
Decrease/ increase in long-term liabilities	17.	35	14
<b>Cash flow from financing activities</b>	<b>36.</b>	<b>-3,525</b>	<b>684</b>
<b>Change in cash and cash equivalents</b>		<b>-2,605</b>	<b>811</b>
<b>Cash and cash equivalents at beginning of fiscal year</b>		<b>4,855</b>	<b>4,139</b>
<b>Exchange rate difference</b>		<b>14</b>	<b>-95</b>
<b>Cash and cash equivalents at end of reporting period</b>		<b>2,264</b>	<b>4,855</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR 2021 FISCAL YEAR

## Application of International Financial Reporting Standards

The consolidated financial statements of Geratherm Medical AG for the 2021 fiscal year were prepared in accordance with the rules of the International Financial Reporting Standards (IFRS) valid on the date of the financial statements and in consideration of the guidance provided by the International Financial Reporting Interpretations Committee (IFRIC), as is mandatory in the European Union, and in accordance with the additional requirements of German commercial law under Sect. 315e (1) of HGB (German Commercial Code).

The following standards, amendments to existing standards and interpretations will take effect for the first time during the 2021 fiscal year and have affected the 2021 fiscal year as follows:

Standard/ Interpre- tation	Title of standards/ interpretation or amendment	First-time application <sup>1</sup>	Impact on Geratherm
<b>IAS 8.28</b>			
Different standards	Amendments to IFRS 9 IAS 39, IFRS 7, IFRS 4 and IAS 16: Reform of reference interest rates - Phase 2	1/1/2021	No essential impact
IFRS 4	Amendments to IFRS 4 Insurance contracts -Extension of temporary exemption from application of IFRS 9	1/1/2021	No essential impact
IFRS 16	Amendment to IFRS 16: Covid-19-related rental concessions	1/1/2021	No essential impact

The Geratherm Group does not plan on any early application of the following new or amended standards and interpretations, which will only be mandatory in later financial years. Unless stated otherwise, the impact on the consolidated financial statements of the Geratherm Medical AG is still being checked at present.

Reporting for the 2021 financial year is based on the mandatory standards and interpretations and provides a true and fair picture of the net assets, financial position and earnings situation of the Geratherm Group.

Amendment	Publication IASB	apply at the beginning of the fiscal year	Date of Endorsement
<b>Usage for fiscal years of later report periods</b>			
IFRS 17 insurance contracts (incl. amendments to IFRS 17 of 25 June.2020)	May 17	01 January 2023	19 November 2021
Amendments to IAS 1: Classification of liabilities as current or non-current (incl. amendments postponement of the effective date from July 15, 2020)	January 20	01 January 2023	still pending
Amendments to IFRS 3: Reference to the conceptual framework	May 20	01 January 2022	June 21

<sup>1</sup> Fiscal years that start on or after the indicated date.

Amendment	Publication IASB	apply at the beginning of the fiscal year	Date of Endorsement
<b>Usage for fiscal years of later report periods</b>			
Amendments to IAS 16: Property, plant and equipment - income prior to intended use	May 20	01 January 2022	June 21
Amendments to IAS 37: Onerous contracts - costs of fulfilling the contract	May 20	01 January 2022	June 21
Annual improvements to IFRS (AIP) - cycle 2018-2020	May 20	01 January 2022	June 21
Amendments to IAS 1: Presentation of the financial statements and IFRS practice statement 2: Presentation of the accounting and valuation methods	February 21	01 January 2023	still pending
Amendments to IAS 8: Accounting policies, changes in estimates and errors: definition of estimates	February 21	01 January 2023	still pending
Amendments to IFRS 16: Covid-19 related rental concessions beyond June 30, 2021	March 21	01 April 2021	August 21
Amendments to IAS 12: Income taxes: Deferred taxes on assets and liabilities from individual transactions	May 21	01 January 2023	still pending
Amendments to IFRS 17: First-time application of IFRS 17 and IFRS 9 – comparative information	December 21	01 January 2023	still pending

The application of the above standards and interpretations had no impact on the amounts reported in the previous periods.

Geratherm Medical AG does not expect any significant impact from the application of the aforementioned other standards and interpretations indicated in IAS 8.30 on the consolidated financial statements for the current and future periods.

## Layout and preparation of the financial statements

The layout of the financial statements is based on IAS 1.

The profit and loss statement was prepared according to the “total cost” type of short-term results accounting.

The consolidated financial statements were prepared on the basis of historical acquisition or production costs. In cases where IFRS stipulates other valuation concepts, these concepts were used. This has been indicated separately in the following statements on the accounting and valuation principles. Assets and liabilities are generally valued at their amortised book value or, where appropriate, at their current market value.

The consolidated financial statements are prepared in full EUR (functional and reporting currency). Various figures have been indicated in kEUR (thousand euros) in the Notes to provide better clarity. As a result, this may lead to rounding differences.

The parent company is Geratherm Medical AG, which is established according to German law and has headquarters in 99331 Geratal / OT Geschwenda. The shares of the company are admitted to dealings on the official market and are listed in the Prime Standard exchange segment of the Frankfurt Stock Exchange (FWB).

The management of Geratherm Medical AG has released the consolidated financial statements based on IFRS on 14 April 2022 for presentation to the supervisory board. The supervisory board must check the financial statements and state whether it approves the financial statements.

## Legal and economic matters

Geratherm Medical AG is registered as a legal entity in Germany and is entered under the number HR B 111272 in the Commercial Register B of the Amtsgericht Jena (District Court). The company has its headquarters in 99331 Geratal at Fahrenheitstr. 1

Geratherm Medical AG focuses on the “development, production and marketing of medical products especially in the area of temperature management and vital data as well as investments in the healthcare sector” in accordance with the Art. 2 of its Articles of Association.

## Consolidation principles

The consolidated financial statements of Geratherm AG include the accounts of all companies that are controlled by Geratherm Medical AG directly and indirectly within the meaning of IFRS 10.

According to IFRS 10, a group consists of a parent company and its subsidiaries, which are controlled by the parent company while fulfilling the following three criteria at the same time:

- Power of parent company to make decisions about significant activities of associated companies,
- Variable returns from associated companies flow to the parent company, and
- Capability of the parent company to be able to utilise its right to make decisions with regard to influencing the variable returns.

Such companies are incorporated in the consolidated financial statements from the date on which the possibility of control starts to exist for Geratherm Medical AG. The incorporation ends on the date on which the possibility of control ceases to exist.

As part of capital consolidation, the valuation of the shares owned by the parent company in a subsidiary included in the consolidated financial statements is offset by the amount of the equity capital of the subsidiary pertaining to these shares. The consideration transferred with the acquisition and the identified net assets that were acquired are generally valued at their fair value. Every resulting goodwill is checked for impairment on an annual basis. Any gain noted from an acquisition at a price that is below the market value is directly identified in profits. Transaction costs are immediately reported as expenditure.

The investments in companies included at equity are initially valued at the historical costs at the time of acquisition. The book values of these companies are increased or decreased annually by the proportional results, distributed dividends or other changes in equity. If losses of an associated company have consumed that company's equity, any further losses are not taken into account. If there are objective grounds and if the recoverable amount of the participation on the balance sheet date is below the book value, an impairment loss is recognised. Receivables and liabilities between the companies taken into consideration are eliminated during debt consolidation. The effects of transactions within the group are eliminated during the intercompany profit elimination and consolidation of expenses and receipts.

## Minority interests

In case of a business merger, the Group decides in a consistent manner on how to assess any minority interests in the acquired company according to its share of the identifiable net assets of the acquired company, which is generally assessed at fair value.

Changes in ownership interests in a subsidiary that do not result in a loss of control shall be accounted for as an equity transaction with owners, acting in their capacity as owners. Losses of a subsidiary are then assigned to shares without controlling influence if these result in a negative balance. Adjustments of minority interests are based on the pro-rata amount of the net assets of the subsidiary.

## Consolidated group

The consolidated group includes the ultimate parent company Geratherm Medical AG and the companies listed in the following table. This represents the largest and smallest consolidation group. The reporting date of the annual financial statements of these companies corresponds with the consolidated reporting date. The following percentage of shares held apply in detail.

Company	Percentage of shares held 2021	Percentage of shares held 2020
GME Rechte und Beteiligungen GmbH, Geratal, Germany	100.00 %	100.00 %
apoplex medical technologies GmbH, Pirmasens, Germany	53.42 %	53.42 %
<i>Subsidiary: apoplex medical technologies Spain SL Barcelona, Spain</i>	57.57 %	22.50 %
Geratherm Respiratory GmbH, Bad Kissingen, Germany	67.58 %	65.27 %
Geratherm Medical do Brazil Ltda., Sao Paulo / Brazil	51.00 %	51.00 %
Sensor Systems GmbH, Steinbach-Hallenberg, Germany	100.00 %	100.00 %
Capillary Solutions GmbH, Geratal, Germany	100.00 %	100.00 %
LMT Medical Systems GmbH, Lübeck, Germany	80.00 %	80.00 %
<i>Subsidiary: LMT Medical Systems Inc., Ohio, USA</i>	100.00 %	100.00 %

With the notarised purchase agreement from 19 May 2021, Geratherm Medical AG took over additional nominal capital shares of minority interests in Geratherm Respiratory GmbH at a purchase price of 60 kEUR. As a result, the participation in the nominal capital of Geratherm Respiratory GmbH increased by +2.31 % (14 kEUR). The purchase price difference in the amount of 46 kEUR was shown as revenue reserve in equity capital of the Group.

Geratherm Medical do Brasil has been in bankruptcy protection under Brazilian law (Chapter 11) since 19 November 2019, which has not yet been finalised. As in the prior year, the management board continues to assume control of the company, since Geratherm is a main creditor of the company.

Geratherm Medical AG holds with 53.42 % the majority of all voting rights in apoplex medical technologies GmbH and can thus make decisions at the general meeting. Even if the currently unavailable managing director is attributable to the minority shareholder and the shareholders do not have to give consent to the planning, control of apoplex is assumed, since Geratherm Medical AG is entitled to decide on the appointment of further managing directors and allocation of their responsibilities.



## Business mergers in 2021

On 7 October 2021, apoplex medical technologies GmbH acquired additional shares and voting rights in apoplex medical technologies Spain SL (formerly: EVINA Spain S.L.), which represents a business within the meaning of IFRS 3. The acquisition of the company has enabled the Group to enter the Spanish market and will significantly increase its market share. Based on the previous shareholding of 22.5 %, the share quota was increased to 57.57 %. The purchase price was paid by converting outstanding receivables in the amount of 287 kEUR in equity capital as well as a cash contribution of 15 kEUR. The minority interest in apoplex medical technologies Spain SL (22.5 %) reported at the time of acquisition was valued with reference to the current market value of the minority interest and amounted to 194 kEUR. The loss from revaluation of the equity interests in the course of the gradual business merger amounts to 70 kEUR and is shown under the "Other operating expenses" item. The assets and liabilities recognised as a result of the acquisition are as follows:

	kEUR
Intangible assets - customer relations	303
Intangible assets - licenses	455
Tangible fixed assets	2
Trade accounts receivables	87
Other assets	0
Cash and bank	39
Liabilities to banks	
Liabilities	-111
Deferred tax liabilities	-70
Acquired identifiable assets	704
Less: non-controlling interests	-298
Plus: Goodwill	90
Acquired assets	496

The initial accounting apoplex medical technologies Spain SL was only determined provisionally at the end of the reporting period. At the time the consolidated financial statements were completed, the necessary market valuations and other calculations had not yet been fully completed and were therefore only determined provisionally on the basis of the best possible estimate by knowhow. The goodwill is based on the personnel and the profitability of the acquired company. It is not tax deductible. The fair value of the acquired trade receivables amounts to 87 kEUR. The gross sum of trade accounts receivables due is 87 kEUR. No impairments were recorded. The Group accounts for non-controlling interests in an acquired company either at the fair value or with the proportionate share of the non-controlling interests in the identifiable net assets of the acquired company. The decision is made individually for each company acquisition. With regard to the non-controlling interests in Apoplex medical technologies Spain SL, the Group has decided to recognise these in the amount of their share of the acquired identifiable net assets. The acquisition-related costs amount to 3 kEUR and are reported under other operating expenses. apoplex medical technologies Spain SL contributed 170 kEUR to sales and 75 kEUR to the consolidated profits for the period between acquisition and the balance sheet date. If the acquisition of Apoplex medical technologies Spain SL had been concluded on the first day of the financial year, the consolidated sales for the year would have increased by 59 kEUR and the consolidated income would have decreased by 80 kEUR.

## Foreign currency translation

We used the concept of functional currency when converting the financial statements of Geratherm Medical do Brasil Ltda. and LMT Medical Systems Inc., which include figures in a foreign currency. Since these companies operate their businesses independently, they are treated as independent foreign entities as defined by IAS 21. Based on that, the assets and liabilities of the foreign subsidiary are translated at the exchange rate prevailing on the reporting date, while the expenses and receipts are translated at the annual mean exchange rate as permissible simplification according to IAS 21.40. The equity capital is valued using the historical exchange rates (the rates prevailing on the date of payment and the respective mean exchange rate of the yield generated). The difference resulting from this currency translation is reported as a separate item in the group's other comprehensive income. When converting the financial statements of Geratherm Medical do Brasil prepared in the local currency, a period-end exchange rate of BRL 6.3101 /EUR (balance sheet) and an average exchange rate of BRL 6.3779 EUR (P&L) were taken as a basis. When converting the financial statements of LMT Medical Systems into the local currency, a period-end exchange rate of USD 1.1326 /EUR (balance sheet) and an average exchange rate of USD 1.1827 EUR (P&L) were taken as a basis.

Accountable events in a foreign currency will be shown at the rate prevailing on the date of the accountable event in the individual financial statements of the consolidated companies prepared in the local currency. The monetary items (cash, receivables and liabilities) contained in the balance sheets of individual financial statements are valued at the exchange rate prevailing on the reporting date. The foreign currency translation differences are entered with effect on the income.

## Principles of accounting and valuation

All accounting and valuation methods were applied uniformly.

The individual assets and liabilities are valued with consideration to the rules of the International Financial Reporting Standards.

### Intangible assets

The **development costs** are capitalised in accordance with IAS 38 as intangible assets if:

- The intangible asset can be completed technically to the extent in which it can be used or sold,
- Geratherm intends and is capable of completing the intangible asset and to utilise or sell it;
- Evidence has been provided that the intangible asset will probably generate future economic benefit, or if it is to be used internally, will generate a corresponding benefit;
- Adequate technical, financial and other resources are available that the intangible asset is entirely developed and can be subsequently used or sold; and
- The costs attributable to the intangible asset can be reliably assessed during its development.

The intangible components, such as scientific or technical knowledge, design and implementation of new processes, systems or software, must remain the focal point of the development process.

The capitalised development costs include the expenditure for development contracts awarded to third parties, the direct material costs and, the proportionate personnel costs relating to the time expenditure of the employees involved in the development of the relevant projects, including mandatory social security contributions that are paid by the employer and attributable borrowing costs.

The capitalised development costs are written off using the straightline method as of the point in time when they are ready for use. A useful life of 8 to 12 years was established as a basis for the completed development projects.

The intangible assets that were not yet ready for use are annually checked for impairment in accordance with the requirements of IAS 36.

The acquired intangible assets have a limited useful life and are valued at the historical costs less regular accumulated amortisation on a straightline basis after the operating life expectancy of the assets. The useful life for software and other intangible assets is set at 3 to 5 years, while the useful life for industrial property rights is 10 years.

## Tangible assets

The **tangible assets** were accounted and valued at acquisition costs in accordance with IAS 16.30. All tangible assets such as buildings, technical equipment and machines as well as other equipment, factory and office equipment, are valued at historical costs and manufacturing costs and decreased by regular linear depreciation.

The acquisition and manufacturing costs also include borrowing costs for long-term construction projects, provided the valuation criteria are fulfilled according to IAS 23.

Buildings are depreciated over a useful life of 30 to 33 years. The useful life for technical equipment and machinery is 5 to 13 years. The useful life for other equipment, factory and office equipment is set at 3 to 13 years.

Assets are retired at the residual book value at the time of their retirement.

Public grants or subsidies received for the procurement of tangible assets were reported as accrued investment subsidies in the balance sheet and are released to income according to the useful life of the assets they financed.

## Impairment losses of ready-to-use intangible and tangible assets

If there is any indication that an intangible assets or tangible assets could be impaired, it is necessary to estimate the recoverable amount for the individual asset. As a rule, it is not possible to estimate the recoverable amount for the individual intangible assets so that the recoverable amount of the cash-generating unit is determined which possesses the asset.

Tangible and intangible assets that are no longer usable or are only usable to a limited extent are written off irregularly at the higher value based on the remaining utility value or the attainable disposal proceeds in accordance with IAS 36. If impairments are implemented, these are allocated to individual assets in cash-generating units in accordance with IAS 36.104 ff. and shown for intangible and tangible assets under the corresponding write-offs.

On 14 January 2022, the management board had decided together with the supervisory board to discontinue Medical Warming Blankets for operating rooms as well as the related research and development with immediate effect. The current market situation and market prospects for the product do not reflect the related expenses for certification under MDR. As of the reporting date, there was an impairment of tangible and intangible assets from the Medical Warming Systems segment in the amount of 165 kEUR. It is reported in the depreciation of tangible assets. In addition, 73 kEUR were scrapped, the reporting of which is effected under "Other operating expenses".

## Rights of use

Lease arrangements are accounted and valued in accordance with IFRS 16. In this context, a lessee is obligated to recognise an asset (for the usage right) and corresponding lease liabilities for lease agreements with a term of more than 12 months in the balance sheet. The lease liability was valued at the actual cash value. Lease payments are discounted using the implicit interest rate, on which the lease is based, provided that this can be determined. Otherwise, discounting is carried out using the lessee's incremental borrowing rate. The Group has lease arrangements as lessee of rented offices as well as technical equipment and machinery, leased vehicles and office equipment.

## Associated companies / Financial assets accounted on basis of equity method

We refer to our statements in the section "Consolidation principles."

An impairment test is carried out if appropriate indicators are evident and an impairment is implemented as needed. The recoverable amount is determined on the basis of the provisions of IAS 36. Impairment losses are reported in the results from investments.

## Financial assets and liabilities

IFRS 9 Financial Instruments defines the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

### 1. Classification of financial assets and liabilities

Financial assets and liabilities are recognised in the consolidated balance sheet at the time when the group becomes a contractual party to the financial instrument. The classification and valuation of financial assets and obligations under IFRS 9 is based on the company's business model and the characteristics of the cashflows of the respective financial assets or the respective financial liability. For initial recognition, the respective financial asset is classified either as measured at "fair value through profit or loss" (FVPL), or at "amortised costs" or at "fair value through other comprehensive income" (FVOCI).

The Other financial assets and securities are classified in the "Hold and sell / FVOCI" category. All fluctuations in value—including capital gains and losses on disposal—are recognised in the equity in the "market assessment reserve" position without effect on income. All securities (shares) are valued at the market price prevailing on the reporting date and marketable. The other financial assets in the form of holdings are also evaluated in accordance with their fair value as of the reporting date.

Receivables, other short-term assets as well as cash and cash equivalents belong to the "valuation at amortised acquisition costs" category. Trade receivables are shown at the time of recognition at fair value, which generally corresponds to the costs of acquisition and according to the assessment of their recognition. Receivables with longer-term maturities (> 1 year) are discounted using market interest rates. The subsequent valuation is carried out using the amortised acquisition costs. Other receivables and assets are carried at amortised costs. Foreign currency receivables are valued at the exchange rate prevailing on the reporting date. Cash and cash equivalents are cash assets and bank deposits that are immediately available and which are valued at nominal value. These assigned values correspond to the market values.

The financial liabilities are valued at the net book values (repayment value). Changes in the repayment value due to the exchange rates prevailing on the reporting date were also taken into account. The values applied in the consolidated financial statements essentially correspond with the market values, in as far as these can be determined.

Geratherm derecognises the financial assets if the cash inflow has occurred or if the receivable is irrecoverable. Financial liabilities are derecognised if the contractual obligations are fulfilled, cancelled or expired.

## 2. Impairment of financial assets

The model of losses incurred, which is to be applied according to IFRS 9, shall be combined as a future-oriented model with significant discretionary decisions as to the extent in which the expected credit losses are impacted by changes in economic factors. When setting these percentages, Geratherm takes into account past experience with collection and current economic trends. The new impairment model shall be applied to financial assets, which are measured at amortised costs. If the data that the company uses to calculate the value allowances for bad debts do not reflect the ability to collect outstanding receivables in the future, additional allowances for bad debts may be needed, which could have a significant impact on the company's future earning position.

Impairment losses are identified for individual financial instruments in the event of payment losses or breaches of contract by the counterparty or recognition of impairment losses due to deterioration in ratings and the general information situation (loss event). An impairment loss is calculated after the occurrence of a loss event as difference between the book value and the discounted, expected cashflow. The original effective interest rate serves as a discount rate. Impairment losses are posted on the balance sheet and directly offset against the book value of the financial instrument. Interests earned from impaired financial instruments continue to be booked. If there are any indications of a decrease in the impairment, this shall be ascribed to the financial instrument with effect on net income up to a maximum of the amount of the amortised costs of acquisition, which would have been recognised without the impairment.

## Current and deferred taxes

Actual taxes are the anticipated tax liability or tax receivable on the taxable income or loss in the business year, and namely on the basis of tax rates that are effective or will be effective soon on the reporting day, as well as all adjustments to the tax liability for previous years. The amount of the expected tax liability or tax receivable reflects the amount that represents the best estimate taking into consideration any tax uncertainties if applicable. The actual tax liabilities include all tax liabilities that arise as a result of fixing dividends. Actual tax claims and liabilities are balanced only under certain conditions.

The accounting and valuation of deferred taxes is implemented according to IAS 12. For all deductible temporary differences, unused tax losses carried forward and unused tax credits, deferred tax assets are recognised to the extent in which it is probable that the taxable income is available, against which the deductible temporary differences and the unused tax losses carried forward and tax credits can be used.

The tax rates of future years are used to calculate deferred taxes, provided the legislative procedure governing the tax rate has been concluded.

Deferred tax assets and liabilities are offset against one another, if the tax authorities are identical and matching maturities exist and only then applied as deferred tax assets to the extent that these tax advantages are probably realisable.

## Inventories

The raw materials and consumables shown under the Inventories item as well as goods are valued with their historical costs while taking their usability on the reporting date into account.

Unfinished and finished clinical thermometers, medical warming systems and spirometry products are valued with the manufacturing costs in the individual stages. These include the material costs, labor costs, percentage of indirect production costs and production-related administrative costs.

Merchandise is valued on the basis of the moving average prices.

If impairments of inventories are implemented, these are reported as material expenses or reduction in inventory during the current period. If there is a reversal of impairment losses concerning inventories, these are reported as decrease in material expenditure or increase in inventory during the period, in which the reversal of impairment occurred.

Impairment of inventories, which can be attributed to the discontinuation of a business segment, is recognised under the impairment losses item from devaluation of inventories in the profit and loss statement.

## Listing of sales revenue

IFRS 15 specifies a comprehensive framework for determining whether, to what extent and at which time revenue shall be recognised. The prerequisite for recording sales revenues is a valid contract with identifiable performance obligations and stipulated payment terms and the probability that the agreed consideration will be rendered. The sales revenues correspond with the transaction price, to which Geratherm is entitled in accordance with the contractual terms. There are no significant uncertainties in connection with the sales revenues.

Determining whether the power of disposition is passed at a designated time or over a specific period requires discretionary decisions.

### 1. Sales of medical products

The group recognises sales if the customer gains control over the sold medical devices. The customer usually gains control by way of transfer of ownership and right of possession as well as the significant opportunities and risks. The agreed upon Incoterms are primarily relevant in this regard. Sales revenues are recognised at this time if revenues and costs can be measured reliably, if the receipt of consideration is probable and there is no other existing right to dispose of the goods.

The net amount of sales based on cost units (product groups) is recorded separately from domestic and export proceeds while deducting the cash discounts paid, customer bonuses and discounts. Expenses resulting from sales such as transport costs, insurance and/or commissions, are shown as sales expenditure.

When our subsidiary LMT Medical Systems GmbH sells incubators, customers are offered warranty extension options. According to IFRS 15, these options shall be regarded as independent service components. Sales revenues must thus be recognised separately from the other service components. The sales for the warranty extension shall be recognised based on that during the agreed upon warranty period. On the other hand, the consideration that can be attributed to the supplemental warranty is not to be recognised as revenue in the business year, in which the agreement was formed, but shall be recognised outside of profit or loss. The transaction price is broken down on the basis of the relative stand-alone selling prices of the services provided.

Geratherm has recognised inventories in the consignment warehouses as of the reporting date. Using the general principles and special regulations on commission agreements, the end customer gains control with the purchase of the medical devices and thus with removal from storage, since Geratherm remains the owner of the products and thus bears the significant opportunities and risks until the products are sold to the end customer.

## 2. Performance of analysis services

The group provides analysis services through its subsidiary apoplex medical technologies GmbH. The sales revenues are recognised on a time basis over the term of the underlying agreements. Sales that are attributable to the following year, are accrued pro rata temporis while taking into account multiple availments on the balance sheet date.

## 3. Performance obligations as combination of IFRS 15 and IFRS 16

Since 2019, the Group provides via its subsidiary apoplex medical technologies GmbH a combination of finance leasing for ECG devices and analytical services including first-time installation services. This currently involves a contract with a term of 2.5 years. As part of the contract valuation, the individual performance obligations were identified and the corresponding transaction price were allocated. Sales revenues for the provided equipment and the corresponding sales costs as well as the installation services previously carried out were reported as of the reporting date. The analytical services were moreover recognised pro rata temporis. The transaction price is broken down on the basis of the relative stand-alone selling prices of the individual services provided.

If the Group acts as the lessor, it classifies every lease arrangement either as a finance lease or an operating lease at the start of the contract. To classify every lease arrangement, the Group made an overall assessment as to whether the lease arrangement transfers essentially all risks and opportunities associated with ownership of the relevant asset.

Geratherm reports as lessor a finance lease receivable on the day of the handover. The sales revenue in the amount of the fair value is recognised on the date of provision. The sales costs in the amount of the accounting value of the underlying asset are recognised as material expenditure.

## Interests paid and interests earned

Interests earned are recognised on a time proportion basis using the effective interest method, accruing payable interests are reported on a time proportion basis depending on the contractual commitment or by applying the effective interest method.

### Reform of reference interest rates

If the basis for calculating the contractual cash flow from a financial asset or liability assessed at the respective amortised acquisition costs has changed as a result of the reform of reference interest rates, the Group has adjusted the effective interest rate of the financial asset or liability to take into account the changes required by the reform.

## Estimates and assumptions

The valuation of assets and liabilities is based in part on estimates and/or assumptions about future developments. The estimates are based on past experience and other knowledge of the business transactions which are to be accounted for. For instance, the assessment of capitalisation requirement for development projects (book value EUR 2.994 million), the statements on economic useful lives for long-term intangible and tangible assets (book value EUR 12.965 million) are based in particular on estimates and assumptions. In addition, the assessment of assets of the "hold and sell" category, which are not traded on an active market (other financial assets, accounting value EUR 1.370 million), as well as intangible assets 508 kEUR not ready for use) is based on the corporate planning, which of course involves uncertainties such that the actual values may deviate in individual cases from the made assumptions and estimates. There are also estimates and assumptions relating to the contractual term of the leased office and storage space of subsidiaries. Estimates and the underlying assumptions are regularly checked and evaluated with regard to possible impact on accounting. There are also estimates relating to the loan obligations of the Brazilian subsidiary, which is currently in bankruptcy protection under Brazilian law. Estimates are also made when evaluating the valuation allowance due to the expected credit losses on trade accounts receivable and contractual assets as well as the recognition of deferred tax assets in relation to the availability of future taxable results, against which deductible temporary differences and tax losses carried forward can be used.

Moreover, estimates were made with regard to the acquisition of subsidiaries when calculating the fair value of the transferred consideration (including contingent consideration) and the preliminary determination of the fair value of the identifiable acquired assets and assumed liabilities.

There are discretionary leeways with regard to the accrual of sales revenues from analytical services and the classification of leasing as finance lease in the Group. We make reference to the statements relating to sales revenues, the valuation principles and lease arrangements.

## Determination of fair values

Some accounting policies and specifications call for determining fair values for financial and non-financial assets and liabilities.

Geratherm Medical AG has established a process for determining fair value. That also includes the general responsibility of the management board for monitoring all significant valuations at the fair value.

If third party information, i.e., price quotes from brokers or rate information services, is consulted to determine the fair value, we check whether the documents provided by the third parties are appropriating for concluding that current valuations fulfill IFRS requirements, including the level in the fair value hierarchy in which these valuations are to be classified.

Observable market data are used as much as possible when determining the fair value of an asset or a debt. Based on the input factors used in the valuation practices, the fair values are classified in different levels in the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Valuation methods using parameters that include quoted prices not taken into account in level 1 and which are observable with regard to the asset or the debt either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation methods using parameters for assets or debts which are based on non-observable market data.



Fair values are currently determined within levels 1 and 3.

If the input factors used to determine the fair value of an asset or a debt can be classified to different levels of the fair value hierarchy, the valuation of the fair value is assigned in its entirety to the level of the fair value hierarchy that corresponds to the lowest input factor that is essential on a whole for the valuation.

Geratherm Medical AG recognises a regrouping between different levels of the fair value hierarchy at the end of the reporting period, in which the change has occurred.

Further information about assumptions relating to determining the fair value is included in the Disclosures 4, 9 and 12.

## Notes to the Consolidated Financial Statements

### ASSETS

#### 1. Intangible assets

As at 31 December 2021, intangible assets totalling EUR 4.158 million (2020: EUR 3.079 million) are reported. The development of the intangible assets is shown in the following table:

Intangible assets	Development costs	Other intangible assets	Goodwill	Total
<b>Initial and manufacturing costs in EUR</b>				
01/01/2020	4,034,861	1,086,638	90,000	5,211,499
Additions	909,188	150,216	0	1,059,404
Disposals	0	38,502	0	38,502
Transfers	0	0	0	0
31/12/2020	4,944,049	1,198,352	90,000	6,232,401
01/01/2021	4,944,049	1,198,352	90,000	6,232,401
Zugänge	563,453	203,745	0	767,198
Addition from business merger	0	757,175	90,432	847,607
Disposals	994,314	90,876	0	1,085,190
Transfers	0	0	0	0
31/12/2021	4,513,188	2,068,396	180,432	6,762,016

Intangible assets	Development costs	Other intangible assets	Goodwill	Total
<b>Amortisation and depreciation in EUR</b>				
01/01/2020	2,082,767	842,206	89,999	3,014,972
Additions	78,069	87,304	0	165,373
Disposals	0	27,164	0	27,164
31/12/2020	2,160,836	902,346	89,999	3,153,181
01/01/2021	2,160,836	902,346	89,999	3,153,181
Additions	353,099	110,177	0	463,276
Disposals	994,314	17,727	0	1,012,041
31/12/2021	1,519,621	994,796	89,999	2,604,416
<b>Book values in EUR</b>				
01/01/2020	1,952,094	244,432	1	2,196,527
31/12/2020	2,783,213	296,006	1	3,079,220
01/01/2021	2,783,213	296,006	1	3,079,220
31/12/2021	2,993,567	1,073,600	90,433	4,157,600

The following foreign currency effects relate exclusively to other intangible assets and were taken into account under additions:

	Initial and manufacturing costs	Amortisation and depreciation
	kEUR	kEUR
2020	-17	-12
2021	0	0

The development costs for intangible assets created internally during the 2021 fiscal year were capitalised in the amount of 563 kEUR (2020: 909 kEUR). These essentially include new software solutions from apoplex and developments in connection with the certification of LMT products.

Non-capitalisable research and development costs were posted as expenses in the amount of 807 kEUR (2020: 844 kEUR). The other intangible assets relate essentially to licences, patents, software and capitalised customer relations from the formation of apoplex medical technologies Spain SL. The amortisation of development projects already in use is included in the amortisation of intangible assets and depreciation of property, plant and equipment.

Own work was capitalised in the amount of 475 kEUR.

### Goodwill and other intangible assets from first-time consolidation

The first-time consolidation of the subsidiary of apoplex medical technologies Spain SL resulted in a formation of a goodwill of 90 kEUR. The goodwill is assigned to the cash-generating unit in the form of the legal entity "apoplex medical technologies Spain SL". Due to the low level of goodwill, an impairment test was not carried out.

In addition, other intangible assets were acquired in the form of:

Intangible assets - customer relations 302

Intangible assets - licenses 455

Amortisation is carried out over 3 to 20 years while taking into account the expected length of customer relations and the benefits associated with the licence.

## Impairment losses

For the discontinued Medical Warming Systems for operating rooms, the fixed assets still include a goodwill (1 EUR) as a remaining notional value, which was already written off due to the impairment test in the 2019 financial year.

The production and the associated research and development of this segment has also been discontinued.

The capitalised costs for development projects (141 kEUR), which were not yet ready for use, in the amount of 141 kEUR were written off. The expense is reported under the item Amortisation of intangible assets and depreciation of tangible assets.

## Achievability of development costs

Developments costs of apoplex (EUR 1.776 million – of which 471 kEUR was not yet ready for use)

The legal entity apoplex was identified as the smallest cash-generating unit (solutions for detecting atrial fibrillation in order to prevent a stroke). As at 31 December 2021, there were capitalised development costs in the amount of EUR 1.776 million, of which 471 kEUR are not yet used, in the apoplex unit. The annual impairment test is based on the expected cash flows of the smallest cash-generating unit over a planning horizon from 2022 to 2026. The unit has net assets of EUR 1.562 million as of the balance sheet date. The attainable amount, which is used for comparison as part of the impairment test of the cash-generating unit, is determined by the value in use. To calculate the value in use, the cash flows derived from the planning were discounted with a risk-adjusted, fair market interest rate in the amount of 18.84 % before taxes. The planning envisions a sales growth of 55 %, 164 %, 32 % and 17 % respectively for 2022 to 2023, 2023 to 2024, 2024 to 2025 and 2025 to 2026.

As of 2026, a moderate annual growth is expected for the perpetual annuity of 0.5 %. The expenses increase correspondingly. Based on these factors, there was no need for value adjustments in the 2021 financial year. A sensitivity analysis was used to gauge how the value in use responds to a change in the interest rate. A one-percent change in the interest rate results in a change in cash value of minus 2,677 kEUR, and a minus-one-percent change in the interest rate results in a change in cash value of EUR 7,028 kEUR.

Developments costs by LMT (EUR 1.217 million – of which was not yet ready for use 37 kEUR)

The legal entity LMT Medical was identified as the smallest cash-generating unit (production and marketing of MRI-capable incubators for preterm babies). As at 31 December 2021, LMT had capitalised development costs in the amount of EUR 1.217 million, of which 37 kEUR are not yet used. The annual impairment test is based on the expected cash flows of the smallest cash-generating unit over a planning horizon from 2022 to 2026. The unit has net assets of EUR 839 million as of the balance sheet date. The attainable amount, which is used for comparison as part of the impairment test of the cash-generating unit, is determined by the value in use. To calculate the value in use, the cash flows derived from the planning were discounted with a risk-adjusted, fair market interest rate in the amount of 19.86 % before taxes. The planning envisions a sales growth of 18 %, 15 %, 13 % and 12 % respectively for 2022 to 2023, 2023 to 2024, 2024 to 2025 and 2025 to 2026.

As of 2026, a moderate annual growth is expected for the perpetuity of 0.5 %. The expenses increase correspondingly. Based on these factors, there was no need for value adjustments in the 2021 financial year. A sensitivity analysis was used to gauge how the value in use responds to a change in the interest rate. A one-percent change in the interest rate results in a change in cash value of minus 340 kEUR, and a minus-one-percent change in the interest rate results in a change in cash value of EUR 357 kEUR.

## 2. Tangible assets

The development of tangible assets is shown in the following table

Tangible assets	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
<b>Initial and manufacturing costs in EUR</b>					
01/01/2020	5,225,285	11,040,761	1,286,371	1,323,247	18,875,664
Additions	806,316	267,016	275,010	371,672	1,720,014
Disposals	0	3,644	133,438	0	137,082
Transfers	1,193,549	129,698	0	-1,323,247	0
31/12/2020	7,225,150	11,433,831	1,427,943	371,672	20,458,596
01/01/2021	7,225,150	11,433,831	1,427,943	371,672	20,458,596
Zugänge	121,179	299,705	139,370	67,532	627,786
Addition from business merger	0	0	1,824	0	1,824
Disposals	0	1	161,327	0	161,328
Transfers	0	129,022	0	-129,022	0
31/12/2021	7,346,329	11,862,557	1,407,810	310,182	20,926,878
<b>Amortisation and depreciation in EUR</b>					
01/01/2020	1,829,148	7,729,814	1,034,070	0	10,593,032
Additions	157,483	544,363	145,780	0	847,626
Disposals	0	1,369	81,955	0	83,324
31/12/2020	1,986,631	8,272,808	1,097,895	0	11,357,334
01/01/2021	1,986,631	8,272,808	1,097,895	0	11,357,334
Additions	215,085	540,699	167,645	0	923,429
Disposals	0	1	161,275	0	161,276
31/12/2021	2,201,716	8,813,506	1,104,265	0	12,119,487

Tangible assets	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
<b>Book values in EUR</b>					
01/01/2020	3,396,137	3,310,947	252,301	1,323,247	8,282,632
<b>31/12/2020</b>	<b>5,238,519</b>	<b>3,161,023</b>	<b>330,048</b>	<b>371,672</b>	<b>9,101,262</b>
01/01/2021	5,238,519	3,161,023	330,048	371,672	9,101,262
<b>31/12/2021</b>	<b>5,144,613</b>	<b>3,049,051</b>	<b>303,545</b>	<b>310,182</b>	<b>8,807,391</b>

The following foreign currency effects relate exclusively to Other equipment, factory and office equipment and were taken into account under additions:

Office and factory equipment:

	Initial and manufacturing costs	Amortisation and depreciation
	kEUR	kEUR
2020	-31	-23
2021	1	0

For Geratherm Respiratory GmbH's new production facility, the construction of which was started in 2018, a further 112 kEUR (2020: 793 kEUR) were capitalised as addition to the fixed assets in the financial year. Geratherm Medical AG started an investment program for renewing the machinery with a total volume of EUR 2.000 million in the 2019 fiscal year. Of which 335 kEUR (2020: 539 kEUR) were invested in the financial year. Another addition to technical and office equipment in the amount of 152 kEUR was caused by the first-time consolidation of apoplex medical technologies Spain SL. Other additions amounting to 180 kEUR relate to investments to replace machinery, equipment and other operating systems in the Group.

In the 2021 financial year, irregular depreciation of fixed assets amounted to 12 kEUR, which related to the discontinuation of the production of medical warming systems for operating rooms and rescue operations. It is reported under Amortisation of fixed intangible and depreciation of tangible assets.

With regard to the provision of collateral, we refer to the information relating to loans. The construction in progress mainly relates the investment program to modernise Geratherm's machinery and equipment. The acquisition and manufacturing costs include borrowing costs of 24 kEUR (2020: 24 kEUR). The interest rates are 1.55 % and 1.9 % respectively.

As of the reporting date, there is an order commitment for fixed assets of kEUR 1,425.

### 3. Lease arrangements

The distribution of the usage rights balance sheet item according to IFRS 16.47 is shown in the following overview.

Usage rights for	Buildings	Technical equipment and machinery	Factory and office equipment	Total
<b>Initial and manufacturing costs in EUR</b>				
01/01/2020	185,679	68,290	201,876	455,845
Additions	400,267	237	124,933	525,437
Disposals	175,569	237	11,755	187,561
31/12/2020	410,377	68,290	315,054	793,721
01/01/2021	410,377	68,290	315,054	793,721
Additions	129,477	20,646	131,937	282,060
Disposals	116,728	11,868	149,070	277,666
31/12/2021	423,126	77,068	297,921	798,115
<b>Amortisation and depreciation in EUR</b>				
01/01/2020	11,669	28,337	69,698	109,704
Additions	164,066	28,574	102,294	294,934
Disposals	175,271	237	11,755	187,263
31/12/2020	464	56,674	160,237	217,375
01/01/2021	464	56,674	160,237	217,375
Additions	200,297	24,279	103,413	327,989
Disposals	116,728	11,868	132,983	261,579
31/12/2021	84,033	69,085	130,667	283,785
<b>Book values in EUR</b>				
01/01/2020	174,010	39,953	132,178	346,141
31/12/2020	409,913	11,616	154,817	576,346
01/01/2021	409,913	11,616	154,817	576,346
31/12/2021	339,093	7,983	167,254	514,330

The following foreign currency effects relate exclusively to usage rights relating to buildings and were taken into account under additions

	Initial and manufacturing costs	Amortisation and depreciation
	KEUR	KEUR
2020	-15	-3
2021	1	0

For writing off lease arrangements, 328 kEUR was recognised in the profit and loss statement under amortisation and depreciation. Interest for lease liabilities were reported in the amount of 7 kEUR.

The cash outflow for lease arrangements amounted to 331 kEUR including interest of 9 kEUR (2020: 299 kEUR; interest 5 kEUR). Additions in the amount of 282 kEUR (2020: 525 kEUR) were made in the fiscal year. Irregular amortisation of usage rights was not necessary.

Within the framework of lease arrangements, where the Group is the lessor, a gross profit of -4 kEUR was generated in 2021.

The maturity analysis of lease receivables is as follows and shows the undiscounted lease payments to be received after the reporting date.

Maturity analysis in kEUR			
	Total	< 12 months	> 12 months
31/12/2020	27	25	2
31/12/2021	2	2	0

The maturity analysis of lease receivables would be as follows and shows the undiscounted lease payments to be received after the reporting date.

Maturity analysis in kEUR				
	Total	< 1 year	1– 3 year	> 3 year
31/12/2020	583	252	221	110
31/12/2021	523	278	243	2

The Group does not make use of the options for low-value leases or short-term leases.

#### 4. Financial assets accounted for on basis of equity method, other financial assets and long-term receivables

The Group uses the equity method to account for associated companies. apoplex acquired a 22.5 % stake in Evina Spain SL, Barcelona, Spain, in the 2018 financial year. The shares were recognised with the acquisition costs of 350 kEUR. On the basis of quarterly financial statements, an adjustment of 33 kEUR was made using the equity method as of 30 Sept. 2021. The book value of the investment on 30 September 2021 is 264 kEUR.

On 7 October 2021, apoplex medical technologies GmbH acquired additional shares and voting rights in EVINA Spain S.L. (New: apoplex medical technologies Spain SL). The share quota thus increased to 57.6 %. The subsidiary was included in the Group consolidation as of 7 Oct. 2021. We reported the first-time consolidation in the Consolidation section.

In this context, the previously held shares in apoplex medical technologies Spain SL Were revalued. This resulted in an impairment of 70 kEUR. The expense is reported in the losses of associated companies, which were accounted using the equity method.

With regard to the risks relating to the investment, we make reference to the statements on market price risks for financial instruments.

The "Other financial assets" item includes the interest held by Geratherm Medical AG in Protembis GmbH, Aachen, in the amount of EUR 1.070 million (2020: EUR 1.070 million) and the investment in MindPeak GmbH, Hamburg,

which was acquired in September 2019 in the amount of 200 kEUR and the interest in HALM Straws GmbH, Berlin, which was acquired in December 2019 in the amount of 100 kEUR.

The fair value of the investments in GmbH shares which are shown under other financial assets is typically determined using the discounted-cash-flow method or a market comparison method (usually a market multiplier model). In this context, the key input factors which are unobservable include the expected cash flows, the risk-adjusted discount rates or the multipliers. Due to uncertainty in determining the acceptable range of input factors, it is not possible to reliably describe the relationship between the unobservable input factors and the fair values. We still regard that fair value for Protembis from 2019 to be the best estimate of the fair value, since the necessary assumptions for determining the fair value of this financial instrument cannot be reliably determined based on the current state of knowledge; likewise the probable scope of these assumptions cannot be reliably assessed either. The valuation in the prior year was based on a capital increase, in which Geratherm Medical AG did not take part. The fair value was calculated on the basis of the going concern value determined during the course of the capital increase (basis of premoney valuation of the entire company of EUR 18.492 million). As a result of the acquisition of shares in MindPeak GmbH, Hamburg, close to the reporting date in 2019 to 2021, the acquisition costs correspond to a reliable estimate of the fair value.

Impairment losses:

The investment in HALM Straws GmbH, Berlin, acquired in the amount of 200 kEUR in 2019 was depreciated by 50 % in 2021 due to the decline in sales caused by the pandemic and the resulting losses. An exact calculation cannot be carried out due to lack of statements. The impairment is reported under the impairment of investments item.

The other long-term receivables relate to the sales tax receivables and social security contributions in the amount of 63 kEUR (2020: 79 kEUR) and to income tax claims of the Brazilian subsidiary Geratherm Medical do Brasil in the amount of 36 kEUR (2020: 39 kEUR). As a result of the "Chapter 11" proceedings, the Group does assume a realisation only after one year.

## 5. Deferred taxes

The deferred taxes representing assets and liabilities, which are balanced in the consolidated financial statements can be attributed to temporary differences between the book value in the IFRS-based consolidated financial statements and the tax book values in the following assets and to the tax losses carried forward.

	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	Deferred tax assets	Deferred tax assets	Deferred tax liabilities	Deferred tax liabilities	Deferred tax balance	Deferred tax balance
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Capitalised development costs/patents	0	0	959	880	-959	-880
Goodwill	0	0	1	0	-1	0
Fixed assets	7	7	63	0	-56	7
Inventories	21	23	0	0	21	23
Losses carried forward	985	793	0	0	985	793
Other	0	4	3	0	-3	4
<b>Total</b>	<b>1,013</b>	<b>827</b>	<b>1027</b>	<b>880</b>	<b>-14</b>	<b>-53</b>



The changes to the deferred taxes representing assets and liabilities, which are balanced in the consolidated financial statements, are shown as follows:

Change in the balance of deferred taxes	01/012021 kEUR	Change with effect on P&L kEUR	Change without effect on P&L kEUR	31/12/2021 kEUR
Capitalised development costs/ patents	-880	-79	0	-959
Goodwill	0	0	0	0
Fixed assets	7	6	-70	-57
Inventories	23	-2	0	-21
Losses carried forward	793	192	0	985
Other	4	-7	0	-3
<b>Total</b>	<b>-53</b>	<b>109</b>	<b>-70</b>	<b>-14</b>

Change in the balance of deferred taxes	01/012020 kEUR	Change with effect on P&L kEUR	Change without effect on P&L kEUR	31/12/2020 kEUR
Capitalised development costs/ patents	-626	-254	0	-880
Goodwill	0	0	0	0
Fixed assets	6	1	0	7
Inventories	25	-2	0	23
Losses carried forward	563	230	0	793
Other	1	3	0	4
<b>Total</b>	<b>-31</b>	<b>-22</b>	<b>0</b>	<b>-53</b>

Income tax rates ranging between 29.13 % and 31.58 % (2020: between 29.13 % and 31.58 %) were established as basis for calculating the deferred taxation. It also includes the trade tax in addition to the corporate income tax together with the solidarity surcharge.

The tax losses carried forward by Geratherm Medical AG and Geratherm Respiratory GmbH were used up in 2016 and in 2019. In the 2021 financial year, we have applied the deferred tax assets to the loss carry-forwards for LMT Medical Systems GmbH and apoplex medical technologies GmbH insofar as there are sufficient temporary taxable differences. Due to the losses of both companies in the past years, we have decided to waive a further capitalisation. The same applies to the loss carry-forward of Capillary Solutions GmbH and Geratherm Medical do Brasil Ltda., which we have classified as non-recoverable as of the reporting date. In addition, there are losses carried forward with apoplex medical technologies Spain SL, which was consolidated for the first time, where the losses were not yet recognised due to uncertainty involving usability.

**Presentation of deferred tax assets for tax losses carried forward  
without con-sideration of Geratherm Medical do Brasil Ltda.**

	2021 kEUR	2020 kEUR
Tax loss carried forward as of 31/12 Corporate income tax and solidarity tax	4,484	4,375
Tax loss carried forward as of 31/12 Trade Tax	4,672	4,563
Of which recoverable	3,288	2,642
<b>Deferred taxation</b>	<b>985</b>	<b>793</b>

## 6. Inventories

Inventories	31/12/2021 EUR	31/12/2020 EUR
Raw materials and supplies	2,010,257	2,182,687
Unfinished goods	1,222,856	1,160,668
Finished goods	1,412,302	1,073,834
Goods	3,894,665	2,888,161
<b>Total</b>	<b>8,540,080</b>	<b>7,305,350</b>

The raw materials and consumables primarily include glass tubes, capillaries, shells, control units, chemical materials and electronic components.

The unfinished goods as of 31 December 2021 primarily include clinical thermometers in various stages of production as well as pulmonary function equipment and incubators.

The finished goods item mainly includes thermometers, pulmonary function equipment and incubators as of 31 December 2021.

The goods essentially include digital thermometers and blood pressure monitors that are earmarked for sales and produced for contracts.

Inventories reported as expenses in the financial year ending on 31 December 2021 amounted to 689 kEUR and relate to the discontinuation of production of warming systems. The devalued inventories are reported under the impairment losses item from devaluation of inventories in the P&L statement.

As of the reporting date, there is an order commitment for provisions of kEUR 618.

## 7. Trade receivables

The trade receivables are structured as follows:

	31/12/2021 EUR	31/12/2020 EUR
Gross amount of trade receivables	3,243,300	3,256,206
Devaluations	-66,485	-50,794
<b>Total</b>	<b>3,176,815</b>	<b>3,205,412</b>

The shown trade receivables are due within one year and results primarily from deliveries of products and goods. The devaluations relate to receivables subject to a risk of non-payment and are recognised on the balance sheet under impairment losses from trade receivables (other operating expenses) of the current period.

With regard to the information on credit and market risks, we refer to the information relating to "financial instruments".

## 8. Tax receivables and other short-term assets

The tax receivables relate to receivables from reimbursement of income taxes in the amount of 759 kEUR (2020: 62 kEUR) and sales taxes in the amount of 148 kEUR (2020: 188 kEUR).

The other assets essentially relate to advances paid (179 kEUR; 2020: 138 kEUR), other expenses paid in advance (97 kEUR; 2020: 124 kEUR) and receivables from subsidies (142 kEUR; 2020: 0 kEUR).

## 9. Securities

The securities holdings include the following:

2021	Number/ nominal	Book value as of 31/12/ EUR	Price as at 31/12/ EUR
Agfa-Gevaert N.V.	933,400	3,523,585	3.78
TEVA Pharmaceutical	100,000	682,500	6.83
<b>Total</b>		<b>4,206,085</b>	

2020	Number/ nominal	Book value as of 31/12/ EUR	Price as at 31/12/ EUR
Agfa-Gevaert N.V.	933,400	3,621,592	3.88
TEVA Pharmaceutical	100,000	768,479	7.68
BIOGEN IDEC Inc.	1,500	294,719	196.47
Bayer AG	15,000	722,400	48.16
<b>Total</b>		<b>5,407,190</b>	

During the 2021 fiscal year, the level of securities was decreased by means of disposal in the amount of EUR 1.299 million (2020: purchase 761 kEUR). No securities were purchased during the 2021 reporting period.

As of the balance sheet date, 31 December 2021, the share of the market assessment reserve, which results from the valuation losses/gains based on changes in exchange rates, was -184 kEUR (2020: -758 kEUR). The valuation were derived on the basis of prices observable on the market. The valuation was carried out using the lowest price on the marketplace with the highest turnover on the reporting date.

With regard to the risks, we make reference to the section on “Financial instruments”.

## 10. Cash and cash equivalents

	31/12/2021 kEUR	31/12/2020 kEUR
Cash on hand	16	33
Credit balances with banks	2,248	4,822
<b>Cash and cash equivalents</b>	<b>2,264</b>	<b>4,855</b>

Of which credit balances with banks in the amount of 265 kEUR (2019: 244 kEUR) are invested at the prevailing market rates and are available daily.

There are restrictions on the right of disposal with regard to credit at Geratherm Medical do Brasil in the amount of 5 kEUR.

## EQUITY AND LIABILITIES

### Equity capital

The change in the equity capital structure can be noted in the consolidated statement of change to shareholders' equity.

### 11. Subscribed capital

The subscribed capital of Geratherm Medical AG amounts to EUR 4,949,999 as of 31 December 2021 and is divided into 4,949,999 share certificates issued to the bearers. The shares have a nominal value of EUR 1.

The subscribed capital has been paid in full. As of the reporting date, there were no shares held by the company. The number of shares in circulation was unchanged in 2021 and amounted to 4,949,999 shares. Voting rights at the Annual General Meeting and the right to receive dividends are associated with the ownership of shares.

### Authorised capital

The management board was authorised on 11 June 2021 to increase the share capital of the company subject to the approval of the supervisory board by issuing up to a maximum 2,474,999 new share certificates made out in

the name of the holder through individual or multiple cash or non-cash contributions not exceeding EUR 2,474,999 by 10 June 2026. Subject to the approval of the supervisory board, the management board is moreover authorised to exclude the statutory subscription rights of shareholders to certain extents.

The authorisation of the general meeting of shareholders on 6 June 2016 to increase the share capital of the company was cancelled with the new authorisation resolution coming into force.

Information as pursuant to § 160 Para. 1 (5) of AktG

The company granted the management board the right to acquire 120,000 shares of Geratherm Medical AG at a reference price of EUR 10.50. The share options can be exercised at the earliest after four years. The right to a partial exercise exists after three years with a maximum quota of 25 %. The subscription right for shares is limited through 31 December 2025. In the event of an extension of the management board agreement beyond 31 December 2024, the subscription period is extended for the new term of the management board agreement.

### **Authorisation to purchase own shares**

The company was authorised by resolution of the general meeting from 18 September 2020 to purchase own shares up to a portion of the share capital not exceeding 10% through to 17 September 2025. The acquired shares, together with other own shares that the company had already acquired or still has or which is attributable to it according to Sections 71a ff. of AktG (Germany's Stock Corporation Law), may not exceed 10% of the company's share capital at any time. The purchase price paid by the company may not be more than 10 % above or below the arithmetic mean of the prices determined for the company's share in the opening auction in XETRA trading (or a comparable successor system of the Deutschen Börse AG) during the last 5 trading days prior to acquisition.

The management board is authorised to resell own shares purchased on the basis of the authorisation as per Sect. 71 Para. 1 (8) of AktG with the approval of the supervisory board while observing the principle of equal treatment (Sect. 53a of AktG) for other purposes than trading in its own shares. The acquired own shares may be sold via the stock exchange. In this regard, the buying option of shareholders is excluded.

The management board is authorised to redeem own shares of the company that were purchased based on this authorisation without having the general meeting convene to pass another resolution for the performance of this redemption.

The management board is authorised up until 17 September 2025 to purchase shares of the company in order to be able to offer own shares to third parties as part of a merger with companies or the purchase of companies or holdings thereof, whereby the buying option of shareholders to own shares is excluded. This authorisation is limited to the purchase of a portion of the share capital, which may not exceed 10%. The authorisation may be exercised in full or in part.

The management board is moreover authorised to offer the company's own shares acquired on the basis of this authorisation to persons, who are employed by the company, for purchase and to transfer them to them and to use them to service stock option programmes. They may also be offered to members of the company's management board for purchase and transferred to them and utilised to service stock option programmes. If members of the company's management board are beneficiaries, the company's supervisory board is also responsible for selecting the beneficiaries and defining the number of shares to be granted to them.

Geratherm Medical AG has not yet made use of such authorisations.

## 12. Capital reserves

The capital reserve shows the amount that was realised, exceeding the nominal amount, with the issuance of shares after deducting the costs of procuring equity as part of the IPO. It is limited in relation to the parent company according to Germany's corporate law regulations with regard to their usefulness. The capital reserve moreover contains the difference between the value of the issued shares and the fair value of consideration of transactions with shareholders of minority interests.

### Share-based payments

The right granted to the management board to acquire shares was valued as at 31 December 2021. The calculation provides a book value in the amount of 29 kEUR, which was booked in personnel expenditure against the capital reserves. The capital reserve amounted to EUR 12.203 million (2020: EUR 12.174 million) as of 31 December 2021. During the term of this option (4 years), the valuation is re-determined on an annual basis.

The valuation is carried out using the Black-Scholes formula for European options. The expected volatility was determined at 25.5 % on an annual basis. With regard to the exercise price and the modalities, we refer to the explanations under "11 Information according to §160 para. 1 no. 5 AktG". The valuation is based on a share price of EUR 8.12.

## 13. Other reserves

The development of Other reserves is shown in the consolidated statement of change to the shareholders' equity.

### Market assessment reserve

In accordance with the classification of securities and other financial assets at the beginning of the business year in the "Fair Value through OCI" category, the identified valuation differences as of the reporting date were recognised in the market assessment reserve shown under equity in accordance with the regulations of IFRS 9. This item also includes the gains and losses from the ongoing revaluation of securities at market value in accordance with IFRS 9. As at 31 December 2021, the market assessment reserve totals EUR 1.270 million (2020: EUR 1.171 million). Significant tax effects have not incurred due to corporate tax regulations and trade tax regulations with regard to participation in other legal entities and groups of persons.

### Currency conversion reserve

The currency conversion reserve of 735 kEUR (2020: 738 kEUR) is based on the consolidation of the financial statements of Geratherm Medical do Brasil Ltda and LMT Medical Systems Inc., which are prepared in a foreign currency.

With regard to the development of individual reserves, reference is made to the statement of changes in the shareholders' equity.

## Accumulated earnings

The accumulated earnings are calculated based on the results brought forward as of the reporting date 31 December 2021 (EUR 1.269 million; 2020: 460 kEUR), the current net income for the year, which can be attributed to the shareholders of the parent company (122 kEUR; 2020: EUR 2.045 million) and less the distributed dividend (EUR 1.980 million; 2020: EUR EUR 1.238 million - EUR 0.25 per share) and the effect from the purchase of minority shares in Geratherm Respiratory GmbH with the sole participation of Geratherm Medical AG on 19 May 2021 (45 kEUR; 2020: 0 kEUR).

The management board and supervisory board will propose to the general meeting in June 2022 to distribute a dividend of EUR 0.12 per share (594 kEUR) for the 2021 fiscal year. The dividend is subject to capital gains tax, unless it is paid from the tax deposit account.

## 14. Shareholders of minority interests

	Total kEUR
<b>Minority interests as of 1/1/2021</b>	<b>-376</b>
Acquisition of subsidiary "apoplex medical technologies Spain SL" with non-controlling interests	298
Purchase of shares in the subsidiary Geratherm Respiratory GmbH from shareholders of minority interests without change in control	-14
Currency translation in Group	-9
Result attributable to non-controlling shares	210
<b>Minority interests as of 31/12/2021</b>	<b>109</b>

No dividends were paid to non-controlling shares.

The following tables contain information about each subsidiary of the Group with key minority interests prior to intragroup eliminations as at 31 December 2021 and 31 December 2020:

2021 in kEUR	LMT Medical Systems GmbH Lübeck	LMT Medical Systems Inc. Ohio/USA	apoplex medical techno- logies GmbH Pirmasens	apoplex medical techno- logies Spain SL Barcelona	Geratherm Medical do Brasil Ltda. Sao Paulo/ Brasilien	Geratherm Respiratory GmbH Bad Kissingen	Cumulative effects of change in share quota	Total
Percentage of minority interests	20.00%	20.00%	46.58%	42.43%	49.00%	32.42%		
Long-term assets	1,326	55	2,499	719	144	2,475		
Short-term assets	1,258	606	1,278	281	435	1,393		
Long-term liabilities	-831	0	-1,566	-102	-1,182	-2,357		
Short-term liabilities	-1,093	-482	-1,017	-162	-1,956	-706		
<b>Net assets</b>	<b>660</b>	<b>179</b>	<b>1,194</b>	<b>736</b>	<b>410</b>	<b>805</b>		
Book value of minority interests	132	36	556	312	-31	261	130	173
Sales revenues	994	723	2,292	201	410	4,058		
<b>Net profit (loss) for the year</b>	<b>146</b>	<b>63</b>	<b>187</b>	<b>76</b>	<b>-31</b>	<b>90</b>		
Minority interests of attributable net profit (loss) for the year	29	13	123	32	-15	29		211
Cash inflow/(outflow) from operating activities	349	462	395	-40	24	316		
Cash inflow/(outflow) from investment activities	-160	0	-618	-719	0	-140		
Cash inflow/(outflow) from financing activities	-126	-14	74	769	-35	-159		
<b>Net increase/ (decrease) in liquid resources</b>	<b>63</b>	<b>448</b>	<b>-149</b>	<b>10</b>	<b>-11</b>	<b>17</b>		



2020 in kEUR	LMT Medical Systems GmbH  Lübeck	LMT Medical Systems Inc.  Ohio/USA	apoplex medical techno- logies GmbH Pirmasens	Geratherm Medical do Brasil Ltda.  Sao Paulo/ Brasilien	Geratherm Respiratory GmbH  Bad Kissingen	Cumulative effects of change in share quota	Total
Percentage of minority interests	20.00%	20.00%	46.58%	49.00%	34.73%		
Long-term assets	1,320	51	2,190	183	2,459		
Short-term assets	923	148	1,263	353	1,419		
Long-term liabilities	-852	-14	-716	-1,175	-2,474		
Short-term liabilities	-876	-81	-1,433	-1,865	-689		
<b>Net assets</b>	<b>515</b>	<b>104</b>	<b>1,304</b>	<b>-2,504</b>	<b>715</b>		
Book value of minority interests	103	21	607	-1,227	248	-129	-376
Sales revenues	1,763	536	1,857	748	3,466		
<b>Net profit (loss) for the year</b>	<b>150</b>	<b>68</b>	<b>189</b>	<b>-548</b>	<b>-14</b>		
Minority interests of attributable net profit (loss) for the year	30	14	88	-269	-5		-142
Cash inflow/(outflow) from operating activities	563	2	375	36	98		
Cash inflow/(outflow) from investment activities	-288	0	-731	-1	-903		
Cash inflow/(outflow) from financing activities	-109	14	661	-31	660		
<b>Net increase/ (decrease) in liquid resources</b>	<b>166</b>	<b>16</b>	<b>305</b>	<b>4</b>	<b>-145</b>		

## 15. Long-term liabilities to banks

The subsidiary Capillary Solutions GmbH received on 12 Jun./3 Jul. 2017 an amortisable loan from Kreditanstalt für Wiederaufbau in the amount of EUR 2.000 million from the ERP Start-up Loan Universal SME aid program, which was granted by Commerzbank AG. The loan bears 1.00 % interest p. a. The interest rate was fixed for the entire term through 30 June 2027. The monthly amortisation rate is 21 kEUR. Amortisation started on 31 July 2019. The loan in the amount of EUR 1.125 million is long-term. The following serve as collateral for the amortisable loan from Kreditanstalt für Wiederaufbau:

- EUR 2.000 million uncertificated land charge with real and personal foreclosure clause on the company's newly constructed property in Geratal
- Deficiency guarantee in the amount of EUR 2.000 million of Geratherm Medical AG.

In this contract, special agreements were agreed upon with regard to complying with certain financial covenants:

- The minimum own funds ratio is at least 30 % at any time during the term of the contract.
- The net debt/equity ratio is no more than 3.0 times at any time during the term of the contract.

Geratherm Respiratory GmbH received on 23 November 2018 an amortisable loan from LfA Förderbank Bayern from the Investkredit support programme (IK6) in the amount of EUR 1.500 million via UniCredit Bank AG. The loan bears 1.55 % interest p. a. The interest rate applies until the end of the term on 30 December 2028. The quarterly amortisation rate in the amount of 42 kEUR was first due on 31 March 2020. An uncertificated land charge in the amount of EUR 1.600 million with real and personal foreclosure clause serves as collateral, entered on the company's newly constructed property in Bad Kissingen. In the 2020 financial year, Geratherm Respiratory received two other loans from UniCredit Bank AG. An investment loan in the amount of 200 kEUR was formed on 10 March 2020 for the procurement of new operating resources. The loan bore interest at 1.9 % p. a. and applies until the end of the term on 30 December 2029. Amortisation started on 30 June 2020. The quarterly amortisation rate is 20 kEUR. The aforementioned land charge in the amount of EUR 1.600 million serves as collateral. In addition, Respiratory received on 2 June 2020 a KfW express loan in the amount of 500 kEUR with an interest rate of 3.0 % p. a. which is binding until the end of the term on 30 June 2030. The quarterly amortisation rate is 14 kEUR as of 30 September 2021. No collateral was provided for this loan. The loans in the amount of EUR 1.560 million are long-term.

Geratherm Medical AG and Commerzbank AG closed an amortisable loan in the amount of EUR 3.000 million on 26 July 2019. The loan was paid off in full on 2 September 2019. The interest rate is 0.75 % p.a. Since 31 December 2019, the loan is being paid back in quarterly installments of 150 kEUR. No collateral security was provided. The following financial covenants had to be observed during the term of the contract: The net debt/equity ratio is a maximum 3.0 on the due dates during the term of the contract.

In 2020, Geratherm Medical AG took out another loan in the amount of EUR 1.600 million, which is used for financing new machinery and systems with a value of EUR 2.000 million. The loan bore interest at 0.9 % p. a. until the end of the term on 31 May 2025. The loan is to be repaid with a monthly amount of 33 kEUR starting on 30 June 2021. Machinery and systems to be purchased serve as collateral. The loans in the amount of EUR 2.017 million are long-term.

apoplex medical technologies GmbH took out a long-term loan from VR-Bank Südwestpfalz in the amount of EUR 1.350 million for development and approval costs in 2021. The loan bore interest at 1.03 % p. a. until the end of the term on 31 December 2031. In the 2021 financial year, apoplex had drawn 300 kEUR from the loan provided. The utilisation period ends on 5 October 2022, whereas a commitment interest of 0.15 % will be charged per month as of 5 April 2022. The loan is being paid back in installments of 42 kEUR as of 31 March 2024. The loan is long-term as of 31 December 2021 in the amount of 300 kEUR.

The apoplex subsidiary, apoplex medical technologies Spain SL, formed a loan agreement for 125 kEUR. This loan bears an interest rate of 3.75 % and involves the partial financing of the company's growth plans. The loan is to be repaid with a quarterly amount of 8 kEUR starting on 30 March 2022. The term ends on 31 December 2025. The loan is long-term as of 31 December 2021 in the amount of 102 kEUR.

Geratherm Medical do Brasil has a long-term loan of 282 kEUR with a term ending in 2024. This loan has a fixed interest rate of 23.0 %. The company started in the 2019 financial year bankruptcy protection proceedings under Brazilian law, which has not yet been completed in 2021. When classifying long-term and short-term loans, we focussed on the current procedure and reported the loans completely as short-term.

All other loans have a remaining term of three to ten years as at the reporting date 31 December 2021.

## 16. Accrued investment subsidies

The item shown on the balance sheet in the amount of EUR 1.289 million (2021: EUR 1.234 million) relates to all investment grants and subsidies that have been received and which are released to income in accordance with the useful life of the assets they financed. This item basically has long-term character. Investment grants of 173 kEUR were paid to apoplex medical technologies GmbH in the 2021 financial year. The funding was provided for the R&D project entitled "Automated and personalised determination of AF burden in the homecare segment for improving the initiation of therapy" from the technology funding program of Rhineland-Palatinate. The grant statement has a total volume of 397 kEUR.

Investment grants and subsidies are awarded on the condition subsequent that the tangible assets acquired with such remain in the company's assets or in the designated area eligible for development assistance during the binding period.

In 2021, the Group also received grants in the amount of 138 kEUR (2020: 136 kEUR) that were not linked to an investment obligation. The grants were recognised in profit under other income when the claim arises.

## 17. Other long-term financial liabilities

In the Group, the liabilities arising from the bullet bonds of the management of apoplex medical technologies GmbH in the amount of 159 kEUR (2020: 159 kEUR), of Geratherm Respiratory GmbH in the amount of 193 kEUR (2020: 144 kEUR) and of LMT Medical Systems GmbH in the amount of 107 kEUR (2020: 107 kEUR) are reported here. The loans have a one-year term at least and have fixed interest rates ranging between 2.5 % and 7.8 %.

## 18. Short-term liabilities to banks

As of the reporting date, there are in the Group short-term liabilities to banks in the amount of EUR 2.845 million (2020: EUR 3.200 million), which concern the short-term share of loans of Capillary Solutions GmbH in the amount of 250 kEUR (2020: 250 kEUR), Geratherm Respiratory GmbH in the amount of 243 kEUR (2020: 215 kEUR) and Geratherm Medical AG in the amount of EUR 1.000 million (2020: 833 kEUR). There are other short-term bank liabilities held by the subsidiary Geratherm Medical do Brasil in the amount of 976 kEUR (2020: 968 kEUR) and from current account credits at Geratherm Respiratory GmbH in the amount of 156 kEUR and apoplex medical technologies GmbH in the amount of 220 kEUR.

## 19. Trade accounts payables

The trade payables are recognised at their amortised costs. Corresponding accrued liabilities have been formed for outstanding invoices for deliveries and services on the reporting date. The liabilities fall due within one year. The usual rights to retention of title from the delivery of raw materials and supplies are applicable.

## 20. Current provisions

The Group shows warranty and guarantee obligations. The provision is based on estimates on the basis of historical warranty data for similar products and services. The Group expects to settle most of provision in the coming year. The value on 1 January 2021 was 32 kEUR, of which an amount of 6 kEUR was reversed. The allocation for the financial year amounts to 16 kEUR such that 42 kEUR are included in the provisions as at 31 December. The Group expects to settle most of provisions in the coming year.

## 21. Tax liabilities

The tax liabilities shown here relate to liabilities from income taxes at 52 kEUR (2020: 85 kEUR), from wage taxes at 131 kEUR (2020: 126 kEUR) and from sales taxes at 352 kEUR (2020: 373 kEUR).

## 22. Other short-term liabilities

	31/12/2021 kEUR	31/12/2020 kEUR
Accrued liabilities	756	637
Other liabilities	782	731
<b>Other liabilities</b>	<b>1,538</b>	<b>1,368</b>

The accrued liabilities include the following:

	31/12/2020 kEUR	Consumption kEUR	Dissolution kEUR	Addition kEUR	31/12/2021 kEUR
Staff related	273	-262	-3	364	371
Outstanding invoices	264	-251	-10	227	230
Other	101	-94	-1	148	155
<b>Total</b>	<b>637</b>	<b>-606</b>	<b>-14</b>	<b>739</b>	<b>756</b>

The accrued liabilities for leave not yet taken are valued on the basis of the salary plus social security contributions.

The other liabilities primarily include liabilities from wage payments in the amount of 275 kEUR (2020: 245 kEUR) and social security liabilities in the amount of 393 kEUR (2020: 372 kEUR).

All other liabilities shown here fall due within one year.

## Notes to the Consolidated Profit and Loss Statement

### 23. Sales revenues from contracts with customers

Sales revenues based on product groups:

	2021 kEUR	2020 kEUR	Change in %
Healthcare Diagnostic	13,911	18,369	-24.3
Respiratory	5,570	4,818	15.6
Medical Warming Systems	1,978	2,427	-18.5
Cardio/Stroke	2,481	1,852	34.0
<b>Total</b>	<b>23,940</b>	<b>27,466</b>	<b>-12.8</b>

The sales revenues in the Cardio/Stroke segment were generated essentially through the provision of analytical services. Sales in the other segments come from the sale of medical products.

There was also a limited extent of sales revenues generated that are outside of scope of application of IFRS 15. We refer to our statements in the section "Recognition of sales revenue, performance obligations as combination of IFRS 15 and IFRS 16". The sales according to IFRS 16 amount in the year under review to 23 kEUR (2020: 11 kEUR)

Sales revenues based on regions:

	2021 kEUR	2020 kEUR	Change in %
Europe	13,649	16,411	-16.8
South America	621	1,003	-38.1
Germany	5,221	4,946	5.6
Middle East	1,667	1,003	66.2
USA	1,401	2,163	-35.2
Asia	1,041	1,511	-31.1
Africa	63	171	-63.2
Other	277	258	7.4
<b>Total</b>	<b>23,940</b>	<b>27,466</b>	<b>-12.8</b>

Contract balances:

The following table provides information about receivables, contractual assets and contractual liabilities from contracts with customers.

	31/12/2021 kEUR	31/12/2020 kEUR
Trade receivables	3,177	3,205
Contractual liabilities	1,759	888

The contractual liabilities relate essentially to advance payments received from customers for orders (EUR 1.190 million; 2020: 425 kEUR) and activities performed by the Group based on analytical services (486 kEUR; 2020: 339 kEUR).

As permitted under IFRS 15, no disclosure is provided about the remaining performance obligations as at 31 December 2021 or 31 December 2020, which have an expected original term of one year or less.

The standard payment terms in the Geratherm Group are between 14 and 60 days.

#### **24. Other operating income**

The other operating income mainly includes amortisation of capitalised grants and subsidies in the amount of 118 kEUR (2020: 114 kEUR), revenue from the reversal of liabilities accrued in previous years in the amount of 34 kEUR (2020: 23 kEUR), income unrelated to accounting period in the amount of 30 kEUR (2020: 43 kEUR) and income from insurance claims in the amount of 14 kEUR (2020: 6 kEUR).

The remaining other operating income is essentially based on the differences in exchange rates amounting to 339 kEUR (2020: 296 kEUR).

#### **25. Cost of materials**

The costs of materials primarily relate to raw materials and consumables, trade goods, heating expenses, energy costs and external services. Furthermore, devaluations on inventories as a result of the discontinuation of the Warming Systems business unit for operating rooms in the amount of kEUR 689 are reported in this item.

#### **26. Personnel expenses**

The personnel expenses in the 2021 fiscal year totalled EUR 8.826 million (2020: EUR 8.505 million). The accounts for this fiscal year included contributions of 551 kEUR (2020: 537 kEUR) made by the employer to the statutory pension scheme. The statutory pension scheme is a contribution-oriented pension scheme within the meaning of IAS 19.

With regard to provisions for employee benefits, we make reference to the information provided on the other short-term liabilities.

With regard to information on share-based payments, we refer to item 12 capital reserve.

#### **27. Amortisation or depreciation**

Amortisation and depreciation remained at EUR 1.715 million (2020: EUR 1.308 million) due to investment activity in new property, plant and equipment. There is also a special depreciation in the amount of 165 kEUR included, which can be attributed to the discontinuation of production of the warming systems.

## 28. Other operating expenses

The other operating expenses, which reduced by 3.2 % during the 2021 financial year, primarily include costs for sales, advertising and marketing (EUR 1.427 million; 2020: EUR 1.719 million) and administrative expenses (EUR 3.437 million; 2020: EUR 2.850 million). The expenses occurring in connection with foreign currency translation during the fiscal year decreased to 240 kEUR (2020: 814 kEUR).

## 29. Financial results

The financial results were -282 kEUR (2020: -320 kEUR) during the year under review. These included expenses occurring in connection with the securities (37 kEUR; 2020: 1 kEUR), interests earned (1 kEUR; 2020: 1 kEUR), shares in losses to companies accounted for using the equity method (33 kEUR; 2020: 53 kEUR) depreciation of investments shown in fixed assets and interests paid (143 kEUR; 2020: 267 kEUR).

## 30. Income taxes

The expenses from taxes encompasses both the actual income taxes to be paid as well as the deferred taxes and may be broken down as follows:

	2021 kEUR	2020 kEUR
Actual taxes	-84	-793
Deferred taxes	109	-23
<b>Income tax according to IFRS</b>	<b>25</b>	<b>-816</b>

The nominal tax rate which is valid for the concluded fiscal year of the parent company Geratherm Medical AG of 29.83 % (2020: 29.83 %) is applied as the applicable tax rate for offsetting and reconciliation. The relevant tax rate for domestic companies in the concluded fiscal year fluctuated between 29.13 % and 31.58 % depending on the location. The tax rates remained unchanged compared to the prior year.

	2021 kEUR	2020 kEUR
<b>Results before income taxes</b>	<b>308</b>	<b>2.719</b>
Tax expenses to be expected	-92	-811
Tax-free income, non-deductible expenses and permanent deviations	-6	-24
Effects from non-recognition of deferred taxes or use of tax losses carried forward	143	112
Differences in tax rates	-21	-91
Other	0	-2
<b>Income tax according to IFRS</b>	<b>25</b>	<b>-816</b>

### 31. Earnings per share

The undiluted earnings per share are based on the profits of the shareholders of the parent company (EAT) divided by the weighted average number of outstanding shares.

	2021	2020
Results of the shareholders of the parent company (kEUR)	122	2,045
Weighted average number of outstanding shares (in thousands)	4,950	4,950
<b>Undiluted earnings per share (EUR)</b>	<b>0.02</b>	<b>0.41</b>
<b>Diluted earnings per share (EUR)</b>	<b>0.02</b>	<b>0.41</b>

	2021 k shares	2020 k shares
Nominal capital in no-par shares	4,950	4,950
<b>Weighted number of outstanding shares</b>	<b>4,950</b>	<b>4,950</b>

The diluted earnings per share correspond to the undiluted earnings per share.

### Relationships with related parties and persons

Relationships with related parties as defined by IAS 24 exist with GMF Capital GmbH, Frankfurt (GMF). As of 31 December 2021, GMF holds a 41.84 % share in Geratherm Medical AG. GMF shareholder and thus ultimate controlling party as defined by IAS 24.13 is Dr. Frank, the former chief executive officer (till 11 June 2021) / supervisory board chairman (as of 11 June 2021). Expenses in the amount of 79 kEUR (2020: 89 kEUR) were recorded for the services performed by the chief executive officer Dr. Frank for GMF during the 2021 fiscal year. The amounts are appropriate and comprise the remuneration of the board (43 kEUR; 2020: 86 kEUR) and a performance bonus from the sale of securities (36 kEUR; 2020: 0 kEUR).

As at the reporting date 31 December 2021, there were no receivables from or liabilities to GMF.

The transactions with affiliated companies and persons are concluded and performed under conditions equivalent to those for third parties.

There were no accounts receivable from supervisory board members as of the balance sheet date, as during the 2021 fiscal year. The supervisory board's compensation is explained in the Additional disclosures.

The company was not informed about any change in shareholder structure during the preparation of the financial statements:



**Other financial obligations**

As of 31 December 2021	Total	< 1 year	1–5 years	> 5 years
Other financial commitments from other agreements kEUR	92	79	13	0
Financial obligations from orders for machines and technical equipment	1.425	579	846	0
Other financial obligations from purchase commitments kEUR	618	618	0	0
<b>As of 31 December 2020</b>	<b>Total</b>	<b>&lt; 1 year</b>	<b>1–5 years</b>	<b>&gt; 5 years</b>
Other financial commitments from other agreements kEUR	115	88	27	0
Other financial obligations from purchase commitments kEUR	2.435	2.435	0	0

For other financial obligations from lease agreements, we refer to the section “Lease arrangements.”

Other financial obligations primarily result from software service agreements.

The other purchase commitments mainly include orders for the purchase of merchandise.

**Auditor fees**

In 2021, 81 kEUR (2020: 71 kEUR) was entered as expenditure for auditing services and 8 kEUR (2020: 11 kEUR) as expenditure for tax consulting services.

## 32. Segment information

The operating segments are presented in the current financial statements in accordance with IFRS 8. The operating segments are separated on the basis of the internal group reports by the primary decision-makers. The following reportable segments of the Group have been identified:

### Healthcare Diagnostic

- Analog and digital products for measuring the body's temperature
- Blood pressure monitors
- Other products for measuring temperature and accessories
- Women's Health

### Medical Warming Systems

- Products for maintaining the body's temperature during operations and in res-cue situations
- MR diagnostic incubator system for premature newborns

### Cardio/Stroke

- Technological products for preventing strokes

### Respiratory

- Products designed for pulmonary function diagnostics.

In the existing market segment report, the segment revenues, operating results (earnings before interests and taxes) and amortisation and depreciation are shown as relevant tax parameters for Geratherm. The accounting principles for the values given in the segment information essentially correspond to those which are applied to the consolidated financial statements. Income, expenses, assets and debts between the segments are presented, however, prior to consolidation. The consolidation necessary for reconciliation to group figures relates primarily to the segments Respiratory and Healthcare Diagnostic and is due to the internal revenue with our subsidiary in Brazil and Capillary Solutions with Geratherm Medical AG and Sensor Systems GmbH with Geratherm Respiratory GmbH. The sales are accounted as with third parties. The reconciliation statement shows the income and expenses or assets which cannot be directly assigned to the segments. The segment assets and debts are not part of our internal reports. The values were directly assigned to the segments or distributed on the basis of sales.

Segmentation according to regions was maintained in accordance with the previous year and is arranged according to the sales markets of the group. The geographical information was provided for Germany, Europe, USA, South America and other countries. Internal sales are reported in the segment's sales figure.

In the South America segment, the main sales were generated with Brazil in the amount of 471 kEUR (2020: 754 kEUR), and in the Europe segment, the main sales were generated with Italy in the amount of EUR 5.664 million (2020: EUR 5.956 million).

Deferred taxes are not assigned to a specific segment, since these are not shown in the internal reporting. Deferred taxes are thus not included in the sum of the segment assets.

The reconciliation of the segment assets in the segment report based on product areas is made up of the following cash or cash equivalents, securities portfolios and investments of Geratherm Medical AG, which are not assigned to a specific segment. These comprise the following:

	2021 kEUR	2020 kEUR
Financial assets of Geratherm Medical AG	1,270	1,420
Securities of Geratherm Medical AG	4,206	5,407
Cash and cash equivalents of Geratherm Medical AG	1,135	3,700
<b>Total</b>	<b>6,611</b>	<b>10,527</b>

## Group segment report for the period from 1 January to 31 December 2021

Based on product groups	Healthcare Diagnostic	Respiratory	Medical Warming Systems	Cardio/Stroke	Consolidation	Reconciliation	Total
2021	January to December	January to December	January to December	January to December	January to December	January to December	January to December
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Segment sales	15,521	5,419	2,513	2,615	-1,998	-130	23,940
<b>Operating results</b>	<b>1,043</b>	<b>356</b>	<b>-892</b>	<b>632</b>	<b>-564</b>	<b>15</b>	<b>590</b>
including: Amortisation/ depreciation of intangible assets and tangible assets	754	172	302	163	289	35	1,715
<b>Interest income</b>	<b>-46</b>	<b>-60</b>	<b>-10</b>	<b>-26</b>	<b>0</b>	<b>0</b>	<b>-142</b>
<b>Tax expenditure</b>	<b>31</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>84</b>
<b>Segment assets</b>	<b>15,516</b>	<b>4,278</b>	<b>3,549</b>	<b>4,606</b>	<b>0</b>	<b>6,611</b>	<b>34,560</b>
Of which long-term assets	6,750	2,504	1,355	3,069	0	1,270	14,948
<b>Segment debts</b>	<b>9,259</b>	<b>2,729</b>	<b>1,536</b>	<b>2,391</b>	<b>0</b>	<b>0</b>	<b>15,915</b>
<b>For information only:</b>							
<b>Segment sales</b>	<b>15,521</b>	<b>5,419</b>	<b>2,513</b>	<b>2,615</b>	<b>-1,998</b>	<b>-130</b>	<b>23,940</b>
Elimination/intragroup sales/reconciliation	-1,610	151	-535	-134	-1,998	130	0
Sales revenues on third parties	<b>13,911</b>	<b>5,570</b>	<b>1,978</b>	<b>2,481</b>	<b>0</b>	<b>0</b>	<b>23,940</b>
<b>Based on product groups</b>	<b>Healthcare Diagnostic</b>	<b>Respiratory</b>	<b>Medical Warming Systems</b>	<b>Cardio/Stroke</b>	<b>Consolidation</b>	<b>Reconciliation</b>	<b>Total</b>
<b>2020</b>	<b>January to December</b>	<b>January to December</b>	<b>January to December</b>	<b>January to December</b>	<b>January to December</b>	<b>January to December</b>	<b>January to December</b>
	<b>kEUR</b>	<b>kEUR</b>	<b>kEUR</b>	<b>kEUR</b>	<b>kEUR</b>	<b>kEUR</b>	<b>kEUR</b>
Segment sales	20,184	4,585	2,437	1,948	-1,597	-91	27,466
<b>Operating results</b>	<b>2,841</b>	<b>121</b>	<b>-178</b>	<b>388</b>	<b>48</b>	<b>-181</b>	<b>3,039</b>
including: Amortisation/ depreciation of intangible assets and tangible assets	634	153	204	104	118	95	1,308
<b>Interest income</b>	<b>-207</b>	<b>-29</b>	<b>-10</b>	<b>-19</b>	<b>0</b>	<b>0</b>	<b>-265</b>
<b>Tax expenditure</b>	<b>759</b>	<b>16</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,3</b>
<b>Segment assets</b>	<b>13,515</b>	<b>4,900</b>	<b>3,658</b>	<b>3,390</b>	<b>0</b>	<b>10,527</b>	<b>35,990</b>
Of which long-term assets	6,890	2,563	1,590	2,128	0	1,420	14,591
<b>Segment debts</b>	<b>11,180</b>	<b>2,866</b>	<b>913</b>	<b>1,106</b>	<b>0</b>	<b>0</b>	<b>16,065</b>
<b>For information only:</b>							
<b>Segment sales</b>	<b>20,184</b>	<b>4,585</b>	<b>2,437</b>	<b>1,948</b>	<b>-1,597</b>	<b>-91</b>	<b>27,466</b>
Elimination of intra-group sales/reconciliation	-1,815	233	-10	-96	1,597	91	0
Sales revenues on third parties	<b>18,369</b>	<b>4,818</b>	<b>2,427</b>	<b>1,852</b>	<b>0</b>	<b>0</b>	<b>27,466</b>

## Group segment report for the period from 1 January to 31 December 2021

By region	Europe	South America	Germany	Middle East	USA	Other	Total
2021	January to December	January to December	January to December	January to December	January to December	January to December	January to December
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>Sales revenues</b>	13,716	725	6,682	1,667	1,887	1,381	26,068
Elimination of intragroup Sales	-67	-104	-1,461	0	-4,960	0	-2,128
<b>Sales to third parties</b>	13,649	621	5,221	1,667	1,401	1,381	23,940
<b>Gross profit or loss</b>	9,568	465	3,976	1,169	982	968	17,128
<b>Operating results</b>	318	36	132	39	33	32	590
including: Amortisation/ depreciation of intangible assets and tangible assets	964	36	401	118	99	97	1,715
Amortisation of public grants and subsidies	69	0	27	8	7	7	118
<b>Interest income</b>	-2	1	-141	0	0	0	-142
<b>Acquisition costs of fixed assets for the period</b>	833	0	1,475	0	0	0	2,308
<b>Segment assets</b>	1,260	525	32,209	0	630	0	34,624
Of which long-term assets	984	144	13,884	0	0	0	15,012

By region	Europe	South America	Germany	Middle East	USA	Other	Total
2020	January to December	January to December	January to December	January to December	January to December	January to December	January to December
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>Sales revenues</b>	16,411	1,061	6,485	1,003	2,163	1,940	29,063
Elimination of intragroup Sales	0	-58	-1,539	0	0	0	-1,597
<b>Sales to third parties</b>	16,411	1,003	4,946	1,003	2,163	1,940	27,466
<b>Gross profit or loss</b>	10,733	575	3,673	656	1,414	1,269	18,320
<b>Operating results</b>	1,954	-191	669	119	257	231	3,039
including: Amortisation/ depreciation of intangible assets and tangible assets	772	32	264	47	102	91	1,308
Amortisation of public grants and subsidies	71	0	21	4	9	9	114
<b>Interest income</b>	0	-153	-112	0	0	0	-265
<b>Acquisition costs of fixed assets for the period</b>	0	1	1,012	0	0	0	1,013
<b>Segment assets</b>	0	782	35,081	0	127	0	35,990
Of which long-term assets	0	361	14,230	0	0	0	14,591

A result of -33 kEUR (2020: -53 kEUR) is included in the Cardio Stroke segment from the last accounting of at equity investment (EVINA Spain S.L.). In October, apoplex medical technologies acquired additional shares and voting rights in apoplex medical technologies Spain SL (formerly EVINA Spain S.L.) and thus increased the share quota to 57.57 %. The business of the subsidiary apoplex medical technologies Spain SL, which was consolidated for the first time, was assigned to the Cardio/Stroke segment, since the business activities primarily include the sale of apoplex products on the Spain market. It is included in the Cardio Stroke segment with sales of 170 kEUR and an operating result of 75 kEUR.

## Notes on Cash Flow Statement

### 33. Gross cash flow, cash and cash equivalents

The gross cash flow is determined according to the indirect method. It is calculated by adding the consolidated profits before taxes and dividends received to depreciations of fixed assets, minus profits (losses) from the sales of securities, amortisation of grants and subsidies on the liabilities side and the change in long-term accruals.

The cash and cash equivalents encompass the cash on hand and bank balances.

Effects from foreign currency effects occurred in the amount of 14 kEUR (-95 kEUR).

From the acquisition of apoplex medical technologies Spain SL, the amount of kEUR 39 in cash was taken over. The consideration paid amounts to 15 kEUR. For information on the assets and liabilities taken over, please refer to the statement on the scope of consolidation.

### 34. Cash flow from operations

The cash flow before any change in the commitment of funds in the amount of EUR 2.334 million (2020: EUR 5.001 million) is set against changes in the operating funds.

Altogether, the consolidated result for the year and the funds tied up in short-term assets result in an inflow of funds from operations in the amount of kEUR 917 (2020: EUR 3.915 million).

The capital flow statement for 2021 includes in detail the payments received from interests (1 kEUR; 2020: 1 kEUR), outgoing payments from interests (143 kEUR; 2020: 112 kEUR) and payments for taxes (cash outflow 814 kEUR; 2020: 438 kEUR).

By accounting for lease agreements in accordance with IFRS 16, operating lease payment, which were previously recognised in the operating cash flow, are shown as repayment or interest payments as part of financing activities in the fiscal year.

In the financial year, this resulted in an effect of 328 kEUR on the cash flow from current business activities and correspondingly in a negative effect on cash flow from financing activities.

### 35. Cash flow from investments

The purchase of fixed assets and intangible assets resulted in expenses in the amount of kEUR 738 (2020: EUR 1.870 million). Of this amount, kEUR 111 relates to intangible assets and kEUR 627 to fixed assets. The additions in the area of fixed assets mainly relate to additional payments made in the amount of 112 kEUR for the new production facility of Geratherm Respiratory GmbH and for the new machines/systems of Geratherm Medical AG 335 kEUR. Development costs were capitalised in the amount of 563 kEUR (2020: 909 kEUR).

Cash inflow and outflow based on financial assets are explained in Section 4 and 9 of these Notes.

### 36. Cash flow from financing activities

The cash flow from financing activities encompassed essentially the outflow of funds from dividend payments in the amount of EUR 1.980 million (2020: EUR 1.238 million), the avilment of loan liabilities in the amount of EUR 300 kEUR (2020: EUR 3.298 million) and repayment of loans in the amount of EUR -1.494 million (2020: EUR -1.096 million).

The development of liabilities from financing activities relates to cash-effective and non-cash changes, as follows:

kEUR	31/12/2020	Cash Change		Non-cash change	31/12/2021
		Repayment and interests	Taking out of		
Liabilities to banks	6,195	0	300	-1,001	5,494
Long-term lease liabilities	331	0	0	-86	245
Other long-term liabilities	424	-14	49	0	459
<b>Total</b>	<b>6,950</b>	<b>-14</b>	<b>349</b>	<b>-1,086</b>	<b>6,198</b>
Liabilities to banks	3,200	-1,494	0	1,139	2,845
Short-term lease liabilities	252	-331	0	357	278
<b>Total</b>	<b>3,452</b>	<b>-1,826</b>	<b>0</b>	<b>1,497</b>	<b>3,123</b>
<b>Liabilities from financing activities</b>	<b>10,402</b>	<b>-1,840</b>	<b>349</b>	<b>410</b>	<b>9,321</b>

Interest payments in the amount of 114 kEUR were rendered for liabilities to banks, 6 kEUR for other long-term liabilities and 5 kEUR for lease liabilities.

## Capital management

Primary objective of the company is to sustainably ensure the financial equilibrium, while efficiently allocating the capital resources available to the group (equity capital) to the business areas at the same time. In this case an internal capital allocation rate is applicable, which allows for monitoring the operating efficiency of the individual areas. Financing is implemented for the most part using own funds. Financial security is gauged primarily by the equity-to-assets ratio and liquidity. The operative and strategic management of capital is an integral part of the company's internal reporting system. The capital comprises the issued shares, capital reserves and other reserves. The capital of the parent company's shareholders is EUR 18.522 million (2020: EUR 20.302 million) as of the reporting date such that an equity-to-assets ratio of 53.7 % (2020: 56.4 %) can be derived based on the Group's entire capital.

## Financial instruments

The financial instruments have been classified in accordance with IFRS 9 since 1 January 2018.

a) Financial instruments in the balance sheet

The financial instruments being used in the Group can be broken down as follows:

	Business model IFRS 9	Valuation category	Book value	Book value
			31/12/2021	31/12/2020
			kEUR	kEUR
<b>I.</b>	<b>Hold and sell</b>	<b>FVOCI</b>	<b>5,576</b>	<b>6,827</b>
	Participating interests		1,370	1,420
	Securities		4,206	5,407
<b>II.</b>	<b>Hold</b>	<b>amortised cost</b>	<b>5,959</b>	<b>8,436</b>
	1. Trade receivables		3,177	3,205
	2. Other assets		518	376
	3. Cash in hand and cash in banks		2,264	4,855
<b>III.</b>	<b>Other financial liabilities</b>	<b>amortised cost</b>	<b>-12,605</b>	<b>-12,902</b>
	1. Other long-term debts		-459	-424
	2. Liabilities to banks		-8,338	-9,395
	3. Lease liabilities		-524	-583
	4. Trade accounts payables		-1,430	-1,503
	5. Contractual liabilities		-1,759	-888
	6. Other short-term liabilities (only financial instruments)		-95	-109



Hedging activities within the meaning of IFRS 9 were not made this year nor in the past.

For investments and securities, the option to report these in the FVOCI category was exercised due to the company's investment strategy. Dividends were not recognised in the financial year. Reclassification of accumulated profits and losses did not occur.

The financial assets are not used to secure liabilities nor contingent liabilities. Impairments, provided such are to be implemented, are reported directly in the respective balance sheet item.

Since the book value of loans and accounts receivable and financial liabilities not measured at fair value within the meaning of IFRS 7.29 (a) generally represents a reasonable approximation of the current fair value, the fair value is not indicated. The carrying value of the loans for the construction of the capillary glass basin (EUR 1.375 million), investments by Respiratory for the construction of a new production facility and procurement of operating resources (EUR 1.803 million), for approval costs and operating resources at apoplex (EUR 1.011 million) and the loan obligation of Geratherm (EUR 3.017 million) corresponds approximately to the fair value, since the refinancing measures were only implemented in the 2020 financial year or in 2019 and the granted interest rate is roughly equal to the Group's incremental borrowing rate. The fair value of the liabilities of Geratherm Medical do Brasil Ltda. currently in the amount of 976 kEUR is probably lower than the book value as a result of the company's economic situation and the ongoing negotiations with the bank about a redemption (a so-called haircut) and is calculated on the basis of the offer to the bank (haircut of 80 % on the original loan amount of BRL 3.025 million) at 96 kEUR on the reporting date.

The valuation of the securities of listed companies which are classified under "Hold and sell" at fair value is carried out according to Level 1 (IFRS 13.93). The interests in Protembis GmbH, in MindPeak GmbH and in HALM Straws GmbH are classified according to Level 3. The determination of the fair value is explained under "Assets 4."

Protembis GmbH is valued on the basis of the goodwill derived in prior years (based on the pre-money valuation of the entire company of EUR 18.492 million). Geratherm Medical AG did not participate in the capital increase and holds 5.79 % of the shares since then. We consider the fair value of Protembis from 2019 to be the best estimate of the fair value. The shares in MindPeak GmbH have been valued at acquisition costs in 2019 - 2021. A book value of 100 kEUR was recognised for the investment in HALM Straws GmbH as on the reporting date. The devaluation was due to expected losses, which cannot yet be quantified reliably.

## b) Profits and losses from financial instruments

The profits and losses, which have occurred in connection with financial assets/debts, are made up as follows:

	Fair Value through OCI (FVOCI)		Net book value		Financial liabilities not measured at fair value	
	2021	2020	2021	2020	2021	2020
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Interest earnings			1	1	0	0
Income from reduction in interest liabilities from previous years			0	0		
Interest expenses			-143	-266	0	0
<b>Interest income</b>			<b>-142</b>	<b>-265</b>	<b>0</b>	<b>0</b>
Exchange gains			339	296	0	0
Exchange losses			-240	-814	0	0
<b>Income from currency differences</b>			<b>99</b>	<b>-518</b>	<b>0</b>	<b>0</b>
Exchange gains from sales of securities	0	0				
Exchange losses from sales of securities	0	0				
Impairment of securities	0	0				
Dividend income	30	0				
Securities-related expenses	-1	-1				
<b>Securities-related income</b>	<b>29</b>	<b>-1</b>				
<b>Allowance for uncollectible accounts</b>			<b>-31</b>	<b>-21</b>		
<b>Losses from non-recoverable bad debts</b>			<b>5</b>	<b>0</b>		
<b>Net profits and losses entered in the income statement</b>	<b>29</b>	<b>-1</b>	<b>-79</b>	<b>-804</b>	<b>0</b>	<b>0</b>
Change in market valuation reserve due to sale	282	0				
Change in market assessment reserve due to change in the fair value up to sale	-184	-758				
<b>Overall change in market assessment reserve</b>	<b>98</b>	<b>-758</b>				
<b>Overall results from financial instruments</b>	<b>127</b>	<b>-759</b>	<b>-79</b>	<b>-804</b>	<b>0</b>	<b>0</b>

Fiduciary activities are not performed in regard to financial assets.

The securities were sold to take advantage of the more favourable market situation. The book value was EUR 1,017,000 million and the fair value at the point of sale was EUR 1,299,000 million.

## c) Type and degree of risks resulting from financial instruments

The systematic analysis and monitoring of potential risks associated with financial instruments is an integral part of the group-wide risk management process. Risk sources with regard to the financial instruments available in the Group exist in the following aspect:

The financial instruments classified as "Hold and sell" are essentially subject to market risks in the form of fluctuations in stock exchange prices. Accordingly, the respective part of risk management system includes the daily monitoring of the stock performance, the securities in the portfolio, and the evaluation of price-related market information and is supported by a company-specific investment strategy that envisages, among other things, maximum amounts for individual values and defines investment focal points. A near-current exchange of information between the management board and the monitoring committee represents in this case an obvious characteristic of risk management.

With regard to financial instruments assigned to the “Credits and accounts receivables” category, it is possible to cite credit risks and foreign exchange risks as potential sources of risks.

### Credit / bad debt risk

A credit risk entails the possibility of a non-payment or default of payment for trade accounts receivable and other assets without tax receivables and advance payments, which result from the possible non-fulfillment of a contractual party and thus exists at most in the amount of the positive current market value of the respective accounts receivable. The process that is implemented in the Group for minimising the credit risk encompasses, in particular, the daily monitoring of due dates and the swift initiation of steps to collect debts when necessary. Other instruments leveraged to minimise risks with new domestic customers include requests for advance payments, credit agency queries, event-driven customer-specific credit lines or letters of credit such that the risk of non-payment is regarded as minimal.

The maximum credit risk for trade accounts receivable and other assets without tax receivables and advance payments made corresponds to the book value and can be broken down as follows:

	2021 kEUR	2020 kEUR
Domestic	1,077	385
Abroad	2,654	2,973
	<b>3,731</b>	<b>3,358</b>

The age structure of trade accounts receivable and other assets without tax receivables, prepayments and advance payments on the reporting date is as follows:

	Loss rate	2021 Gross kEUR	Valuation allowance	Impaired credit rating
Not overdue	0 %	2,269	0	No
0 - 30 days overdue	0 %	749	0	No
31 - 60 days overdue	0 %	265	0	No
More than 60 days overdue	30 %	448	66	No
		<b>3,731</b>	<b>66</b>	

Valuation allowances were also calculated for the receivables that were not overdue. The expected losses are estimated at 0 kEUR.

	Loss rate	2020 Gross kEUR	Valuation allowance	Impaired credit rating
Not overdue	0 %	2,853	0	No
0 - 30 days overdue	0 %	130	0	No
31 - 60 days overdue	0 %	46	0	No
More than 60 days overdue	30 %	329	51	No
		<b>3,358</b>	<b>51</b>	

According to IFRS 9, appropriate impairments are made for trade accounts receivable and other assets without tax receivables and advance payments, which are measured at the amortised acquisition costs. The company applies the simplified method as per IFRS 9 for measuring expected credit losses; as a result, the credit losses expected over the period are used for all trade receivables. To measure the expected credit losses, trade receivables were combined on the basis of common credit risk characteristics and overdue dates.

The maximum default risk of financial assets corresponds to the book values shown on the balance sheet.

The valuation adjustments have developed as follows:

	2021 kEUR	2020 kEUR
As of 1 January	51	45
Addition	31	19
Utilisation	-7	-7
Dissolution	-9	-6
<b>As of 31 December</b>	<b>66</b>	<b>51</b>

The value adjustments involve at 34 kEUR (2020: 38 kEUR) the losses expected over the period and at 32 kEUR (2020: 13 kEUR) the expected 12-month credit loss.

The Group does not require any securities for trade receivables and other receivables. The Group has no trade receivables or contractual assets, for which no impairment losses have been recognised on the basis of collateral.

### Liquidity risk

One aspect of the risk management element that focuses on financial instruments encompasses the monitoring and regulation of the liquidity risk, i.e., maintaining the solvency of the group companies both over the short-term as well as the medium to long-term planning interval.

The central instrument for this is a continuous liquidity planning that is supplemented with liquidity-related operating figures. The liquidity situation as of the reporting date is as follows and illustrates that there is currently no significant liquidity risk.

	2021 kEUR	2020 kEUR
Short-term liabilities to banks	-2,845	-3,200
Trade accounts payables	-1,430	-1,503
Tax liabilities	-535	-584
Other liabilities (without advance payments received)	-2,385	-2,083
<b>Current financial requirements</b>	<b>-7,195</b>	<b>-7,370</b>
<b>Liquid assets</b>	<b>2,264</b>	<b>4,855</b>
<b>Liquidity 1</b>	<b>-4,931</b>	<b>-2,515</b>
Trade receivables	3,177	3,205
Tax receivables	907	250
Other assets (without prepayments)	338	238
<b>Liquidity 2</b>	<b>-509</b>	<b>1,178</b>
Securities	4,206	5,407
<b>Liquidity 3</b>	<b>3,697</b>	<b>6,585</b>

There are free current account credit lines in the amount of 800 kEUR.

Below is a breakdown of the cash outflow from the repayment of financial liabilities to banks including interests:

	Buchwert	Zahlungsmittelabfluss		
	kEUR	bis 1 Jahr kEUR	1–5 Jahre kEUR	über 5 Jahre kEUR
<b>Liabilities to banks in 2021</b>	8,338	2,919	5,315	355
Liabilities to banks in 2020	9,395	3,280	5,182	1,225
<b>Lease liabilities in 2021</b>	523	278	245	0
Lease liabilities in 2020	583	252	331	0
<b>Liabilities to minority shareholders in 2021</b>	459	0	473	0
Liabilities to minority shareholders in 2020	410	0	424	0
<b>Trade accounts payables in 2021</b>	1,430	1,430	0	0
Trade accounts payables in 2020	1,503	1,503	0	0
<b>Other short-term liabilities (only financial instruments) in 2021</b>	95	95	0	0
Other short-term liabilities (only financial instruments) in 2020	109	109	0	0

### Market price risk - Foreign currency

The Group is subject to a foreign currency risk, as long as deliveries are made and ordered in part outside of the euro zone. From the Group's point of view, the key foreign currency, in which there is an exchange of services, is the US dollar. There are also foreign exchange risks in the Brazilian real related to Geratherm do Brazil Ltda., but these are of lesser importance for the Group compared to the US dollar risks.

Consequently, Geratherm Medical is subjected to the following foreign exchange risk as at reporting date.

	31/12/2021 TUSD	31/12/2021 kEUR	31/12/2020 TUSD	31/12/2020 kEUR
Trade receivables	317	280	687	560
Bank loans / cash in banks	583	515	1,187	967
Trade accounts payables	-146	-129	-218	-177
<b>Balance sheet items</b>	<b>754</b>	<b>666</b>	<b>1,656</b>	<b>1,351</b>
Order balance	85	75	1,038	846
Financial obligations	0	0	-153	-125
Purchase commitments	-394	-348	-1,321	-1,077
<b>Pending transactions</b>	<b>-309</b>	<b>-273</b>	<b>-436</b>	<b>-355</b>
<b>Net item</b>	<b>445</b>	<b>393</b>	<b>1,220</b>	<b>995</b>

The following currency translations were applied:

	31/12/2021	Average 2021	31/12/2020	Average 2020
US dollar	1.133	1.183	1.227	1.142

To reduce the resulting value fluctuations, the Group has taken it upon itself to maintain a balanced ratio of foreign currency receivables and payables (natural hedge). Nevertheless, there are risks that we identify in the following significance analysis based on a further weakening of the US dollar by 10 %. All other variables, which could affect the financial instruments, are regarded as non-varying.

	31/12/2021		31/12/2020	
	Equity capital	Result	Equity capital	Result
US dollar	0	-36	0	-91

A 10 % increase in the US dollar over the euro as at the reporting date would have a similar effect but in the opposite direction provided that all other variables remain constant.

	31/12/2021 kBRL	31/12/2021 kEUR	31/12/2020 kBRL	31/12/2020 kEUR
Trade receivables	667	106	347	54
Other assets	487	77	252	40
Bank loans / cash in banks	41	6	111	17
Liabilities to banks	-6,159	-976	-6,169	-968
Trade accounts payables	-940	-149	-911	-143
Other liabilities	-2,572	-408	-2,296	-360
<b>Balance sheet items</b>	<b>-8,476</b>	<b>-1,343</b>	<b>-8,666</b>	<b>-1,360</b>
<b>Net item</b>	<b>-8,476</b>	<b>-1,343</b>	<b>-8,666</b>	<b>-1,360</b>

As in the previous year, there were no key pending transactions as of the balance sheet date.

The following currency translations were applied:

	31/12/2021	Average 2021	31/12/2020	Average 2020
BRL	6.310	6.378	6.374	5.894

We have identified existing risks in the following significance analysis based on a weakening of the Brazilian real by 10 %.

All other variables, which could affect the financial instruments, are regarded as non-varying.

	31/12/2021		31/12/2020	
	Equity capital	Perfor- mance	Equity capital	Result
BRL	233	122	228	124

A 10 % increase in the Brazilian real over the euro as at the reporting date would have a similar effect on the foreign currency translation in the Group's equity EUR but in the opposite direction provided that all other variables remain constant.

### Market price risk - Interest

Interest rate risks, i.e. possible variations in the value of a financial instrument due to changes in the market interest rates, are pending especially for long-term, fixed-interest receivables and payables. Here opportunity effects could arise in such a way that advantages and disadvantages from the change in market interest rates could not be utilised.

Insofar as we have liquid resources available, we aim to use these funds to improve the financial results. We also view the interest rate trend in this context. Since our free funds are invested at short notice, we are not subjected to any significant risk of interest rate changes.

With regard to long-term debts (without accrued investment subsidies) in the amount of EUR 6.198 million (2020: EUR 6.950 million), opportunity cost effects could occur that we do not view as significant.

Since other inflow from foreign capital is not planned, we do not expect a negative effect on income as a result of the increase in interest rates.

### Market price risk - Share price

There are other risks for the group to the extent that changes on the capital markets could have a pervasive influence on the group's investments in securities listed on different capital markets of this world. In our securities investments, we only have fungible securities which are currently tradeable according to the current state of knowledge such that no long-term, significant risks can be derived. Below we provide a brief overview of the key securities investments and highlight the basis for our assessment of a further positive development of the respective involvement. In this case, we consider the items that have a book value or acquisition costs of more than 500 kEUR as at the reporting date as important. With regard to the valuation of the individual items, we make reference to Para. 9 in these Notes.

#### Agfa-Gevaert N.V.

The Agfa-Gevaert-Group develops, produces and distributes an extensive range of analog and digital imaging systems and IT solutions for diverse applications. The operational activities are divided into three independent corporate groups, Agfa Graphics, Agfa HealthCare and Agfa Specialty. The Agfa HealthCare division is a leading international vendor in the field of imaging diagnostics and healthcare IT solutions for hospitals and care facilities. Hospital IT represents a long-term growth market. The impairment as at 31 December 2021 was recognised in the market assessment reserve.

#### TEVA Pharmaceutical Ind. Ltd.

Teva Pharmaceutical Industries Limited is an Israeli pharmaceutical company with international operations. It is one of the ten leading manufacturers of drugs world-wide and is the largest generic drug manufacturer in the world. Teva specialises in the development, production and distribution of drugs, such as special therapeutics, generic drugs and OTC drugs as well as active pharmaceutical ingredients. The impairment as at 31 December 2021 was recognised in the market assessment reserve.

The following table shows the highest and lowest prices respectively on the German capital market for shares included in the Securities balance sheet item at the end of the 2021 fiscal year.

	2021		2020	
	Highest price EUR	Lowest price EUR	Highest price EUR	Lowest price EUR
Agfa-Gevaert N.V.	4.56	3.46	4.78	2.90
TEVA Pharmaceutical Ind. LTD	11.10	6.93	12.36	6.19
BIOGEN IDEC Inc.	-	-	318.10	198.14
Bayer AG	-	-	78.50	40.64



## Market price risk - Raw material prices

Certain raw materials are important for the continuous supply of our production processes. The procurement market risks involve the shortage or rising costs of production-essential raw materials or the products acquired during contract manufacturing. The key items are monitored by us constantly such that we currently do not see any significant risks here.

## Market risk - New products

Geratherm drives development and sales activities of new products in all segments. The technological competence and expertise are strengthened by the collaboration with technology partners. In part these new products are still in the market launch phase and are expected to contribute to noticeable growth in sales once the anticipated market success is attained. There are certain risks and significant opportunities in this regard.

## Additional disclosures

### Information about the management board

In the year under review, a new chief executive officer was appointed at the annual general meeting:

#### CEO resigned on 11 Jun. 2021

##### **Dr. Gert Frank, Industrial Engineer, Frankfurt**

Managing director of GMF Capital GmbH, Frankfurt

Managing director of GME Rechte und Beteiligungen GmbH, Geratal (till 25 Jun. 2021)

Chairman of the Board of Limes Schlosskliniken AG, Cologne

Managing director of LIMES Schlossklinik Mecklenburgische Schweiz, Teterow

Managing director of LIMES Schlossklinik Bergisches Land GmbH

Managing director of Limes Schlossklinik Fürstenhof GmbH, Bad Brückenau

Managing director of LIMES Klinik Tiergarten GmbH

Member of supervisory board of Polski Bank Komòrek Macierzystych S.A., Warsaw

#### CEO appointed on 1 Jan. 2021

##### **Christian Frick, Business Administration, Heidenheim (as of 1 Jan. 2021)**

Board of Directors of Tanda International AG, Herisau

Managing director of GME Rechte und Beteiligungen GmbH, Geratal (as of 25 Jun. 2021)

Managing director of Sensor Systems GmbH, Steinbach-Hallenberg (as of 1 Jul. 2021)

Managing director of Capillary Solutions GmbH, Geratal (as of 1 Jul. 2021)

The company's management board consists of one or more persons. The supervisory board determines the number of members of the management board. The supervisory board can appoint a chairman and a deputy chairman of the management board. Deputy members of the management board can be appointed.

In 2021, a remuneration in the amount of 79 kEUR was booked to GMF Capital GmbH as expenses for the services of Dr. Frank as chief executive officer of the company through to 11 June 2021. According to the employment agreement, 243 kEUR has been book as a remuneration for Mr. Frick under personnel expenditure. The value of the share options was determined at 29 kEUR.

### Information about Supervisory Board

In accordance with the Articles of Association, the supervisory board has three members.

#### Members of the supervisory board are:

**Rudolf Bröcker, Bensheim (Chairman of the supervisory board till 11 Jun. 2021) Business Administration**  
Chairman of the supervisory board of Limes Schlosskliniken AG, Cologne (till 11 Jun. 2021)

**Dr. Gert Frank, Industrial Engineer, Frankfurt, (Chairman of supervisory board as of 11 Jun. 2021)**

Managing director of GMF Capital GmbH, Frankfurt  
Managing director of GME Rechte und Beteiligungen GmbH, Geratal (till 25 Jun. 2021)  
Chairman of the Board of Limes Schlosskliniken AG, Cologne  
Managing director of LIMES Schlossklinik Mecklenburgische Schweiz, Teterow  
Managing director of LIMES Schlossklinik Bergisches Land GmbH  
Managing director of Limes Schlossklinik Fürstenhof GmbH, Bad Brückenau  
Managing director of LIMES Klinik Tiergarten GmbH  
Member of supervisory board of Polski Bank Komòrek Macierzystych S.A., Warsaw

**Bruno Schoch, Suresnes, France**

President of UNIBEL SA, Paris  
Member of executive board of Fromageries Bel SA, Paris  
Member of executive board of SICOPA SA, Paris  
Member of supervisory board of Société des Domaines SAS, Wattwiller, France  
Member of supervisory board of Limes Schlosskliniken AG, Cologne

**Dirk Isenberg, Usingen, MBA**

Member of executive board of MEDIQON Group AG, Königstein  
Managing director of MEDIQON Beteiligungsgesellschaft mbH, Königstein  
Member of the supervisory board of Limes Schlosskliniken AG, Cologne

In 2021, 12 kEUR (2019: 12 kEUR) was allotted as remuneration for the activities of the supervisory board, which was included in the liabilities and expenses for the fiscal year.

As of the reporting date, the chairman of the supervisory board held directly and indirectly 2,071,071 shares. The members of the supervisory board hold 3,769 shares.

### Staff trends

	Employees	Industrial employees	Total
Number of employees (annual average) - excluding management board and managing directors -	2021	93	226
	2020	91	228

In addition, trainees were employed as follows: 2021 (1); 2020 (0)

## Events after the balance sheet date

In the first months of the new business year, we have noted a stable demand for clinical thermometers and other products, albeit at a significantly lower level than during the peak period of the pandemic. Based on the current situation, we assume that we will be able to generate a comparable sales figure and positive result for the fiscal year ahead. In 2022, we will be investing more in machinery and systems for manufacturing our clinical thermometers at the Thuringia location, in order to be able to ensure that production processes are more efficient in the future with greater automation and higher quality. This may result in a slight drop in product sales. The objective is to compensate for this drop with higher sales figures in other areas. We expect earnings to have a positive EBIT margin. The export rate will be at the same level as in the prior year. The expected earnings performance shall lead to an equity ratio and liquidity at the prior year's level.

The war between Russian and Ukraine, which started at the end of February 2022, has further amplified the tense situation world-wide. Inflation reaches new highs almost every month. Energy prices, a major cost driver for Geratherm, are rising to unprecedented heights. Therefore, it is not possible to reliably predict further development, since there are too many external influencing factors and the economic research institutes are regularly revising their forecasts. On 14 January 2022, the management board had decided together with the supervisory board to discontinue Medical Warming Blankets for operating rooms as well as the related research and development with immediate effect. The current market situation and market prospects for the product do not reflect the related expenses for certification under MDR. The devaluation totalled to the amount of kEUR 927. These related to stocks of raw materials and supplies (-453 kEUR), unfinished goods (-105 kEUR), finished goods (-131 kEUR) as well as loss from disposal of intangible assets and unscheduled depreciation of fixed assets (-238 kEUR). Since this segment was in the recertification process in recent years, no significant losses in sales are to be expected.

The affiliated company Geratherm Medical do Brasil, Sao Paulo, Brazil, was still subject to Brazilian "Chapter 11" proceedings as of 31 December 2020. A resolution is expected to be reached at the creditors' meeting for the first six months of 2021. On 13 April 2022, the company published an ad-hoc announcement regarding a planned cash capital increase from the authorised capital as well as a planned downlisting.

## Corporate Governance Report

The declaration as prescribed in Sect. 161 of Aktiengesetz (German Stock Corporation Act) was issued by the management board and supervisory board of Geratherm Medical AG and made available to the shareholders on the company's homepage.

<https://geratherm.com/geratherm/investor-relations/berichte/corporate-governance/>

### Geratherm Medical AG

Geratal, this 14<sup>th</sup> day of April 2021



**Christian Frick**  
Chief Executive Officer

## Responsibility Statement for the 2021 Annual Report

To the best of my knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report, which has been combined with the management report for Geratherm Medical AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

### Geratherm Medical AG

Geratal, this 14<sup>th</sup> day of April 2021

A handwritten signature in black ink, appearing to read 'Frick', written in a cursive style.

**Christian Frick**  
Chief Executive Officer

## INDEPENDENT AUDITOR'S REPORT

To Geratherm Medical AG, Geratal

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

#### AUDIT OPINION

We have audited the consolidated financial statements of Geratherm Medical AG, Geratal, and its subsidiaries (the Group), which comprise the balance sheet as of 31 December 2021, the consolidated income statement, the consolidated statement of income and expense recognised in equity, statement of cash flows, statement of equity for the financial year from 1 January 2021 to 31 December 2021 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the Group management report (combined report on the situation of the Company and Group) of Geratherm Medical AG for the financial year from 1 January 2021 to 31 December 2021. In accordance with German legal requirements, we have not audited those components of the Group management report specified in the „OTHER INFORMATION“ section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs, as adopted in the EU, and the additional requirements of German commercial law pursuant to Sect. 315e Para. 1 of HGB and full IFRS, and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of 31 December 2021 and of its financial performance for the financial year from 1 January 2021 to 31 December 2021 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. Our opinion on the Group management report does not cover the content of the components of the Group management report specified in the „OTHER INFORMATION“ section of our auditor's report.

Pursuant to Sect. 322 Para. 3 (1) of HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

#### BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Sect. 317 of HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibilities under those requirements and principles are further described in the „AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT“ section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Art. 10 Para. 2 (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 Para. 1 of the EU Audit Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the Group management report.

## KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2021 to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

We have identified the following matters as key audit matters during the audit:

1. Recognition and valuation of internally generated intangible assets
2. Revenue recognition and allocation of revenue to correct periods
3. Valuation of assets and completeness of liabilities in connection with the discontinuation of the Warming Systems business segment for operating rooms (WSYS)
4. First-time consolidation of apoplex medical technologies Spain SL

## RECOGNITION AND VALUATION OF INTERNALLY GENERATED INTANGIBLE ASSETS

### Matters

The consolidated financial statements of Geratherm Medical AG show internally generated intangible assets (development costs) in the amount of EUR 2.994 million under the balance sheet item "Intangible assets". This corresponds to 16 % of the equity and approx. 9 % of the balance sheet total. The Group conducts research and development activities related to the further development of medical or scientific knowledge in processes, systems or software applications. The Group differentiates between a research and development phase. The capitalised development costs are costs that have been capitalised after all requirements of IAS 38.57 (a) to (f) have been met. The acquisition valuation was performed with the directly attributable manufacturing costs that are necessary to put the intangible asset in a condition that will provide the intended economic benefit. The subsequent valuation is carried out according to the cost model in accordance with IAS 38.74. The internally generated intangible assets are depreciated on a straight-line basis from the time they are ready for use. The useful lives of the completed development projects are between eight and twelve years. The capitalisation of development costs is based to a large extent on management's estimates and assumptions and is therefore subject to corresponding uncertainties, which means that the recognition and valuation of internally generated intangible assets were of particular importance for our audit.

The information on the balance sheet item "Intangible assets" is contained in the "Principles of accounting and valuation" and "Intangible assets" sections of the notes to the consolidated financial statements.

### Auditor's response and findings

As part of our audit, we evaluated the internal processes and controls for recording intangible assets and gained an understanding of the selection and application of the methods, significant assumptions and data that company management used as a basis for the valuation of internally generated intangible assets and how the values were determined. We have also examined the requirements for capitalisation in random samples for individual projects based on the criteria of IAS 38.57. We assessed the amount of the capitalised development costs and the recoverability of the recognised intangible assets based on the records submitted to us. For this purpose, we have inspected the lists of working hours incurred by internal employees, purchased external services from third parties and the costs of materials used, assessed their completeness and correctness and verified the correct determination of the manufacturing costs. In addition, we have assessed the assumptions, methods and data on which the valuation is based for appropriateness, consistent application, traceability and agreement without knowledge of the Group obtained in the course of the audit as well as the data with regard to their relevance and reliability and understood the company's internal forecasts of future usability.

On the basis of our audit, we were able to convince ourselves that the approaches determined by the company management as well as the methods and evaluation parameters used in the evaluation are comprehensible and that the values are within an acceptable range.

## REVENUE RECOGNITION AND ALLOCATION OF REVENUE TO CORRECT PERIODS

### Matters

Revenue amounting to EUR 23.940 million is reported in the Group's consolidated profit and loss statement. The Group reports revenue from the sale of medical products, from the provision of analytical services and performance obligations that fall within the scope of IFRS 15.

The transfer of control to the customer is decisive for the recognition of revenue from the sale of medical devices. The transfer of control is assessed based on various indicators, including the transfer of property and possession rights and the transfer of essential opportunities and risks.

For the analytical services provided by the subsidiary apoplex medical technologies GmbH, revenue recognition takes place over time. Sales that are attributable to the following year, are accrued pro rata temporis while taking into account multiple availments on the balance sheet date.

In light of the complexity of the customer contracts relevant to the recognition of sales revenues, the significant item "Sales revenues" are subject to a particular risk. The correct application and deferral of revenue is based in some respects on estimates, assumptions and discretion used by management, with the result that this matter was of particular importance for our audit.

The company's disclosures on the revenue recognition are contained in the sections "Principles of accounting and valuation" section and "(23) Sales revenues from contracts with customers" in the notes to the consolidated financial statements.

### Auditor's response and findings

As part of our audit, we assessed, among other things, the correct presentation of sales revenues in the sale of medical products and in the provision of analytical services in the consolidated financial statements on the basis of the accounting policies applied in accordance with the relevant IFRSs, in particular IFRS 15. To do so, we first identified an overview of all of the Group's main types of contracts and assessed how management identified the main performance obligations. In addition, we performed detailed revenue recognition reviews of individual significant transactions and other transactions on a random basis. We reviewed the relevant customer contracts, identified the performance obligations made by management and assessed whether these services were rendered over a specified period or at a specified time and what transaction prices were received.

In this context, we also assessed that the assumptions made by management about the correct allocation of the periodrelated revenue that fall within the scope of IFRS 15 were appropriate and mathematically accurate, and appreciated their accounting.

Based on our audit procedures, we are satisfied that the estimates and assumptions made by management regarding the recognition and allocation of sales revenues to correct periods were understandable and lie within a reasonable range.

## **VALUATION OF ASSETS AND COMPLETE-NESS OF LIABILITIES IN CONNECTION WITH THE DISCONTINUATION OF THE WARMING SYSTEMS BUSINESS SEGMENT FOR OPERATING ROOMS (WSYS)**

### **Matters**

The management of Geratherm Medical AG decided to discontinue the Medical Warming Systems business segment for operating rooms (WSYS) and the related research and development. In connection with the discontinuation of the business segment, expenses in the amount of approx. 927 kEUR were recognised in the consolidated financial statements.

The discontinuation of the business segment resulted in a number of accounting consequences for the affected assets and liabilities. The assessment of any impairments and the determination of the remaining residual values of the affected assets and liabilities requires estimates and discretionary decisions on part of the company management. The valuation is based on the future intentions with regard to the sale of the segment's remaining assets.

In connection with the discontinuation of the business segment, the company management must assess which obligations exist from existing contracts and to what extent these must be taken into account in the consolidated financial statements. The devaluations made by the Group are essential in terms of amounts relating to the consolidated financial statements of Geratherm Medical AG.

Due to the uncertainty associated with discretionary decisions and estimates made by the company management as well as the relevance of the associated expenses in terms of amounts, the discontinuation of the segment represented a particularly important audit matter during the course of our audit.

Information from the Group about the effects of the discontinuation of the WSYS business segment can be found in the section "Accounting and valuation methods", "Notes to the balance sheet", "Notes to the consolidated profit and loss statement" and "Events after the balance sheet date" in the consolidated financial statements of Geratherm Medical AG.

### **Auditor's response and findings**

We obtained an understanding of the process used by the Group to identify and value the assets and liabilities affected by the discontinuation of the business segment.

To assess the effects that the discontinuation of the segment has on the balance sheet, we have reconstructed the Group's procedures for determining write-downs and booking methods.

By checking the inventory lists for the fixed assets and inventories, we satisfied our-selves with regard to the completeness of the recording of assets belonging to the business segment and their valuation. We had the measurement of residual values verified on the basis of suitable documents and assessed it critically using plausibility considerations.

By reviewing the contracts entered into by the business segment and on the basis of the interviews conducted with the company management, we made sure that the obligations existing for the business segment have been fully shown.

With our audit findings, we were able to make sure that the accounting done by the company management for the discontinuation of the Warming Systems business segment for operating rooms (WSYS) was implemented in accordance with the applied accounting regulations.



## FIRST-TIME CONSOLIDATION OF APOPLEX MEDICAL TECHNOLOGIES SPAIN SL

### Matters

apoplex medical technologies GmbH acquired additional shares in apoplex medical technologies Spain SL (formerly EVINA Spain SL) in the 2021 financial year. The consideration for the acquisition was 496 kEUR. Intangible assets of 757 kEUR and a goodwill of 90 kEUR were identified during the preliminary purchase price allocation. The acquired identifiable assets and the liabilities assumed by apoplex medical technologies Spain SL were to be recognised at their fair values at the time of acquisition.

The first-time consolidation of apoplex medical technologies Spain SL was a particularly important audit matter due to the large number of discretionary decisions required when measuring the assumed assets and liabilities as well as the overall significant effects of the company's acquisition on the net assets, financial position and earning performance of the Group.

Geratherm Medical AG's disclosures about the acquisition made in the financial year are included in the "Consolidation group – Corporate mergers in 2021" section of the notes to the consolidated financial statements.

### Auditor's response and findings

As part of our audit of the balance sheet recognition of the acquisition, we first verified the control gained by apoplex medical technologies GmbH and the date of acquisition. To this end, we have reviewed in particular the contractual agreements of the acquisition and reconciled the paid purchase price with the records submitted to us of the payments made or converted loans.

In addition, we assessed the recognition and measurement of the assets and liabilities underlying the acquisition of the company. This included their identification, the application of uniform accounting and valuation methods as well as accounting at fair values at the time of first-time consolidation. In addition to that, we verified that no other assets were to be recognised as part of the purchase price allocation.

We have convinced ourselves of the appropriateness of the valuation method, the assumptions made and the data used for determining the fair value of the identified assets and liabilities and checked the plausibility of the necessary assumptions in conversation with management experts. In this context, we have also made sure that the management experts have the professional qualifications.

As of 31 December 2021, we also assessed whether there were reference points for an impairment according to IAS 36 as starting point for reviewing recoverability. The assessment of disclosures required according to IFRS 3 and the presentation within the framework of segment reporting were further focal points of our audit.

All in all, we were able to make sure with our audit findings that the assumptions made by the company management and the valuation parameters used are comprehensible and that the acquisition of the company was presented appropriately on the basis of the information available at the time of preparation of financial statements.

### OTHER INFORMATION

The management and the supervisory board are responsible for the other information. The other information includes:

- the corporate governance statement contained in section 6. Other information of the consolidated financial statements,
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of audit conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in so doing, evaluate whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misrepresented.

If we conclude based on the work we performed that there is a material misrepresentation of this other information, we are obligated to report this. We have nothing to report in this regard.

#### **RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT**

The management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS as adopted by the EU and the additional German statutory provisions to be applied pursuant to Sect. 315e Para. 1 of HGB and that the consolidated financial statements, in compliance with these regulations, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misrepresentation, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 the going concern. In addition, they are responsible for financial reporting based on the going concern's basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is 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 statutory requirements, and appropriately presents the opportunities and risks of future development. In addition, management is 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 provisions, 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 RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT**

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misrepresentation, 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 findings 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.

While reasonable assurance is a high level of assurance, it is not a guarantee that an audit conducted in accordance with Sect. 317 of HGB and the EU-APrVO and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always identify a material misrepresentation. Misrepresentations may 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 made on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain a professional critical attitude during the audit. We also:

- Identify and assess the risks of material misrepresentation, whether due to fraud or error, in the consolidated financial statements and of the group management report, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not identifying a material misrepresentation resulting from fraud is greater than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control system relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to plan audit procedures that are appropriate under the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of the accounting policies used by the company management and the reasonableness of the estimates made by the company management and related disclosures.
- Make conclusions on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit findings 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 the IFRS as adopted in the EU and the additional requirements of German statutory provisions pursuant to Sect. 315e Para. 1 of HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. 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 company management in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the company management 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 system that we identify during our audit.

We issue a statement to those charged with governance to the effect that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be assumed to affect our independence and the safeguards put in place to protect against this.

From the matters that we have discussed with those charged with governance, we determine which matters were most important during the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the independent auditor's report, unless laws or other legal provisions preclude their public disclosure.

## OTHER STATUTORY AND LEGAL REQUIREMENTS

### REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT CREATED FOR DISCLOSURE PURPOSES IN ACCORDANCE WITH SECT. 317 PARA. 3A OF HGB

#### Audit opinion

In accordance with Sect. 317 Para. 3a of HGB, we conducted an audit to obtain reasonable assurance on whether the reproductions of the consolidated financial statements and the group management report contained in the file "Name of ESEF file" (SHA256 hash value: 2254913aed46307b26cb72acef9020ddcecd98a35ed3db804d23b52981c6aff9) that are created for disclosure purposes (also referred to hereinafter as the "ESEF documents") satisfy the requirements of Sect. 328 Para. 1 of HGB relating to the electronic reporting format ("ESEF format") in all material respects. In compliance with the German statutory provisions, this audit covers only the conversion of the information in the consolidated financial statements and the group management report into the ESEF format and therefore neither the information contained in these reproductions nor other information contained in the abovementioned file.

In our opinion, the reproductions of the consolidated financial statements and of the group management report contained in the abovementioned file and created for disclosure purposes meet the requirements of Sect. 328 Para. 1 of HGB relating to the electronic reporting format in all material respects. Beyond this audit opinion and our opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January 2021 to 31 December 2021, contained in the preceding "REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT," we do not issue any audit opinion whatsoever on the information contained in these reproductions or on the other information contained in the abovementioned file.

#### Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and of the group management report contained in the abovementioned file in accordance with Sect. 317 Para. 3a of HGB and the IDW auditing standards: Audit of the electronic reproductions of annual financial statements and management reports created for disclosure purposes in accordance with Sect. 317 Para. 3a of HGB (IDW PS 410 (10/2021)). Our responsibility based on this standard is described in more detail below. Our audit practice has applied the

requirements for quality assurance system set out in the IDW quality assurance standard: Requirements for quality assurance in auditing practice (IDW QS 1).

### **Responsibilities of the company management and the supervisory board for the ESEF documents**

The company management is responsible for drawing up the ESEF documents with the electronic reproductions of the consolidated financial statements and of the group management report in accordance with Sect. 328 Para. 1 Cl. 4 (1) of HGB and for labelling the consolidated financial statements in accordance with Sect. 328 Para. 1 Cl. 4 (2) of HGB.

In addition, the company management is responsible for such internal control as they have determined necessary to enable the creation of the ESEF documents that are free from material violations, whether due to fraud or error, of the requirements of Sect. 328 Para. 1 of HGB relating to the electronic reporting format.

The supervisory board is responsible for monitoring the preparation process of the ESEF documents as part of the financial reporting process.

### **Responsibilities of the auditor for auditing ESEF documents**

We aim to obtain sufficient assurances as to whether the ESEF documents are free from material violations, whether due to fraud or error, of the requirements pursuant to Sect. 328 Para. 1 of HGB. We exercise professional judgment and maintain a professional critical attitude during the audit. We also:

- Identify and assess the risks of material misrepresentation of the consolidated financial statements and of the group management report, whether due to fraud or error, of the requirements pursuant to Sect. 328 Para. 1 of HGB plan and perform audit procedures as response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of internal controls relevant to the audit of ESEF documents in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents fulfils the technical specifications for this file as outlined in the requirements of the Delegated Regulation (EU) 2019/815 in the version valid as of the reporting date.
- Assess whether the ESEF documents enable the reproduction of the content of the audited annual financial statements and the audited group management report as an XHTML file.
- Assess whether the labelling of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Art. 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version valid as of the reporting date enables an adequate and complete machinereadable XBRL copy of the XHTML rendering.

### **FURTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION**

We were appointed as auditor by the annual general meeting on 11 June 2021. We were engaged by the supervisory board on 9 September 2021. We have been the auditor of Geratherm Medical AG without interruption since the 2020 financial year.

We declare that the audit opinions expressed in this auditor's report, along with the additional report to the audit committee, are consistent with Art. 11 of EU-APrVO (audit report).

## OTHER MATTERS — USE OF AUDITOR'S REPORT

Our auditor's report should always be read in conjunction with the audited consolidated financial statements and the audited group management report and the audited ESEF documents. The consolidated financial statements and group management report transferred to the ESEF format — including the versions to be published in the German Federal Gazette — are only electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF note and our audit opinion contained therein can only be used in connection with the audited ESEF documents provided in electronic form.

## RESPONSIBLE AUDITOR

The auditor responsible for the audit is **Thomas Hunold**.

Erfurt, this 25<sup>th</sup> day of April 2022

### **BDO AG**

Wirtschaftsprüfungsgesellschaft

**Andreas Dirks**  
German Public Auditor

**Thomas Hunold**  
German Public Auditor



## Imprint

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## Corporate Calender 2022

2022

<b>Publication Annual Report 2021</b>	<b>26. April</b>
Virtual Annual General Meeting	26. August
Interim Report 1st quarter	25. May
Interim Report 2nd quarter	24. August
Interim Report 3rd quarter	23. November





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