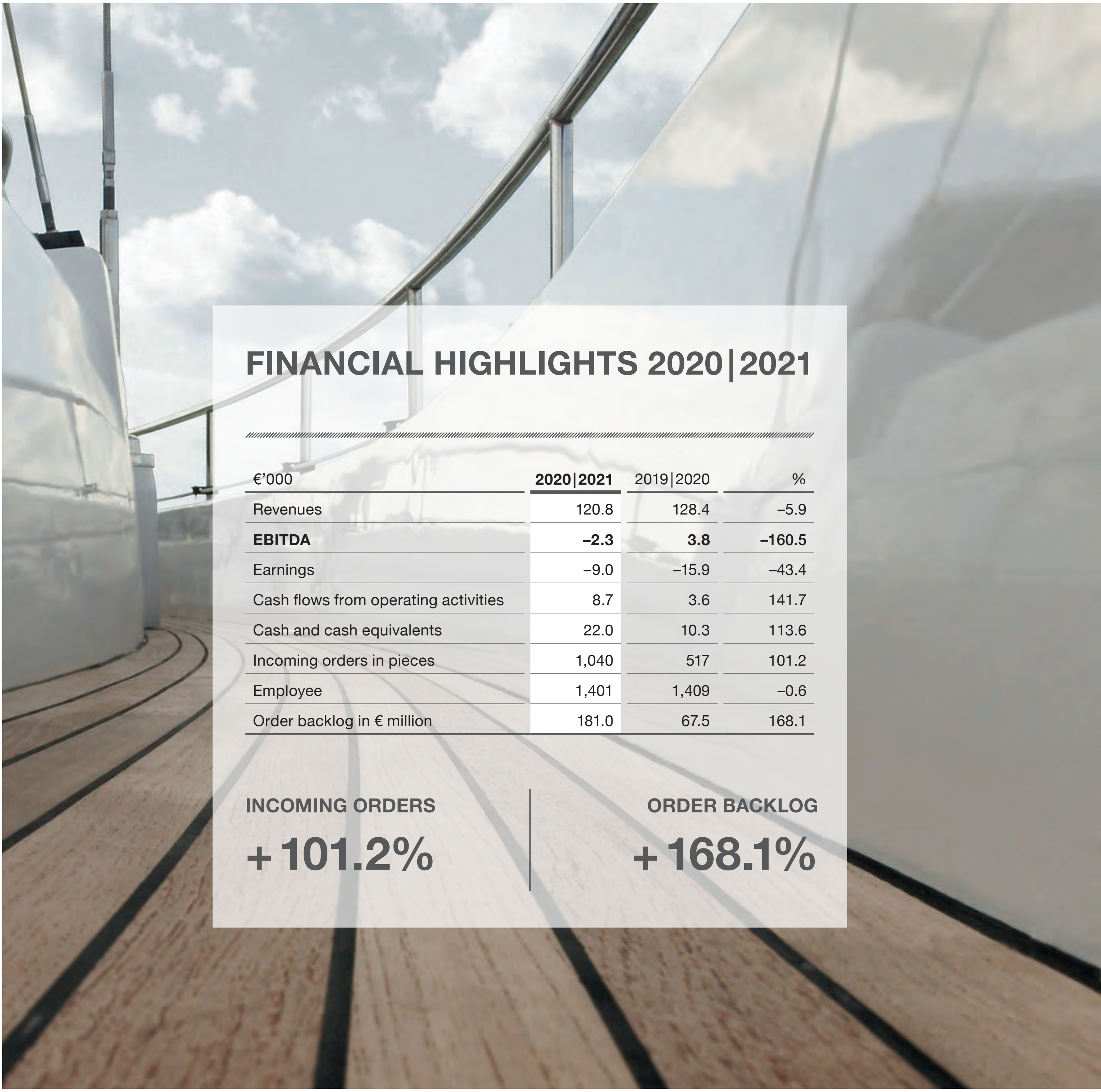
ANNUAL REPORT

# 2020 | 2021


HanseYachts
Aktiengesellschaft



# FINANCIAL HIGHLIGHTS 2020|2021

| €'000 | **2020\|2021** | 2019\|2020 | % |
|---|---|---|---|
| Revenues | 120.8 | 128.4 | –5.9 |
| **EBITDA** | **–2.3** | **3.8** | **–160.5** |
| Earnings | –9.0 | –15.9 | –43.4 |
| Cash flows from operating activities | 8.7 | 3.6 | 141.7 |
| Cash and cash equivalents | 22.0 | 10.3 | 113.6 |
| Incoming orders in pieces | 1,040 | 517 | 101.2 |
| Employee | 1,401 | 1,409 | –0.6 |
| Order backlog in € million | 181.0 | 67.5 | 168.1 |

**INCOMING ORDERS**

**+ 101.2%**

**ORDER BACKLOG**

**+ 168.1%**

# HanseYachts
## Aktiengesellschaft

**Seven brands with their own unique characters – united under the roof of HanseYachts AG. Each brand operates independently on the market, but benefits from the pooled development and production technology of one of the world's leading yacht-builders.**

⟶ *Front page: Hanse 460*


*The Hanse 460: Radically innovative, agile and comfortable. This yacht, Hanse's first by the French yacht designers Berret-Racoupeau, combines maximum innovation and traditional Hanse values, such as fast cruising and easy sailing – all with a consistently modern sporty look. The result is a yacht that promises pure adrenaline for skippers and an individual stylish home at sea for families.*


# GERMAN MADE
## CRUISING YACHTS

Since 1990, HanseYachts AG has been building sailing yachts under the brand name Hanse – a brand name that stands for individual customisation, fast cruising, easy sailing and innovative design. Ten different models are constructed at the yard in Greifswald, including the Hanse 675 – the biggest series-produced sailing yacht in the world. The seagoing sailing yachts from Hanse are showcased at more than 80 trade fairs in 54 countries and exported to over 90 countries worldwide, with strong sales growth in Australia and China. The market share in New Zealand is 50%. More than half of the Group's sales can be attributed to HanseYachts AG's founding brand.

Hanse

# GREETINGS FROM MANAGEMENT

**Dear friends of HanseYachts AG,**

The past financial year of HanseYachts AG was the most unusual year in the company's history. As a leading manufacturer of sailing yachts, motor yachts and catamarans, HanseYachts AG booked an extremely high level of new orders, thanks to a number of factors, including the trend towards sustainable, safe and local vacations in nature, the company's successful conversion to digital sales channels, the company's historically developed, loyal customer structure, and the continuous technical evolution of the 43 different yacht models of all seven brands.

The new brand "Ryck," which was developed in Greifswald in collaboration with the yacht designer Bill Dixon, is specifically aimed at water sports-loving motor yacht skippers and crews in the weekender segment. The first model of the new brand, the RYCK 280, is trailerable, making it a flexible weekender for excursions both near and far.

Due to the effects of the coronavirus pandemic, including short-time work, quarantines and missing parts, the HanseYachts Group's revenues declined in the 2020|2021 financial year, despite the record level of orders. However, the 2020|2021 financial year comprised only ten months of production due to the two months of short-time work in the first quarter resulting from the coronavirus lockdown in the spring of 2020, and is therefore not fully comparable with the previous year. In addition, quarantine restrictions in the period from November 2020 to February 2021 and supply chain bottlenecks beginning in January 2021 led to delays in production and in the delivery of boats to customers, which delayed the corresponding revenues as well.

Like nearly all manufacturing companies in Europe, the HanseYachts Group has had to contend with missing parts due to bottlenecks and problems with supplies of input materials since January 2021. These problems have extended beyond the end of the company's 2020|2021 financial year. Since April 2021, therefore, HanseYachts has had to store between 45 and 65 unfinished boats that are about 99% complete but cannot yet be delivered due to the lack of only a few parts in each case. These undelivered boats represent missing revenues, which also impacted the company's bottom line in the 2020|2021 financial year. As soon as the missing parts arrive, the boats will be delivered and the corresponding revenues and earnings will be realized shortly thereafter.

HanseYachts AG's liquidity position is historically strong, with a high level of freely disposable funds at the reporting date of 30 June 2021. The strong liquidity position can be credited in part to the fact that the company increased its cash flow from operating activities substantially despite the coronavirus pandemic. In addition, the Group received additional coronavirus loans from its banks in Germany, France and Poland in the past financial year.

With the support of the principal shareholder, old loans and liabilities were converted to equity in exchange for the issuance of shares (debt for equity swap) in the reporting period, permanently lowering the Group's interest expenses by a significant margin. The Group also conducted a cash capital increase.

With our globally represented sales network and broad product assortment of sailing yachts, motor yachts, sailing catamarans and motor catamarans, as well as the constant improvements of existing models, planned investments in the development of new products, and the appreciably positive customer response to our models, we see ourselves as being well-positioned in the water sports market. HanseYachts AG began the new 2020|2021 financial year with such a high level of orders that its production capacity is almost completely filled out, with the exception of just a few assembly stations, for the entire financial year up to 1 July 2022. For some models, in fact, sales and production schedules already extend into the 2022|2023 financial year.

Due to the coronavirus pandemic and its aftermath, the outlook is still subject to above-average risks. In particular, supply chain issues are causing problems in production, with the result that production must be continually adjusted to suit the availability of purchased parts and in some cases the completion of yachts already under construction must be delayed until the missing parts can be delivered by the given supplier and installed by HanseYachts. On the other hand, the progress being made in vaccination rates in key markets and the lifting of travel and contact restrictions support a positive outlook. Both developments should make it possible to present the sailing yachts, motor yachts and catamarans of HanseYachts AG directly to customers at boat shows again in the 2020|2021 financial year if the pandemic status in the relevant regions allows it. At the same time, the Group continues to upgrade its digital media in order to present its products virtually and to support its traditional distribution channels.

We take a confident view of the market in the near future. However, our cost position will be adversely impacted by the effects of the coronavirus pandemic also in the coming financial year.

Our employees at all sites of HanseYachts AG across the world have demonstrated tremendous dedication, a profound understanding of motor yachts and sailing yachts, and great diligence in the service of our boatyard. They have done a wonderful job of complying with the special rules and working under tough conditions. We thank them most sincerely for their excellent work, especially in these difficult times.

Best regards from Greifswald to all water sports lovers,

Dr. Jens Gerhardt Sven Göbel

# WORLD MARKET LEADER

## IN THE PERFORMANCE CRUISER/RACER SEGMENT

Dehler is the world market leader in the performance cruiser/racer segment, where it enjoys a global market share of 10%. For Dehler, sailing performance is the most important virtue of any yacht. Dehler yachts regularly leave the field behind at international regatta events. Just a few modifications are all it takes to transform a comfortable performance cruiser into a thoroughbred regatta yacht. For small and large crews, for all-day races with friends or the people on the neighbouring landing stage, for regattas with an international field. Or simply just to fulfil your own sporting ambitions.

Dehler


*DEHLER 38 SQ: It is a very special yacht, that takes the tradition of the original performance cruiser into the future with all new innovations. A yacht, that adheres to this tradition with its name already: the Dehler 38SQ. Breathtaking: the new design – Unique: Dehler design – Unique: the interior.*

# REPORT OF THE SUPERVISORY BOARD

**Dear shareholders,**

In the reporting period from 1 July 2020 to 30 June 2021, the Supervisory Board regularly and intensively dealt with the company's status and performance and fully and conscientiously performed the duties and competencies incumbent upon it according to the law, the company's Articles of Incorporation, and the Supervisory Board's rules of procedure with regard to advising and supervising the Executive Board. This includes regular information exchanges with the Executive Board and the supervision of the company's management. The cooperation between the Executive Board and Supervisory Board is characterized by intensive exchanges of information and opinions. The Supervisory Board was consulted on all key decisions of the Executive Board.

Also between Supervisory Board meetings, the Executive Board regularly informed the Supervisory Board in oral and written reports, particularly on the subject of the development of the company's revenues and earnings, cash flows, the status and management of risks, as well as the Group's strategic direction, brand and model policies, current and planned projects, and personnel matters. These aspects were discussed and reviewed with the Executive Board in the Supervisory Board meetings. Information on the current business performance was provided to the Supervisory Board on a monthly basis. The Executive Board explained and provided reasons for any deviations from the planned business performance.

Seven meetings of the full Supervisory Board were held as in-person meetings or telephone or video conferences in the 2020|2021 financial year; resolutions were also adopted by written circulation.

Focal points of the deliberations of the Supervisory Board in the reporting period included the current business performance of HanseYachts AG and its German and foreign subsidiaries, also in view of the effects of the coronavirus pandemic on the business operations of HanseYachts AG, the support of current financing transactions including capital increases, sales and distribution, and business planning.

The Supervisory Board's first resolution in the 2020|2021 financial year pertained to the approval to sign loan agreements with German and foreign lenders for a total amount of up to €17.6 million in order to ensure the solvency of HanseYachts AG at all times during the coronavirus pandemic. In August 2020, the Supervisory Board granted its approval to enter into the respective loan agreements by written circulation.

In the meeting on 22 September 2020, the Supervisory Board deliberated on the course of the audit of the separate and consolidated financial statements of HanseYachts AG for the 2019|2020 financial year ended on 30 June 2020. The budget for the new 2020|2021 financial year and subsequent years was discussed. The current sales numbers, the currently earned consolidated profit/loss, the progress of restructuring measures at Privilege Marine SAS, and an overview of all current projects were presented by the Executive Board and subsequently discussed.

At the meeting on 30 September 2020, the Supervisory Board approved the separate and consolidated financial statements of HanseYachts AG for the preceding 2019|2020 financial year and the 2019|2020 Dependent Companies Report. At the same meeting, the Supervisory Board adopted the reasoned recommendation and preference of the Audit Committee for the 2020/2021 annual audit and resolved to propose to the upcoming annual general meeting that Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, be elected as the auditor of the separate and consolidated financial statements for the 2020|2021 financial year. In addition, the Supervisory Board adopted the recommendation of the Audit Committee to provisionally approve in advance, on a case-by-case basis, the “non-auditing services” to be provided by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft to HanseYachts AG in the 2020|2021 financial year.

In the Supervisory Board meeting of 6 October 2020, the Supervisory Board approved the budget for the new 2020|2021 financial year and subsequent years. At the same meeting, the Executive Board reported to the Supervisory Board on the effects of the coronavirus pandemic, the current sales performance, new boat models, the current status of earnings, the progress of restructuring measures at Privilege Marine SAS, and the ongoing profitability enhancement projects.

In October 2020, it was resolved by written circulation to hold the next annual general meeting as a virtual meeting excluding the physical presence of shareholders, in view of the Covid-19 pandemic. The Supervisory Board also approved the agenda for the 2020 annual general meeting, including the draft resolutions of the Supervisory Board to be submitted to the annual general meeting and the written report of the Supervisory Board on the 2019|2020 financial year.

The conduct of a cash capital increase and a non-cash capital increase was intensively discussed at the telephone conference held on 23 October 2020.

The specific amount and conduct of each capital increase, the entry in the Commercial Register, and the amendments of the Articles of Incorporation were resolved by written circulation on 25 November 2020 and on 14 December 2020.

The formation of a new company with the name Balticdesign Insitute Sp.z.o.o., Poland, and the establishment of a new boat brand “Ryck” were resolved in January. A liquidity loan for Balticdesign Insitute Sp.z.o.o. was approved in June 2021.

A renewed approval of the 2019|2020 consolidated financial statements, which had already been adopted by the Supervisory Board in September 2021, was granted at the meeting of 25 February 2021 due to two representation errors in the original financial statements. At the same meeting, the sales numbers, the economic situation, the problems with deliveries of raw materials and purchased parts resulting from the worldwide disruption of supply chains, and ongoing projects were also discussed. A liquidity loan to the French subsidiary was approved.

An additional Executive Board member, Mr. Hanjo Runde, was appointed by the Supervisory Board on 31 March 2021 with effect as of 1 December 2021 and the Executive Board employment contract, including the overall remuneration, was resolved.

In the final meeting of the 2020|2021 financial year held on 24 June 2021, a possible expansion of production capacities directly at the Polish site of the 100% subsidiary Technologie Tworzyw Sztucznych Sp.z.o.o. was intensively discussed, along with the necessary investments, financing options, and economic feasibility assessments. In addition, the sales numbers and earnings situation of HanseYachts AG and its subsidiary Privilège Marine SAS were discussed. The new three-year plan for the upcoming 2021|2022 financial year and subsequent years was presented by the Executive Board.

In addition to the regular monthly reports, the Executive Board also informed the Supervisory Board about the current business performance of HanseYachts AG and its subsidiaries – particularly in view of the coronavirus pandemic – in the Supervisory Board meetings. Between the meetings, the Supervisory Board Chairman remained in regular contact with the Executive Board and was immediately informed of all events of fundamental importance for an assessment of the situation and performance and management of HanseYachts AG. The full Supervisory Board was subsequently informed of such events.

In the past 2020|2021 financial year, the Supervisory Board of HanseYachts AG was composed of six members, those being Mr. Gert Purkert as Chairman, Dr. Frank Forster as Vice Chairman, Mr. Fritz Seemann, Dr. Martin Schoefer, Mr. Alexander Herbst, and Mr. Rene Oestreich. The employee representatives on the Supervisory Board are Mr. Alexander Herbst and Mr. Rene Oestreich.

Dr. Forster is the Chairman of the Audit Committee, which also includes Mr. Purkert, Mr. Seemann and Dr. Schoefer as other members. The Audit Committee is responsible for supervising the annual audit, particularly the selection and independence of the independent auditor and the additional services provided by the independent auditor, supervising the financial reporting system, the efficacy of the internal control system, the risk management and internal audit systems, and compliance, as well as particularly the preliminary audit of the separate financial statements and the preparation of the resolution of the Supervisory Board adopting the separate financial statements. There are no other committees of the Supervisory Board.

During the 2020|2021 financial year, the Audit Committee met twice on 22 September 2020 and 30 September 2020. In these meetings, the independent auditor informed the Audit Committee of the principal results of the audit of the 2019|2020 financial reporting documents and the Supervisory Board adopted his resolution recommendations to the Supervisory Board. The Chairman of the Audit Committee and the independent auditor defined the key audit matters and discussed the results of the audit in agreement with the Audit Committee.

With the exception of one Supervisory Board member (Mr. Oestreich), who was unable to attend and was excused from attending two meetings of the Supervisory Board in the reporting period, all members of the Supervisory Board attended all meetings of the Supervisory Board. All committee members attended the meetings of the Audit Committee.

No conflicts of interest arose in the Supervisory Board in the 2020|2021 financial year.

In the reporting period, the Executive Board was composed of Dr. Jens Gerhardt (Sales, Quality) and Sven Göbel (Finance, Production).

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, was elected as the auditor of the separate and consolidated financial statements at the annual general meeting of 25 November 2020, which was held as a virtual meeting by way of a password-protected, Internet-based video link, excluding the physical presence of the shareholders.

The separate financial statements of HanseYachts AG for the period from 1 July 2020 to 30 June 2021 to be prepared in accordance with the regulations of the German Commercial Code and the consolidated financial statements for the period from 1 July 2020 to 30 June 2021 to be prepared in accordance with the regulations of International Financial Reporting Standards (IFRS), as well as the corresponding management reports, were audited by Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft and provided with an unqualified audit opinion in both cases. The independent auditor reported the principal results of the audit, with a particular emphasis on the key audit matters, to the Supervisory Board and the Audit Committee at their meetings on 22/30 September 2021. The independent auditor also reported his findings on the internal control system and the risk management system as they relate to the financial reporting process, which were not found to have any significant deficiencies, and was available to answer supplemental questions. The financial statement documents and the audit reports for the 2020|2021 financial year were extensively discussed by the Audit Committee and the Supervisory Board.

In knowledge of the audit reports of Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, the Supervisory Board reviewed the separate and consolidated financial statements as of 30 June 2021 and the corresponding management reports prepared by the Executive Board and raised no objections to the auditor's findings or to the separate and consolidated financial statements. Concurring with the recommendation of the Audit Committee and on the basis of its own review, the Supervisory Board approved the separate and consolidated financial statements of the company as of 30 June 2021 and the corresponding management reports prepared by the Executive Board on 30 September 2021. The separate financial statements were thereby adopted.

The independent auditor also audited and approved the Non-Financial Report. The Executive Board's Report on Dealings with Affiliated Companies in the 2020|2021 financial year was likewise audited by the independent auditor, who reported on the result in writing and issued the following unqualified audit opinion:

"Based on the audit and assessment conducted in accordance with our professional duties, we confirm that

1. The factual information in the report is correct,
2. The consideration given by the company for the transactions listed in the report was not inappropriately high."

The Supervisory Board reviewed the Report of the Executive Board particularly to verify its correctness and completeness. Based on the final result of its own review, the Supervisory Board concurred with the audit result of the independent auditor. No objections are to be raised against the concluding declaration of the Executive Board in its Report on Dealings with Affiliated Companies.

The members of the Supervisory Board wish to thank the members of the Executive Board for their constructive collaboration and the shareholders for the trust they have placed in the company. The Supervisory Board also wishes to thank all stakeholders, particularly the employees, for their tremendous dedication and excellent work.

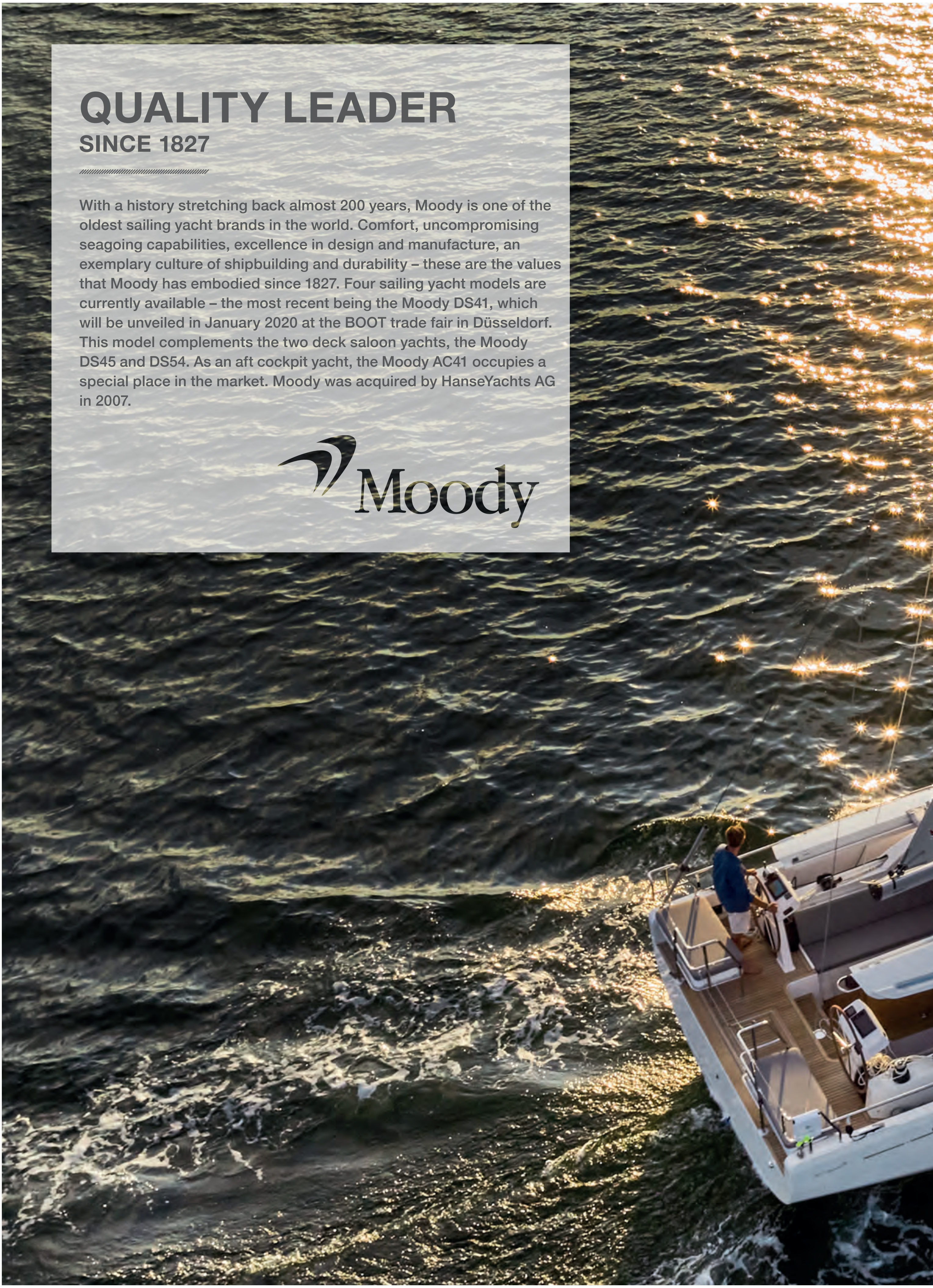
Greifswald, 30 September 2021.

Gert Purkert
Chairman of the Supervisory Board

# QUALITY LEADER
## SINCE 1827

With a history stretching back almost 200 years, Moody is one of the oldest sailing yacht brands in the world. Comfort, uncompromising seagoing capabilities, excellence in design and manufacture, an exemplary culture of shipbuilding and durability – these are the values that Moody has embodied since 1827. Four sailing yacht models are currently available – the most recent being the Moody DS41, which will be unveiled in January 2020 at the BOOT trade fair in Düsseldorf. This model complements the two deck saloon yachts, the Moody DS45 and DS54. As an aft cockpit yacht, the Moody AC41 occupies a special place in the market. Moody was acquired by HanseYachts AG in 2007.

Moody



Moody Decksaloon 41: Never has the philosophy of living on one level been implemented more relentlessly than in the new Moody Decksaloon 41. The elegant deckhouse featuring 360° panorama glazing makes you feel as if you are living in the lap of luxury, whatever the weather. With its exemplary suitability for all weather conditions, the Moody Decksaloon 41 lives up to the Moody tradition in every way. The new Moody Decksaloon 41 — a masterpiece of the art of modern boat-building and engineering.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE STATEMENT OF HANSEYACHTS AG AND THE GROUP

The Corporate Governance Statement to be issued pursuant to Section 289 et. seq. and Section 315d German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with Art. 83 (1) sentence 2 Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB) is an integral part of the management report and Group management report of HanseYachts AG. Therefore, the following remarks apply for HanseYachts AG and its Group companies unless otherwise noted in the following. The Supervisory Board and the Executive Board also report on the corporate governance of the company in this statement.

The German Corporate Governance Code comprises essential statutory regulations on the management and supervision of German exchange-listed companies. It contains internationally and nationally recognized standards of good and responsible corporate governance in the form of recommendations and suggestions.

The Executive Board and Supervisory Board of HanseYachts AG are committed to the German Corporate Governance Code (GCGC) and identify with the goals of the Code to promote good, responsible corporate governance in the interest of shareholders, employees and customers. This commitment manifests in the responsible management and supervision of the company with the aim of value creation and in the transparent description of the company's principles and business performance in order to ensure and strengthen the trust of customers, business partners and investors in the company. Other parameters of good corporate governance are the close and efficient collaboration between the Executive Board and the Supervisory Board, the respect of shareholders' interests, candid corporate communication, appropriate financial reporting and auditing and the responsible handling of risks.

HanseYachts AG understands corporate governance as a continuing process and will also follow and consider future developments with careful attention.

## DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE (GCGC) PURSUANT TO SECTION 161 AKTG

The Executive Board and Supervisory Board declare that HanseYachts AG has followed since the issuance of the last Declaration of Conformity in November 2020 and currently follows and will follow in the future the recommendations of the Government Commission for the German Corporate Governance Code (GCGC) in the version of 16 December 2019 (hereinafter: "GCGC 2019") with the exception of the deviations described in the following.

Contrary to the recommendation of B.5 GCGC 2019, no age limit is specified for Executive Board members and thus such an age limit is not stated in the Corporate Governance Statement.

HanseYachts AG believes that a generalized age limit is not a suitable quality criterion and would unnecessarily restrict the search for especially qualified and experienced candidates. Moreover, the current age structure of Executive Board members does not necessitate the specification of an age limit.

Contrary to the recommendations in C.1 GCGC 2019, the Supervisory Board does not establish specific objectives regarding its composition, nor prepare a formal profile of skills and expertise for the entire board and such information is thus not considered in the proposals to the annual general meeting. No age limit for Supervisory Board members according to the recommendation set forth in C.2 GCGC 2019 has been specified and is therefore not disclosed in the Corporate Governance Statement.

The members of the Supervisory Board are selected individually on the basis of the skills and expertise required for their offices. HanseYachts AG believes that rigid expertise criteria, particularly including generalized age and affiliation limits, are not appropriate quality criteria and would unnecessarily restrict the search for especially qualified and experienced candidates and exclude existing qualified members. Moreover, the current age structure of Supervisory Board members does not necessitate the specification of an age limit. In particular, diversity is to be considered anyway in the search for suitable Supervisory Board members, so that a specific objective is not deemed to be required here.

Contrary to the recommendation in C.1 sentence 5 GCGC 2019, the Corporate Governance Report of HanseYachts AG does not provide information about what the shareholder representatives on the Supervisory Board regard as the appropriate number of independent members representing the shareholders, and the names of these members. According to the recommendation in C.9 GCGC 2019, a Supervisory Board with six or fewer members should have at least one shareholder representative who is independent from the controlling shareholder.

The Supervisory Board does not consider it appropriate to expose individual members of the Supervisory Board by naming them in the Corporate Governance Report. The Supervisory Board believes that it has an appropriate number of independent members in its current composition based on the size of the Supervisory Board and the structure of shareholders. Although all shareholder representatives in the Supervisory Board maintain a business relationship with the principal shareholder of HanseYachts AG, the Supervisory Board believes that its members, particularly those who do not belong to an executive body of the principal shareholder, have no material and lasting conflict of interest that would affect their independence.

According to the recommendation in C.10 sentence 2 GCGC 2019, the Chairman of the Audit Committee should also be independent from the controlling shareholder.

Although the Chairman of the Audit Committee as a senior executive maintains a business relationship with the principal shareholder of HanseYachts AG, the Supervisory Board believes that this does not involve a material and lasting conflict of interest that would affect its independence.

Contrary to the recommendation in C. 14 GCGC 2019, the company does not attach a curriculum vitae and summary of the candidate's significant activities besides the Supervisory Board mandate to its proposals for the election of Supervisory Board members by the annual general meeting and also does not update them annually for all Supervisory Board members on the company's website.

The company complies with all legal requirements concerning the provision of information about the candidates proposed to the annual general meeting for election to the Supervisory Board. Moreover, the curricula vitae of candidates are voluntarily made available on the website on the occasion of Supervisory Board elections. The company sees no added benefit from separately publishing and updating the curricula vitae and a summary of material activities besides the Supervisory Board mandate for all Supervisory Board members on the company's website or attaching this information to the proposals placed on the agenda for the annual general meeting.

Contrary to the recommendation in D.1 GCGC 2019, the rules of procedure of the Supervisory Board are not made publicly accessible on the company's website.

The company's Supervisory Board has adopted rules of procedure, but sees no added information benefit in publishing them. The main specifications regarding the work of the Supervisory Board are derived from the company's Articles of Incorporation. Moreover, the Supervisory Board provides transparent information about its work in the Report of the Supervisory Board and at the annual general meeting.

Contrary to the recommendation in D.5 GCGC 2019, a Nomination Committee has not been formed.

The Supervisory Board considers it preferable that the full Supervisory Board develop proposals for the election of Supervisory Board members to be submitted to the annual general meeting in order for the election proposals to be influenced by the existing diversity of the Supervisory Board.

Contrary to the recommendation in D.12 GCGC 2019, the annual report of the Supervisory Board does not include disclosures concerning the training and professional development measures of Supervisory Board members.

New Supervisory Board members are trained in the work of the Supervisory Board internally according to their prior knowledge. Supervisory Board members participate in further training and professional development measures under their own responsibility. The company sees no added information benefit in disclosing specific measures in an annual report.

The company does not follow the recommendation in F.2 GCGC 2019 to make its consolidated financial statements publicly accessible within 90 days of the close of the financial year and to make its mandatory interim financial information publicly accessible within 45 days of the close of the reporting period.

The company reports within the time limits prescribed by the German Securities Trading Act and the German Commercial Code, which the Executive Board and Supervisory Board fundamentally deem to be appropriate.

Contrary to the recommendations in G.1 to G.16 GCGC 2019, the current remuneration system for the Executive Board and the current contracts of actively serving Executive Board members, which were concluded in both cases before the GCGC 2019 took effect, does not completely fulfill the remuneration-related recommendations of the GCGC 2019.

The Supervisory Board is currently reviewing the remuneration system for the Executive Board and will resolve on it in accordance with Section 87a German Stock Corporations Act (Aktiengesetz, AktG) and submit it to the annual general meeting 2021 for approval. The Supervisory Board will decide the extent to which the remuneration-related recommendations of the GCGC 2019 will be followed in the future in the course of adopting the remuneration system in accordance with Section 87a AktG.

Greifswald, October 2021
HanseYachts AG

The Supervisory Board The Executive Board

## DISCLOSURES CONCERNING CORPORATE GOVERNANCE PRACTICES

The company applies all legally prescribed corporate governance practices in the company and in the Group. No further, company-wide standards such as ethical standards, labor and social standards are applied.

## PROCEDURES OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

The Executive Board and Supervisory Board of HanseYachts AG cooperate closely with each other on the basis of mutual trust. All relevant questions of business strategy and performance, financing, strategy and planning are discussed between the two governing bodies.

The Supervisory Board advises and monitors the Executive Board in the management of the company and reviews all significant transactions by inspecting the corresponding documents on the basis of the German Stock Corporations Act and the company's Articles of Incorporation. The representatives of the shareholders on the Supervisory Board are elected by the annual general meeting. Executive Board members are appointed by the Supervisory Board. The Supervisory Board decides the number of Executive Board members and the Chairman. The Supervisory Board specifies a list of transactions requiring approval and the division of responsibilities in the rules of procedure for the Executive Board. The Supervisory Board acts on the basis of its own rules of procedure.

The Supervisory Board adopts the annual financial statements and approves the consolidated financial statements. The Chairman of the Supervisory Board recounts the activities of the Supervisory Board every year in its report to the shareholders and the annual general meeting. The Supervisory Board of HanseYachts AG is composed of six members, four of whom are elected by the annual general meeting and two of whom by the employees, in accordance with the regulations of the German One-Third Participation Act (Drittelbeteiligungsgesetz, DrittelbG). There is an Audit Committee composed of four members of the Supervisory Board. Its tasks include the provision of advice on the audit of the financial reporting process, the supervision of the audit of the financial statements and the other tasks specified in Section 107 (3) AktG, as well as the discussion of the company's business planning. The current members of the Audit Committee are Dr. Frank Forster (Chairman), Mr. Gert Purkert, Mr. Fritz Seemann and Dr. Martin Schoefer.

In a discussion among the board members, the Supervisory Board regularly assesses the degree to which it and the Audit Committee perform their tasks effectively on the basis of various criteria (including compliance with laws and regulations and the company's Articles of Incorporation, cooperation within the Supervisory Board and within the Audit Committee, the frequency and conduct of meetings, the provision of information and cooperation with the Executive Board members).

The Executive Board is currently composed of two members. The Executive Board manages the company under its own responsibility. The areas of responsibility are defined in the division of responsibilities. The heads of the business units report on their business units to the Executive Board and bear profit and loss responsibility in their respective business units. The Executive Board reports on the planning, business performance and position of the Group, including risk management, to the Supervisory Board regularly, promptly and extensively in writing and in periodic meetings. The Executive Board usually attends the meetings of the Supervisory Board, reports in writing and orally on the individual agenda items and draft resolutions and answers the questions of the individual Supervisory Board members.

The resolution proposals are notified to the members of the Supervisory Board before the respective meetings. The option of adopting resolutions by written circulation is utilized particularly in matters that are especially urgent.

## SPECIFICATIONS REGARDING THE PROMOTION OF WOMEN TO SENIOR MANAGEMENT POSITIONS, DIVERSITY CONCEPT AND SUCCESSION PLANNING

The composition of the Supervisory Board is aligned with the company's interests and must ensure the effective supervision and advice of the Executive Board. In making determinations about its composition, therefore, the Supervisory Board gives particular consideration to the knowledge, capabilities and specialized experience needed to properly perform these tasks. In the opinion of the Supervisory Board, moreover, the overall composition of the Supervisory Board should reflect the principles of diversity. In this context, the Supervisory Board also fundamentally strives to ensure an appropriate participation of women.

As an exchange-listed company, HanseYachts AG is legally required to set targets for the proportion of women in the Supervisory Board, the Executive Board and in the two management levels below the Executive Board.

Accordingly, the Supervisory Board has resolved a target value of 16.6% for the proportion of women in the Supervisory Board for the period until 30 June 2022. As of 30 June 2021 and at the time of adopting the target, as well as currently, the Supervisory Board is composed exclusively of male members. According to the assessment of the Supervisory Board, the appropriate supervision and advice of the Executive Board are ensured by the current composition of the Supervisory Board.

For the Executive Board, the Supervisory Board has set the target of appointing one female Executive Board member if the board is expanded to three members. This corresponds to a target proportion of 33.3% to be attained by 30 June 2022 if possible. When the Executive Board was expanded as of 1 December 2021, one male member was appointed as the Chairman of the Executive Board. Therefore, the Executive Board is currently composed exclusively of two male members and as of 1 December 2021, it will be composed exclusively of three male members. The Supervisory Board will need to make a new decision regarding its target specifications in 2022.

The Executive Board has set a target of 20% for each of the two management levels below the Executive Board, to be attained by 30 June 2022. At the end of the reporting period, the total proportion of women in the two management levels below the Executive Board was 14.8%. The company will continue to work on increasing the proportion of women in the two management levels below the Executive Board.

Aside from the specifications regarding the proportion of women described above, HanseYachts AG does not pursue a specific diversity concept for the composition of the Executive Board and the Supervisory Board. The members of the Executive Board and the Supervisory Board are individually selected on the basis of the competence required for their office. Moreover, a specific diversity concept would unnecessarily restrict the search for qualified and experienced candidates given the size of the two bodies.

The Supervisory Board together with the Executive Board ensures long-term succession planning for the Executive Board. To this end, specific qualification requirements and competence criteria are developed and taken into consideration in making individual selections. Where necessary, the Supervisory Board is supported by external consultants in the development of requirements profiles and/or the search for suitable candidates.

## EXECUTIVE BOARD REMUNERATION (REMUNERATION REPORT)

The total remuneration of Executive Board members is established in an appropriate amount by the Supervisory Board. The criteria applied for determining appropriateness include the tasks of each Executive Board member, his or her personal performance, the economic situation, success and future prospects of the company, the customary level of remuneration compared with the peer group and the remuneration structure that applies elsewhere in the company.

The Supervisory Board establishes the remuneration of the members of the Executive Board and regularly reviews the appropriateness of remuneration. The remuneration granted in the 2020|2021 financial year includes fixed and variable components. The variable components are dependent on the attainment of annually determined targets, which are based on certain key indicators (e.g. revenue, EBITDA, sales targets, procurement targets, manufacturing targets, quality). The amount of the variable components is capped. The variable share of remuneration is paid annually in dependence on the results of the past financial year and in accordance with the target attainment agreed in each case. To reward extraordinary performance, the Supervisory Board may also grant special remuneration, the amount of which is likewise capped. There are no pension arrangements. The Executive Board will receive a variable remuneration component for the past financial year.

The remuneration of the Executive Board for the 2020|2021 totaled €627 thousand (PY: €658 thousand). This amount included variable remuneration components of €308 thousand (PY: €339 thousand) that was not yet paid in the past financial year.

Every two years, the Supervisory Board reviews the respective total remuneration of Executive Board members particularly in consideration of the profit situation of HanseYachts AG and the individual performance of each member. Most recently, it adjusted the total remuneration appropriately in March 2019 in connection with the renewal of the appointments of the Executive Board members.

HanseYachts AG has also taken out directors' and officers' liability insurance (D&O insurance) with deductibles in favor of the Executive Board members.

If the appointment of an Executive Board member is revoked, the employment contract will be terminated and the payment of remuneration and the granting of other benefits by HanseYachts AG will be discontinued as of the date of receipt of the revocation. If the office of an Executive Board member expires or ceases to exist due to or as a consequence of a conversion and/or restructuring measure, HanseYachts or a legal successor will have the option, among others, of terminating the contract of the Executive Board member with advance notice of six months. If an Executive Board member terminates the employment contract in such a case, any severance payment will be limited to the income for six months. In the event of a change of control, the Executive Board member will be entitled within two months of the legal effect of the change of control to terminate the employment contract with notice of four weeks and resign from his or her position as of the date of termination and demand a severance award of 12 monthly salary payments, but not to exceed the maximum (fixed) remuneration that would have been paid to the end of the regular term of the contract, as compensation for the loss of the job.

Moreover, the Chairman of the Supervisory Board informs the annual general meeting of HanseYachts AG about the main features of the remuneration system and any changes made to it.

## SUPERVISORY BOARD REMUNERATION

The remuneration of the members of the Supervisory Board is established by the annual general meeting and is regulated in Article 14 of the Articles of Incorporation of HanseYachts AG. Each member of the Supervisory Board receives, in addition to reimbursement of his or her expenses, initially a fixed remuneration of €6,000.00 per year payable after the close of the financial year. In addition, each Supervisory Board member receives variable remuneration of €50.00 for each cent by which the consolidated earnings per share exceed an amount of €1.30. The Chairman of the Supervisory Board receives three times, his or her deputy and committee chairpersons two times the amount of fixed and variable remuneration. As in the prior years, the Supervisory Board received no variable remuneration components in the past financial year.

HanseYachts AG provides extensive information about the share dealings of the Executive Board and the Supervisory Board. Reportable securities dealings according to Art. 19 of the EU Market Abuse Regulation, known as Directors' Dealings, are also always published on the company's website.

## FURTHER INFORMATION ABOUT CORPORATE GOVERNANCE

HanseYachts AG places a high priority on transparency and the prompt provision of extensive information to shareholders and the public. Therefore, current developments and important company information are made available on the website of HanseYachts AG (*http://www.hanseyachtsag.com*). In addition to the statements regarding corporate governance, additional information about the Executive Board, the Supervisory Board, and the annual general meeting, as well as the legally prescribed reports of the company (annual financial statements, semiannual financial report, and company announcements of the management), a financial calendar including all important dates and ad-hoc announcements, and reportable securities dealings (Directors' Dealings) are published on the company's website.

Greifswald, October 2021
HanseYachts AG

The Supervisory Board The Executive Board

# LUXURY POWER

## CATAMARANS AND SAILING CATAMARAN

Privilége is the most celebrated brand for elegant, high-quality luxury catamarans. The world's sixth-biggest catamaran-builder has been producing sailing and power catamarans measuring over 15 metres in length for the past more than thirty years and was acquired by HanseYachts AG in 2019. The acquisition saw three new boats added to the portfolio, bringing the grand total up to five models. The latest additions are the Signature 510 and Signature 580 sailing catamarans and the Euphorie 5 power catamaran. Since the acquisition, Privilége's order backlog has increased from €10 million to more than €25 million.

Privilège Signature 580: Striking design, strong performance and a saloon that will leave you breathless. With the Privilège Signature 580 we have created the ultimate sailing catamaran that not only incorporates the genes of Privilège but enhances them with sailing performance and a grandeur never seen before in this size. The Privilège Signature 580 is the first catamaran in its size that allows direct access to the owners cabin from the forward cockpit. Every detail has been taken care of, leading to a maximum of comfort while enabling outstanding performance.

# GROUP MANAGEMENT REPORT

# GROUP MANAGEMENT REPORT

## 1 // BASIC INFORMATION ABOUT THE GROUP

### 1.1 — Profile of the Group

HanseYachts AG ("HanseYachts," the "Group" or the "HanseYachts Group") is the world's second-biggest manufacturer of sailing yachts with hull lengths of 29 to 67 ft (9 to 21 m) and one of the world's top 10 producers of motor yachts with hull lengths of 30 to 54 ft (10 to 16 m). Under the "Privilège" brand, the Group also manufactures premium-quality sailing and motor catamarans with hull lengths of more than 15 meters.

The Group's products and brands are innovative, established in the market, and have a long history. Different types of yachts are offered under each brand. The consistent expansion of the product portfolio is part of the Group's multi-brand strategy and the entire product portfolio now comprises 43 different models. The yachts are sold by authorized dealers and the Group's own distribution companies. All boats are manufactured exclusively to order by end customers.

Research and development as well as central marketing coordination, including media and trade show planning, are conducted at the Group's sites in Greifswald and Stettin, both favorable locations for production with maritime access to the Baltic Sea. Central procurement, global sales management, and administration are performed here as well. The Group has another production site in Goleniów, Poland, which is roughly 170 km from Greifswald. The catamarans are built on the western coast of France at the Bay of Biscay. The Group's own sales companies are located in Germany and the United States. The Group's products are sold by a worldwide network of around 190 dealers.

### 1.2 — Organization and subsidiaries

HanseYachts AG is the parent company of the HanseYachts Group. It performs central holding company functions and manages most of the operating business of the Group. HanseYachts AG holds 100% of the equity in nearly all subsidiaries either directly or indirectly. The subsidiaries are Hanse (Deutschland) Vertriebs GmbH & Co. KG with its general partner Verwaltung Hanse (Deutschland) Vertriebs GmbH, as well as Moody Yachts GmbH, Dehler Yachts GmbH, Sealine Yachts GmbH, Hanse Yachts US, LLC, USA, Technologie Tworzyw Sztucznych Sp.z o.o., Poland ("TTS" for short), with its subsidiary Balticdesign Institut Sp.z.o.o., Yachtzentrum Greifswald Beteiligungs-GmbH with its subsidiary Mediterranean Yacht Service Center SARL, France, which is no longer operationally active, and Privilège Marine Holding GmbH with its French subsidiary Privilège Marine SAS, France.

The HanseYachts Group is included in the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald.

HanseYachts AG has been listed in the General Standard section of the Frankfurt Stock Exchange since 2007.

## 1.3 — Industry developments and market position

The HanseYachts Group has encountered strong demand for its yachts since the summer of 2020. Thus, the Group has benefitted considerably from the general positive development of this market segment, which has been driven particularly by the worldwide Covid-19 pandemic due to people's natural desire to spend less time in enclosed spaces and more time outdoors in nature. Owning your own boat as a safe, mobile refuge is ideal for this purpose. As a direct result of this tendency, the Group has booked a high number of new orders well above the level of the same period last year.

The worldwide sailing and motor yacht market is still subject to intensive competition. There are numerous yacht manufacturers that produce single- to double-digit quantities of yachts per year. On the other hand, there are only few competitors in the world that industrially manufacture triple-digit quantities of yachts per year – like HanseYachts – and are significant global competitors of the Group. The Group generates the highest sales in Germany, the United States, France, Turkey, the Netherlands, and the United Kingdom.

The Group counters the market trends by constantly investing in the development of new yachts and continually modifying its product portfolio to accommodate customers' wishes for individuality and variant diversity. These wishes can be diverse and vary widely by region. The Executive Board is convinced that a boatyard can only be successfully and sustainably positioned in the market on the basis of near-series production and modular design that can produce a wide variety of models cost-efficiently, as well as clearly positioned brands. The steady revenue growth in the last few years before the coronavirus pandemic and the strong order intake attest to the success of the Group's strategy and products.

The Group manufactures sailing yachts under the "Hanse", "Moody" and "Dehler" brands, motor yachts under the "Fjord" and "Sealine" brands, and sailing and motor catamarans under the "Privilège" brand. HanseYachts unveiled its third motor yacht brand called "Ryck", which is named after the river at the Group's main boatyard in Greifswald, in the past financial year. This multi-brand strategy enables the Group to make clear distinctions within the individual product groups. The products are clearly positioned and have a strong identity within each brand. This makes it possible to precisely accommodate different customer wishes and maintain a greater potential for adjustments in response to changing market conditions. Thanks to the use of variably combinable modules for interior design, colors, materials, different kinds of wood, and a wide variety of accessories, customers have the ability to tailor their desired yacht to their individual needs.

In the sailing boat category, we offer comfortable family yachts under the "Hanse" brand, luxurious deck-saloon yachts under the "Moody" brand, and high-performance cruisers under the "Dehler" brand. In the motor yacht category, we offer powerful boats with especially unique designs under the "Fjord" brand and spacious, gliding motor yachts with abundant natural light under the "Sealine" brand. The new "Ryck" brand, which was developed in Greifswald in collaboration with the yacht designer Bill Dixon, is especially aimed at water sports-loving skippers and crews in the weekender segment. The first model of the new brand, the RYCK 280, is trailerable, making it a flexible weekender for excursions both near and far. The catamarans of the "Privilège" brand are positioned in the premium segment and enjoy an excellent market reputation for high standards. Every single catamaran is unique, finished in high quality, and built to individual customer specifications. Moreover, they are especially well suited for global circumnavigation.

## 1.4 — Management system: Financial and non-financial key performance indicators

The main key financial indicators are revenues, earnings before interest, taxes, depreciation, amortization and impairments (EBITDA), and the total annual profit, which is reported to the Executive Board on an aggregated basis for the HanseYachts Group (IFRS) every month for the preceding month and on a year-to-date basis for the current financial year ("YTD") in a profit-and-loss account. As part of this process, variances from both the budget and from the prior year are systematically analyzed. The short-term profit-and-loss reporting format is essentially equivalent to a production-based contribution margin analysis that also includes additional key ratios such as the purchased goods and services ratio, manufacturing cost ratio, and a contribution margin parameter. Unlike the classification format according to International Financial Reporting Standards (IFRS), certain cost types are classified on the basis of economic factors. For example, expenses for temporary workers are classified as production costs instead of purchased services in the category of purchased goods and services. The reporting system for the Executive Board also includes a consolidated statement of financial position (IFRS) and a consolidated statement of cash flows (IFRS), on the basis of which additional key figures that are important for capital and liquidity management (e.g. equity ratio, working capital, cash and cash equivalents) are regularly monitored.

For purposes of ongoing liquidity management, incoming and outgoing payments are reported on a daily basis and weekly liquidity forecasts are generated and checked against available funds (cash and cash equivalents plus available credit facilities).

A more detailed breakdown of income and expenses, operating result, assets and liabilities and cash flows by operating segments or a separate report on the individual legal entities of the HanseYachts Group are not prepared for purposes of monthly reporting to the Executive Board.

In addition to financial key indicators, the Executive Board also manages and monitors the Group's business performance on the basis of certain non-financial key indicators that are aggregated at the Group level for monthly reporting purposes and checked for variances with the budget and the previous year. Important non-financial key indicators are new orders, the number of invoiced and produced boats, and the number of employees within the Group. Every week, the Sales Department reports unit quantities, the monetary value in euros, and the boat models of customer orders booked.

Due to the fact that the internal reporting system is geared to production and follows the IFRS financial reporting system of the HanseYachts Group, key financial indicators related to the financial statements prepared in accordance with German commercial law are monitored internally, but are not focal points of the reports submitted to the Executive Board. For this reason, certain key indicators mentioned in the comments below differ from the format of internal reporting to the Executive Board.

## 1.5 — Research and development

The Group's development work is focused on the development of new, innovative yachts produced with ultra-modern materials and production techniques. The insights gleaned from ongoing process optimization are applied in this development work. To supplement the extensive experience of its own employees, the Group collaborates with internationally recognized engineering firms and yacht designers, as well as the technical innovations of suppliers for deliverable accessories and goods.

The use of the design software Catia makes it possible to map the entire development and production process from the first design to the activation of production machines. In addition to hardware and software expenses, expenses are also incurred for the training of employees and the assistance of external specialists.

The main point of emphasis of the Group's development activity in the reporting period was the development of new models for all brands. Besides optimizing the external and internal layouts of existing models, this work particularly involves the development of new designs and concepts and the establishment of design and production standards.

The expenses recorded separately for research and development in the cost accounting system amounted to €4.1 million in the reporting period, unchanged from the previous year. These expenses mainly include personnel expenses, as well as depreciation, amortization and impairments. Insofar as the recognition criteria for intangible assets ("development expenses") and technical equipment and machinery/assets under construction ("production molds") are met, the corresponding expenses are capitalized as internal production capitalized (€1.7 million, PY: €2.1 million). A total amount of €2.4 million (PY: €2.0 million) was recognized as research and development expenses, which are applied against the period result.

## 2 // ECONOMIC REPORT

### 2.1 — General economic situation

The coronavirus pandemic has had considerable financial effects on the Group in the 2020|2021 financial year. Please refer to the comments on business performance, as well as the risk report and forecast report, for more information on this subject.

The European market, and especially Germany, is the most important single market for the HanseYachts Group. After several years of growth, the German economy slid into a deep recession in 2020 in which price-adjusted gross domestic product (GDP) contracted by 4.9% compared to 2019. Although the German economy began to recover in the second half of 2020, the recovery was halted by the second wave of coronavirus infections and renewed lockdown measures beginning in November 2020.

Various indicators point to an economic recovery for the full year 2021. Powered by strong domestic demand, new manufacturing orders are rising further from an already high level. The vaccination campaign and the strong state of the global economy give reason for confidence.

### 2.2 — Business performance

Production in the HanseYachts Group was impacted by the measures taken to combat the spread of the pulmonary disease COVID-19 caused by the coronavirus SARS-CoV-2 in all 12 months of the 2020|2021 financial year. The Group was adversely affected in the short-term by some of these impacts, including the disruption of supply chains, the closure of national borders, and the absence of employees due to quarantines and illness. However, this situation has also given rise to other, positive effects such as substantially higher order backlogs. Initially, however, the first lockdown imposed to combat the coronavirus pandemic triggered general purchasing restraint for a short time, causing a temporary dip in new orders for the Group. Consequently, individual production lines were placed on shortened work hours in the late summer of 2020, leading to a substantial drop in revenues during this period. As soon as the flow of new orders stabilized and actually rose to record levels in the autumn of 2020, production lines were ramped up again in all production facilities.

Since January 2021, the number of finished boats has progressively fallen below the originally planned level and well below the level that should have been possible given the high order backlog due to problems with the timely delivery of inputs and raw materials. Nonetheless, HanseYachts AG and its subsidiaries were among the few boatyards in Europe to maintain continuous production in the 2020|2021 financial year. Consequently, the Group managed to generate revenues of € 120.8 million (PY: € 128.4 million) despite the challenging market environment that was additionally strained by the pandemic.

As in previous years, the Group made substantial investments in its product portfolio in financial year 2020|2021, with facelifts and new developments of the Hanse 460, Sealine C335, Sealine C335v, Fjord 38o, Fjord 38xp, Fjord 52open, Privilège 580, and Ryck 280. Additional new developments and facelifts at a very similar level are being prepared for the coming 2021|2022 financial year.

The company is normally represented at around 80 trade fairs in 27 countries per year, either by itself or its dealers. Nearly all boat fairs were canceled in financial year 2020|2021 due to the pandemic and the associated travel warnings, contact prohibitions and physical distancing rules. On the other hand, the parent company's sales organization transitioned successfully to digital technologies as means of making interactions with customers and the related processes more agile, more relevant for prospective customers, and therefore more successful.

## 2.3 — Financial performance

Differing from the calendar year, the financial year of HanseYachts runs from 1 July to 30 June of the following year. The following comparison shows the development of earnings in the Group's reporting period compared to the previous year.

| | | | Change | |
|---|---|---|---|---|
| € thousands | **1/7/2020 – 30/6/2021** | **1/7/2019 – 30/6/2020** | **absolut** | **in %** |
| **Revenues** | **120,754** | **128,385** | **–7,631** | **–6%** |
| Increase in finished and unfinished goods | 218 | 9,134 | –8,916 | –98% |
| Other internal production capitalized | 1,886 | 2,602 | –716 | –28% |
| **Total operating performance** | **122,858** | **140,121** | **–17,263** | **–12%** |
| Other operating income | 3,172 | 4,137 | –965 | –23% |
| Purchased goods and services | –66,374 | –75,713 | 9,339 | –12% |
| Personnel expenses | –42,323 | –42,994 | 671 | –2% |
| Other operating expenses | –19,662 | –21,741 | 2,079 | –10% |
| **EBITDA** | **–2,329** | **3,810** | **–6,139** | **–161%** |
| Depreciation and amortization of property, plant and equipment and intangible assets | –5,823 | –6,533 | 710 | –11% |
| Impairments | 0 | –11,650 | 11,650 | –100% |
| **EBIT** | **–8,152** | **–14,373** | **6,221** | **–43%** |
| Financial result | –1,264 | –1,316 | 52 | –4% |
| **Earnings before income taxes** | **–9,416** | **–15,689** | **6,273** | **–40%** |
| Income taxes | 424 | –166 | 590 | –355% |
| **Consolidated profit/loss** | **–8,992** | **–15,855** | **6,863** | **–43%** |

The revenues generated in the reporting period from July 2020 to June 2021 declined by 6% to €120.8 million. The decline is mainly attributable to lower sales of motor yachts and Hanse-brand sailing boats due to the above-mentioned production delays, although the decline was partially offset by much higher sales of catamarans compared to the previous year. About 62% of total revenues were generated on sales of sailing yachts, unchanged from the previous year, about 25% on sales of motor yachts (PY: 33%), and 11% on sales of catamarans (PY: 3%). As in the previous year, the sailing yachts of the “Hanse” brand contributed the largest share of revenues, at €50.4 million, despite the decline.

The motor yacht revenues of €30.6 million were generated on sales of the various models of the two brands “Fjord” and “Sealine”. As a result of the Group’s multi-brand strategy and product mix, there were shifts between the brands and models of the sailing yacht and motor yacht categories.

Due to the reasons explained in Chapter “2.2 Business performance”, last year’s forecast of moderately higher revenues compared to the level of 2019|2020 could not be met.

With a total of 446 produced and 463 invoiced boats (PY: 513 and 489) within the Group, the average revenue per boat was €273 thousand (PY: €263 thousand), above the level of the previous year. This increase is particularly attributable to the higher revenues generated under the Privilège brand due to the fact that the catamarans feature considerably higher sale prices per boat than the Group’s other sailing yachts and motor yachts. The forecast of a moderate decrease in invoiced and produced boats from the previous year was likewise not met. The reasons for this miss are the same as those behind the revenue forecast miss. Due to supply chain disruptions, the Group was unable to deliver yachts in the planned unit quantities, particularly in the second half of the financial year.

Groupwide new orders booked in the 2020|2021 financial year amounted to around €234.8 million, that being sharply higher, by 94%, than the previous-year figure of €120.9 million, and the order backlog at the reporting date was even 168% higher than the previous-year figure. The high level of new orders can be attributed in part to the desire of end customers to enjoy the Group’s yachts as an outdoor, waterborne refuge from the coronavirus, but also in part to the successful transition to digital sales channels.

Including the increases in ordered, but not yet delivered yachts at the reporting date in the amount of €0.2 million and internal production capitalized in the amount of €1.9 million, the total operating performance declined by 12% to €122.9 million.

Based on purchased goods and services in the amount of €66.4 million (PY: €75.7 million), the ratio of purchased goods and services to the total operating performance (54.0%) was unchanged from the previous year.

In total, we generated a gross profit (total operating performance minus purchased goods and services) of €56.5 million, which was lower than the previous-year figure (PY: €64.4 million) by €7.9 million due to the lower total operating performance explained above.

The other operating income of €3.2 million was €1.0 million less than the previous-year figure. It mainly consisted of income from the reversal of provisions and the derecognition of liabilities in the amount of €2.1 million and income from the recharging of marketing and trade show costs and other services in the amount of €0.4 million.

At €42.3 million, the personnel expenses for wage and salary recipients were below the level of the previous year, (PY: €43.0 million) mainly due to the lower number of employees and the short-time work imposed as a result of the pandemic in the months of July to October 2020. The short-time work benefit received from the government reduced personnel expenses by a total of €1.7 million. The average annual number of employees was 1,401 (PY: 1,409). Nonetheless, the personnel expenses ratio increased from 31% in the previous year to 34% in the reporting period as a result of the substantial decline in the Group's total operating performance.

The other operating expenses declined markedly by 10% or €2.0 million to €19.7 million (PY: €21.7 million). This decline resulted particularly from the reduced selling and promotional expenses resulting from the cancellation of boat shows.

As a result of the developments mentioned above, the earnings before interest, taxes, depreciation and amortization (EBITDA) declined from the previous year by €6.1 million to €–2.3 million. Thus, EBITDA fell within the range predicted in our capital markets notice in June 2021, namely in the low negative single-digit millions. By contrast, the forecast of EBITDA being only slightly lower than that in the 2019|2020 financial year (€3.8 million) made in the Group management report for the 2019|2020 financial year was missed in the past financial year as a result of the developments explained above.

Depreciation, amortization and impairments in the amount of €5.8 million (PY: €6.5 million) resulted from the high level of investments in development and production molds for new yacht models in the previous financial years. These investments are amortized over a comparatively short period of three to five years.

Unlike the case in the previous year, (PY: €11.7 million), it was not necessary to recognize an impairment of goodwill in the past financial year. In the previous year, an impairment was recognized in the goodwill of Privilège Marine Holding GmbH and its subsidiary Privilège Marine SAS.

EBIT (earnings before interest and taxes) improved considerably from the previous year by €6.2 million to €–8.2 million particularly as a result of the fact that it was not necessary to recognize impairments of goodwill in the 2020|2021 financial year.

The financial result amounted to €–1.3 million, unchanged from the previous year. It particularly includes the scheduled interest service for interest-bearing liabilities. Despite an increase in liabilities to banks, it was no longer necessary in the past financial year to pay interest on the interest-bearing loans granted by the principal shareholder of HanseYachts AG in connection with the non-cash capital increase.

The measurement of deferred tax assets in respect of tax loss carryforwards or tax relief at the Polish subsidiary generated tax income of €925 thousand in the 2020|2021 financial year (PY: no income). The Polish subsidiary operates in a special economic zone in which tax losses are not recognized. In return, the subsidiary is entitled to claim tax credits, which lead to the same result that taxable profit is not subject to income tax.

The consolidated loss for the year amounted to €–9.0 million (PY: €–15.9 million). Thus, last year's forecast of a significantly improved consolidated result was met despite the unexpectedly longer lasting effects of the coronavirus pandemic, particularly thanks to the non-recurrence of impairments in goodwill (PY: €11.7 million).

## 2.4 — Cash flows

Despite the €6.1 million decrease in EBITDA, cash flow from operating activities increased by €5.0 million to €8.7 million, particularly thanks to the €16.0 million increase in down payments received. This effect was countered by the €1.9 million increase in trade receivables and the €4.3 million increase in inventories.

The negative cash flow of €6.5 million for investments in property, plant and equipment and intangible assets mainly pertained to development expenses for new yachts and production forms for yachts.

The positive cash flow from financing activities of €4.6 million resulted particularly from the liquidity loans of €13.0 million granted by the financing banks of HanseYachts AG in the 2020|2021 financial year and a loan of €0.5 million disbursed to the French subsidiary Privilège. The Group also collected €1.5 million in proceeds from the cash capital increase conducted in the 2020|2021 financial year, minus the capital procurement costs of €0.1 million incurred in connection with the cash capital increase and non-cash capital increase.

These cash inflows were particularly offset by repayments of current account liabilities in the amount of €8.4 million resulting from the refinancing of HanseYachts AG, which after subtraction of the increased drawdown of current account facilities by the Polish subsidiary TTS in the amount of €1.1 million resulted in a net cash outflow of €7.3 million. The cash flow from financing activities also includes the repayment of lease liabilities in the amount of €2.0 million and the repayment of financial liabilities in the amount of €0.9 million.

At the reporting date, cash in banks amounted to €16.7 million (PY: €9.9 million), which was considerably higher than the previous-year figure particularly as a result of the €16.0 million increase in down payments received in the 2020|2021 financial year, as well as the state-guaranteed loans granted in the same period. Liabilities to banks increased from €23.6 million in the previous year to €28.9 million as of 30 June 2021.

Immediately after the outbreak of the coronavirus pandemic in early April 2020, HanseYachts had analyzed the possible effects of the coronavirus pandemic on the Group's short-term to long-term liquidity situation and then filed loan applications with its local banks. In response, the financing banks initially granted additional current account facilities of €3.0 million as of 30 June 2020 as interim financing. After that, state-guaranteed liquidity loans totaling €13.0 million were granted in Germany over the course of the 2020|2021 financial year. In France, moreover, two banks granted state-guaranteed loans totaling €2.0 million, of which an amount of €1.0 million was disbursed in the previous year and an amount of €0.5 million was disbursed in the 2020|2021 financial year. In view of the company's stable financial and operational situation as of the reporting date, the current account facilities were largely repaid with the aid of these loans (amount drawn down at the reporting date: €3.9 million; PY: €11.2 million). Unused current account facilities of €5.6 million were available as of the reporting date.

The additional current account facilities granted in the previous year and the additional loans granted in the 2020|2021 financial year were taken out as a precaution in order to offset any potential liquidity risks resulting from further unforeseeable effects of the coronavirus pandemic.

In addition to the new loans, an agreement was made with the German banks to suspend repayments of both the previous loans and the new loans and to resume repayments in part only in the 2021|2022 financial year to account for any potential adverse liquidity effects of the coronavirus pandemic.

The additional liabilities to banks relate to short-term to medium-term investment loans.

In addition to the financing instruments described above, a master agreement with an independent institutional sales financing company is in effect to support the authorized dealers of HanseYachts. This agreement enables dealers with sound credit ratings of their own to finance not only the boats ordered by customers, but also exhibition and trade show boats.

## 2.5 — Financial position

Consolidated total assets increased by €14.9 million from the previous year to reach €110.8 million at 30 June 2021 (PY: €95.9 million). This increase was driven by the increase in inventories described below and by the higher amount of cash and cash equivalents resulting from the high level of orders and the related increase in down payments received, as well as the liquidity loans taken out in the 2020|2021 financial year.

The noncurrent assets of €48.8 million were €2.4 million higher than the previous-year figure. At the reporting date, non-current assets accounted for 44.0% (PY: 48.4%) of total assets.

In the line items of property, plant and equipment and intangible assets, depreciation and amortization in the amount of €5.8 million were countered particularly by investments in the product portfolio and real estate in the amount of €7.7 million. Acquisitions totaling €1.2 million resulted from non-cash additions to rights of use according to IFRS 16.

Inventories rose by €4.3 million to €39.4 million. This increase resulted from the fact that orders of materials for new yachts to be produced were placed at a much earlier time in view of the delayed deliveries of raw materials and purchased parts in order to have a safety reserve of purchased parts and raw materials in stock. Consequently, raw materials and supplies increased by €4.6 million to €14.5 million. As a result of the supply chain problems, moreover, a higher number of boats could not be completed and delivered to customers at the reporting date due to missing parts, with the result that unfinished goods increased by €2.3 million to €20.8 million. By contrast, finished but not yet delivered yachts were €2.8 million less than the corresponding previous-year figure.

A non-cash capital increase conducted for the parent company by the principal shareholder in the reporting period contributed €3.1 million to subscribed capital and €8.7 million to additional paid-in capital. The non-cash capital increase was accompanied by an earlier cash capital increase that increased subscribed capital by €0.4 million and additional paid-in capital by €1.1 million. The capital increases were particularly meant to offset the impairment of the Privilège goodwill recognized in the previous year.

Excluding the legally prescribed amount, additional paid-in capital was applied in the amount of €17.1 million to offset the consolidated net loss at the reporting date. Due to the non-cash capital increase and cash capital increase conducted in the 2020|2021 financial year, Group equity rose by €4.3 million to €11.3 million in the past financial year despite the consolidated net loss. The Group equity ratio at the reporting date came to 10.2% (PY: 7.3%).

Liabilities to banks increased by €5.3 million to €28.9 million (PY: €23.6 million). Newly borrowed loans in the amount of €13.5 million were offset by repayments of loans and current account facilities in the amount of €8.2 million. Please refer to the foregoing remarks on cash flows and the notes to the consolidated financial statements for the 2020|2021 financial year.

### 2.6 — Investments and depreciation, amortization and impairments

It was not necessary in the reporting period to make any significant investments in production equipment. The production lines used to manufacture sailing and motor yachts in both continuous flow production and island production are regularly maintained and kept in good condition.

An investment of €0.6 million to purchase an undeveloped tract of land adjacent to the production areas of the TTS facility serves the purpose of possibly expanding production capacities at the Polish location in the future.

The other investments are mainly focused on the development of new boat types and the production and purchasing of production molds. Development expenses for new yachts were capitalized in the amount of €0.9 million (PY: €1.0 million). Acquisitions of technical equipment and machinery and assets under construction totaled €3.9 million (PY: €4.2 million). These assets mainly consisted of production molds for new yacht models.

## 3 // ACQUISITION-RELEVANT INFORMATION

The subscribed capital of €15,691,695.00 is divided into 15,691,695 no-par bearer shares. Only equal-ranking common shares have been issued, with each share granting one vote.

Including the notices and notifications received in the time until the preparation of this management report, the following equity interests exceeding 10% of share capital are held by the indicated shareholders: HY Beteiligungs GmbH holds 41.40% and AURELIUS Equity Opportunities SE & Co. KGaA holds 38.13% of the equity in HanseYachts. 41.40% of voting rights are indirectly attributable to AURELIUS Equity Opportunities SE & Co. KGaA via HY Beteiligungs GmbH and 38.13% of shares are directly attributable to HanseYachts.

The appointment and dismissal of Executive Board members are regulated by Sections 84, 85 German Stock Corporations Act (“AktG”) and by Article 7 of the Articles of Incorporation of HanseYachts AG. According to Article 7 of the Articles of Incorporation, the Executive Board is composed of one or more persons. The Supervisory Board establishes the number of members of the Executive Board. The Supervisory Board may appoint a Chairman and a Vice Chairman of the Executive Board. Even if the share capital is more than €3.0 million, the Supervisory Board may specify that the Executive Board is composed of only one person. Alternate Executive Board members may also be appointed; with respect to the outward representation of the company, these alternate members have the same rights as the regular members of the Executive Board. Executive Board members are appointed by the Supervisory Board for a maximum term of five years.

The Articles of Association may be amended in accordance with Sections 133, 179, AktG in conjunction with Article 19 para. 1 of the Articles of Association. In drawing up the Articles of Association, the option of establishing further requirements for amendments was not exercised. Unless mandatory regulations dictate otherwise, resolutions of the annual general meeting are adopted by a simple majority of votes cast. Insofar as the law further requires a majority of capital represented in the adoption of the resolution, a simple majority of represented capital suffices provided that this is legally permissible. According to Article 23 of the Articles of Incorporation, the Supervisory Board is authorized to resolve amendments to the Articles of Incorporation insofar as they only affect the wording.

By resolution of the annual general meeting of 15 December 2016, the Executive Board is authorized to purchase the company’s own shares up to a total of 10% of the company’s share capital at the time of adoption of the resolution by the annual general meeting or – if lower – at the time of exercising the authorization in observance of the principle of equal treatment (Section 53a AktG) in the time until the close of 14 December 2021, with the consent of the Supervisory Board.

The shares purchased on the basis of this authorization together with other shares of the company which the company has purchased and still holds or which are attributable to the company according to Sections 71a et seq. AktG may not at any time exceed 10% of the company's share capital. The authorization may not be exercised for the purpose of trading in the company's own shares. The Executive Board is authorized to sell the treasury shares purchased on the basis of this authorization on the stock exchange or by way of an offer to all shareholders and to utilize the shares for all legally permissible purposes. It is further authorized in certain cases to exclude the shareholders' preemptive tender right with regard to purchase and the shareholders' preemptive subscription right with regard to utilization. The Executive Board has not yet made use of this authorization.

At the annual general meeting of 5 December 2019, the Executive Board was authorized to increase the share capital of the company on one or more occasions up to a total amount of €6,012,296.00 by issuing new bearer shares in exchange for cash or non-cash capital contributions once or repeatedly in the time until 4 December 2024, with the consent of the Supervisory Board (Authorized Capital 2019). In addition, the Executive Board was authorized to exclude the shareholders' preemptive subscription right, with the consent of the Supervisory Board, in order to exclude fractional shares from the shareholders' preemptive subscription right if the new shares are issued in exchange for cash capital contributions and if certain other conditions specified in Article 6 of the Articles of Incorporation are met or in the case of a capital increase in exchange for non-cash capital contributions.

The Authorized Capital 2019 was entered in the Commercial Register on 11 March 2020, followed by a supplementary entry on 21 October 2020.

On 23 October 2020, the Executive Board of HanseYachts AG exercised its authorization under the Articles of Incorporation to utilize the Authorized Capital 2019 and resolved to increase the share capital by issuing up to 4,089,108 new shares by way of a non-cash capital increase and a cash capital increase. The cash capital increase effected by the issuance of 388,762 new shares was entered in the Commercial Register on 11 December 2020. The issue proceeds totaled €1,477,295.60. This transaction increased share capital by €388,762.00 and the additionally contributed amount of €1,088,533.60 was appropriated to the additional paid-in capital reserve in accordance with Section 272 para. 2 no. 1 HGB. Under the non-cash capital increase, payment claims of AURELIUS Equity Opportunities SE & Co. KGaA and HY Beteiligungs GmbH deriving mainly from loan agreements, plus the corresponding interest claims with a total market value of €11,962,425.17 were contributed to HanseYachts AG in exchange for the issuance of 3,148,006 new shares. The capital increases were conducted in the time from October 2020 to January 2021. The non-cash capital increase was recorded in the Commercial Register on 18 January 2021. As a result, subscribed capital was increased by €3,148,006.00 and the additionally contributed amount of €8,814,419.17 was transferred to additional paid-in capital in accordance with Section 272 para. 2 no. 4 HGB.

The still remaining amount of Authorized Capital 2019 after the cash capital increase and non-cash capital increase conducted in the 2020|2021 financial year is €2,475,528.00.

In addition, the Executive Board is fundamentally authorized by the Articles of Incorporation to exclude the shareholders' preemptive subscription right, with the consent of the Supervisory Board, in order to exclude fractional shares from the shareholders' preemptive subscription right if the new shares are issued in exchange for cash capital contributions and if certain other conditions specified in Article 6 of the Articles of Incorporation are met or in the case of a capital increase in exchange for non-cash capital contributions or in order to service potential warrant or conversion rights of creditors. No warrant and/or convertible bonds have been issued at the present time.

An extraordinary right of termination was granted to members of the Executive Board for the case that one shareholder attains control of the majority of voting rights. If this right of termination is exercised, the Executive Board member will be entitled to a severance award in the amount of the fixed compensation to which he is still entitled until the expiration of the regular contractual term, limited to the fixed compensation for one year.

A current account facility of one of the parent company's banks could be terminated on an extraordinary basis if AURELIUS Equity Opportunities SE & Co. KGaA or a company affiliated with Aurelius SE no longer controls HanseYachts AG directly or indirectly and if no agreement on the continuation of the credit relationships can be reached with the bank.

Another current account facility of one bank and the loans include change-of-control clauses. These clauses take effect if control of the borrower, HanseYachts AG, is assumed by another person or if another person attains control or it is determined that another person exercises control. In the event of a change of control, the bank will be entitled to demand the provision or reinforcement of bank collateral to secure the bank's claims under this loan agreement. If this obligation to provide additional security is not met within a reasonable period of time set by the bank, the bank will be entitled to termination without notice. The banks reserve the right to continue the loan agreements under changed terms and conditions.

The state-guaranteed liquidity loans totaling € 13 million granted in the 2020|2021 financial year also feature change-of-control clauses. If the shareholder structure in effect at the time when the loan was granted changes in such a way that another person acquires at least 50% of the voting rights in the borrower, the financing banks will be initially entitled to demand that additional collateral be furnished or existing collateral reinforced. If HanseYachts AG does not meet this additional collateral obligation within a reasonable time limit set by the banks, the financing banks will be entitled to terminate the loan agreement without notice.

## 4 // REPORT ON OPPORTUNITIES AND RISKS

### 4.1 — Report on opportunities

Opportunities arise when the actual business performance exceeds the planned performance or when the forecast improves as a result of a positive development.

**4.1.1 | Digital sales channels**
The digitalization leap necessitated by the coronavirus pandemic has created opportunities for the Group. Nearly all boat shows everywhere in the world were cancelled in the past financial year. Therefore, yacht manufacturers were not able to present their products and customers could not experience them in live, in-person events. Thus, necessity created the opportunity to broaden and perfect the Group's digital distribution channels in order to get customers accustomed to viewing boats virtually via the Internet or attending virtual trade fairs and ultimately make their purchasing decision on the basis of virtual media. These sales channels are much less expensive than real boat shows with their high stand rents and substantial travel and entertainment expenses during the year. Moreover, customers no longer have to wait for certain trade shows to make their purchase decisions and that can be expected to result in a better distribution of orders throughout the year.

To give customers a chance to experience its products in real life despite digitalization and boat show cancellations, the parent company began to build a showroom in August 2021 where it will be able to present new and revised products to interested persons from Germany and abroad year-round at the Company's boatyard in Greifswald, Germany, beginning in the spring of 2022.

**4.1.2 | Back-to-nature trend**
The coronavirus pandemic revealed that people generally and therefore also potential customers do not want to give up luxurious vacations despite a heightened incidence of infections. This wish can be fulfilled by an individual vacation on the Group's sailing and motor yachts and catamarans because one can experience a very luxurious vacation with the entire family on a boat while also being safe from infection due to being isolated on the sea. The high level of new orders was partially fueled by this trend. Insofar as it proves to be sustainable, it represents a great opportunity for the Group.

#### 4.1.3 | Growth from motor yachts and catamarans

Sales of motor yachts and catamarans offer considerable growth potential. In the HanseYachts Group, the revenues generated on sales of motor yachts and catamarans relative to those generated on sales of sailing yachts account for a much smaller proportion of total revenues than is the case for the market overall. While HanseYachts has already increased the proportion of motor yachts by adding the motor yachts of the Sealine brands to those of the Fjord brands, further growth opportunities exist. To this end, the Company plans to continually invest in expanding the product portfolio of the Sealine and Fjord brands and regionally expand or reinforce the dealer network. Moreover, the motor yacht offered under the newly established RYCK brand is ideally suited for those wishing to become involved in water sports with a smaller yacht. These motor yachts, which will initially have a length of 28 feet (approx. 8 meters), appeal to a new segment and new customers. The high level of new orders booked at a time when the new motor yacht had not yet been introduced to the press attests to the demand for smaller, less expensive and well-designed motor yachts.

We expect that the motor yachts of the Fjord, Sealine und Ryck brands and the catamarans of the Privilège brand will drive growth for HanseYachts in the future.

#### 4.1.4 | Strong, established brands and broad product portfolio

The Group commands strong, well-known brands in the market for sailing and motor yachts, some of which have existed for a very long time. For example, the yachts of the Moody brand have been built since the beginning of the 20$^{th}$ century. And the sailing and motor catamarans of the Privilège brand enjoy an excellent reputation for high standards in the catamaran market. More than 800 Privilège yachts have been built since the company was founded in 1985. The yachts of the other brands of HanseYachts each have their own special features and distinct designs and therefore appeal to the widest range of customer interests and customer groups.

In the opinion of the Executive Board, the HanseYachts Group is well positioned compared to its competitors as a result of its differentiated, multi-brand strategy and therefore has what it takes to grow faster than the overall market in the future as well.

#### 4.1.5 | Product innovations

The yachts of Group stand out in the market for the continual innovations that enhance the customer benefits of our products. Every year, the Group invests substantial sums of money to improve its existing products and also develop new products. The Group's success is attested not only by the product awards given by the public and trade journalists, but also by its revenues. In this respect, the Group benefits from having its own research and development department that focuses not only on nautical and technical features, but particularly also exterior and interior design. Precisely in these areas, the Group is continually setting new trends and expanding its product range. In this way, the Group can adapt to changing market conditions and respond quickly to changes in customer preferences.

#### 4.1.6 | Regional expansion

The yachts produced by the Group are sold by dealers and their sub-dealers in more than 45 countries of the world. The Group has steadily grown its dealer network by acquiring major brands such as Sealine in 2014 and Privilège in 2017 and by constantly enlarging its existing sales structures. By continually expanding its worldwide presence, the Group opens up the chance of selling additional boats not only in new regions, but also in existing countries through additional dealers.

The appearance of new countries in the market resulting from the economic development of emerging-market countries, for example, also presents an opportunity. Moreover, some countries may return to the market once crises are resolved.

#### 4.1.7 | Process and cost optimization

Opportunities can also be found in cost optimization. Margin potential can be exploited by developing new boats that require fewer materials or production hours without compromising quality. This could also happen as a result of new processes, new machines or other technological advances. Another possibility is to exploit greater market power by means of growth, leading to improvements in procurement.

#### 4.1.8 | Risk management

As a general principle, the Executive Board of the parent company pursues the goal of avoiding risks as much as possible or protecting against them wherever possible.

General risks such as the destruction of production facilities by fire, for example, are covered by security systems such as sprinkler systems, as well as suitable insurance policies with risk-commensurate coverage amounts.

The internal early risk detection system is focused on risks that could impair the company's performance and risks that could jeopardize the company's continuance as a going concern. Material risks are assessed with respect to their probability of occurrence and importance for the company. A risk handbook regulates the systematic presentation and description of risk groups, damage scenarios and any counter-measures, relevant control mechanisms, and communication paths from those responsible for each risk to the risk management function. This handbook also documents the principles of risk policy, the structure of the risk management function, and risk communication. The relevant risks are communicated directly by the various divisions to the Executive Board. The opportunities described above are not covered by the risk management system.

The risk management function comprises the regular internal reporting of business developments and a uniform, Groupwide planning and budgeting process. The targets for the HanseYachts Group are aggregated in a short-term and medium-term business plan. Such targets include unit sales expectations for each model, as well as critical success-determining factors such as the purchased goods and services ratio, the personnel expenses ratio, and the marketing and sales budget. Investments and liquidity are also planned. A regular reporting system ensures that plan targets are met. Deviations from budget and the previous year are systematically analyzed on a monthly basis and suitable counter measures are devised and initiated.

### 4.2 — Internal control system

The Executive Board has established an internal control system for the diverse organizational, technical and commercial processes within the company. An essential principle is the separation of functions, which is meant to ensure that the executing functions (e.g. purchases), posting functions (e.g. financial accounting), and administrative functions (e.g. inventory administration) involved in a process are not performed by the same person. This is supported by the ERP software program proAlpha on the basis of an authorization concept. Employees only have access to the processes and data they require for their work. The principle of dual control ensures that no material process is performed without control. Target concepts and directives are in place for different processes within the company to verify whether employees are working in conformance with the applicable target concept. The employees of Finance and Accounting have worked in the company for many years and are therefore highly practiced and experienced in dealing with the routine operations and transactions associated with the business activity of the HanseYachts Group.

The risk management system ensures that critical information and data are given directly to the senior management. The Executive Board and senior management regularly engage in close coordination to ensure the correct accounting treatment and valuation of transactions. Moreover, we remain in close contact with the independent auditor also during the year to clarify new legislative requirements and new or unusual transactions. Problematic issues are analyzed and discussed in advance and critically evaluated in consultation with the independent auditor. The consolidated financial statements are prepared centrally by HanseYachts employees who have many years of experience and specialized expertise in consolidation matters and International Financial Reporting Standards. The certified consolidation software LucaNet is used for this purpose. The operating subsidiaries in Germany and abroad are connected to the consolidation software by way of an interface that enables them to enter the necessary data for consolidation.

In addition, a standardized reporting package that contains all the data required for the preparation of complete IFRS-conformant consolidated financial statements and is reviewed by local auditors is used for semiannual reporting by the material foreign subsidiaries TTS and Privilège Marine SAS to the parent company.

Furthermore, the HanseYachts Group is also subject to audits by the Internal Audit Department and Controlling Department of AURELIUS Equity Opportunities SE & Co. KGaA, in whose consolidated financial statements the HanseYachts Group is included.

## 4.3 — Risk areas

The description of the following risks is mainly limited to the risks that have an occurrence probability of 10% or higher in the view of the Executive Board.

**4.3.1 | Risks arising from the coronavirus pandemic**
Since late 2019, the coronavirus pandemic has swept across the world, causing manifold economic disruptions, uncertainties and risks in both the procurement markets and the relevant sales markets of the Group. Although the further spread in Europe is slowing markedly and an end to the government-imposed restrictions appears to be in sight, this pandemic is certainly having a serious adverse impact on the economic situation in Europe. In addition to the risk of a renewed coronavirus wave caused by a new, more aggressive coronavirus variant, there is also a risk of a deep recession that would adversely impact consumption throughout the world.

Consequently, the coronavirus pandemic could have negative effects on production capacity utilization due to a lower volume of new orders and on the level of receivables defaults. Although yachts are only delivered to dealers when they have paid in full, as is customary in the industry, there is a risk of an increase in completed yachts for which no buyers can be found due to the financial difficulties of dealers and the worsened economic situation of end buyers, and for which the Group must bear the resale risk.

Other risks are associated with the breach of financial covenants in the concluded loan agreements resulting from adverse economic developments caused by the pandemic.

There is also a risk that employees could fall ill, possibly leading to a renewed quarantine or even the partial or complete closure of the Group's plants in Germany and abroad.

The Group has included the currently anticipated economic consequences of the coronavirus pandemic in its financial forecast and explained the corresponding effects on the expected development of key financial indicators in the forecast report. In this forecast, it was assumed that there will not be a renewed, extensive lockdown in Germany or in other core markets.

#### 4.3.2 | General economic and industry conditions

HanseYachts faces intensive competition in the international market environment in which it operates. The marketed products are luxury and leisure goods, the demand for which is mainly dependent on the economic situation of individual customers and therefore also indirectly on the general economic situation in the different markets. Consequently, changed economic conditions in key sales markets can impact the demand for the products offered by the Group despite the broad regional diversification of the international dealer network.

The military conflicts in the Middle East affect the Group's sales in only a few isolated cases.

A general sales risk is posed by comparable products marketed by competitors on the basis of aggressive pricing. The company counters this risk particularly by means of short development cycles and innovative products, but partially also with discounts or improved features. Moreover, the expansion of the Group's product range, particularly in the segment of the motor yachts of the "Fjord" and "Sealine" brands and in the segment of catamarans of the "Privilège" brand, is meant to appeal to a wider group of customers and tap additional regions.

In view of the current market situation and the present level of new orders, the occurrence probability of this risk, coupled with the resulting risk of revenue losses, is classified as minor.

The current market situation and market participants' generally more cautious assessment of the earnings and liquidity outlook for all industry players could also lead to adverse consequences for the HanseYachts Group related to the necessary provision of collateral for down payments and deliveries of goods. The possible inability of dealers to provide security for down payments could have a negative effect on the unit sales of the Group.

#### 4.3.3 | Operating business risks

Yacht are technically sophisticated leisure and luxury goods that require a high degree of expertise on the part of both buyers and dealers. For this reason, each dealer must meet high demands as a prerequisite for the successful distribution of yachts. The sales concept and growth prospects of HanseYachts are highly dependent on a network of independent, authorized dealers and thus on the number, performance and quality of these dealers. The loss of authorized dealers or the deterioration of their financial performance could lead to gaps in the marketing of the Group's products in the affected market territory. Given the current sales network, however, this risk is deemed to be low.

The design of the Group's yachts is an essential element of its success. Changes in customer tastes or the development of new models that do not satisfy customer tastes could have a considerably adverse effect on the sales of the Group's yachts. However, the success of the Group's designs in the market also harbors the risk of design copying and product piracy by competitors. The companies of the Group have already successfully taken legal action against such imitations.

Moreover, the opportunity of reaching new market regions is accompanied by a general risk that newly developed models may not be accepted by the market and development costs may not be recouped. Based on experience, the extent of this risk is deemed to be significant, although the probability of occurrence is deemed to be very minor.

The yachts manufactured by the Group must meet the highest quality and safety standards. Despite the care taken in this process and the existing quality assurance systems, quality defects cannot be completely ruled out. Product liability cases and accidents with yachts produced by HanseYachts, as well as recalls due to product risks, could result in substantial financial burdens and reputation damage. Identified risks are accounted for by the formation of provisions. Given the continuous improvement of quality and additional quality assurance steps, however, this risk is deemed to be minor to medium.

Also within the company, production could be interrupted and persons could be injured, third-party property damaged and the environment harmed as a result of mechanical breakdowns, the destruction of production molds, functional disruptions of the IT system, power outages, accidents or other events such as natural disasters (e.g. flooding, cold spells), fire, etc.

Considering the regular technical maintenance and other measures that have been implemented, the risk of failure of machines that cannot be quickly replaced is deemed to be minor. The probability of production stoppages due to the other risks named above is deemed to be minor to medium. The extent of damage of any production stoppage is deemed to be significant.

The Group's insurance can compensate for losses resulting from natural hazards, but can only compensate for losses resulting from organizational deficiencies to a limited degree.

**4.3.4 | Procurement and purchasing risks**

The Group purchases the raw materials, inputs and components required to manufacture its yachts from a large number of suppliers. Because the procurement volume (expenses for raw materials and supplies and purchased goods) accounts for around 50% of total operating performance in value terms, supplier relationships and the avoidance of related risks are of great importance. Purchasing price risks are mainly protected against as much as possible by means of master agreements with suppliers that particularly specify fixed purchasing prices for each production year. Success-critical components are preferably purchased from larger, internationally active suppliers.

An important element is the Polish Group company TTS, which produces most of the fiberglass-reinforced plastic components needed for production in the Group. The timely production and quality of the parts delivered by TTS and the other suppliers are critical for the production process. Continuous, mutual information exchanges and the quick implementation of improvement suggestions ensure the synchronous production of yachts. Ordering and delivery processes are optimized by the use of the complete ERP solution from proALPHA. Both the timely delivery and quality of delivered parts are subject to continuous monitoring.

There is a risk that the planned external and internal logistical processes in the production of the Group's yachts cannot be properly executed. Thus, unexpected supply shortfalls, logistical problems or variations in quality could arise with suppliers of raw materials, individual parts or components and may not be quickly remediable. Considering the worldwide supply chain disruptions caused by the coronavirus pandemic, this risk is currently deemed to be high.

Procurement risks such as the loss of individual suppliers, delivery delays or short-notice price increases, for example, are countered by ensuring that alternative suppliers are available for purchased parts as much as possible.

Fluctuations of raw material prices could lead to changes in the prices of essential purchased parts. This risk can be mitigated by longer-term price agreements only in part.

Considering the potential problems to be encountered with the timely delivery of essential components and the rising procurement costs, procurement and purchasing risks are deemed to be significant and the probability of occurrence is deemed to be high in view of the worldwide supply chain disruptions caused by the economic repercussions of the coronavirus pandemic.

### 4.3.5 | Financial risks

Because the yachts are almost entirely built to order for customers and end customers and customers are required to make down payments on the yachts up to the commencement of final assembly, the risk of default by a customer or end customer is significantly reduced. The down payments received are sufficient to cover the marketing risk. Furthermore, a yacht is only delivered to a customer or the customer's freight forwarder after it has been completely paid for or if a binding sales financing commitment has been obtained. Exceptions to this rule require the approval of the Executive Board. For these reasons, there is only a minor risk of loss of receivables from yacht sales.

In case of default of a dealer participating in sales financing, the master agreement concluded with an institutional sales financing company specifies a marketing obligation for the Group and in the worst case, an obligation to repurchase the corresponding yacht. The Group collects down payments on account of these yachts and dealers are required to make ongoing principal repayments to the financing company, which taken together nearly eliminate the resale risk.

Due to the seasonal pattern of the Group's business, significant profit contributions are only realized in the second half of the financial year, whereas losses are incurred in the first half of the financial year. While the possible extent of damage is significant due to statutory capital maintenance regulations and the requirements of the financing banks, the resulting risk is deemed to be low in view of financial planning and the possible support of the majority shareholder.

Given the nature of the Group's business model, medium- to long-term business planning is subject to inherent planning uncertainties, especially with regard to unit sales quantities, the product sales mix and the amount of revenues. Therefore, any budget deviations resulting from an uncertain order situation can have positive or negative effects on the Group's financial position, cash flows and financial performance. At the present time, it is difficult for the Executive Board to assess the effects on sales of the further course of the coronavirus pandemic. The actual business performance could differ from expectations as a result of unforeseeable developments.

Currency risks for the Group mainly result from foreign currency receivables and particularly the U.S. dollar receivables owed by the U.S. sales subsidiary. Possible exchange rate fluctuations present both risks and opportunities. Given that exchange rate fluctuations for a part of these receivables have been hedged by forward exchange transactions, the resulting risk is deemed to be minor to medium.

### 4.3.6 | Risks to financial position, cash flows and financial performance arising from budget deviations

Corporate planning forms the basis for important accounting and valuation matters and for the liquidity plan, which is derived from the plan profit-and-loss statement and the plan balance sheet. Beyond the uncertainty inherently present in budgeting and the discretionary assumptions included in this process, the Group's performance as a manufacturer of luxury consumer goods is especially dependent on economic conditions in Europe and the rest of the world. The Group's order intake is currently very good and the order backlog is very high thanks to the tendency of customers to regard the Group's yachts as a safe, waterborne refuge. For the coming 2021|2022 financial year, the Group's boatyards are almost completely filled out and the production schedules for many models extend into the year 2023. Therefore, the Group is not subject to any production volume risks in the 2021|2022 financial year.

A deterioration of the profitability or business outlook of individual business divisions of the Group could lead to impairments or value adjustments of certain items of the statement of financial position. In the previous year, for example, certain assets were significantly impacted by the failure to achieve the planned business performance of Privilège. After the partial impairment of goodwill recognized in the previous year, the carrying amount of the "Privilège" cash generating unit was approximately €5.8 million at 30 June 2021. The recoverability of this carrying amount is dependent on the future positive development of Privilège and is therefore subject to risks.

The positive medium- to long-term business plan of Privilège is based on the assumption of substantially increasing revenues on orders that have already been received and on the orders to be received in the future. Based on the planned and already initiated measures, it is also expected that the purchased goods and services ratio and the manufacturing costs ratio will decline. Although the plan figures were formulated on the basis of the current knowledge of the management, actual developments (particularly the assumed development of revenues, the purchased goods and services ratio and the manufacturing costs ratio) could differ from the plan figures and that could have adverse effects on the aforementioned assets of the Privilège cash-generating unit. This risk is deemed to be medium on the whole. Please refer to our remarks on the subject of conducted impairment tests in Chapter 6.1 of the notes to the consolidated financial statements.

Given the planning uncertainties, the planned business growth and the related need for liquidity in working capital, as well as the seasonal pattern of the Group's business, the Executive Board monitors and manages the Group's liquidity on a continuous basis. The level of tied-up funds is relatively low in the summer months compared to the winter months due to deliveries of finished products and the reduced production intensity. In the winter months, inventories of unfinished and finished goods increase substantially and production reaches maximum capacity utilization. As a result, available liquidity is considerably lower in the winter months compared to the summer months, as the down payments to be made by customers are not billed in amounts that fully reflect the progress of production.

To satisfy its liquidity requirements, the Group disposes of current account facilities granted by banks in addition to its holdings of cash and cash equivalents and the use of targeted working capital management (e.g. utilization of payment terms and supplier credits). The current account facilities available to the Group at the reporting date in the total amount of €9.5 million were repaid down to a level of €3.9 million in the 2020|2021 financial year, so that the Group disposed of available financial funds totaling €22.3 million, including cash and cash equivalents, at the reporting date (PY: €10.7 million).

In view of the available financial funds and the high level of orders for yachts to be produced, the liquidity plan prepared by the Executive Board anticipates sufficient available liquidity for the full 2021|2022 financial year.

Subject to the condition that there will not be a renewed extensive lockdown due to a resurgence of coronavirus infections, the liquidity risk for the coming 2021|2022 financial year is deemed to be "minor" and therefore much lower than in the previous year.

#### 4.3.7 | Financial covenant risk

The HanseYachts Group disposes of short-term and long-term credit facilities with seven banks, which had been drawn down by an amount of €28.9 million at the reporting date and bear interest at an average rate of approximately 1.9% p.a. The credit facilities with two banks are dependent on fulfillment of the contractually defined financial covenant "net debt/adjusted EBITDA," which is calculated on the basis of the consolidated financial statements. A breach of this financial covenant could trigger an extraordinary right of termination for the lenders. This annually calculated financial covenant was not fulfilled as of 30 June 2021. Already in the past financial year and thus before the reporting date of 30 June 2021, the banks declared that they will tolerate the non-fulfillment of the financial covenant in view of the adverse economic effects of the coronavirus pandemic and will not derive any rights from non-fulfillment, meaning that they will suspend the obligation to fulfill the financial covenant.

#### 4.3.8 | Compliance risks

Individual compliance risks are managed efficiently by the persons responsible for each risk in the various departments of the Group. Compliance is understood to mean compliance with laws and regulations and internal guidelines. The potential financial consequences of compliance violations would be lawsuits, reputation losses and/or monetary fines. The risk of compliance violations is deemed to be minor to medium. Additional information on this subject can be found in the non-financial report of HanseYachts AG. Please refer to the section entitled "Non-financial report."

#### 4.3.9 | Personnel risks
As with any other small to medium-sized enterprise, the future success of HanseYachts is highly dependent on the availability of sufficient workers at economically viable compensation conditions.

The company's ability to implement its growth plans will also depend on whether and to what extent the Executive Board is able to retain key employees and experienced, well-trained employees and additionally recruit highly qualified employees and permanently retain them.

HanseYachts employs persons of different nationalities, some of whom work for different Group companies. In addition, a number of independent businessmen and/or entrepreneurs work for us. Even within Europe, the complete freedom of movement is not yet given. Any violation of social insurance regulations or the regulations of the German Employee Secondment Act could lead to a classification that differs from the current status and result in additional social security charges.

The personnel risks, particularly including the recruitment of skilled workers in the context of the scarcity of skilled workers in Germany and the region and possible employee turnover, are deemed to be medium.

#### 4.3.10 | Cyber-criminality
Internet criminality is a fast-growing global phenomenon. It occurs wherever people use computers, smartphones and other IT devices. The most frequent threats include the use of malware, data theft, digital extortion (ransomware), and identity theft (phishing). In many cases, criminals attempt to infect as many computers as possible with malware in order to steal information such as account data and passwords. In other cases, however, criminals are increasingly launching well-orchestrated cyber-attacks that pose a considerably greater threat of damage to their targets. For example, they may attack commercial enterprises or (critical) infrastructure facilities with the goal of extorting ransom money to unlock files and restore IT systems; this threat is compounded by economic losses incurred during the down time before the IT systems and infrastructure are unlocked and restored. For example, a competing boat manufacturer has already sustained losses from a cyber-attack that forced the boatyard to shut down production.

Raising the awareness of the Group's employees and dealers of the potential dangers of working with the Internet and investing in the protection of computers and servers minimizes the success of fraud attempts. This risk is deemed to be very high.

### 4.4 — Executive Board's overall assessment of the company's situation of risks and opportunities

HanseYachts and most other companies in the boat-building sector are currently benefitting from the pandemic in terms of distribution and unit sales. In procurement and production, on the other hand, HanseYachts is suffering from the adverse effects of the pandemic, as is the entire manufacturing sector. It is difficult to predict how long this trend will last and whether or not it will entail additional short-term setbacks, a further acceleration of demand, and/or a worsening or improvement of supply conditions. In this respect, the Group's outlook depends on the measures taken to combat the coronavirus pandemic, including the further progress of vaccination campaigns in key countries for sales of the Group's products.

Considering the potential problems to be encountered with the timely delivery of essential components and the rising procurement costs, general procurement and purchasing risks are deemed to be higher than in the previous year in view of the high level of industrial demand for raw materials and accessory parts fueled by the earlier-than-expected economic recovery in the United States, China and Europe.

In addition, the economic performance of the catamaran manufacturer Privilège Marine SAS is still very important for the future situation of risks and opportunities of HanseYachts.

By contrast, liquidity risk and capacity utilization risk in particular are deemed to be lower than in the previous year due to the well-filled order backlog.

No other material changes in the company's situation of opportunities and risks compared to 2019|2018 have occurred in the 2020|2021 financial year.

It is possible that not all future risks have been considered in this report. However, the establishment of organizational structures and processes allows for the early identification and assessment of risks and thus the early implementation of appropriate counter-measures.

The assessment of overall risks and opportunities is based on the risk and opportunity management system in combination with the utilized planning, management and control systems. Risks are evaluated independently of opportunities that could arise for the company.

Based on the determined probability of occurrence and potential effects of all described risks at the time of preparation of the management report, the risks do not endanger the continuance of the HanseYachts Group as a going concern either individually or in their aggregated form in the next 12 months.

## 5 // COMPENSATION REPORT

The company's annual general meeting resolved on 25 November 2021 that the compensation to be granted to Executive Board members for the 2020|2021 financial year will not be disclosed individually for each member. No such resolution has been adopted for the 2021|2022 financial year and subsequent financial years because the option of avoiding the obligation to disclose individualized Executive Board compensation by means of a corresponding resolution of the annual general meeting was eliminated by the German Act Implementing the Second Shareholder Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie, ARUG II). Therefore, the Group will be obligated to prepare a compensation report in the financial years following the 2020|2021 financial year.

The Supervisory Board determines the compensation of Executive Board members and regularly reviews the appropriateness of that compensation. The composition comprises fixed and variable components. The variable components are dependent on the attainment of annually established targets, which are based on certain key indicators (e.g. revenue, EBITDA, sales targets, procurement targets, manufacturing-related targets, quality). The amount of variable components is capped. The variable share of compensation is disbursed once a year in dependence on the results of the past financial year and the degree of attainment of the individually agreed targets. In addition, the Supervisory Board may grant special compensation for extraordinary performance, the amount of which is likewise capped. There are no pension arrangements. The Executive Board received a variable compensation component for the past financial year.

The compensation of Supervisory Board members is determined by the annual general meeting and is regulated by Article 14 of the Articles of Incorporation of HanseYachts AG. In addition to reimbursement of their expenses, each member of the Supervisory Board initially receives a fixed compensation of €6,000.00 per year, payable after the close of the financial year. In addition, each member of the Supervisory Board receives a variable compensation of €50.00 for each cent by which Group earnings per share exceeds the amount of €1.30. The Chairman of the Supervisory Board receives three times and his Vice Chairman and the committee chairmen receive two times the amount of fixed and variable compensation. As in the previous years, the Supervisory Board did not receive any variable compensation components for the past financial year.

## 6 // CORPORATE GOVERNANCE DECLARATION

The Corporate Governance Declaration according to Section 315d HGB in conjunction with 289f HGB has been published on our website at *https://www.hanseyachtsag.com/de/investor-relations/corporate-governance/*.

## 7 // NON-FINANCIAL REPORT

The German Corporate Social Responsibility Directive Implementing Act establishes an obligation for the Group to publish a Non-Financial Report. This report has been prepared as a combined, separate Non-Financial Report for HanseYachts AG and the Group (referred to hereinafter as the Non-Financial Report). The Non-Financial Report is published on the company's website at *https://www.hanseyachtsag.com/de/investor-relations/nichtfinanzielle-berichte/*.

## 8 // REPORT ON EQUALITY AND EQUAL PAY

The company issued a separate report in the 2017|2018 financial year to fulfill the legal requirements of the Compensation Transparency Act (Entgelttransparenzgesetz). As a company bound by collective bargaining agreements, HanseYachts AG is obligated to prepare a Compensation Transparency Report only every five years; therefore, the company was not obligated to prepare such a report in the 2020|2021 financial year. The report on Equality and Equal Pay was not part of the audited Group management report.

## 9 // REPORT OF THE EXECUTIVE BOARD ON DEALINGS WITH AFFILIATED COMPANIES

In accordance with Section 312 AktG, the Executive Board has prepared a report on the dealings of HanseYachts AG with affiliated companies. The report on dealings with affiliated companies includes the following concluding statement:

"In accordance with Section 312 AktG, the Executive Board has prepared a report on the dealings of HanseYachts AG with affiliated companies. For each transaction mentioned in the report, the company received appropriate consideration according to the circumstances that were known to the Executive Board at the time when the transaction was conducted. No other reportable measures were taken or omitted."

## 10 // FORECAST REPORT

Despite the negative impacts of the pandemic, the global economy remains on a course of recovery. However, the recovery is being slowed by supply bottlenecks and logistical problems, which are driving up prices for raw materials, accessory parts and transport services. Gross domestic product is expected to grow by around 6.7 percent in the calendar year 2021 and by around 4.8 percent in calendar year 2022.

In view of the worldwide sales network of HanseYachts, the broad product assortment of sailing yachts, motor yachts, sailing catamarans and motor catamarans, the continual product improvements to existing models, the planned investments in new product development, and the appreciable positive customer response to our models, we see ourselves as being well positioned in the water sports market. Unlike the case in the previous years, the HanseYachts Group began the new 2021|2022 financial year with an order backlog that is so large that the Group's production capacity is almost completely filled out, with the exception of only a few assembly stations, for the entire financial year ending on 30 June 2022. The sales and therefore production schedules for many models even extend into the 2022|2023 financial year.

Nonetheless, the forecast is still subject to high risks due to the coronavirus pandemic and its aftermath. In particular, supply chain issues are causing problems in production, with the result that production must be continually adjusted to suit the availability of purchased parts and in some cases the completion of yachts already under construction must be delayed until the missing parts can be delivered by the given supplier and installed by HanseYachts.

The progress being made in vaccination rates in key markets and the lifting of travel and contract restrictions support a positive outlook. Both developments will make it possible to present the sailing yachts, motor yachts and catamarans of HanseYachts directly to customers at boat shows in the 2021|2022 financial year. The Group also continues to upgrade its digital media in order to present products virtually and to support traditional distribution channels.

In consideration of the mainly positive outlook, but also the potential negative effects of the coronavirus pandemic on the business of HanseYachts, the Executive Board expects that revenues, EBITDA and the net profit/loss to be generated in the 2021|2022 financial year will be substantially higher than the respective figures for the 2020|2021 financial year. The number of yachts to be invoiced and produced in the 2021|2022 financial year will likewise be substantially higher than the previous-year figure.

This forecast of the Executive Board is contingent on the assumptions that there will not be another full-scale shutdown of economic and private activity as a result of the coronavirus pandemic and that the global supply chain problems will be largely resolved in the second half of the year.

Greifswald, 30 September 2021

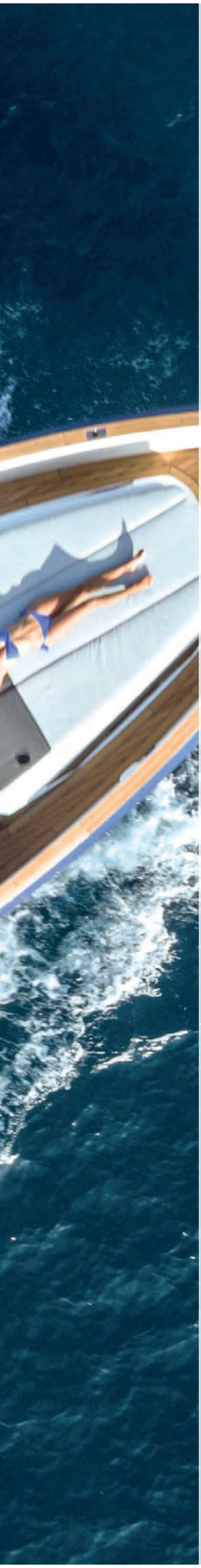
The Executive Board

Dr. Jens Gerhardt Sven Göbel

# SUPERIOR
## POWER BOATS

FJORD has been building motor yachts for more than 50 years and was acquired by HanseYachts AG in 2005. Thanks to their performance and unique design, power boats of this brand enjoy cult status and are a boat class all of their own. Over the past four years, FJORD has increased revenue by 500% and enjoys a continuous average growth rate of 17%. The latest addition to FJORD's portfolio is the FJORD 53 XL. In 2019, FJORD sold its 500th yacht.

*The FJORD 44 coupé complements the stylish puristic open layout characterising the power yacht brand FJORD with a luxurious and streamlined deck house. The arc-saloon is a multifunctional structure, built with genuine glass, stainless steel and high-quality GRP composites. It incorporates a stylish arc design and enhances the use case of this FJORD. Two side doors at the front, two electric windows at the sides, an electric sunroof and a majestic twin sliding door at the back make the arc-saloon as versatile as possible.*



# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

| € | Note | 30/6/2021 | 30/6/2020 |
|---|---|---|---|
| **ASSETS** | | **110,781,791.27** | **95,860,925.44** |
| **Non-current assets** | | **48,775,761.26** | **46,415,234.73** |
| Intangible assets | 6.1. | 19,406,391.30 | 18,617,237.05 |
| Property, plant and equipment | 6.2. | 28,103,956.59 | 27,220,857.79 |
| Deferred tax assets | 6.3. | 1,265,413.37 | 577,139.89 |
| **Current assets** | | **62,006,030.01** | **49,445,690.71** |
| Inventories | 6.4. | 39,440,327.07 | 35,136,790.51 |
| Trade receivables | 6.5. | 3,200,880.49 | 1,311,264.35 |
| Other assets | 6.6. | 2,643,077.91 | 3,080,787.90 |
| Cash and cash equivalents | 6.7. | 16,721,744.54 | 9,916,847.95 |
| **EQUITY AND LIABILITIES** | | **110,781,791.27** | **95,860,925.44** |
| **Equity** | **6.8.** | **11,328,497.95** | **7,003,807.57** |
| **Equity of the shareholders of HanseYachts AG** | | **11,583,523.36** | **7,106,857.87** |
| Subscribed capital | | 15,691,695.00 | 12,154,927.00 |
| Additional paid-in capital | | 1,569,170.00 | 8,850,773.14 |
| Currency translation reserve | | 180,051.07 | 196,897.45 |
| Distributable profit/accumulated loss | | (5,857,392.71) | (14,095,739.72) |
| **Non-controlling interests** | | **(255,025.41)** | **(103,050.30)** |
| **Non-current liabilities** | | **23,937,269.23** | **11,410,397.90** |
| Non-current financial liabilities | 6.10. | 22,074,018.29 | 3,961,049.58 |
| Non-current lease liabilities | 6.11. | 1,863,250.94 | 2,384,459.47 |
| Liabilities to related entities and individuals | 11. | 0.00 | 5,064,888.85 |
| **Current liabilities** | | **75,516,024.09** | **77,446,719.97** |
| Other provisions | 6.9. | 2,072,576.68 | 3,018,176.59 |
| Other financial liabilities | 6.10. | 6,860,634.36 | 19,671,193.90 |
| Current lease liabilities | 6.11. | 1,375,694.14 | 1,716,987.19 |
| Down payments received on account of orders | 6.13. | 41,205,872.75 | 25,165,523.20 |
| Trade payables | 6.13. | 14,490,429.96 | 14,198,991.97 |
| Liabilities for income taxes | 6.3. | 276,621.29 | 408,910.56 |
| Liabilities to related entities and individuals | 6.13. | 575,635.75 | 6,748,656.35 |
| Other liabilities | 6.13. | 8,658,559.16 | 6,518,280.21 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

| € | Note | 1/7/2020 – 30/6/2021 | 1/6/2019 – 30/6/2020 |
|---|---|---|---|
| **Revenues** | 5.1. | **120,754,423.69** | **128,384,869.00** |
| Increase in finished and unfinished goods | 5.1. | 217,884.21 | 9,134,074.24 |
| Other internal production capitalized | 5.1. | 1,885,207.88 | 2,602,206.61 |
| Other operating income | 5.2. | 3,171,737.91 | 4,136,759.10 |
| Purchased goods and services | 5.3. | (66,373,550.72) | (75,713,468.42) |
| Personnel expenses | 5.4. | (42,322,711.56) | (42,993,977.03) |
| Other operating expenses | 5.5. | (19,662,235.03) | (21,740,519.49) |
| **EBITDA** | | **(2,329,243.62)** | **3,809,944.01** |
| Depreciation, amortization and impairments | 5.6. | (5,822,860.66) | (18,182,719.43) |
| **EBIT** | | **(8,152,104.28)** | **(14,372,775.42)** |
| Financial result | 5.7. | (1,263,654.21) | (1,316,368.83) |
| **Earnings before interest taxes** | | **(9,415,758.49)** | **(15,689,144.25)** |
| Income taxes | 5.8. | 424,229.96 | (165,706.76) |
| **Consolidated profit/loss** | | **(8,991,528.53)** | **(15,854,851.01)** |
| | | | |
| **Earnings per share** | **5.9.** | **(0.64)** | **(1.32)** |
| (basic/diluted) | | | |
| **Consolidated profit/loss** | | **(8,991,528.53)** | **(15,854,851.01)** |
| Thereof: | | | |
| Attributable to shareholders of HanseYachts AG | | (8,839,553.42) | (15,770,192.60) |
| Attributable to non-controlling interests | | (151,975.11) | (84,658.41) |
| **Other comprehensive income** | | | |
| Items potentially to be reclassified to the income statement at a later time: | | | |
| Currency translation difference | | (16,846.51) | 3,372.48 |
| **Total comprehensive income** | | **(9,008,375.04)** | **(15,851,478.53)** |
| | | | |
| Thereof: | | | |
| Attributable to shareholders of HanseYachts AG | | (8,856,399.93) | (15,766,820.12) |
| Attributable to non-controlling interests | | (151,975.11) | (84,658.41) |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

| € | Number of shares | Subscribed capital | Additional paid-in capital |
|---|---|---|---|
| **30 June 2019/1 July 2019** | **11,091,430** | **11,091,430.00** | **3,663,726.37** |
| Cash capital increase | 130,335 | 130,335.00 | 561,339.90 |
| Non-cash capital increase | 933,162 | 933,162.00 | 4,625,706.87 |
| | 1,063,497 | 1,063,497.00 | 5,187,046.77 |
| Consolidated loss for the year | | 0.00 | 0.00 |
| Other changes | | 0.00 | 0.00 |
| Other comprehensive income | | 0.00 | 0.00 |
| Total comprehensive income | | 0.00 | 0.00 |
| **30 June 2020/1 July 2020** | **12,154,927** | **12,154,927.00** | **8,850,773.14** |
| Cash capital increase | 388,762 | 388,762.00 | 1,088,533.60 |
| Non-cash capital increase | 3,148,006 | 3,148,006.00 | 8,707,763.82 |
| | 3,536,768 | 3,536,768.00 | 9,796,297.42 |
| Consolidated loss for the year | | 0.00 | 0.00 |
| Withdrawals from additional paid-in capital | | 0.00 | (17,077,900.56) |
| Other comprehensive income | | 0.00 | 0.00 |
| Total comprehensive income | | 0.00 | 0.00 |
| **30. Juni 2021** | **15,691,695** | **15,691,695.00** | **1,569,170.00** |

| Accumulated profit/loss | Currency translation reserve | Attributable to shareholders of HanseYachts AG | Attributable to non-controlling interests | Group equity |
|---|---|---|---|---|
| **2,058,663.56** | **193,524.97** | **17,007,344.90** | **(402,602.57)** | **16,604,742.33** |
| 0.00 | 0.00 | 691,674.90 | 0.00 | 691,674.90 |
| 0.00 | 0.00 | 5,558,868.87 | 0.00 | 5,558,868.87 |
| 0.00 | 0.00 | 6,250,543.77 | 0.00 | 6,250,543.77 |
| (15,770,192.60) | 0.00 | (15,770,192.60) | (84,658.41) | (15,854,851.01) |
| (384,210.68) | 0.00 | (384,210.68) | 384,210.68 | 0.00 |
| 0.00 | 3,372.48 | 3,372.48 | 0.00 | 3,372.48 |
| (16,154,403.28) | 3,372.48 | (16,151,030.80) | 299,552.27 | (15,851,478.53) |
| **(14,095,739.72)** | **196,897.45** | **7,106,857.87** | **(103,050.30)** | **7,003,807.57** |
| 0.00 | 0.00 | 1,477,295.60 | 0.00 | 1,477,295.60 |
| 0.00 | 0.00 | 11,855,769.82 | 0.00 | 11,855,769.82 |
| 0.00 | 0.00 | 13,333,065.42 | 0.00 | 13,333,065.42 |
| (8,839,553.42) | 0.00 | (8,839,553.42) | (151,975.11) | (8,991,528.53) |
| 17,077,900.56 | 0.00 | 0.00 | 0.00 | 0.00 |
| (0.13) | (16,846.38) | (16,846.51) | 0.00 | (16,846.51) |
| (8,839,553.55) | (16,846.38) | (8,856,399.93) | (151,975.11) | (9,008,375.04) |
| **(5,857,392.71)** | **180,051.07** | **11,583,523.36** | **(255,025.41)** | **11,328,497.95** |

# CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

| € | Note | 7/1/2020 – 6/30/2021 | 7/1/2019 – 6/30/2020 |
|---|---|---|---|
| **EBIT** | | **(8,152,104.28)** | **(14,372,775.42)** |
| Depreciation, amortization and impairments | | 5,822,860.66 | 18,182,719.43 |
| Interest payments (netted) | | (962,969.86) | (910,566.22) |
| Income taxes received/paid (netted) | | (259,942.49) | (36,706.76) |
| Gains on disposal of non-current assets (netted with losses) | | 21,243.51 | (12,508.48) |
| Other non-cash changes | | (129,464.33) | 0.00 |
| Change in inventories, receivables and other assets, not attributable to investing or financing activities | | (5,755,442.71) | (4,437,264.30) |
| Change in liabilities, not attributable to investing or financing activities | | 18,103,208.51 | 5,242,183.75 |
| **Cash flow from operating activities** | | **8,687,389.01** | **3,655,082.00** |
| Investments in | | | |
| intangible assets | 6.1. | (1,624,812.34) | (1,647,640.67) |
| Property, plant and equipment | 6.2. | (4,925,035.00) | (4,574,351.66) |
| **Cash flow from investing activities** | | **(6,549,847.34)** | **(6,221,992.33)** |
| Cash inflows from cash capital increases | | 1,477,295.60 | 691,674.90 |
| Capital procurement costs | | (106,655.35) | (57,751,35) |
| Repayment of lease liabilities | 6.11. | (2,026,000.00) | (1,328,249.22) |
| Cash inflows from finance leases | | 0.00 | 1,500,000.00 |
| Borrowing of miscellaneous financial liabilities | 6.10., 12. | 13,475,695.82 | 1,500,000.00 |
| Borrowing of liabilities to related companies | | 0.00 | 4,500,000.00 |
| Repayment of financial liabilities | | (854,798.69) | (2,544,120.00) |
| Repayment/borrowing of current account liabilities | | (7,318,487.96) | 2,741,123.73 |
| Repayment of purchase price liabilities for Privilège Marine Holding GmbH | | 0.00 | (500,000.00) |
| **Cash flow from financing activities** | | **4,647,049.42** | **6,502,678.06** |
| **Change in cash and cash equivalents** | | **6,784,591.09** | **3,935,767.73** |
| Exchange rate-caused change in cash and cash equivalents | | 20,305.50 | (5,159.00) |
| Cash and cash equivalents at beginning of period | | 9,916,847.95 | 5,986,239.22 |
| **Cash and cash equivalents at end of period** | | **16,721,744.54** | **9,916,847.95** |
| **Composition of cash and cash equivalents** | | | |
| Cash in banks | 6.7. | 16,718,581.21 | 9,913,779.33 |
| Cash on hand | 6.7. | 3,163.33 | 3,068.62 |
| | | **16,721,744.54** | **9,916,847.95** |

*SEALINE C390V: That's 'V' for 'verve'! For intuitive manoeuvring and instant acceleration with an amazing 700 hp of outboard power! Or how about 'V' for 'vacation'? Teak platforms on both sides ensure hours of bathing pleasure in the sea. Large panoramic windows offer unbeatable all-round views. And when you open the glass front, the indoors and outdoors flow seamlessly into each other, creating an irresistible sense of freedom and comfort all on one level. 'V' could also stand for 'variable', because you can modify the cabin layout to suit the size of your crew. Create the ideal seating arrangement for any situation. Or maybe 'V' stands for 'value' and the sheer quality of the construction and materials. Every facet of the SEALINE C390v is designed to impress. Drive your dream!*

# HIGH PERFORMANCE

## SEAWORTHY LUXURY MOTOR YACHTS

British design, German shipbuilding precision and high performance: these are the characteristics that define the luxury motor yachts from SEALINE. The brand, which was founded in 1972, was acquired by HanseYachts AG in 2013. The product range is among the most modern available from the Group and has been completely overhauled in the five years since the acquisition. Customers can currently choose from three different series comprising a total of twelve models ranging in size from 33 to 53 feet. The latest additions are the S335v, S335 and the S390 in the Sport series. SEALINE has doubled its revenue over the past four financial years.

SEALINE

# NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 // GENERAL INFORMATION

HanseYachts AG with its registered head office in Greifswald/Germany is an exchange-listed stock corporation and the highest-level parent company of the HanseYachts Group. The company's shares are traded in the Regulated Market (General Standard) section of the Frankfurt Stock Exchange (ISIN: DE000A0KF6M8/WKN: A0KF6M).

The business activity of the companies of the HanseYachts Group mainly comprises the development, production and distribution of sailing yachts under the brand names HANSE, MOODY and DEHLER, motor yachts under the brand names FJORD, SEALINE, and RYCK, and sailing and motor catamarans under the PRIVILEGE brand name. The Group conducts its business activities primarily at the production sites in Greifswald, Poland and France and through two operating distribution companies in Greifswald and the United States.

The consolidated financial statements of HanseYachts AG have been prepared in euros. Unless otherwise noted, all figures are rounded and stated in euro thousands. Differences of up to one unit (thousand euros, %) are technical rounding differences.

The Group's financial year differs from the calendar year in that it runs from 1 July to 30 June of the following year. This financial year reflects the seasonal cycle of the Group companies' business.

HanseYachts AG is registered in the Commercial Register of the Stralsund Local Court under record number HRB 7035. The address of the company is Ladebower Chaussee 11, 17493 Greifswald.

## 2 // ACCOUNTING POLICIES

### New International Financial Reporting Standards and Interpretations and amendments to International Financial Reporting Standards

All International Financial Reporting Standards that must be applied in the European Union up to the reporting date of 30 June 2021 were applied in the 2020|2021 financial year. The Group has opted against early application of those Standards that are not required to be applied on or after 30 June 2021.

Beginning with the 2020|2021 financial year, the first-time application of the following Standards und Interpretations newly published or amended by the IASB and recognized by the EU was mandatory:

| Standard/Interpretation | Content of New/Revised Standard or Interpretation | Mandatory application |
|---|---|---|
| **Amendments of Standards** | | |
| IFRS 9, IAS 39 and IFRS 7 (Phase 1) | Interest Rate Benchmark Reform | 1/1/2020 (EU) |
| IAS 1/IAS 8 | Definition of Material | 1/1/2020 (EU) |
| IFRS 3 | Definition of a Business | 1/1/2020 (EU) |
| IFRS 16 | COVID-19-Related Rent Concessions | 1/1/2020 (EU) |
| Conceptual Framework | References to the Conceptual Framework in IFRS Standards | 1/1/2020 (EU) |

The amendments of Standards had no or no material effects on the consolidated financial statements of HanseYachts AG.

### Not applied, already published Standards and Interpretations

The IASB and the IFRIC have adopted additional Standards, amendments and Interpretations of possible relevance to the HanseYachts Group, the application of which was not yet mandatory in the 2020|2021 financial year:

| Standard/ Interpretation | Content of the New/Revised Standard or Interpretation | Mandatory application | Adopted by the EU | Anticipated effects |
|---|---|---|---|---|
| **New Standards** | | | | |
| IFRS 17 | Insurance Contracts | 1/1/2023 | No | None |
| **Amendments of Standards** | | | | |
| IFRS 16 | Amendments due to COVID-19-Related Rent Concessions | 4/1/2021 | Yes | No material effects |
| IFRS 4 | Postponement of IFRS 9 | 1/1/2021 | Yes | None |
| IFRS 9, IAS 39, IFRS 17, IFRS 4 and IFRS 16 (Phase 2) | Interest Rate Benchmark Reform | 1/1/2021 | Yes | No material effects |
| IFRS 3 | Reference to the Conceptual Framework | 1/1/2022 | No | None |
| IAS 16 | Property, Plant and Equipment – Proceeds before Intended Use | 1/1/2022 | No | None |
| IAS 37 | Onerous Contracts | 1/1/2022 | No | None |
| Miscellaneous | Annual Improvements to IFRS (2018–2020 Cycle) | 1/1/2022 | No | None |
| IAS 1 | Presentation of Financial Statements: Classification of Liabilities as Current or Non-current | 1/1/2023 | No | No material effects |

As a general rule, the HanseYachts Group will apply these Standards and Interpretations in the reporting period in which their application is mandatory.

### European Single Electronic Format (ESEF)

The EU Commission has issued a technical regulatory standard, the European Single Electronic Format (ESEF), according to which all companies are required to report their consolidated financial statements in a uniform format, Extensible Hypertext Markup Language (xhtml), and to apply iXBRL tagging for certain disclosures in the consolidated financial statements. The standard must be applied in the EU in financial years that begin on or after 1 January 2020. HanseYachts AG fulfills these requirements and has published the Annual Report at 30 June 2021 in accordance with the ESEF requirements.

## 3 // CONSOLIDATION PRINCIPLES

### 3.1 — Change in the basis of consolidation

The highest-level Group company is HanseYachts AG. Besides HanseYachts AG, seven (PY: seven) companies with their registered head offices in Germany and five (PY: four) companies with their registered head offices in foreign countries are included in the consolidated financial statements. By certificate of incorporation dated 20 April 2021, HanseYachts AG and TTS resolved to found the new company Balticdesign Institute Sp. z.o.o, Stettin, Poland. The company's business object particularly comprises research and development in boat building.

| Name | | | Share | |
|---|---|---|---|---|
| **directly:** | **Abbrevi-ation** | | | |
| 1. Dehler Yachts GmbH | DY | Greifswald | 100.0% | (PY: 100.0%) |
| 2. Hanse (Deutschland) Vertriebs GmbH & Co. KG | HVG | Greifswald | 100.0% | (PY: 100.0%) |
| 3. Verwaltung Hanse (Deutschland) Vertriebs GmbH | VHV | Greifswald | 100.0% | (PY: 100.0%) |
| 4. Yachtzentrum Greifswald Beteiligungs-GmbH | YZGB | Greifswald | 100.0% | (PY: 100.0%) |
| 5. HanseYachts US, LLC | HUS | Massachusetts, USA | 100.0% | (PY: 100.0%) |
| 6. Technologie Tworzyw Sztucznych Sp. z o.o. | TTS | Goleniów/Poland | 100.0% | (PY: 100.0%) |
| 7. Moody Yachts GmbH | MY | Greifswald | 100.0% | (PY: 100.0%) |
| 8. Sealine Yachts GmbH | SY | Greifswald | 100.0% | (PY: 100.0%) |
| 9. Privilege Marine Holding GmbH | PMH | Grünwald | 100.0% | (PY: 100.0%) |
| **indirectly:** | | | | |
| via No. 4 | | | | |
| 10. Mediterranean Yacht Service Center SARL | MYSC | Canet en Roussillon, France | 100.0% | (PY: 100.0%) |
| via No. 6 | | | | |
| 11. Balticdesign Institute Sp.z.o.o. | BDI | Stettin/Poland | 100.0% | (PY: 0.0%) |
| via No. 9 | | | | |
| 12. Privilege Marine SAS | PM | Les Sables d‘Olonne, France | 97.4% | (PY: 97.4%) |

### Exemption rules for Group companies

As a result of being included in the consolidated financial statements of HanseYachts AG, Hanse (Deutschland) Vertriebs GmbH & Co. KG has exercised the disclosure simplifications subject to the further requirements of Section 264 b HGB (German Commercial Code).

### Consolidation in higher-level consolidated financial statements

HanseYachts AG and its direct and indirect subsidiaries are included in the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, which have been submitted to the operator of the German Federal Gazette (*Bundesanzeiger*) and published on the website of the Register of Companies.

## 3.2 — Consolidation methods

In addition to HanseYachts AG, all domestic and foreign companies that are controlled by the HanseYachts Group according to the criteria of IFRS 10 are included in the consolidated financial statements at 30 June 2021. According to these criteria, the HanseYachts Group controls Group companies if it has rights to variable returns from its involvement with the Group company and the HanseYachts Group additionally has the ability to use its power to affect the variable returns. The HanseYachts Group has power over a Group company if it has existing rights that give it the ability to direct the relevant activities of the Group company. This condition is usually met when HanseYachts AG directly or indirectly holds the majority of voting rights or similar rights in the company. In making this determination, potential voting rights that can currently be exercised or converted are also taken into consideration. The separate financial statements of the subsidiaries are included in the consolidated financial statements from the date of attainment of control to the date of loss of control.

All companies included in the consolidated financial statements prepare annual or interim financial statements as of the date of the separate financial statements of HanseYachts AG, which is the reporting date for the consolidated financial statements.

The consolidated financial statements have been prepared on the basis of uniform recognition and measurement methods according to IFRS. If necessary, the financial statements of the subsidiaries are adjusted to match the policies applied at the Group level.

Intercompany profits and losses, revenues, expenses and income, as well as receivables and liabilities or provisions between consolidated companies, are eliminated.

Interim results in non-current assets and inventories resulting from intercompany deliveries are eliminated.

Guarantees and warranties assumed by HanseYachts AG in favor of consolidated subsidiaries are eliminated because the underlying liabilities are recognized in the consolidated financial statements.

## 3.3 — Currency translation

The Group currency of HanseYachts AG is the euro (€).

The separate financial statements of consolidated Group companies prepared in a foreign currency are translated to the Group currency on the basis of the functional currency concept (IAS 21) by application of the modified reporting date method. The functional currency of subsidiaries is basically determined by the primary business environment in which they operate and thus the given national currency, with the exception of the Polish subsidiary. The expenses and income from the separate financial statements of subsidiaries prepared in a foreign currency and included in the consolidated financial statements by application of the modified reporting date method are translated to the functional currency at the average exchange rate for the year, assets and liabilities at the mean exchange rate on the reporting date. The currency translation difference resulting from the translation of equity at historical exchange rates and the currency translation differences arising from the income statement are recognized in accumulated other income within equity, with no effect on profit or loss.

Foreign currency receivables and liabilities in the separate financial statements of the companies included in the basis of consolidation are measured at the exchange rate at the date of recognition. Currency gains and losses arising at the reporting date are recognized in profit and loss.

The functional currency of the Polish subsidiary TTS is the euro because exchanges of goods and services primarily with HanseYachts AG are conducted in euros. Financing is also denominated in euros. In accordance with IAS 21, currency differences arising from the translation of foreign currency items to the functional currency are recognized in profit in loss in the consolidated financial statements by application of the temporal method. Because the primary investment and funding operations at TTS have been completed, non-monetary items in the financial statements of TTS are measured at historical exchange rates in accordance with the functional currency concept.

The U.S. dollar and the Polish zloty are significant foreign currencies for HanseYachts. The reference euro exchange rates of the European Central Bank are used for currency translation. The exchange rates exhibited the following development:

| | ECB's Euro Reference Rate | | Average Rate for | |
|---|---|---|---|---|
| 1.00 € | 30/6/2021 | 30/6/2020 | Financial Year 2020\|2021 | Financial Year 2019\|2020 |
| USD | 1.19 | 1.12 | 1.19 | 1.11 |
| PLN | 4.52 | 4.46 | 4.50 | 4.36 |

# 4 // RECOGNITION AND MEASUREMENT PRINCIPLES

## 4.1 — General principles

The consolidated financial statements have been prepared in accordance with the historical cost method with the exception of certain derivative financial instruments measured at fair value through profit and loss.

The income statement is formatted according to the cost summary method.

## 4.2 — Revenue recognition

Revenues are mostly generated on sales of sailing yachts, motor yachts and catamarans. In accordance with IFRS 15, revenues are recognized when goods are delivered or services provided (transfer of control). Revenues on sales are recognized at a point in time.

Revenues represent the fees billed to the customer minus discounts, price concessions, customer bonuses and rebates. In accordance with the contractual agreements in effect, customers regularly make down payments that are essentially based on the progress of construction of the sailing yachts and motor yachts; these payments do not include a financing component.

No contract initiation costs are incurred in the HanseYachts Group.

## 4.3 — Expenses for research and development

Development expenses are capitalized in the statement of financial position when all the criteria for the recognition of internally generated intangible assets are met.

Production expenses for internally generated intangible assets comprise all directly allocable costs of development projects approved and budgeted by the management (sailing or motor yacht models). Capitalized production expenses are amortized pro rata temporis on a straight-line basis over the ordinary useful life of four to five years (PY: three to four years).

If development expenses lead to capitalizable assets in property, plant and equipment, they are capitalized in property, plant and equipment and amortized on a straight-line basis over the expected useful life. Internally generated production molds in particular are capitalized at cost. In a difference from the previous year, development expenses and production molds are amortized on a straight-line basis over an expected useful life of four to five years (PY: three to four years). The useful life was adjusted in order to better present a true and fair view of the company's financial position, cash flows and financial performance. The resulting profit/loss effect in the 2020|2021 financial year amounted to €536 thousand for production molds and €169 thousand for development expenses.

Research expenses are recognized in profit or loss in the period when they are incurred.

## 4.4 — Hedging transactions

Derivative financial instruments are used by the HanseYachts Group for hedging purposes to lower currency and interest rate risks in the Group's operating activities and reduce the resultant financing needs.

In accordance with IFRS 9, all derivative financial instruments are measured at fair value because the derivatives employed in the HanseYachts Group do not meet the strict criteria for hedge accounting under IFRS 9.

They are assigned to the category "at fair value through profit or loss" in the consolidated income statement at the time of recognition of the change in value and treated accordingly.

## 4.5 — Financial result

Interest income from financial investments and interest expenses for loans are presented in the financial result. They are recognized at the date of origination. Financing-related foreign currency gains and losses arising in connection with the capital investments made by TTS and the funding of these investments are also recognized in the financial result.

## 4.6 — Income taxes

In accordance with IAS 12 Income Taxes, income taxes include payment obligations arising from taxable results and deferred tax assets and liabilities in respect of all temporary differences between the Group's balance sheet values and the tax balance sheet values. See also Sections 4.17. and 4.18.

## 4.7 — Equity procurement costs

In accordance with IAS 32.37, costs directly related to the issuance of equity are not recognized as expenses, but are deducted directly from the equity raised with due regard to tax deductibility.

## 4.8 — Intangible assets

Individually purchased intangible assets are measured at cost upon initial recognition. The cost of an intangible asset acquired in a business combination is equal to its estimated fair value at the acquisition date.

Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and all accumulated impairment losses. Internally generated intangible assets are capitalized if the capitalization criteria are met. Other costs are recognized in profit or loss in the period in which they are incurred.

For intangible assets, it must first be determined whether they have a finite or an indefinite useful life. Intangible assets with a finite useful life are amortized pro rata temporis on a straight-line basis over the economic useful life and are tested for possible impairments whenever there are indications that the intangible asset could be impaired. The amortization period and amortization method selected for an intangible asset with a finite useful life are reviewed at least at the end of every financial year.

If the expected useful life of the asset or the expected pattern of consumption of the economic benefits of the asset has changed, another amortization period or another pattern of consumption is chosen. Such changes are treated as changes of an estimate.

The useful lives of intangible assets with finite useful lives range from four to eight years (PY: from three to eight years). The reasons for the modification of useful lives are explained in Section 4.3.

In the case of intangible assets with indefinite useful lives, an impairment test is conducted at least once a year at the level of the individual asset or the smallest cash-generating unit. These intangible assets are not amortized.

The useful life of an intangible asset with an indefinite useful live is reviewed once a year to determine whether the estimate of an indefinite useful life is still justified. If this is not the case, the change of estimate from an indefinite to a finite useful life is performed on a prospective basis.

Goodwill and trademark rights are intangible assets with an indefinite useful lives. Goodwill represents the positive difference between the consideration received and the fair value of assets and liabilities acquired in the course of acquisition of a company.

Impairments of intangible assets recognized in the past are reversed up to the amount of their original cost when the recoverable amount exceeds the carrying amount.

## 4.9 — Impairment of assets

The HanseYachts Group performs impairment tests at the level of the cash-generating unit that is relevant for the test. Recoverability is determined by comparing the carrying amount of the cash-generating unit, including any goodwill or trademark rights attributable to it, with the recoverable amount of the cash-generating unit.

The recoverable amount is the higher of fair value less costs to sell or the present value of future cash flows to result from the continued use of the asset. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized in the amount of the difference. If the reasons for impairment losses recognized in previous years no longer apply, the impairments are reversed accordingly.

An impairment loss in goodwill cannot be reversed in subsequent periods.

The expected cash surplus of the cash-generating unit is derived from the medium-term plan of the HanseYachts Group. Please refer to our comments in Section 4.20. (Segment report) for information on the operating segments of the HanseYachts Group. According to the segment report, the cash-generating units correspond to the legal entities or combinations of legal entities in the Group because management decisions are made on this basis.

## 4.10 — Property, plant and equipment

In accordance with IAS 16, property, plant and equipment are measured at cost less accumulated depreciation and impairments. Repairs and maintenance costs are recognized as expenses at the date of origination. Significant renewals and improvements are capitalized. Financing costs are capitalized to the extent that the conditions of IAS 23 are met.

The useful lives of items of property, plant and equipment are defined on the basis of the expected usability for the company. Investment grants and allowances are deducted from the cost of relevant assets. As in previous periods, depreciation is charged pro rata temporis on a straight-line basis mainly on the basis of the following estimated economic useful lives:

| | Years |
|---|---|
| Buildings and outdoor facilities | 5–40 |
| Technical equipment, plant and machinery | 2–21 |
| Operational and office equipment | 1–20 |

## 4.11 — Leases

The HanseYachts Group only acts as a lessee.

Lease payments on leases are recognized in accordance with IFRS 16. Right-of-use assets are recognized in non-current assets in respect of the leased property, plant and equipment and a corresponding lease liability is recognized.

The lease liability is measured as the present value of future lease payments over the sufficiently certain period of use. Lease components are all fixed and quasi-fixed payments minus future incentive payments of the lessor. In addition, variable payments that depend on a rate or an index, expected payments under residual value guarantees, and payments for the exercise of sufficiently certain purchase and termination options are recognized. The payment series is discounted to present value by the interest rate implicit in the lease or, if this is not known, by the incremental borrowing rate that is appropriate for the lessee. All other variable payments are recognized as expenses. The lease liability is measured and updated in accordance with the effective interest method.

The cost of the right-of-use asset is basically determined by the amount of the lease liability at the time of initial recognition of the lease. This cost is increased by any initial direct costs incurred for the conclusion of the lease, the installation of the leased asset, and any future restoration obligations. The cost is reduced by any incentive payments of the lessor that have already been received. Subsequent to initial recognition, the right-of-use asset is depreciated on a straight-line basis over the term of the lease and adjusted for any impairments. If the leased asset becomes the property of the lessee at the end of the lease term or if a purchase option or preemptive tender right is deemed to be sufficiently certain, the right-of-use asset is depreciated over the economic useful life of the underlying asset.

The lease term is the sufficiently certain period of time during which an asset is leased. In addition to the non-terminable basic lease term, extension periods are included if the exercise of the corresponding option is sufficiently certain upon lease commencement and termination periods are included if the exercise of the corresponding option is not sufficiently certain. This estimate is reviewed if events that are not under the control of the lessee occur or if significant changes in circumstances occur that make it necessary to modify the term. The lease term is adjusted if an extension option is exercised or if a termination option is not exercised and if the exercise or non-exercise of the respective options was not considered in the original estimate. An adjustment of the lease term leads to a change in the future payment series and therefore a revaluation of the lease liability on the basis of the current interest rate. The resulting difference is recognized in the right-of-use asset with no effect on profit or loss. Charge-offs that exceed the carrying amount of the right-of-use assets are recognized as expenses in the income statement.

## 4.12 — Inventories

Raw materials and supplies are generally measured at the average cost or the lower fair value.

Unfinished and finished goods are measured at production cost, but at no more than the expected selling price less any costs still to be incurred. The order-related direct costs form the basis for measurement. These direct costs relate to manufacturing wages and material costs. In addition to the overhead costs for materials and manufacturing, appropriate parts of general administrative expenses are included in the production cost. Borrowing costs (interest) are not capitalized because inventories do not meet the definition of qualifying assets due to their short production times.

Partial profit recognition on the basis of the percentage-of-completion method is not done for unfinished and finished goods because the necessary recognition criteria are not met.

Merchandise and used boats are measured at the lower of cost or net realizable value.

## 4.13 — Financial assets and financial liabilities

### Non-derivative financial instruments

In the HanseYachts Group, non-derivative financial instruments comprise trade receivables and other receivables, cash and cash equivalents, financial liabilities, trade payables, lease liabilities and some other liabilities.

Upon initial recognition, non-derivative financial instruments are measured at fair value; this amount is increased by directly allocable transaction costs in the case of financial assets and decreased by directly allocable transaction costs in the case of financial liabilities.

Subsequent to initial recognition, receivables are measured at amortized cost. Writedowns are taken into account for possible default risks. Non-current receivables for which no payment receipts are expected in the short term are discounted to present value.

Because the default and recoverability risk of existing trade receivables and cash and cash equivalents is very minor and of subordinate importance for the Group, the Group does not perform the analysis and make the additional disclosures according to IFRS 9.

Subsequent to initial measurement, financial liabilities are measured at amortized cost according to the effective interest method and interest expenses are recognized on the basis of the effective interest rate. Amortized cost is cost after consideration of repayments and the amortization of transaction costs.

Current financial liabilities usually also include that portion of long-term loans for which the residual term is one year at the most. Financial liabilities are presented as non-current liabilities only if the Group has the unrestricted right to defer the settlement of the obligation by at least 12 months after the reporting date and will also exercise this right in the estimation of the legal representatives of the parent company.

### Derivative financial instruments

Derivative financial instruments such as forward exchange transactions are also used to hedge against risks from currency fluctuations. The hedging transactions cover currency risks from pending transactions for the supply of goods and services.

In accordance with IFRS 9, all derivative financial instruments are measured at fair value upon initial recognition. The fair values are also relevant for subsequent measurement. The forward exchange rate at the reporting date is applied for determining the fair value of forward exchange transactions.

## 4.14 — Government grants

Grants to which the reporting entity has a legal claim are capitalized when there is reasonable assurance at the reporting date that the entity will comply with or has already complied with the conditions attached to the grant and the grant has been requested of the granting institution in the time until the preparation of the financial statements or it is assured that the request will be made. Grants to which the reporting entity has no legal claim, meaning grants that depend on the exercise of discretion on the part of an authority, are recognized as receivables if the grant notice of the granting authority has been received and there is reasonable assurance at the reporting date that the conditions attached to the grant will be fulfilled.

Grants received are deducted from the cost of the purchased assets if the subsidized assets are already in operational use at the reporting date.

Grants received that are tied to compliance with certain conditions are recognized as provisions or liabilities if non-compliance with the subsidy terms is probable at the reporting date.

Provided that they meet the requirements for claiming the short-time work benefit from the German Federal Employment Agency (Bundesagentur für Arbeit, BA) or a similar authority, employees affected by shortened work hours are entitled to the short-time work benefit, which is disbursed by HanseYachts AG. For its part, HanseYachts AG is entitled to reimbursement of social insurance contributions for lost work hours by the BA or a similar authority. Because the employee is entitled to the short-time work benefit, the pass-through payment of the short-time work benefit to employees merely represents a transit item from the standpoint of HanseYachts AG, with the result that neither expenses nor income are to be presented in the income statement in respect of these payments.

The reimbursements of the social insurance expenses to be paid by HanseYachts AG (as they relate to “lost work hours”) by the BA or a similar authority are treated differently. Whereas the social insurance contributions payable by HanseYachts AG are to be recognized as personnel expenses, the reimbursements by the BA or a similar authority are treated as success-dependent government grants subject to the accounting rules of IAS 20. These income items are treated as deductions from personnel expenses in the income statement.

The claim to reimbursement of the short-time work benefit and the claims to reimbursement of social insurance contributions are capitalized as Other assets.

In addition, the French subsidiary Privilège has applied for wage cost subsidies from a governmental agency. These subsidies are likewise treated as deductions from personnel expenses.

### 4.15 — Other liabilities

Other liabilities are measured at their settlement amount or present value.

### 4.16 — Provisions

Provisions are recognized to account for discernible risks and uncertain obligations in the probable settlement amounts and are not netted with recourse claims. The settlement amount also includes any cost increases to be considered at the reporting date. Provisions with a term of more than 12 months are discounted to present value by a risk-adjusted market interest rate.

Provisions for warranty obligations are recognized on the basis of the previous or estimated future incidence of claims.

In individual cases, warranty provisions are recognized in the amount of the estimated costs at the date of sale of the product or when knowledge of a specific claim is obtained.

Provisions for onerous contracts are recognized when the unavoidable costs of performing a contractual obligation are higher than the benefits that are expected to flow from the contract.

If the possibility of a cash outflow is not mostly probable, but is also not improbable (contingent liabilities), a disclosure is made in the notes to the consolidated financial statements instead of recognizing a provision.

### 4.17 — Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts presented in the IFRS balance sheet and the tax bases on the basis of tax rates that are deemed to be probable at the time when these differences will reverse. The balance sheet liability method is applied for this purpose.

Deferred tax assets also include tax-reducing claims resulting from the expected use of tax loss carry-forwards and tax credits in subsequent years.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the individual countries in the period when the asset is recovered or the liability is settled, with a sufficient degree of probability based on current laws.

Deferred tax assets in respect of temporary differences and tax loss carry-forwards, as well as tax credits, are recognized only if it is considered sufficiently probable that the resulting tax reductions will in fact occur in the future.

The carrying amounts of deferred tax assets are reviewed at every reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future against which the deferred tax assets can be at least partially utilized. Unrecognized deferred tax assets are reviewed at every reporting date and recognized to the extent that it has become probable that sufficient taxable profit will be available in the future to allow for the recovery of the deferred tax asset.

Deferred tax assets in respect of tax losses incurred in the past are only recognized in the amount by which they exceed deferred tax liabilities, with the exception of an immaterial excess. At the Polish subsidiary TTS, moreover, the amount by which deferred tax assets exceed deferred tax liabilities was recognized in respect of the tax benefits granted to companies in a special economic zone for the first time because it is highly probable that these deferred tax assets can be utilized in future years.

### 4.18 — Current tax assets and tax liabilities

Current tax assets and tax liabilities for the current period and prior periods are measured at the amount expected to be refunded by or paid to the tax authorities. The amounts are calculated on the basis of the tax rates and tax laws in effect on the reporting date.

### 4.19 — Assumptions and estimates

Assumptions and estimates that affected the presentation and amount of recognized assets, liabilities, income and expenses were applied in the preparation of the consolidated financial statements.

In particular, assumptions and estimates are applied for the purpose of impairment tests for intangible assets, property, plant and equipment, deferred tax assets, the uniform Group definition of economic useful lives, the assessment of resale risks in inventories (particularly in the case of used boats), the assessment of the collectability of receivables and the measurement of provisions.

Although the aforementioned assumptions and estimates are made to the best knowledge of the management on the basis of current events and measures, actual developments may differ from these estimates.

Assumptions and discretionary decisions are also made with respect to recognized income tax liabilities. Recognized income tax liabilities reflect the amount that represents the best estimate with due regard to any tax uncertainties.

A change of estimate according to IAS 8.32 ff. was made with respect to the useful lives of internally generated production molds and internally generated development expenses in the 2020|2021 financial year. Unlike the previous year, internally generated production molds and internally generated development expenses are no longer amortized over an expected useful life of three to four years, but over a period of four to five years beginning in the 2020|2021 financial year in order to better present a true and fair view of the company's financial position and financial performance. The resulting profit/loss effect in the 2020|2021 financial year amounted to €705 thousand. In subsequent financial years, this change of estimate is expected to generate a positive effect on the consolidated profit/loss of €196 thousand per financial year.

### 4.20 — Segment report

According to IFRS 8, the identification of reportable operating segments is based on the management approach. This means that external risk reporting is based on internal financial reporting to the chief operating decision maker. In the HanseYachts Group, the Executive Board of HanseYachts AG is responsible for the assessment and management of an operating segment's performance and is therefore deemed to be the chief operating decision maker within the meaning of IFRS 8.

The profit, assets, liabilities, depreciation and amortization, and investments of the HanseYachts Group cannot be reliably allocated to the product lines of sailing yachts, motor yachts, catamarans and other because sailing yachts and motor yachts are manufactured on a single production line. An allocation on the basis of revenues or the number of boats produced would be arbitrary and would not provide information that would be useful for making decisions. Direct allocation is also not possible. Also internally, the operating segments of sailing yachts, motor yachts and other are not used as control parameters in reporting to the management.

Internally, the HanseYachts Group only allocates revenues by product lines. All other internal reporting is done on a consolidated basis. Thus, the other information required by IFRS 8 in relation to operating segments is not disclosed in the notes to the consolidated financial statements due to the lack of direct allocation and reliable key indicators.

Please refer to Section 8 for information on segmentation by geographical segments. External revenues are allocated on the basis of the location of each customer.

Assets are allocated to regions on the basis of the location of each asset. The measurement principles applied in the segment report are based on the IFRS principles used in the consolidated financial statements.

## 5 // NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 5.1 — Revenues, change in inventories and internal production capitalized

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---:|---:|
| **Revenues** | | |
| Sailing yachts | 74,442 | 79,338 |
| Motor yachts | 30,608 | 42,817 |
| Catamarans | 12,804 | 3,658 |
| Other | 2,900 | 2,572 |
| | **120,754** | **128,385** |
| **Change in inventories** | | |
| Unfinished goods | 2,294 | 5,214 |
| Finished goods | (2,076) | 3,920 |
| | **218** | **9,134** |
| **Other internal production capitalized** | **1,886** | **2,602** |
| **Total operating performance** | **122,858** | **140,121** |

Other internal production capitalized refers to the production molds for sailing yachts, motor yachts and catamarans produced by the HanseYachts Group itself, as well as internally generated intangible assets (development expenses).

A geographic breakdown of revenues is provided in Section 8.

All revenues are recognized at a point in time.

## 5.2 — Other operating income

Other operating income breaks down as follows:

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Income from the reversal of provisions and accrued liabilities and the reduction of individual writedowns of receivables | 1,516 | 990 |
| Income from recharges mainly to dealers (warranties, transport costs, marketing, trade fair costs, etc.) | 415 | 502 |
| Utilization of provisions for onerous contracts | 344 | 1,282 |
| Exchange rate gains from currency translation | 136 | 49 |
| Income from claims for damages | 100 | 263 |
| Income from insurance claims | 0 | 206 |
| Other income | 661 | 845 |
| | **3,172** | **4,137** |

Other operating income included non-period income of €1,516 thousand (PY: €990 thousand) resulting mainly from the reversal of provisions, the derecognition of liabilities, and the reduction of writedowns of receivables.

The income from the utilization of provisions for onerous contracts refers to the provisions at the French subsidiary. The utilization amount is presented in other operating income because it cannot be exactly allocated to personnel expenses, purchased goods and services, and other operating expenses.

The income from the indemnification of damages resulted from a case of counterfeiting.

Currency gains and losses result mainly from the currency translation of transactions billed in U.S. dollars or Polish zlotys. Including income and expenses from forward exchange transactions, the net amount of currency differences totaled of €–198 thousand (PY: €–162 thousand). Please refer to Section 5.5 for information on currency translation expenses.

## 5.3 — Purchased goods and services

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Expenses for raw materials and supplies | 61,402 | 71,403 |
| Expenses for purchased services | 4,972 | 4,310 |
| | **66,374** | **75,713** |

The expenses for purchased services mainly consisted of expenses for temporary workers.

Please refer to Section 6.4. (Inventories) for information on writedowns of inventories in the item of purchased goods and services.

## 5.4 — Personnel expenses

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Wages and salaries | 34,817 | 35,368 |
| Social security/pension expenses | 7,505 | 7,626 |
| | **42,322** | **42,994** |

The item of social security and pension expenses includes contributions to pension insurance institutions (defined contribution pension plans) in the amount of €2,690 thousand (PY: €2,845) thousand.

The average annual number of employees (excluding vocational trainees) was as follows:

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Number of employees (average) | 1,401 | 1,409 |
| Of whom | | |
| Salaried employees | 293 | 299 |
| Wage earners | 1,108 | 1,110 |

## 5.5 — Other operating expenses

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Expenses for: | | |
| Sales, trade shows, licenses, advertising and travel | 5,694 | 9,156 |
| Legal counsel, administration, EDP, insurance | 4,534 | 3,339 |
| Rents, energy, maintenance and motor vehicles | 3,728 | 3,721 |
| Warranties, freight and packaging | 2,865 | 3,428 |
| Other expenses * | 2,841 | 2,097 |
| | **19,662** | **21,741** |
| ** of which* | | |
| *Writedowns of receivables and losses on receivables* | *59* | *143* |
| *from exchange rate losses* | *308* | *173* |
| *from forward exchange transactions* | *26* | *40* |

The sharp, €3,462 thousand decrease in expenses for sales, trade shows, advertising and travel resulting from the travel and contract restrictions imposed to combat the coronavirus pandemic was countered by the €1,195 thousand increase in expenses for legal counsel, administration, IT and insurance. In addition, expenses for warranties, freight and packaging declined by €563 thousand. The currency translation expenses included in other expenses amounted to €308 thousand (PY: €173 thousand). Other expenses also included writedowns of receivables and losses on receivables in the amount of €59 thousand (PY: €143 thousand) and expenses for forward exchange transactions in the amount of €26 thousand (PY: 40).

In total, the ratio of other operating expenses to the total operating performance increased slightly by 0.5 percentage points to 16.0% (PY: 15.5%).

## 5.6 — Depreciation, amortization and impairments

The composition of depreciation, amortization and impairments is described in the notes on intangible assets (6.1.) and property, plant and equipment (6.2.).

The deduction of grants from the cost of non-current assets in previous years led to a decrease of €283 thousand (PY: €293 thousand) in depreciation, amortization and impairments.

## 5.7 — Financial result

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Interest income | 0 | 56 |
| Interest expenses | (1,347) | (1,479) |
| Exchange rate gainTTS financing | 83 | 107 |
| | **(1,264)** | **(1,316)** |

Interest expenses mainly derive from the interest servicing of bank loans and the sales financing program.

The currency differences from currency translation at TTS, which are recognized in profit or loss in the consolidated financial statements, resulted in a currency gain of €83 thousand (PY: €107 thousand) in the 2020|2021 financial year. This difference is presented in the financial result because it is mainly attributable to financing activities and not operating activities.

## 5.8 — Income taxes

Breakdown of income taxes:

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Current tax expenses (–) | (226) | (11) |
| Deferred tax income/expenses (–) | 650 | (155) |
| | **424** | **(166)** |

Deferred taxes result mainly from differences between the tax bases and the carrying amounts presented in the financial statements under commercial and tax law as well as from deferred taxes arising from consolidation measures. Income in the amount of €925 thousand (PY: no income) resulted from the measurement of deferred tax assets in respect of tax loss carry-forwards and tax incentives at the Polish subsidiary in the 2020|2021 financial year. The Polish subsidiary operates in a special economic zone in which tax losses are not recognized. On the other hand, tax credits, which likewise lead to a reduction of the income taxes owed on taxable profit, can be claimed.

The total benefit of future tax credits in the special economic zone comes to around €1.5 million. (PY: €1.7 million), of which roughly €0.6 million (PY: €1.7 million) has not yet been recognized. The tax incentives in Poland will only be granted in the time until 2026 (PY: until 2026). An application to extend the special economic zone to newly acquired land in Poland was filed, but was not yet approved in the reporting period.

At 30 June 2021, corporate income tax loss carry-forwards amounted to roughly €58.8 million (PY: €46.9 million) and trade tax loss carry-forwards amounted to roughly €56.1 million (PY: €46.1 million). At HanseYachts AG, only losses incurred after the change of shareholder in November 2011 are taken into account. Deferred tax assets on tax loss carry-forwards were not recognized in respect of corporate income tax loss carry-forwards amounting to roughly €55.3 million (PY: €43.9 million) and trade tax loss carryforwards amounting to roughly €52.6 million (PY: €43.0 million) because the requisite conditions have not yet been met. The losses of foreign subsidiaries that will not continue operations are not included in the numbers stated above because it can no longer be expected that these losses can be utilized. As in the previous year, there were no temporary differences for which deferred tax assets were not recognized due to the non-fulfillment of the applicable conditions. Please refer to our comments in Section 6.3 for more information on deferred taxes.

The average tax rate assumed for the 2020|2021 financial year is approx. 30%, unchanged from the previous year. The tax expenses expected on the basis of the average tax rate are reconciled with the actual tax expenses in the table below:

| €'000 | **2020\|2021** | **2019\|2020** |
|---|---|---|
| **Earnings before taxes** | **(9,416)** | **(15,689)** |
| Average overall tax rate | 30% | 30% |
| Expected tax income (–)/expenses (+) | (2,825) | (4,707) |
| Tax rate differences | 66 | (206) |
| Tax effects resulting from a different tax assessment basis | 264 | 4,343 |
| Measurement of deferred tax assets and impairment of deferred tax assets on tax loss carryforwards | (925) | 82 |
| Income taxes for previous years | 72 | 2 |
| Non-recognition of deferred tax assets on temporary differences and losses | 3,072 | 1,592 |
| Reduction of tax expenses from the utilization of deferred tax assets/ tax credits not recognized in previous years | (148) | (475) |
| Other effects | 0 | (465) |
| **Actual overall tax expenses (+)** | **(424)** | **166** |
| **Group tax rate** | **4.5%** | **–1.1%** |

The tax rate differences result from the differences in the average tax rates to be applied for the foreign subsidiaries.

Deferred tax assets were recognized in respect of losses only up to the amount of nettable deferred tax liabilities at each company in the reporting period. In addition to deferred tax liabilities, deferred tax assets of €925 thousand were recognized for the first time at the Polish subsidiary in respect of the tax incentives granted to companies in a special economic zone.

## 5.9 — Earnings per share

Earnings per share are calculated on the basis of the profit attributable to the shareholders of HanseYachts AG and the average number of shares outstanding. This calculation is presented in the table below:

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Consolidated profit/loss = Group share of period result | (8,840) | (15,770) |
| Weighted average number of shares outstanding | 13,774,834 | 11,904,635 |
| Earnings per share in € | –0.64 | –1.32 |

Because there are no diluting shares, the basic earnings per share are identical to the diluted earnings per share.

Pursuant to the authorizations granted in Article 6 of the company's Articles of Incorporation (Authorized Capital 2019), the Executive Board resolved on 23/25 November 2020 with the consent of the Supervisory Board to increase the company's share capital by an additional amount of €388,762.00 from €12,154,927.00 to €12,543,689.00 in a cash capital increase entailing the issuance of 388,762 new bearer shares. The new shares were offered to shareholders for subscription in a ratio of 3:1 at an issue price of €1.00 per share for a subscription price of €3.80 per share without commission, subject to the issuance terms and conditions. Of the originally offered 941,102 shares, 388,762 shares were subscribed in total, with the majority shareholder Aurelius waiving its subscription right so as not to dilute the holdings of the other shareholders in view of the non-cash capital increase described in the following.

The company's Executive Board resolved on 8 December 2020 with the consent of the Supervisory Board to increase the company's share capital, which had already been increased to €12,543,689.00 after entry of the cash capital increase, by an additional amount of €3,148,006.00 to €15,691,695.00 by issuing 3,148,006 new bearer shares in exchange for a non-cash capital contribution. In addition, the Executive Board resolved with the consent of the Supervisory Board that only AURELIUS Equity Opportunities SE & Co. KGaA and HY Beteiligungs GmbH were permitted to subscribe these new shares and the preemptive subscription rights of the other shareholders were excluded in accordance with Article 6 of the Articles of Incorporation. Effective 1 February 2021, a lock-up and admission agreement for the subscription of shares of HanseYachts AG was concluded with AURELIUS Equity Opportunities SE & Co. KGaA. The subject matter of this agreement is the commitment of AURELIUS Equity Opportunities SE & Co. KGaA to observe a 12-month lock-up period during which the shares will not be admitted for trading on the stock exchange. In return, HanseYachts AG undertook to admit the 1,028,100 shares of the second tranche for trading on the stock exchange after the lock-up period. The 2,119,906 shares of the first tranche, of which 1,389,906 shares were allotted to AURELIUS Equity Opportunities SE & Co. KGaA and 730,000 shares to HY Beteiligungs GmbH, were immediately admitted for trading on the stock exchange.

The new shares issued under the cash capital increase and non-cash capital increase qualify fully for dividends for the 2020|2021 financial year.

Consequently, the share capital of HanseYachts AG was increased by a total of 3,536,768 shares to 5,691,695 shares in the 2020|2021 financial year.

## 5.10 — Research and development

The research and development expenses recorded separately in the cost accounting system of the parent company amounted to €4,084 thousand in the reporting period (PY: €4,072 thousand). This figure mainly includes personnel expenses and purchased services. Insofar as the recognition criteria for intangible assets ("development expenses") and technical equipment, plant and machinery/assets under construction ("production molds") were met, these expenses were capitalized within the item of internal production capitalized (€1,676 thousand, PY: €2,133 thousand). Therefore, a total amount of €2,408 thousand (PY: €1,939 thousand) was recognized as research and development expenses applied against the period result.

## 6 // NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 6.1 — Intangible assets

Intangible assets exhibited the following development:

| **2019\|2020** €'000 | | **Internally generated intangible assets** | **Industrial property rights and similar rights** | **Goodwill** | **Down payments made** | **Total** |
|---|---|---|---|---|---|---|
| Acquisition/ production cost | 1/7/2019 | 6,108 | 11,412 | 21,857 | 0 | **39,377** |
| Currency differences | | 0 | –11 | 0 | 0 | **–11** |
| Additions | | 1,262 | 323 | 249 | 62 | **1,896** |
| Reclassifications | | 0 | 0 | 0 | 52 | **52** |
| Changes in basis of consolidation | | 0 | 0 | 0 | 0 | **0** |
| Disposals | | 0 | 0 | 0 | –56 | **–56** |
| Acquisition/ production cost | 30/6/2020 | 7,370 | 11,724 | 22,106 | 58 | **41,258** |
| Amortization/ impairments | 1/7/2019 | 3,447 | 3,662 | 2,610 | 0 | **9,719** |
| Currency differences | | 0 | –5 | 0 | 0 | **–5** |
| Additions | | 848 | 429 | 11,650 | 0 | **12,927** |
| Write-ups | | 0 | 0 | 0 | 0 | **0** |
| Changes in basis of consolidation | | 0 | 0 | 0 | 0 | **0** |
| Disposals | | 0 | 0 | 0 | 0 | **0** |
| Amortization/ impairments | 30/6/2020 | 4,295 | 4,086 | 14,260 | 0 | **22,641** |
| **Net carrying amounts** | **1/7/2019** | **2,661** | **7,750** | **19,247** | **0** | 29,658 |
| **Net carrying amounts** | **30/6/2020** | **3,075** | **7,638** | **7,846** | **58** | 18,617 |

| 2020\|2021<br>€'000 | | Internally generated intangible assets | Industrial property rights and similar rights | Goodwill | Down payments made | Total |
|---|---|---|---|---|---|---|
| Acquisition/ production cost | 1/7/2020 | 7,370 | 11,724 | 22,106 | 58 | **41,258** |
| Currency differences | | 0 | 3 | 0 | 0 | **3** |
| Additions | | 912 | 305 | 0 | 408 | **1,625** |
| Reclassifications | | 0 | 446 | 0 | –229 | **217** |
| Disposals | | 0 | –223 | –66 | 0 | **–289** |
| Acquisition/ production cost | 30/6/2021 | 8,282 | 12,255 | 22,040 | 237 | **42,814** |
| Amortization/ impairments | 1/7/2020 | 4,295 | 4,086 | 14,260 | 0 | **22,641** |
| Currency differences | | 0 | –1 | 0 | 0 | **–1** |
| Additions | | 481 | 361 | 0 | 0 | **842** |
| Write-ups | | 0 | 0 | 0 | 0 | **0** |
| Disposals | | 0 | –74 | 0 | 0 | **–74** |
| Amortization/ impairments | 30/6/2021 | 4,776 | 4,372 | 14,260 | 0 | **23,408** |
| **Net carrying amounts** | **1/7/2020** | **3,075** | **7,638** | **7,846** | **58** | **18,617** |
| **Net carrying amounts** | **30/6/2021** | **3,506** | **7,883** | **7,780** | **237** | **19,406** |

**Internally generated intangible assets**
The production costs of development projects approved and budgeted by the management (sailing or motor yacht models) are presented in the item of internally generated intangible assets.

**Industrial property rights and similar rights**
The item of Industrial property rights and similar rights mainly includes brand values or rights to use brand values and licenses for the software used in the Group for production and administration.

As in the previous year, the brand values recognized in the consolidated statement of financial position (“Fjord”, “Moody”, “Dehler” and “Privilège”) were measured at their original or amortized cost totaling €7,061 thousand.

The temporally limited right to use the “Sealine” brand name granted under a separate license agreement was amortized on a straight-line basis over the minimum term of the license agreement until 31 December 2019. Since that time, the licensing agreement can be terminated or continued indefinitely.

In addition to the aforementioned trademark rights, the HanseYachts Group also holds the rights to the brands “Hanse”, “Varianta” and “Ryck”. The brands “Hanse”, “Dehler”, “Moody”, “Varianta”, and “Fjord” have been pledged as security for bank loans. The carrying amount of recognized brand rights serving as security is €7,061 thousand.

**Goodwill**
The goodwill attributed to TTS amounted to €2,000 thousand and the goodwill attributed to Privilège amounted to €5,772 thousand at the reporting date, unchanged from the previous year.

In case of an impairment, intangible assets are attributed to different cash-generating units (CGUs) and an impairment test is conducted at this level. This impairment test is based on the business plan over a planning period of three years and a subsequent perpetual annuity. Thus, the assessment is conducted on the basis of level 3 of the fair value hierarchy according to IFRS 13.

For the purpose of calculating the fair value less costs to sell, cash flows for the next four years were projected on the basis of past experience, current operating results, the management's best estimate of future developments and assumptions regarding the market. The parameters applied in the assessment may differ from the future development projected in the previous year due to different input factors resulting from reporting-date effects (e.g. interest rates, beta factors) and better knowledge.

The determination of fair value is based on differentiated assumptions regarding revenue growth in the detailed planning period. Based on today's knowledge, the Executive Board of HanseYachts AG expects that revenues will be much higher than the figure for the current reporting period. The Executive Board expects that the revenues of the Privilège CGU can also be increased considerably again. In addition to this revenue growth, the determination of the respective fair values was also based on assumptions regarding the gross profit margin and development of costs, which along with other expectations support the assumption that EBITDA will be substantially higher than the previous-year figure. Please refer to the forecast report for more information on this subject.

For the extrapolation of cash flows, an average growth rate of 1.0% (0.5% for the Privilège cash generating unit) was applied for the period of the perpetual annuity, unchanged from the previous year. The weighted average cost of capital (WACC) applied for the purpose of discounting future cash flows to present value was determined on the basis of market data, as in the previous year. On this basis, a WACC after taxes of 9.5% (PY: 10.8%) was determined at 30 June 2021, with the exception of the Privilège CGU.

The WACC after taxes applied for the purpose of discounting the future cash flows of the Privilège CGU was 9.2% (PY: 8.2%). The assets tested in the impairment test of the Privilège CGU particularly also included the goodwill of €5.8 million and the trademark rights of €3.2 million.

To validate the calculated fair values, sensitivity analyses were conducted for the three significant valuation parameters of weighted average cost of capital (WACC), revenues, and the EBITDA margin influenced by the purchased goods and services and personnel expenses ratio for each major cash-generating unit. The sensitivity analyses were performed individually for all significant factors so that a change in the recoverable amount of a cash-generating unit could only result from a decrease or increase in the respective factor.

The sensitivity analysis of the revenues factor was performed in consideration of the subsequent effects of this change on all other relevant variables used to measure the recoverable amount, so that a constant EBIT margin was assumed.

The impairment test of the Privilège goodwill and brand found that the fair value less costs to sell of the Privilège CGU exceeds the carrying amount of the Privilège CGU by €6.0 million. The fair value less costs to sell of the Privilège CGU would be equal to the carrying amount if the WACC after taxes were 15.3% instead of 9.2% or if a flat-rate discount of around 50% per year were applied to the planned revenues in the detailed planning period and in the perpetual annuity or if a flat-rate discount of 1.6% percentage points per year were applied to the EBITDA margin in the detailed planning period and in the perpetual annuity.

## 6.2 — Property, plant and equipment

The development of the individual items of property, plant and equipment is presented in the following statement of changes in non-current assets.

| **2019\|2020** €'000 | | **Land and buildings, including buildings on non-owned land** | **Technical equipment, plant and machinery** | **Other equipment, operational and office equipment** | **Down payments and assets under construction** | **Total** |
|---|---|---|---|---|---|---|
| Acquisition/ production cost | 1/7/2019 | 29,601 | 35,159 | 4,285 | 2,036 | **71,081** |
| 1st-time application IFRS 16 | 1/7/2019 | 1,653 | 48 | 378 | 0 | **2,079** |
| Currency differences | | –267 | –88 | –16 | –9 | **–380** |
| Additions | | 326 | 971 | 314 | 3,251 | **4,862** |
| Reclassifications | | 808 | 3,125 | 4 | –3,989 | **–52** |
| Disposals | | 0 | –140 | –225 | –16 | **–381** |
| Acquisition/ production cost | 30/6/2020 | 32,121 | 39,075 | 4,740 | 1,273 | **77,209** |
| Depreciation/ impairments | 1/7/2019 | 13,926 | 28,122 | 3,233 | 0 | **45,281** |
| Currency differences | | –132 | –49 | –7 | 0 | **–188** |
| Additions | | 1,502 | 3,184 | 570 | 0 | **5,256** |
| Reclassifications | | 0 | –138 | –223 | 0 | **–361** |
| Disposals | | 0 | 0 | 0 | 0 | **0** |
| Depreciation/ impairments | 30/6/2020 | 15,296 | 31,119 | 3,573 | 0 | **49,988** |
| **Net carrying amounts** | **1/7/2019** | **15,675** | **7,037** | **1,052** | **2,036** | **25,800** |
| **Net carrying amounts** | **30/6/2020** | **16,825** | **7,956** | **1,167** | **1,273** | **27,221** |

| **2020\|2021** €'000 | | **Land and buildings, including buildings on non-owned land** | **Technical equipment, plant and machinery** | **Other equipment, operational and office equipment** | **Down payments and assets under construction** | **Total** |
|---|---|---|---|---|---|---|
| Acquisition/ production cost | 1/7/2020 | 32,121 | 39,075 | 4,740 | 1,273 | **77,209** |
| Currency differences | | 40 | 21 | –4 | –8 | **49** |
| Additions | | 992 | 855 | 1,101 | 3,202 | **6,150** |
| Reclassifications | | 964 | 1,635 | 30 | –2,623 | **6** |
| Disposals | | –328 | –246 | –81 | –59 | **–714** |
| Acquisition/ production cost | 30/6/2021 | 33,789 | 41,340 | 5,786 | 1,785 | **82,700** |
| Depreciation/ impairments | 1/7/2020 | 15,296 | 31,119 | 3,573 | 0 | **49,988** |
| Currency differences | | –44 | –18 | –4 | 0 | **–66** |
| Additions | | 1,650 | 2,622 | 709 | 0 | **4,981** |
| Disposals | | –27 | –202 | –78 | 0 | **–307** |
| Depreciation/ impairments | 30/6/2021 | 16,875 | 33,521 | 4,200 | 0 | **54,596** |
| **Net carrying amounts** | **1/7/2020** | **16,825** | **7,956** | **1,167** | **1,273** | **27,221** |
| **Net carrying amounts** | **30/6/2021** | **16,914** | **7,819** | **1,586** | **1,785** | **28,104** |

Right-of-use assets are recognized within Property, plant and equipment by application of IFRS 16.

## Right-of-use assets

Right-of-use assets were recognized in the 2020|2021 financial year in accordance with IFRS 16. The development of these rights to use the leased assets and the allocation of these rights to the corresponding assets are presented in the table below:

| €'000 | Leasehold rights with buildings, including buildings on non-owned land | Technical equipment, plant and machinery | Other equipment, operational and office equipment | Total |
|---|---|---|---|---|
| Right-of-use assets at 6/30/2020 | 1,346 | 1,824 | 348 | **3,518** |
| Addition | 325 | 37 | 863 | **1,225** |
| Depreciation | –332 | –596 | –350 | **–1,278** |
| Disposal | –301 | 0 | 0 | **–301** |
| **Right-of-use assets at 6/30/2021** | **1,038** | **1,265** | **861** | **3,164** |

## Land and buildings

The acquisitions in financial year 2020|2021 related to new investments in buildings. An investment of €0.6 million in an undeveloped tract of land adjacent to the production areas of the TTS facility serves the purpose of possibly expanding production capacities in the future. Because the Group received no government grants in the reporting period, no amounts were deducted from the cost of the assets acquired in the reporting period. Grants received in previous years reduced the residual carrying amounts of the buildings by a total of €1,576 thousand at 30 June 2021 (PY: €1,874 thousand).

The land and buildings are subject to customary security interests furnished for loans. The carrying amount of the assets serving as security amounted to €13,856 thousand (PY: €15,710 thousand) on loans drawn down in the amount of €22,628 thousand (PY: €9,800 thousand).

## Technical equipment, plant and machinery

Including reclassifications, investments in technical equipment, plant and machinery totaled €2,490 thousand (PY: €4,096 thousand). They relate mainly to hull and deck molds for new boat models.

## Other equipment, operational and office equipment

Low-value assets with costs up to €250,00 are fully expensed in the year of acquisition for reasons of materiality.

## Assets under construction

Assets under construction mainly consist of machinery and equipment not yet accepted or not yet in a state of operational readiness (primarily production molds). These assets are initially presented as additions to Assets under construction and are then reclassified to Technical equipment, plant and machinery when the Production Mold Department reports them as being completed.

## 6.3 — Deferred taxes and income taxes

Deferred taxes were recognized in respect of the following balance sheet items:

| | 30/6/2021 | | 30/6/2020 | |
|---|---|---|---|---|
| €'000 | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Intangible assets | 0 | 1,331 | 0 | 1,114 |
| Property, plant and equipment | 211 | 851 | 596 | 729 |
| Receivables | (4) | 0 | 5 | 0 |
| Inventories | 305 | 0 | 282 | 0 |
| Other assets | 0 | 0 | 0 | 231 |
| Liabilities | 852 | 4 | 222 | 4 |
| Provisions | 121 | 0 | 655 | 0 |
| Tax loss carryforwards | 1,041 | 0 | 895 | 0 |
| Tax incentives | 925 | 0 | 0 | 0 |
| | 3,451 | 2,186 | 2,655 | 2,078 |
| Netting | (2,186) | (2,186) | (2,078) | (2,078) |
| | **1,265** | **0** | **577** | **0** |

Deferred tax liabilities in respect of intangible assets resulted exclusively from asset differences in capitalized development expenses.

Deferred tax liabilities in respect of property, plant and equipment relate to asset differences from currency translation at historical exchange rates of the assets of the Polish subsidiary, which is treated as an "integrated entity", and deferred taxes recognized in respect of right-of-use assets attributed to property, plant and equipment as a result of the application of IFRS 16.

In addition, deferred tax assets were recognized in respect of the lease liabilities accounted for in accordance with IFRS 16.

Deferred tax assets were recognized in respect of losses incurred in the 2020|2021 financial year in the amount of the excess of deferred tax liabilities over deferred tax assets on a company-specific basis. Further deferred tax assets were recognized in respect of the tax benefits granted to the Polish subsidiary for its activity within a special economic zone.

Insofar as the deferred tax assets and liabilities of consolidated companies were owed by and to the same tax authority, they were netted.

The deferred tax assets and deferred tax liabilities have the following expected maturities:

| | 30/6/2021 | | 30/6/2020 | |
|---|---|---|---|---|
| €'000 | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Current deferred taxes | 723 | 4 | 1,164 | 235 |
| Non-current deferred taxes | 2,728 | 2,182 | 1,491 | 1,843 |
| Netting | (2,186) | (2,186) | (2,078) | (2,078) |
| | **1,265** | **0** | **577** | **0** |

The temporary differences underlying the deferred taxes recognized in respect of current assets (receivables, forward transactions, inventories) and in respect of liabilities (with the exception of non-current lease liabilities) and provisions are expected to reverse within one year.

The income tax liabilities presented within liabilities relate to the expected tax liability for financial years that have not yet been assessed. The expected maturity is less than one year.

Income tax liabilities break down as follows:

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Domestic and foreign business taxes | | |
| Trade tax | 277 | 200 |
| Corporate income tax | 0 | 198 |
| Solidarity surcharge | 0 | 11 |
| | **277** | **409** |

## 6.4 — Inventories

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Unfinished goods | 20,834 | 18,540 |
| Raw materials and supplies | 14,459 | 9,881 |
| Finished goods and merchandise | 3,745 | 6,537 |
| Down payments made on inventories | 402 | 179 |
| | **39,440** | **35,137** |

Boats under production and plastic and furniture parts already processed under specific orders are presented within unfinished goods. Finished goods and merchandise relate to boats that are still owned by the Group. All boats are built to order or as trade show and exhibition boats. Merchandise consists of used boats. It is assumed that inventories turn over within 12 months in the normal course of business.

The writedowns of individual items of inventories break down as follows:

| | Raw materials and supplies | | Unfinished goods | | Finished goods and merchandise | | Down payments on inventories | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| €'000 | 2020\|21 | 2019\|20 | 2020\|21 | 2019\|20 | 2020\|21 | 2019\|20 | 2020\|21 | 2019\|20 | 2020\|21 | 2019\|20 |
| Acquisition or production cost | 16,202 | 11,212 | 21,352 | 19,847 | 3,745 | 6,578 | 402 | 179 | **41,701** | **37,816** |
| Writedowns | –1,743 | –1,331 | –518 | –1,307 | 0 | –41 | 0 | 0 | **–2,261** | **–2,679** |
| Carrying amount at 30/06 | 14,459 | 9,881 | 20,834 | 18,540 | 3,745 | 6,537 | 402 | 179 | **39,440** | **35,137** |

Writedowns to net realizable values consist of usability writedowns for raw materials and supplies and writedowns of unfinished goods and merchandise (used boats) to account for possible resale risks.

The change in writedowns of raw materials and supplies – as the net balance of additions, reversals and utilizations – is presented within purchased goods and services. This led to an increase (= “expense”) in purchased goods and services in the amount of €412 thousand in the reporting period (PY: expense of €293 thousand). In addition, an amount of €4 thousand is presented within the item of Other income.

The change in writedowns of unfinished and finished goods in the amount of €830 thousand (PY: €1,317 thousand) is included in the consolidated income statement in the Increase in inventories of finished and unfinished goods.

Customary security agreements (e.g. assignment of goods stored in specific places, assignment as security of boats, etc.) relating to raw materials and supplies, unfinished and finished goods, and used boats are in effect with the Group’s banks and a sales financing company. The carrying amounts of inventories serving as security amounted to €24,450 thousand (PY: €18,380 thousand).

## 6.5 — Trade receivables

| €’000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Trade receivables | 3,582 | 1,672 |
| less writedowns | –381 | –361 |
| | **3,201** | **1,311** |

As in the previous year, all trade receivables are due in less than one year and are mainly secured by boats, which are not delivered until the purchase prices are paid in full. For this reason, losses on receivables occur very rarely and when they do, they are marginal as a percentage of total assets (0.00% in 2020|2021; PY: 0.02%). The carrying amounts of receivables are equal to their fair values.

Expenses for writedowns of trade receivables and losses on receivables were incurred in the amount of €51 thousand in the reporting period (PY: €37 thousand).

Writedowns for default risks in trade receivables exhibited the following development:

| €’000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Balance on 1 July | 361 | 460 |
| Writedowns in the reporting period | | |
| Additions | 51 | 37 |
| Utilization | –18 | –107 |
| Reversals | –13 | –29 |
| **Balance on 30 June** | **381** | **361** |

These writedowns were calculated on the basis of past experience with payment defaults and the age structure of receivables.

Bank loans are secured by a blanket assignment of a part of total receivables. The carrying amounts of assets serving as security amounted to €2,512 thousand (PY: €1,034 thousand).

## 6.6 — Other assets

As in the previous year, other assets are expected to be due in less than one year.

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Other assets | | |
| Sales tax | 1,309 | 1,057 |
| Prepaid expenses | 1,136 | 1,001 |
| Vendors with debit balances | 77 | 49 |
| Miscellaneous | 273 | 1,126 |
| Writedowns | –152 | –152 |
| | **2,643** | **3,081** |

Prepaid expenses particularly include prepayments for participation in trade shows, insurance and license fees.

## 6.7 — Cash and cash equivalents

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Cash in banks | 16,719 | 9,914 |
| Cash on hand | 3 | 3 |
| | **16,722** | **9,917** |

The carrying amount of cash and cash equivalents is equal to the fair value. Cash in banks consists of sight deposits and overnight deposits payable on demand. Cash and cash equivalents totaling €300 thousand (PY: €412 thousand) are subject to restrictions on disposal.

## 6.8 — Equity

The development of equity is presented in the statement of changes in equity (Appendix 4).

**Subscribed capital**
At 30 June 2021, the fully paid-in share capital of HanseYachts AG amounted to €15,691,695.00. It is divided into 15,691,695 no-par shares with an imputed value of €1.00 per share. All shares are bearer shares.

The capital increases conducted against the Authorized Capital 2019 in the 2020|2021 financial year increased the share capital by €3,536,768.00 to €15,691,695.00.

Please refer to Note 5.9 for additional information on this subject.

**Authorized Capital**
At the annual general meeting of 5 December 2019, the Authorized Capital 2017 was cancelled and the Executive Board was authorized to increase the company's share capital by a nominal amount of up to €6,012,296.00 by issuing new shares in exchange for cash or non-cash capital contributions on one or more occasions in the time until 4 December 2024, with the consent of the Supervisory Board (Authorized Capital 2019). The cash capital increase conducted in the reporting period was entered in the Commercial Register in the amount of €389 thousand on 11 December 2020. The non-cash capital increase of €3,148 thousand was entered in the Commercial Register on 18 January 2021. The Authorized Capital amounted to €2,475,528 as of 30 June 2021. The modified Authorized Capital 2019 was entered in the Commercial Register on 18 January 2021.

In addition, the Executive Board was authorized, with the consent of the Supervisory Board, to exclude the preemptive subscription right of the shareholders by excluding fractional shares from the shareholders' subscription right if the new shares are issued in exchange for a cash capital contribution and if certain other conditions specified in Article 6 of the Articles of Incorporation are met or in case of a capital increase in exchange for a non-cash capital contribution or in order to be able to service potential warrant or conversion rights of creditors. Currently, no warrant and/or convertible bonds have been issued.

The Authorized Capital exhibited the following development:

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Authorized Capital at start of reporting period | 6,012 | 5,546 |
| Non-cash capital increase 2019 | 0 | –933 |
| Cash capital increase 2019 | 0 | –130 |
| Cash capital increase 2020 | –389 | 0 |
| Non-cash capital increase 2021 | –3,148 | 0 |
| Cancellation of Authorized Capital 2017 | 0 | –4,483 |
| Resolution of Authorized Capital 2019 | 0 | 6,012 |
| **Authorized Capital at end of reporting period** | **2,475** | **6,012** |

**Additional paid-in capital**
At the reporting date, the company had an additional paid-in capital reserve of €1,569 thousand, which was higher than the previous-year figure (€8,851 thousand) by €1,089 thousand as a result of the cash capital increase conducted in the reporting period and by €8,707 thousand as a result of the non-cash capital increase conducted in the reporting period minus the capital procurement costs. By resolution of 15/16 September 2021, the Executive Board resolved to utilize the additional paid-in capital reserve to proportionally offset the loss carried forward in observance of the regulations of Section 150 AktG. Therefore, the additional paid-in capital reserve at 30 June 2021 was reduced by €1,078 thousand to €1,569 thousand.

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Balance on 1 July 2020 | 8,851 | 3,664 |
| Share premium cash capital increase | 1,089 | 561 |
| Share premium non-cash capital increase | 8,814 | 4,684 |
| Less equity procurement costs | –107 | –58 |
| Utilization for proportional loss offset pursuant to Section 150 (4) AktG | –17,078 | 0 |
| **Balance at 30 June 2021** | **1,569** | **8,851** |

The additional paid-in capital reserve is subject to the restrictions of Section 150 AktG. Both capital increases were conducted against the Authorized Capital.

**Non-controlling interests**
Non-controlling interests comprise the minority interests in the consolidated equity of the consolidated subsidiary. They amounted to €–255 thousand at 30 June 2021 (PY: €–103 thousand). Non-controlling interests hold 2.57% of the equity of Privilège Marine SAS (PY: 2.57%).

The equity share is equal to the voting share. The shares of the consolidated loss attributed to non-controlling interests are presented in the statement of changes in equity. They amounted to €–152 thousand in the 2020|2021 financial year.

## 6.9 — Other provisions

The other provisions exhibited the following development in the reporting period:

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Warranties | 1,664 | 2,162 |
| Onerous contracts | 409 | 736 |
| Restructuring | 0 | 120 |
| | **2,073** | **3,018** |

The provisions for warranties relate to possible warranty work on boats that were sold in the warranty period and legal expenses related to warranty cases. Provisions are recognized both for specifically known individual cases and on the basis of past experience values.

The provisions for warranties for specifically known individual cases are measured on the basis of the expenses incurred in the past for comparable cases or on the basis of current cost estimates (e.g. cost estimates of appraisers). Upon being sufficiently concretized, the provisions for legal disputes are measured on the basis of alternative bids or court judgments or the judgment of the advising lawyers or employees of the company.

As a general rule, all liabilities are expected to be due in up to one year. Given the short-term nature of these liabilities, no cost increases or interest rate effects need to be considered.

## 6.10 — Other financial liabilities

The other financial liabilities comprise interest-bearing liabilities to banks and other outside lenders.

The breakdown of total financial liabilities by maturity at the reporting date is presented in the table below:

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Financial liabilities to banks and other lenders | | |
| up to 1 year | 6,861 | 19,671 |
| 1 to 5 years | 22,074 | 3,961 |
| | **28,935** | **23,632** |

Bank liabilities and other financial liabilities amounted to € 28,935 thousand at the reporting date (PY: € 23,632 thousand). They resulted from loans at fixed interest rates (€ 24,657 thousand, PY: € 11,300 thousand), and drawdowns on the current account facilities and sales financing credits (€ 4,278 thousand, PY: € 11,995 thousand).

The financial liabilities to related persons and companies are explained in Section 11.

Please refer to Section 9.2 for information on expected liquidity outflows, Section 9.3 for information on interest rate hedging and Section 9.5 for information on fair values.

Please refer to our comments in Sections 6.1., 6.2., 6.4., 6.5. and 6.7 for information on the assets serving as security for financial liabilities.

## 6.11 — Lease liabilities

Lease liabilities are measured at the present value of future lease payments. The rights of use resulting from leases are assets presented within property, plant and equipment. The minimum lease payments are derived from the present value as follows:

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Present value of lease payments | | |
| up to 1 year | 1,376 | 1,717 |
| 1 to 5 years | 1,850 | 2,216 |
| more than 5 years | 13 | 168 |
| | **3,239** | **4,101** |
| Interest portion | | |
| up to 1 year | 83 | 98 |
| 1 to 5 years | 86 | 83 |
| more than 5 years | 0 | 4 |
| | **169** | **185** |
| Minimum lease payments | | |
| up to 1 year | 1,459 | 1,815 |
| 1 to 5 years | 1,936 | 2,299 |
| more than 5 years | 13 | 172 |
| | **3,408** | **4,286** |

The lease liabilities resulted particularly from lease agreements for negative molds used for the production of fiberglass-reinforced plastic boat parts and from leased production areas.

The lease liabilities recognized at 30 June 2021 are presented in the table below:

| €'000 | IFRS 16 | Sale-and-Lease-Back | Total |
|---|---|---|---|
| Balance at 1/7/2020 | 2,800 | 1,301 | **4,101** |
| Additions | 1,468 | 0 | **1,468** |
| Payments | –1,467 | –489 | **–1,956** |
| Interest expenses | –70 | 0 | **–70** |
| Disposals | –304 | 0 | **–304** |
| **Balance at 30/6/2021** | **2,427** | **812** | **3,239** |

## 6.12 — Changes in liabilities from financing activities

The cash and non-cash changes in liabilities resulting from financing activities are reconciled in the table below. The reconciliation basically covers the borrowings for which cash inflows are presented in the cash flow from financing activities in the statement of cash flows.

| | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|
| €'000 | 1/7/2020 | Cash flows | Borrowing | 1st-time application IFRS 16 | Reclassifications | 30/6/2021 |
| Financial liabilities to banks | | | | | | |
| Non-current | 3,961 | 13,476 | 0 | 4,637 | 0 | 22,074 |
| Current | 19,671 | –8,173 | 0 | –4,637 | 0 | 6,861 |
| Liabilities under leases | 4,101 | –2,026 | 1,468 | 0 | –304 | 3,239 |
| | **27,733** | **3,277** | **1,468** | **0** | **–304** | **32,174** |

## 6.13 — Other liabilities

With the exception of down payments received, the liabilities presented below are due within one year, as in the previous year:

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Trade payables | 14,490 | 14,199 |
| Down payments received on account of orders | 41,206 | 25,166 |
| Liabilities to related persons and companies | 575 | 6,749 |
| Other liabilities | | |
| Personnel-related liabilities | 6,767 | 4,787 |
| Taxes | 663 | 1,076 |
| Customers with credit accounts | 419 | 414 |
| Other | 810 | 241 |
| | **8,659** | **6,518** |
| | **64,930** | **52,632** |

Down payments received consist of advance payments received from customers of HanseYachts on account of ordered sailing yachts, motor yachts and catamarans. They are due in less than or more than one year as indicated below.

Down payments received were completely presented within Current liabilities in the statement of financial position because they become due within the normal course of business.

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| Down payments received | | |
| Current | 36,939 | 25,166 |
| Non-current | 4,267 | 0 |
| | **41,206** | **25,166** |

Personnel-related liabilities mainly consist of other wage and salary liabilities in the amount of € 1,546 thousand (PY: € 1,772 thousand) and outstanding vacation claims and overtime hours in the amount of € 2,316 thousand (PY: € 1,712 thousand).

Please refer to our comments in Section 11 for information on liabilities to related persons and companies.

## 7 // NOTES TO THE STATEMENT OF CASH FLOWS

In the statement of cash flows, cash flows are divided into cash flow from operating activities, cash flow from investing activities and cash flow from financing activities. The effects of a change in the basis of consolidation in the individual line items are eliminated.

In the cash flow from operating activities, non-cash operating expenses and income and the result of equipment sales are eliminated. Interest income, interest expenses and income taxes paid are assigned to this category. The cash flow from operating activities is calculated by the indirect method.

The cash flow from investing activities includes cash investments in intangible assets and property, plant and equipment. The cash outflows for investments in non-current investments may differ from the acquisitions presented in the statement of changes in non-current assets if the items were financed or if government grants were deducted from the cost of purchased assets, provided that the subsidized assets are already in operational use at the time of origination of the claim to the grants.

The cash flow from financing activities comprises the amounts borrowed and repaid on account of financial liabilities, as well as liabilities under finance leases and the proceeds from the cash capital increase.

The composition of cash and cash equivalents is presented below the statement of cash flows. Please refer to our comments in Section 6.7. for information on bank balances subject to restrictions on disposal.

Only the current account facilities that are repayable on demand and are an integral component of cash management, as evidenced by the regularly fluctuating balance of debit and credit balances, are included in cash and cash equivalents. Because the current account liabilities do not usually fluctuate, they rather serve the purpose of financing the company and are therefore not included in the cash and cash equivalents presented in the statement of cash flows, in accordance with IAS 7.8.

Therefore, the cash and cash equivalents only comprise the cash balances and cash on hand presented in the statement of financial position.

## 8 // NOTES TO THE SEGMENT REPORT

Sales of sailing yachts represent the largest share of revenues, at around 62% (PY: 62%). Please refer to our comments in Section 5.1 for information on the segmentation of revenues by product groups. For the reasons stated in Section 4.20, revenues are not further segmented by operating segments.

The segmentation by geographical regions is presented in the table below.

Revenues are allocated to regions on the basis of the customer's registered head office and the other key figures are allocated on the basis of the registered head office of the Group company.

| **Revenues** | **2020\|2021** €'000 | **2019\|2020** €'000 | **Change** €'000 | **Change** % |
|---|---|---|---|---|
| Germany | 32,842 | 33,494 | –652 | –1.9 |
| United States | 13,209 | 12,319 | 890 | 7.2 |
| France | 9,436 | 10,646 | –1,210 | –11.4 |
| Turkey | 8,211 | 4,176 | 4,035 | 96.6 |
| Netherlands | 6,788 | 7,941 | –1,153 | –14.5 |
| United Kingdom | 5,858 | 6,930 | –1,072 | –15.5 |
| Rest of Europe | 27,535 | 47,505 | –19,970 | –42.0 |
| Rest of world (excluding Europe) | 16,875 | 5,374 | 11,501 | 214.0 |
| **Total** | **120,754** | **128,385** | **–7,631** | **–5.9** |

| **Non-current assets** | **2020\|2021** €'000 | **2019\|2020** €'000 | **Change** €'000 | **Change** % |
|---|---|---|---|---|
| Germany | 35,007 | 28,478 | 6,529 | 22.9 |
| Poland | 10,354 | 9,784 | 570 | 5.8 |
| France | 3,361 | 8,108 | –4,747 | –58.5 |
| United States | 53 | 45 | 8 | 17.8 |
| **Total** | **48,775** | **46,415** | **2,360** | **5.1** |

## 9 // MANAGEMENT OF FINANCIAL RISKS

### 9.1 — Default and credit risks

Default and credit risk refers to the risk of insolvency of a contractual partner, as well as credit risks from financial investments or derivative financial instruments. The HanseYachts Group is basically only exposed to the risk of insolvency of dealers and their end customers.

To minimize this default risk, the Group charges down payments to the dealers or their end customers until an ordered sailing yacht or motor yacht or catamaran is completely built, as a general rule. These down payments are credited to the agreed purchase price. The yacht is physically delivered only after the purchase price has been received in full, as a general rule, regardless of whether the revenue is recognized at the same time or earlier. Exceptions to this rule require the approval of the Executive Board.

Most other financial assets are owed by government authorities. The Group holds its money in banks with high credit ratings.

As in the previous year, the maximum default risk at the reporting date was equal to the sum of the carrying amounts of the trade receivables, receivables from related companies, other assets, and cash and cash equivalents presented in the statement of financial position.

## 9.2 — Liquidity risk

Liquidity risk is the risk that the Group may not be able to fulfill its financial obligations when due. The HanseYachts Group conducts short-term to medium-term financial planning to manage and control its liquidity. With the support of this instrument, short-term liquidity was assured at all times on the basis of operating cash flow, the current account facilities provided by the banks, and the Group's cash and cash equivalents.

The Group conducts short-term financial planning to ensure that sufficient resources are available at call to cover the expected payments, including the amounts required to service financial liabilities.

The undiscounted gross payment outflows (interest and principal payments) for financial liabilities break down as follows:

| | | | thereof | | |
|---|---|---|---|---|---|
| €'000 | | | **Up to 1 yr** | **1 to 5 yrs** | **> 5 yrs** |
| Financial liabilities | | 30,396 | 7,472 | 22,924 | 0 |
| | (PY) | (24,125) | (20,097) | (4,028) | (0) |
| Lease liabilities | | 3,408 | 1,459 | 1,936 | 13 |
| | (PY) | (4,286) | (1,815) | (2,299) | (172) |
| Trade payables | | 14,490 | 14,490 | 0 | 0 |
| | (PY) | (14,199) | (14,199) | (0) | (0) |
| Liabilities to related companies | | 575 | 575 | 0 | 0 |
| | (PY) | (13,334) | (6,909) | (6,425) | 0 |
| Other liabilities | | 419 | 419 | 0 | 0 |
| | (PY) | (414) | (414) | (0) | (0) |
| | | **49,288** | **24,415** | **24,860** | **13** |
| | **(PY)** | **(56,358)** | **(43,434)** | **(12,752)** | **(172)** |

The cash outflows for lease liabilities, liabilities to related companies, and drawdowns on current account facilities (€3,884 thousand, PY: €11,202 thousand), which are presented within financial liabilities, include the interest components allocable to them. When interest payments are based on variable parameters, the undiscounted amount was calculated on the basis of the yield curve at the end of the reporting period.

In the previous year, financial liabilities included loans for which financial covenants were not fulfilled as of 30 June 2020, for which reason these loans were presented as current liabilities (€6,780 thousand). The banks declared by date of 11 August 2020, 24 September 2020 and 16 June 2021 that they would tolerate non-fulfillment of the covenant and not derive any rights from the non-fulfillment. In the previous year, therefore, the additional gross cash outflows for interest amounted to €221 thousand in the subsequent year and another €129 thousand in the time until the final maturity of the loans.

Moreover, unused credit account facilities amounted to €5,616 thousand at the reporting date (PY: €797 thousand).

## 9.3 — Interest rate risk

The debt financing of the HanseYachts Group mainly consisted of bank loans at fixed interest rates in the reporting period. The loans granted by the majority shareholder also feature fixed interest rates. There is no interest rate risk in these loans.

The interest expenses incurred on financial instruments in the categories of “Loans and receivables”, “Financial liabilities measured at amortized cost” and “Financial liabilities/assets measured at fair value through profit and loss” in the reporting period totaled €1,347 thousand (PY: €1,479 thousand).

**Interest rate sensitivity analysis**
Financial instruments at fixed interest rates are measured at amortized cost and are therefore not subject to interest rate sensitivity within the meaning of IFRS 7.

An interest rate analysis was not conducted because there are no liabilities in the HanseYachts Group that bear interest at variable interest rates.

## 9.4 — Currency risk

Currency risk refers to the risk of changes in value of balance sheet items caused by changes in exchange rates. For the HanseYachts Group, this risk is particularly present in exchanges of goods and services with dealers outside of the Eurozone for which payment is rendered in U.S. dollars.

Based on a plan of expected U.S. dollar inflows, HanseYachts purposefully sells U.S. dollars forward at the expected date of receipt of payment, as needed to hedge against any negative exchange rate effects. There was one pending USD forward exchange transaction with a low positive market value at the reporting date of 30 June 2021 (PY: no pending USD forward exchange transaction).

Trade receivables denominated in a foreign currency amounted to €22 thousand at the reporting date (PY: €26 thousand). This amount corresponds to 0.7% of total trade receivables (PY: 2%). The Group has receivables in the following currencies:

| €’000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| USD – Trade receivables | 10 | 24 |
| PLN – Trade receivables | 12 | 2 |
| | **22** | **26** |

A 10% appreciation or depreciation of foreign currency receivables against the euro at the reporting date would have an effect of €–2 thousand (PY: €5 thousand) or €3 thousand (PY: €–4 thousand), respectively, on the consolidated profit and equity. In addition, the Polish subsidiary is exposed to a currency risk due to the fact that exchanges of goods and services with HanseYachts AG are billed in euros.

At the reporting date, the Group had foreign currency liabilities in the following currencies:

| €'000 | 30/6/2021 | 30/6/2020 |
|---|---|---|
| PLN – Trade payables | 2,017 | 1,154 |
| USD – Trade payables | 29 | 141 |
| GBP – Trade payables | 0 | 17 |
| | **2,046** | **1,312** |

At the reporting date, a 10% appreciation or depreciation of foreign currency liabilities against the euro would have an effect of €–251 thousand (PY: €–146 thousand) or €205 thousand (PY: €119 thousand), respectively, on consolidated profit and equity.

## 9.5 — Fair values

The fair values of the financial assets and liabilities recognized in the consolidated statement of financial position are measured on the basis of available market information, as a general rule. The fair values of interest rate swap contracts and forward exchange transactions are measured by application of recognized mathematical methods on the basis of market information available at the calculation date. Stock exchange price information is available for the bond liabilities.

| | | 30/6/2021 | | 30/6/2020 | |
|---|---|---|---|---|---|
| €'000 | Category per IFRS 9 | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | | |
| **Current financial assets** | | 3,278 | 3,278 | 1,360 | 1,360 |
| Trade receivables | aac | 3,201 | 3,201 | 1,311 | 1,311 |
| Other receivables | aac | 77 | 77 | 49 | 49 |
| **Total financial assets** | | **3,278** | **3,278** | **1,360** | **1,360** |
| **Financial liabilities** | | | | | |
| **Non-current financial liabilities** | | 23,937 | 24,023 | 11,410 | 11,497 |
| Bank loans and other loans | flac | 22,074 | 22,074 | 3,961 | 3,961 |
| Leases | flac | 1,863 | 1,949 | 2,384 | 2,471 |
| Liabilities to related persons | flac | 0 | 0 | 5,065 | 5,065 |
| **Current financial liabilities** | | **23,722** | **23,805** | **42,750** | **42,848** |
| Trade payables | flac | 14,490 | 14,490 | 14,199 | 14,199 |
| Bank loans, current account credits and other loans | flac | 6,861 | 6,861 | 19,671 | 19,671 |
| Leases | flac | 1,376 | 1,459 | 1,717 | 1,815 |
| Liabilities to related persons | flac | 576 | 576 | 6,749 | 6,749 |
| Other current liabilities | flac | 419 | 419 | 414 | 414 |
| **Total financial liabilities** | | **47,659** | **47,828** | **54,160** | **54,345** |

aac = Financial assets measured at amortized cost
flac = Financial liabilities measured at amortized cost
lafv = Financial liabilities at fair value through profit or loss

Due to the short terms, the carrying amounts of current financial assets and liabilities are largely identical to their fair values.

Because the interest rates of non-current financial assets and liabilities are market interest rates and the volumes are relatively manageable, the fair values are equal to the carrying amounts in this case as well.

The net results of financial assets and liabilities recognized in the income statement break down as follows:

| **2020\|2021** €'000 | Measurement Category | | | |
|---|---|---|---|---|
| | **aac** | **flac** | **lafv** | **Total** |
| Exchange rate gains | 0 | 0 | –26 | **–26** |
| Writedowns and losses on receivables | –41 | 0 | 0 | **–41** |
| Derecognition of liabilities | 0 | 976 | 0 | **976** |
| | **–41** | **976** | **–26** | **909** |

| **2019\|2020** €'000 | Measurement Category | | | |
|---|---|---|---|---|
| | **aac** | **flac** | **lafv** | **Total** |
| Exchange rate gains | 0 | 0 | –40 | **–40** |
| Writedowns and losses on receivables | –24 | 0 | 0 | **–24** |
| Derecognition of liabilities | 0 | 682 | 0 | **682** |
| | **–24** | **682** | **–40** | **618** |

## 9.6 — Capital management

The Executive Board follows the basic principle of maintaining a stable capital base and ensuring adequate liquidity at all times. In this regard, a strong emphasis was placed on additional measures to improve liquidity management and optimize the financing structure in the reporting period. The most important key indicator in this regard is net working capital (current assets minus trade payables to suppliers).

The HanseYachts Group relies on an internal monthly reporting system to manage capital and liquidity. The reports intended for the Executive Board include a short-term consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows, on the basis of which the key indicators used for the purpose of capital and liquidity management (e.g. equity ratio, working capital, cash and cash equivalents) are monitored. In addition, a short-term to medium-term cash flow plan is derived from the integrated business plan. By means of this cash flow plan, the Group ensures that sufficient liquidity is available at all times to cover expected payments when due.

As part of the liquidity management system, the Finance Department also monitors daily cash receipts and payments, prepares weekly liquidity forecasts, analyzes the available financing resources (cash and cash equivalents plus available financing facilities), and monitors receivables from customers and payables to suppliers. Please also refer to our comments in Section 1.4 of the Group management report for additional information on the design of the internal management system.

To finance its operations, HanseYachts AG has taken out long-term state-guaranteed loans from three banks for an amount of € 13.0 million, bearing interest at an average rate of 3.1% p.a., which will be repaid over the term and with the exception of 30% final installments. The loans granted by the banks are partially dependent on compliance with financial covenants (mainly the ratio of adjusted net debt to adjusted EBITDA), which are calculated on the basis of the consolidated financial statements of HanseYachts prepared in accordance with International Financial Reporting Standards (IFRS). A breach of financial covenants could give rise to an extraordinary right of termination for two of the three lending banks after a 3-month cure period. The financial covenants were not fulfilled at 30 June 2021; in view of the foreseeable economic effects of the coronavirus pandemic on the earnings situation of HanseYachts, the two banks declared before the reporting date that they will suspend the net debt ratio covenant or tolerate the non-fulfillment of covenants and not derive any rights from this non-fulfillment.

### 9.7 — Writedowns of financial assets

Writedowns of current financial assets are only charged in the case of trade receivables. In particular, these writedowns are individual value adjustments and general value adjustments to a minor extent. Please refer to our comments in Section 6.5.

## 10 // GUARANTEES, CONTINGENT LIABILITIES, OTHER FINANCIAL COMMITMENTS AND LEGAL DISPUTES

### 10.1 — Guarantees and contingent liabilities

The Group maintains a financing program with an independent sales financing company for a total amount of € 16,690 thousand (PY: € 14,140 thousand), by which dealers can finance purchases of their boats from HanseYachts AG. Under certain conditions, HanseYachts AG may be required to repurchase the boats financed with the financing program if participating dealers do not fulfill their obligations to the sales financing company.

Given that the agreements with the sales financing company specify an initial resale phase for the boats pledged as security to the sales financing company and only part of the purchase price of a boat is financed with this program, the Group expects only a minor risk of having to fulfill possible repurchase obligations or default guarantees on behalf of the sales subsidiaries.

Because the main risks of receivables are transferred by virtue of the above-mentioned sales financing agreements, receivables from customers with a nominal volume of € 1,149 thousand (PY: € 3,284 thousand) were derecognized at the reporting date.

There were no other guarantees and no other contingent liabilities to third parties at the reporting date.

### 10.2 — Other financial commitments

The Group has purchase commitments totaling € 15,849 thousand (PY: € 1,821 thousand). The substantial increase from the previous year resulted particularly from the high level of orders, in reaction to which the Procurement Department changed its ordering behavior. Due to the globally disrupted supply chains in the reporting period, HanseYachts ordered purchased parts and raw materials much earlier than in the previous years in order to have the required materials in stock when yachts are scheduled for production.

### 10.3 — Legal disputes

HanseYachts AG or one of its Group companies are involved in legal disputes with both suppliers and customers in the course of their current business activities.

Legal disputes with customers usually have to do with claims for compensation for defects and loss of use or claims for the rescission of purchase agreements. The amounts in dispute in litigation with customers depend inter alia on the purchase prices for the boats in question, which range from approx. €0.1 million to approx. €3.0 million for sailing and motor yachts. The provisions recognized for legal disputes are usually considerably lower than the amounts in dispute.

Based on past experience, the Group believes that the risk of possible damages under legal disputes are completely covered by the provisions that have been recognized for this purpose.

Please refer to our comments in Section 6.9 for information on the measurement of provisions.

## 11 // DEALINGS WITH RELATED COMPANIES AND PERSONS

According to IAS 24, persons or companies that are significantly influenced by the reporting entity or that can exert significant influence over the reporting entity must be disclosed if they are not already included in the consolidated financial statements as consolidated companies.

Members of the Executive Board and Supervisory Board can basically be considered as related persons of the HanseYachts Group. In addition, members of the Executive Board and Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, in whose consolidated financial statements HanseYachts AG is included, can be considered as related persons. Therefore, related companies are particularly the companies included in the basis of consolidation of AURELIUS Equity Opportunities SE & Co. KGaA.

Transfer prices for intercompany exchanges of goods and services are set on a fair market basis. Under the circumstances known at the time of conducting transactions, HanseYachts AG received appropriate consideration.

As in the previous year, no receivables from related persons or companies were doubtful or uncollectable in the reporting period.

**Executive Board**
The following persons were members of the Executive Board of HanseYachts AG in the 2020|2021 financial year:
— Dr. Jens Gerhardt, Hamburg, Executive Board member in charge of Sales and Quality
— Sven Göbel, Naumburg, Executive Board member in charge of Finance and Production

The compensation granted to the Executive Board for the 2020|2021 financial year amounted to €627 thousand. This figure includes variable compensation components of €308 thousand, which were not yet disbursed in the past financial year.

In addition, the company recognized provisions for variable compensation components for previous years in the amount of €66 thousand. The company also recognized income from the reversal of provisions for compensation granted in previous years that will no longer be disbursed in the amount of €245 thousand.

Based on a resolution of the annual general meeting of 25 November 2020, the company exercises the exemption allowed in Section 286 para. 5 HGB regarding disclosure of the compensation of each individual Executive Board member.

In the course of the cash capital increase conducted in the reporting period, the two Executive Board members subscribed 61,210 shares at the regular subscription price of €3.80 per share.

In addition, Dr. Gerhardt purchased 3,690 shares of HanseYachts AG in October 2020.

The following persons were members of the **Supervisory Board** in the 2020|2021 financial year:

— Gert Purkert, Munich, member of the Executive Board of AURELIUS Equity Opportunities SE & Co. KGaA, Chairman of the Supervisory Board
  Other mandates:
  — Aurelius Beteiligungsberatungs AG, Munich (Chairman),
  — Aurelius Portfolio Management AG, Munich (Chairman),
  — Aurelius Transaktionsberatungs AG, Munich (Chairman),
  — AUREPA Management AG, Munich (Chairman),

— Dr. Frank Forster, Munich, Staff Lawyer of AURELIUS Equity Opportunities SE & Co. KGaA, Vice Chairman of the Supervisory Board
  Other mandates:
  — Aurelius Portfolio Management AG, Munich

— Fritz Seemann, Düsseldorf, member of the Executive Board of AURELIUS Equity Opportunities SE & Co. KGaA
  Other mandates:
  — Aurelius Portfolio Management AG, Munich (Vice Chairman),
  — Aurelius Beteiligungsberatungs AG, Munich
  — AURELIUS Transaktionsberatungs AG, Munich (since 24 September 2020)

— Dr. Martin Schoefer, Munich, member of the Executive Board of AURELIUS Beteiligungsberatungs AG
— Alexander Herbst, Trassenheide, employee representative on the Supervisory Board
— Rene Oestreich, Mölschow, employee representative on the Supervisory Board

The Supervisory Board received compensation of €54 thousand in the reporting period.

**Business dealings with companies of the Aurelius Group**
In addition to the aforementioned compensation of the members of the Executive Board and Supervisory Board, the following business dealings were conducted with companies of the Aurelius Group:

| Financial Year 2020\|2021<br>€'000 | Income | Expenses | Rcvbls<br>30/6/2021 | Pybls<br>30/6/2021 |
|---|---|---|---|---|
| Consulting (incl. travel expenses) | 0 | 541 | 0 | 0 |
| License fees and lease payments | 0 | 331 | 0 | 0 |
| Loans | 0 | 371 | 0 | 0 |
| Other exchanges of goods and services | 0 | 10 | 0 | 575 |

| Financial Year 2019\|2020<br>€'000 | Income | Expenses | Rcvbls | Pybls |
|---|---|---|---|---|
| | | | 30/6/2020 | |
| Consulting (incl. travel expenses) | 0 | 233 | 0 | 0 |
| License fees and lease payments | 0 | 514 | 0 | 0 |
| Procurement cooperation | 73 | 0 | 0 | 0 |
| Loans | 0 | 681 | 0 | 10,900 |
| Other exchanges of goods and services | 0 | 10 | 0 | 914 |

**Consulting (including travel expenses)**
Consulting expenses were incurred in the full amount for consulting services provided by AURELIUS Equity Opportunities SE & Co. KGaA, AURELIUS Beteiligungsberatungs AG and Aurelius Portfolio Management AG to HanseYachts AG.

**License fees and lease payments**
AURELIUS Active Management GmbH provides molds for the production of the specialized boats of the “Sealine” brand and the “Sealine” brand name and production know-how to HanseYachts AG. This is done under a license agreement that leads to the above-mentioned expenses and the corresponding liabilities for license fees.

All the liabilities incurred for payment of consulting services and license fees are current.

By assignment agreement of 21 October 2020, AURELIUS Active Management GmbH assigned license fee claims of €859 thousand to AURELIUS Equity Opportunities SE & Co. KGaA. These license fee claims amounting to €828 thousand had been contributed to HanseYachts AG in connection with the capital increase described in the section “Non-cash capital increase”.

**Variable purchase price liability for Privilège Marine Holding GmbH**
On 28 June 2019, HanseYachts AG purchased 100% of the equity interests in Privilège Marine Holding GmbH, which in turn held 97.43% of the equity in the French company Privilège Marine SAS, from the related party HY Beteiligungs GmbH. The agreed cash purchase price was €500 thousand plus a variable purchase price component not to exceed €600 thousand, which HY Beteiligungs GmbH waived as part of an agreement dated 27 November 2020. As consideration for the waiver, HanseYachts AG undertook to make a one-time payment of €534 thousand. Because the amount of the earn-out agreement had originally been determined on the basis of a business plan for the financial years 2019|2020 to 2022|2023 followed by a perpetual annuity and the risk associated with the long period of time was eliminated by the waiver and the immediately due one-time payment, a discount of €66 thousand was agreed. The claim of HY Beteiligungs GmbH resulting from this agreement was contributed to HanseYachts AG in the full amount as part of the capital increase described in the section “Non-cash capital increase”.

**Loans**
At the beginning of the financial year, loan liabilities plus the interest liabilities accrued on the corresponding loans in the total amount of €10,300 thousand were owed to various companies of the Aurelius Group. Additional interest expenses totaling €371 thousand were incurred in connection with these loans in the past financial year.

With regard to the loan agreement for €2,000 thousand in effect with HY Beteiligungs GmbH, it was agreed in the loan maintenance agreement of 20 July 2020 that no interest and principal payments will be payable to HY Beteiligungs GmbH until 30 June 2026. By capital contribution agreement of 30 November 2020 and with effect as of 8 December 2020, this loan claim of HY Beteiligungs GmbH, including interest of €240 thousand accrued until this time, was contributed to HanseYachts AG in connection with the capital increase described in the section “Non-cash capital increase”.

With regard to the loan agreements for a total amount of €3,000 thousand in effect with AURELIUS Equity Opportunities SE & Co. KgaA, it was agreed in the loan maintenance declaration of 22 July 2020 that no interest and principal payments will be payable to AURELIUS Equity Opportunities SE & Co. KGaA until 30 June 2026. By capital contribution agreement of 30 November 2020 and with effect as of 8 December 2020, these loan claims of AURELIUS Equity Opportunities SE & Co. KgaA, including interest of €1,010 thousand accrued until this time, were contributed to HanseYachts AG in connection with the capital increase described in the section "Non-cash capital increase".

By assignment agreement of 21 October 2020, AURELIUS Finance Company Limited and AURELIUS Equity Opportunities SE & Co. KGaA agreed to assign the claim against HanseYachts AG for loans totaling €4,175 thousand, including accrued interest of €176 thousand, to AURELIUS Equity Opportunities SE & Co. KGaA. These claims resulted from a loan agreement concluded on 22 October 2019 and extended on 30 June 2020, for which a loan maintenance declaration had been issued by date of 22 July 2020, according to which no interest and principal payments will be payable by HanseYachts AG until 30 June 2026. After the assignment described above, these loan claims were contributed in the full amount to HanseYachts AG in connection with the capital increase described in the section "Non-cash capital increase".

The loan commitment for €1,500 thousand issued by AURELIUS Company Limited by date of 30 June 2020 remains in effect without changes and has not been utilized to date.

Thus, all liabilities for loans to the Aurelius Group were converted into equity in the reporting period in the course of the non-cash capital increase in exchange for the granting of shares (debt for equity swap); see also the following remarks on the subject of the "Non-cash capital increase".

**Non-cash capital increase**
By capital contribution agreement of 30 November 2020, Aurelius Equity Opportunities SE & Co. KGaA and its subsidiary HY Beteiligungs GmbH contributed payment claims totaling €9,188 thousand and €2,774 thousand, respectively, and in exchange HanseYachts AG granted 2,418,006 and 730,000 bearer shares, respectively, for an issue price of €1.00 per new share in the past financial year. These are the liabilities explained in the sections "Loans", "Variable purchase price liability for Privilège Marine Holding GmbH" and "License fees and lease payments".

By lock-up and admission agreement of 1 February 2021, Aurelius Equity Opportunities SE & Co. KGaA waived the right to trade 1,028,100 shares (second tranche) for a period of 12 months. The 2,119,906 shares of the first tranche, of which 1,389,906 shares were allotted to AURELIUS Equity Opportunities SE & Co. KGaA and 730,000 shares to HY Beteiligungs GmbH, were immediately admitted for trading on the stock exchange. As a result of this non-cash capital increase, the share capital was increased from €12,543,689.00 to €15,691,695.00 with effect as of 18 January 2021.

**Other disclosures**
In addition to the disclosures above, the company voluntarily discloses, where applicable, that the Chairman of the Supervisory Board and the members of the Executive Board are shareholders of a company in Germany whose business object is the chartering of sailing and motor yachts.

The boats intended for chartering are purchased by an external dealer of HanseYachts AG who purchases the boats from HanseYachts AG and charters the boats in exchange for a fee. The dealer ordered one boat from HanseYachts AG in the 2020|2021 financial year (PY: no boat).

In addition, one Executive Board member holds an atypical silent partnership interest of 10% in another charter company with an identical business model to the one described above. The external dealer ordered two boats (PY: 12 boats) from HanseYachts AG.

**Reproduction of the notifications pursuant to Section 160 (1) no. 8 AktG**
As of the reporting date, the following equity interests held in the parent company were notified pursuant to Section 33 (1) WpHG and published in the following wording pursuant to Section 40 (1) WpHG:

— AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, Germany, notified HanseYachts AG on 14 January 2021 that the voting rights share held by it in HanseYachts AG, Ladebower Chaussee 11, 17493 Greifswald, was 74.39% (that being 9,331,621 voting rights) on 11 December 2020. Of this total, 28.43% of voting rights (that being 3,566,005 voting rights) are directly attributable to it. The voting rights attributed to it are held by the following company controlled by it, which holds 3% or more of the voting rights: HY Beteiligungs GmbH.

— AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, Germany, notified HanseYachts AG on 18 January 2021 that the voting rights share held by it in HanseYachts AG, Ladebower Chaussee 11, 17493 Greifswald, was 79.53% (that being 12,479,627 voting rights) on this date. Of this total, 38.13% of voting rights (that being 5,984,011 voting rights) are directly attributable to it. The voting rights attributed to it are held by the following company controlled by it, which holds 3% or more of the voting rights: HY Beteiligungs GmbH.

The above-mentioned voting rights shares may have changed after the indicated dates if the changes were not subject to the notification requirement. Because the company's shares are bearer shares, such changes are generally known to HanseYachts AG only when the changes are subject to the notification requirement.

## 12 // DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE

The Declaration of Conformity with the German Corporate Governance Code prescribed by Section 161 AktG has been issued and made permanently available on our website (*https://www.hanseyachtsag.com/de/investor-relations/corporate-governance/*) as part of the Corporate Governance Statement pursuant to Section 315d HGB.

## 13 // FEE FOR THE INDEPENDENT AUDITOR (DISCLOSURE PURSUANT TO SECTION 314 PARA. 1 NO. 9 HGB)

The fee for the independent auditor breaks down as follows:

| €'000 | 2020\|2021 | 2019\|2020 |
|---|---|---|
| Auditing services | 372 | 236 |
| Other consulting services | 31 | 15 |
| | **403** | **251** |

The auditing services pertained to the audit of the separate and consolidated financial statements of HanseYachts AG (including expenses). The auditing services include expenses for previous years in the amount of €62 thousand.

The auditing services also pertained to the audit of the interim financial statements at 31 December 2020 for purposes of the inclusion of the HanseYachts Group financial statements in the overarching consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA.

## 14 // EVENTS AFTER THE REPORTING DATE

After the reporting date, HanseYachts extended a current account facility for an amount of €3.0 million that had been granted to the operating Polish subsidiary TTS, the contractual term of which ended in September 2021, in the same amount to 14 September 2022.

Beyond the foregoing, no transactions that would have a material effect on the financial position, cash flows and financial performance have occurred.

## 15 // RELEASE FOR PUBLICATION

The Executive Board of HanseYachts AG released the consolidated financial statements for submission to the Supervisory Board on 30 September 2021. The Supervisory Board is tasked with reviewing the consolidated financial statements and declaring whether it approves the consolidated financial statements.

Greifswald, 30 September 2021

The Executive Board

Dr. Jens Gerhardt Sven Göbel


RYCK boats are true all-rounders. Based on a super-hydrodynamic hull design, a RYCK can be completely tailored to your needs. Whether you take it swimming or diving; visiting a waterside city; or for a Norway trip — you are always well-equipped with a RYCK! Its modern, sporty look fits every occasion and guarantees you admiring looks. But the RYCK is not just in a class of its own aesthetically — it also sets standards in handling and safety, making it ideal for beginners large and small. A smooth journey from purchase through construction to delivery is guaranteed by a big name. The brand belongs to HanseYachts AG, one of the largest series yacht builders in the world.


THE NEW BRAND
OF HANSEYACHTS AG
Dynamic design, highest quality and a maximum of individualisations possible. That's what RYCK powerboats stand for. The first model of HanseYacht AG's new power yacht brand, the RYCK 280, will be presented at Cannes Yachting Festival in 2021.
RYCK

# RESPONSIBILITY STATEMENT

We hereby affirm to the best of our knowledge and in accordance with the applicable financial reporting principles for interim financial reporting, the consolidated interim financial statements provide a true and fair view of the Group's financial position, cash flows and financial performance, and that the interim Group management report provides a true and fair view of the Group's business performance, including its results, and the Group's situation, together with a description of the Group's principal risks and opportunities in the remainder of the financial year.

Greifswald, 30 September 2021

The Executive Board

Dr. Jens Gerhardt Sven Göbel

# AUDIT REPORT OF THE INDEPENDENT AUDITOR

The Audit Report reproduced in the following also includes a “Report on the audit of the electronic reproductions of the consolidated financial statements and the Group management report prepared for purposes of publication pursuant to Section 317 (3a) HGB” (“ESEF Report”). The audit subject of the ESEF Report (the ESEF Documents to be audited) is not attached hereto. The audited ESEF Documents can be viewed in and retrieved from the German Federal Gazette (Bundesanzeiger).

To HanseYachts AG, Greifswald

## Report on the audit of the consolidated financial statements and the Group management report

**Audit opinions**
We audited the consolidated financial statements of **HanseYachts AG, Greifswald**, and its subsidiaries (the Group) – consisting of the consolidated statement of financial position at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from 1 July 2020 to 30 June 2021, as well as the notes to the consolidated financial statements, including a summary of significant financial reporting methods. We also audited the Group management report of HanseYachts AG, Greifswald, for the financial year from 1 July 2020 to 30 June 2021. In accordance with the German legal provisions, we did not audit the content of the separate combined Non-Financial Report for the 2020|2021 financial year, which is intended to be published on the company’s website and to which reference is made in the section entitled “Non-Financial Report” of the Group management report, nor the content of the Corporate Governance Statement pursuant to Section 315d published on the company’s website, to which reference is made in Section “Corporate Governance Declaration” of the Group management report.

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

— The accompanying consolidated financial statements comply with IFRSs as they are to be applied in the European Union and additionally with the German legal requirements pursuant to Section 315e (1) HGB in all material respects, and give a true and fair view of the financial position and cash flows of the Group at 30 June 2021 and its financial performance in the financial year from 1 July 2020 to 30 June 2021 in accordance with these legal requirements, and

— The accompanying Group management report as a whole provides an appropriate view of the Group’s situation. This Group management report is consistent with the consolidated financial statements in all material respects, complies with the German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion of the Group management report does not extend to the above-mentioned parts of the Group management report that were not audited with respect to content.

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

**Basis for the audit opinions**
We conducted our audit of the consolidated financial statements and Group management report in accordance with Section 317 HGB and the EU Financial Statements Audit Regulation (EU-APrVO – No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report" section of our audit report. We are independent of the Group 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, we declare pursuant to Article 10 (2) letter f) of the EU Audit Regulation that we have not provided any prohibited non-auditing services according to Article 5 (1) EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate for providing a basis for our opinions on the consolidated financial statements and 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 July 2020 to 30 June 2021. These matters were addressed in the context of our audit as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

In the following, we describe the key audit matters, in our opinion:
1. Measurement of the "Privilège" cash-generating unit
2. Revenue recognition and correct period accrual
3. Measurement of finished and unfinished goods

On 1) Measurement of the "Privilège" cash-generating unit

*a) The risk for the financial statements*
HanseYachts AG had purchased 100% of the equity interests in Privilège Marine Holding GmbH, Greifswald, by date of 28 June 2019. Privilège Marine Holding GmbH holds 97.4% of the equity interests in Privilège Marine SAS, which has its registered head office in Les Sables-d'Olonne, France.

Goodwill in the amount of €5.8 million presented in the consolidated financial statements at 30 June 2021 is attributable to the "Privilège" cash-generating unit. This amount is basically equivalent to the carrying amount of the "Privilège" cash-generating unit according to IAS 36.

The recoverability of the carrying amount of the "Privilège" cash-generating unit is tested once a year and whenever there are indications of a possible impairment by application of the relevant accounting standards. The recoverability of the assets and liabilities attributable to this cash-generating unit is tested by comparing the recoverable amount with the carrying amount. The recoverable amount is the higher of fair value less costs of disposal or the value in use of the cash-generating unit. The present value of future cash flows is considered for this purpose. The present value is calculated by means of discounted cash flow models, which are based on the annual operating budget prepared by the Executive Board and duly noted by the Supervisory Board and are then extrapolated on the basis of assumptions relating to long-term growth rates. The expected future cash flows are discounted to present value by application of the weighted average capital costs of the cash-generating unit.

The impairment test conducted in the 2021|2021 financial year found no need for impairments, unlike the case in the previous financial year, when it was necessary to recognize an impairment of the goodwill of Privilège in the amount of €11.7 million. The company's statements on the subject of the "Privilège" cash-generating unit are included in Sections 4.9. and 6.1. of the notes to the consolidated financial statements and in Section 4.3.6 "Risks for the financial position, cash flows and financial performance arising from budget deviations" in the Risk Report section of the Group management report.

The impairment test is complex and is based on a series of assumptions that require the exercise of discretionary judgment to a large degree, such as the estimation of short-term cash flows by the legal representatives and the determination of the discount rate to be applied.

The risk to the consolidated financial statements lies in the possibility that the impairment test was not properly conducted by the company.

In view of this risk, the measurement of the "Privilège" cash-generating unit was a key audit matter for the purposes of our audit.

*b) Audit procedure and conclusion*
In the course of our audit, we evaluated inter alia the methodology applied in conducting the impairment test and the mathematical accuracy of the model applied for this purpose. To this end, we sought to determine whether the underlying future cash flows and the capital costs applied provide an appropriate basis on the whole. In our assessment, we relied inter alia on the plan statements applied by the Executive Board, the general and industry-specific market expectations, and the extensive explanations of the legal representatives. In addition, we sought to determine whether appropriate consideration was given to the current economic and legal situation of Privilège and the linkage between the Privilège Group and HanseYachts AG.

Moreover, we sought to determine whether the statements in the notes to the consolidated financial statements and the Group management report are sufficiently detailed and appropriate.

The measurement model employed by HanseYachts AG to test the recoverability of the carrying amount of the "Privilège" cash-generating model is appropriate and consistent with the applicable measurement principles. The assumptions applied in the measurement of the "Privilège" cash-generating unit are appropriate on the whole.

The related disclosures in the notes to the consolidated financial statements and the Group management report are appropriate.

On 2) Revenue recognition and correct period accrual

*a) The risk for the financial statements*
Revenues of €120.8 million were generated in the HanseYachts Group in the financial year from 1 July 2020 to 30 June 2021. Most of these revenues are generated on sales of sailing yachts, motor yachts and catamarans and are recognized when ownership and risk are transferred to the customer, provided that a purchase price has been agreed or is determinable and payment of the purchase price can be expected. Fulfillment of these conditions is to be evaluated separately for each sale. For this purpose, the Executive Board has implemented processes that ensure that revenue recognition can be evaluated individually and appropriately for each sale.

The statements on revenue recognition and correct period accrual are included in the Sections 4.2. and 5.1. of the notes to the consolidated financial statements and in Chapter 2.3 on financial performance in the economic report of the Group management report.

Due to the necessity of individually evaluating the appropriate timing of revenue recognition and the significant amounts of individual transactions for higher-price sailing yachts and motor yachts, the risk of material errors in revenue recognition was a key audit matter for our audit.

*b) Audit procedure and conclusions*
We evaluated the appropriateness of the processes and controls implemented to ensure correct revenue recognition on the basis of a system survey (structural audit). On this basis, we evaluated the efficacy of important controls, in our opinion, on a sample basis (operational audit).

We first sought to determine whether the implemented processes ensure evidence of correct revenue recognition on the basis of the relevant recognition criteria and second, whether the processes implemented by the Executive Board can reliably ensure revenue recognition in the correct period.

For this purpose, we sought to determine for each sample element whether the processes can ensure the achievement of the above-mentioned objectives on the basis of the contractual foundations, the production plan, the already paid down payments and purchase price payments, the quality assurance reports, the handover reports signed by the buyers, and the final invoice.

Our structural and operational audit showed that the implemented processes ensure appropriate revenue recognition on the basis of the relevant recognition criteria and that the controls we audited were effective.

We did not find any material errors in revenue recognition and correct period accrual in the course of our audit.

On 3) Measurement of finished and unfinished goods

*a) The risk for the financial statements*
Inventories totaling €39.4 million are presented in the consolidated financial statements of HanseYachts AG at 30 June 2021. This total is composed of raw materials and supplies in the amount of €14.5 million, unfinished and finished goods and merchandise in the amount of €24.6 million, and down payments paid on account of inventories in the amount of €0.4 million. The unfinished and finished goods are sailing yachts, catamarans and motor yachts still under construction and already completed, respectively.

Unfinished and finished boats are measured at production cost, but not exceeding their expected sale proceeds less costs still to be incurred.

In order to account for costs still to be incurred before sale (especially marketing and sales), the boats are measured at no more than 95% of the expected sale price.

With the exception of the finished and unfinished goods of the Privilège segment, production costs were measured on a flat-rate basis per model type in the period from 1 July 2020 to 31 May 2021 because a largely constant cost structure over time can be assumed. In measuring production costs, direct material costs are generally applied on the basis of the measured parts list of a standard boat without special features and the estimated material costs for special features. Premiums are added to account for overhead material costs. The production times per boat type are calculated on the basis of time sheets, and in the case of series production on assembly lines ("continuous flow production") by means of a system for recording average production times, and applied in the measurement of production costs. Production overhead costs for production equipment and the supervision of the production area are included in the measurement. An administration overhead cost premium is applied to account for the costs of general administration insofar as it pertains to the production area.

For those unfinished boats that are manufactured by continuous flow production, a standardized stage of completion is also applied on the basis of an unfinished boat's position in the production cycle at the reporting date. The standardized stages of completion for each production cycle were adjusted compared to the previous year to account for the slowed progress of completion resulting from the difficulties with deliveries of essential components.

Certain boat types are manufactured outside of continuous flow production due to the depth and complexity of production. The stage of completion at the reporting date of these boats manufactured in "island production" is estimated on the basis of completed production steps. Compared to continuous flow production, the stage of completion of boats manufactured in island production is subject to a heightened degree of discretionary judgment.

The catamarans of the Privilège segment are measured on the basis of the actual, respectively recognized direct and overhead costs.

The Group's statements on the measurement of finished and unfinished goods are included in Sections 4.12. and 6.4. of the notes to the consolidated financial statements.

In our view, the measurement of unfinished and finished goods is especially important because the determination of the stage of completion and the overhead costs to be applied is dependent on discretionary judgments.

*b) Audit procedure and conclusions*
To assess the stage of completion, we participated in an inventory as observers and verified correct measurement at the reporting date on the basis of cost unit reports. In this connection, we analyzed the direct and overhead costs incurred for each yacht and boat type and checked to see if the measurement of the finished and unfinished sailing yachts and motor yachts recognized at 30 June 2021 was plausibly derived from these costs by comparing the estimated stage of completion with the actual costs incurred. In our audit of the unfinished and finished goods of Privilège, we relied on the results of the French component auditor in assuring ourselves of the completeness of the recognized costs, the correct calculation of overhead costs, and loss-free valuation.

In the course of our audit, we evaluated the appropriateness of the underlying assumptions and made no significant findings related to the measurement of unfinished and finished sailing yachts, motor yachts and catamarans at 30 June 2021.

**Other information**
The legal representatives and the Supervisory Board are responsible for the other information. The other information obtained at the date of this audit report comprises the following:

— The Corporate Governance Declaration pursuant to Section 315d HGB, published on the company's website, to which reference is made in Section "6. Corporate Governance Declaration" of the Group management report,

— The Declaration of Conformity with the German Corporate Governance Code, to which reference is made in the notes to the consolidated financial statements,

— The Responsibility Statement for the consolidated financial statements pursuant to Section 297 (2) sentence 4 HGB and the Responsibility Statement for the Group management report pursuant to Section 315 (1) sentence 5 HGB.

It is expected that the separate Non-Financial Report for the 2020|2021 financial year pursuant to Sections 315b, 315c in conjunction with Sections 289b to 289e HGB, to which reference is made in the Group management report, will be provided to us after the date of the present audit report along with the other parts of the published Annual Report (but not the consolidated financial statements, the statements made in the Group management report that were not covered by our audit, and our corresponding audit report).

The Supervisory Board is responsible for the Report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the Declaration of Conformity with the German Corporate Governance Code pursuant to Section 161 AktG, which is an integral part of the Corporate Governance Declaration pursuant to Section 289f and Section 315d HGB, which is published on the company's website. Otherwise, the legal representatives are responsible for the other information.

Our opinions on the consolidated financial statements and the Group management report do not extend to the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the above-mentioned other information – as soon as it is available – and, in so doing, to consider whether the other information

— is materially inconsistent with the consolidated financial statements, the information provided in the Group management report, the content of which we audited, or our knowledge obtained in the audit, or

— otherwise appears to be materially misstated.

If we conclude on the basis of the work performed on the other information obtained by us after the date of this audit report that this other information includes a material misstatement, we will be obligated to report this fact. We have nothing to report in this connection.

*Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report*
The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS as they are to be applied in the EU and additionally the applicable German legal requirements pursuant to Section 315e (1) HGB, and that the consolidated financial statements give a true and fair view of the financial position, cash flows and financial performance of the Group in compliance with these requirements. In addition, the legal representatives are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to intent or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to a going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or discontinue business operations or if there is no realistic alternative to that.

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

*Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to intent or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an audit report that includes our opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from violations or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also

— Identify and assess the risks of material misstatements in the consolidated financial statements and Group management report, whether due to intent or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from violations is higher than for one resulting from error, as "violations" may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.

— Obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and arrangements and measures relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

— Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.

- Conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, determine 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 audit report to the related disclosures in the consolidated financial statements and Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions could 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 financial position, cash flows and financial performance of the Group in compliance with IFRS and additionally the applicable German legal requirements pursuant to Section 315e (1) HGB.

- Obtain sufficient, suitable audit evidence for the accounting information of the companies or business activities within the Group in order to form audit opinions on the consolidated financial statements and Group management report. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We bear sole responsibility 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 legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis.

- There is a substantial, unavoidable risk that future events will differ materially from the prospective information.

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

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

**Report on the audit of the electronic reproductions of the consolidated financial statements and the Group management report prepared for purposes of publication pursuant to Section 317 (3a) HGB**
Pursuant to Section 317 (3a) HGB, we conducted an audit with reasonable assurance to determine whether the reproductions of the consolidated financial statements and the Group management report contained in the attached file "ESEF Documents HanseYachts AG Consolidated Financial Statements 2020|2021" and prepared for purposes of publication (also referred to hereinafter as the "ESEF Documents") fulfill the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF Format") in all material respects. In accordance with the German legal provisions, this audit only covers the transfer of the information of the consolidated financial statements and the Group management report to the ESEF Format and therefore does not cover the information contained in these reproductions, nor the information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the Group management report contained in the above-mentioned, attached file and prepared for purposes of publication fulfill the requirements of Section 328 (1) HGB for the electronic reporting format in all material respects. Beyond this audit opinion and our audit opinions on the attached consolidated financial statements and the attached Group management report for the financial year from 1 July 2020 to 30 June 2021 included in our foregoing "Report on the audit of the consolidated financial statements and the Group management report," we express no audit opinion on the information contained in these reproductions or the other information contained in the above-mentioned file.

*Basis for the audit opinion*
We conducted our audit of the reproductions of the consolidated financial statements and the Group management report contained in the above-mentioned attached file in accordance with Section 317 (3a) HGB and in compliance with the draft version of the IDW Auditing Standard: Audit of the electronic reproductions of financial statements and management reports prepared for purposes of publication pursuant to Section 317 (3a) HGB (IDW EPS 410). Our responsibility for this audit is described in more detail in the section entitled "Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF Documents." Our auditing firm applied the requirements for the quality assurance system set out in the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Profession (IDW QS 1).

*Responsibility of the legal representatives and the Supervisory Board for the ESEF Documents*
The legal representatives of the company are responsible for the preparation of the ESEF Documents containing the electronic reproductions of the consolidated financial statements and the Group management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB. In addition, the legal representatives of the company are responsible for such internal controls as they have determined necessary to enable the preparation of ESEF Documents that are free from material violations of the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to intent or error.

The legal representatives are also responsible for the submission of ESEF Documents together with the Audit Report and the attached audited consolidated financial statements and audited Group management report, as well as other documents to be published, to the operator of the German Federal Gazette.

The Supervisory Board is responsible for overseeing the preparation of the ESEF Documents as part of the financial reporting process.

*Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF Documents*
Our objectives are to obtain reasonable assurance about whether the ESEF Documents are free from material violations of the requirements of Section 328 (1) HGB, whether due to intent or error. We exercise professional judgement and maintain professional skepticism throughout the audit. We also

— Identify and assess the risks of material violations of the requirements of Section 328 (1) HGB, whether due to intent or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;

— Obtain an understanding of the internal control system relevant to the audit of the ESEF Documents, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls;

— Assess the technical validity of the ESEF Documents, i.e. whether the file containing the ESEF Documents fulfills the requirements for the technical specifications for this file according to the Delegated Regulation (EU) 2019/815 in the version in effect at the reporting date.

— Assess whether the ESEF Documents allow for an identical-content XHTML reproduction of the audited consolidated financial statements and the audited Group management report.

— Assess whether the tagging of the ESEF Documents with Inline XBRL technology (iXBRL) allows for an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

**Further information pursuant to Article 10 of the EU Audit Regulation**
We were elected as the auditor of the consolidated financial statements by the annual general meeting on 25 November 2020. We were engaged by the Supervisory Board on 29 September 2021. We have continually been the auditor of the consolidated financial statements of HanseYachts AG, Greifswald, since financial year 2009|2010.

We declare that the opinions expressed in this audit report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

**German Public Auditor responsible for the audit**
The German Public Auditor responsible for the audit is Mr. Thomas Wülfing.

Hamburg, 30 September 2021

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Thomas Götze
German Public Auditor

Thomas Wülfing
German Public Auditor

# IMPRINT

**PUBLISHER**
HanseYachts Aktiengesellschaft
Ladebower Chaussee 11
17493 Greifswald, Germany

T +49 3834 5792 20
F +49 3834 5792 81
info@hanseyachtsag.com
www.hanseyachtsag.com

**DESIGN**
Ligaturas GmbH, Reportdesign
Hamburg, Germany

**PHOTOS**
Nico Krauss

**HanseYachts Aktiengesellschaft**
Ladebower Chaussee 11
17493 Greifswald, Germany
www.hanseyachtsag.com