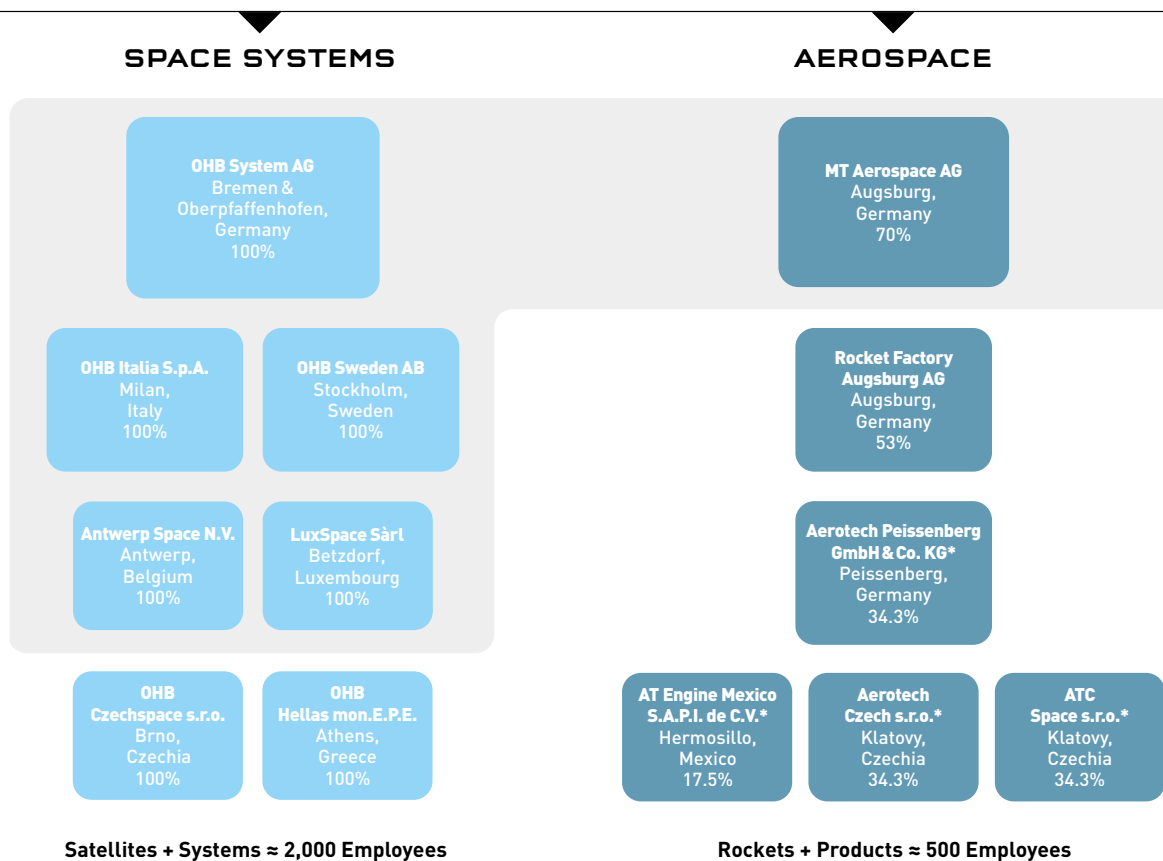


MAKE CLIMATE VISIBLE



OHB SE AT A GLANCE



OHB SE is a European space and technology group and one of the major independent forces in this industry. With its 40 years of experience in the development and implementation of innovative space systems and projects as well as its range of specific aerospace and telematics products, the OHB Group has positioned itself excellently and is well positioned to compete internationally. The Company has locations in key ESA member countries. These locations allow it to participate in numerous European programs and missions.

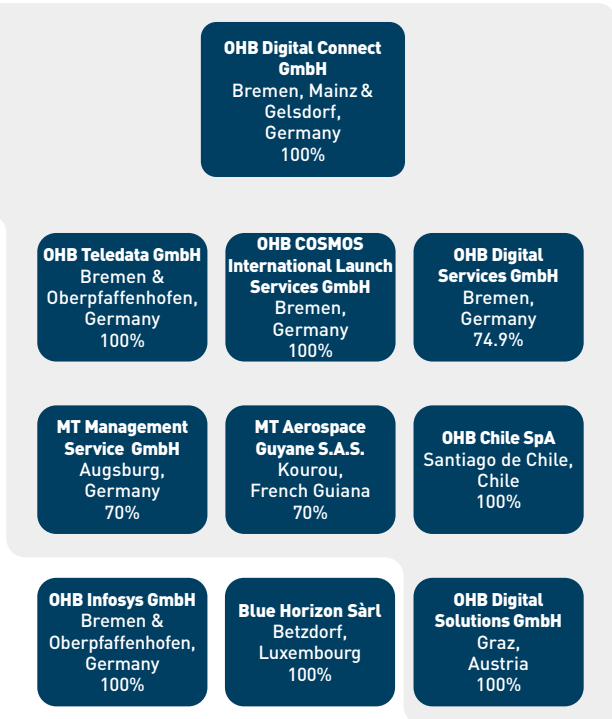
In the **“Space Systems”** segment, the focus is on the development and implementation of space projects. In particular, this means the development and production of near-earth and geostationary satellites for navigation, science, communications, Earth and weather observation and reconnaissance including scientific payloads. Reconnaissance satellites and secure broadband radio transmission of

image reconnaissance data are core technologies for the application domains security and reconnaissance. In the Exploration division, studies and concepts for the exploration of our solar system are developed with a focus on Mars, the Moon and asteroids. In the field of astronautical space, the focus is on projects for equipping and operating the International Space Station ISS.

The focus of the **“Aerospace”** segment is on the manufacturing and development of products for the aerospace industry. Here, OHB has positioned itself as a key supplier of aerospace structures and is, among other things, the largest German supplier for the Ariane program as well as an established manufacturer of components for satellites and aircraft. Our participation Rocket Factory Augsburg AG is currently developing a promising microlauncher as a system provider.

Image from a Copernicus satellite, Hyderabad (India): The yellows and browns show the built-up centre, light greens show dry fields, darker greens show vegetation and areas covered by trees, the light blues show vegetation such as parkland and grass. The images can be used to monitor lake pollution, changes in vegetation and urban growth.

DIGITAL



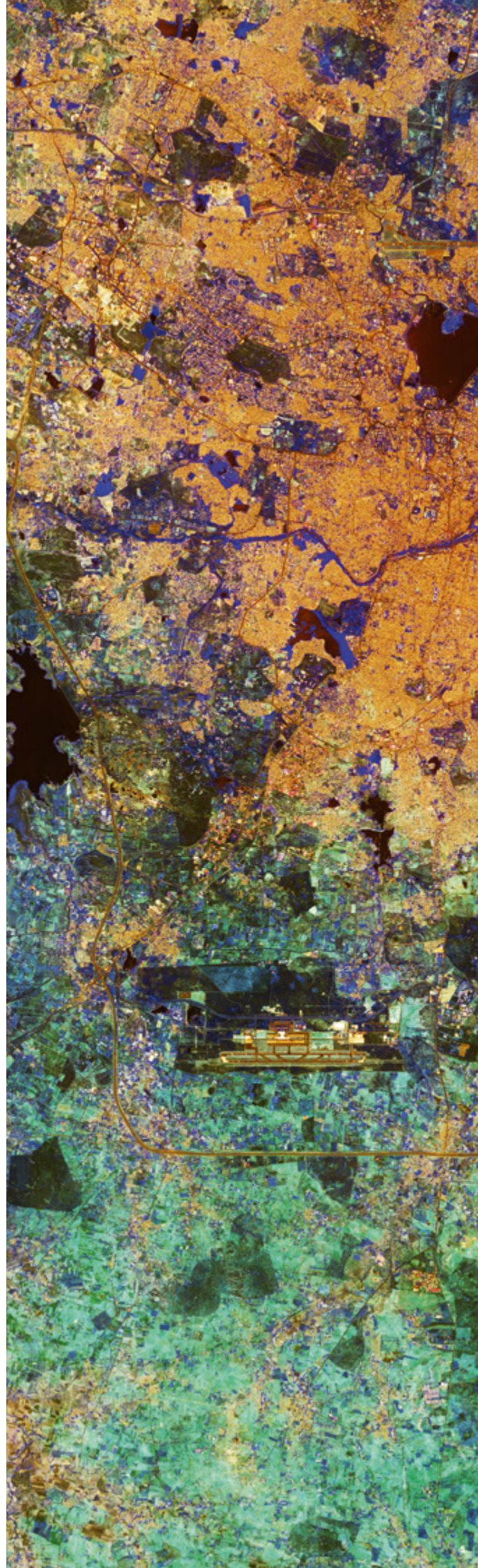
Solutions + Services ≈ 500 Employees

A broad portfolio of service activities characterises the new “**DIGITAL**” division, including satellite operations, IT applications based on satellite data (so-called downstream applications), e.g. in the areas of maritime and rail logistics or autonomous mobility, as well as the procurement of launches and provision of IT services. In addition, OHB in Mainz is involved in major projects for radio telescopes as an experienced supplier of mechatronic systems for antennas and telescopes.

Consolidated

This chart shows an overview of the business segments, not the detailed shareholding relationships.

* The approx. 650 employees of the ATP Group are not included here. Aerotech Peissenberg GmbH & Co. KG is included at equity in the consolidated financial statements of OHB SE.



OHB SE FIGURES

THE GROUP

in EUR 000	2020	2019	2018	2017	2016
Revenues	880,319	1,004,618	976,551	825,894	699,184
Total revenues	901,431	1,030,086	1,000,392	859,689	728,386
EBITDA	77,024	78,331	65,013	58,809	55,081
EBIT	41,634	49,109	47,751	44,223	42,700
EBT	29,817	39,144	44,092	42,238	38,009
Share of OHB SE shareholders in net profit for the year	20,869	25,543	24,998	23,355	22,212
Earnings per share (EUR)	1.20	1.47	1.44	1.34	1.28
Total assets	912,078	931,019	753,606	719,698	682,914
Equity	223,326	200,830	200,019	207,280	183,590
Cash flow from operating activities	44,121	22,884	60,179	34,977	72,726
Equity investments	35,394	36,923	40,736	44,885	50,200
thereof capital spending	4,693	2,388	2,342	245	1,966
Order backlog	2,632,328	1,840,009	2,398,682	2,438,864	1,559,655
Employees at December 31	3,029	2,933	2,769	2,420	2,298

THE SHARES

in EUR	2020	2019	2018	2017	2016
Closing price	38.60	43.50	30.90	44.61	18.54
Year high	46.70	48.65	49.75	47.47	20.78
Year low	25.65	29.60	27.55	18.26	17.02
Market capitalisation at year-end (in EUR million)	674	760	540	779	324
Number of shares	17,468,096	17,468,096	17,468,096	17,468,096	17,468,096
Dividend	0.43*	0	0.43	0.40	0.40

* Subject to approval by the shareholders

EUR

901

MILLION

Total revenues

EUR

77

MILLION

EBITDA

EUR

42

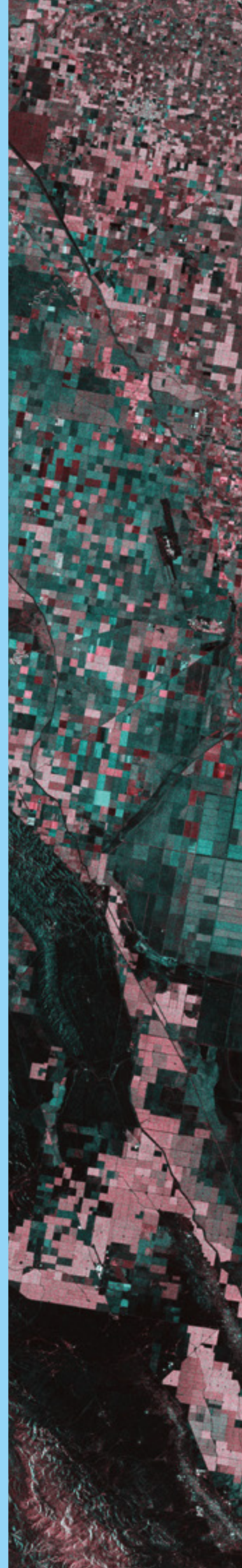
MILLION

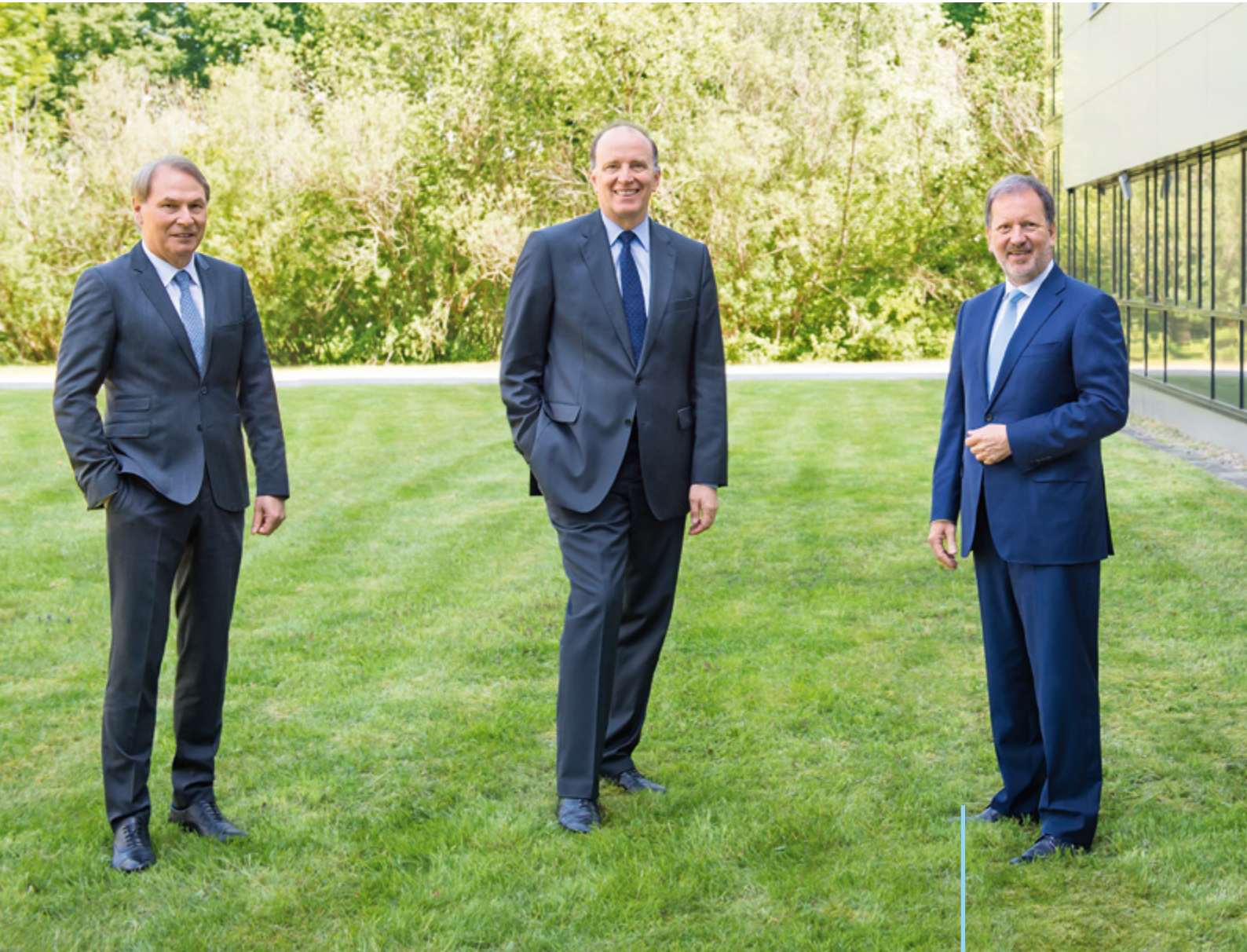
EBIT

MAKE CLIMATE VISIBLE

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This Copernicus image shows the San Joaquin Valley (CA, USA). The geometric shapes of agricultural production are clearly visible.





MANAGEMENT BOARD

(f.l.t.r.)

Klaus Hofmann

Born in 1960, degree in business administration
Member of the Management Board of OHB SE since 2015

Marco R. Fuchs

Born in 1962, attorney
Chairman of the Management Board of OHB SE since 2000

Dr. Lutz Bertling

Born in 1962, doctor of engineering
Member of the Management Board of OHB SE since 2018

Kurt Melching

Born in 1962, degree in business administration
Member of the Management Board of OHB SE since 2018



ORDER
BACKLOG
AT A **HISTORIC**
HIGH OF
EUR 2.6 BILLION

LETTER TO THE SHAREHOLDERS

DEAR READERS,

Last year, which was almost entirely dominated by the still ongoing Covid-19 pandemic, was a year with an exceptionally good order intake for the OHB Group in terms of both quality and quantity. As of December 31, 2020, the OHB Group had orders worth EUR 2.6 billion on its books, the highest figure to date in its history. The implementation of the budgets approved at the European Space Agency (ESA) Ministerial Council Conference in 2019 generated high order intake and further growth in the Space Systems segment in 2020.

SPACE SYSTEMS

We are particularly pleased to be able to contribute our expertise to the systematic monitoring of climate gases and thus to provide a database in the future as a possible basis for defining measures to address one of the most pressing problems of our time: In its role as the main contractor for the European CO2M (Copernicus Anthropogenic Carbon Dioxide Monitoring) project, OHB System AG has been awarded a contract which is very important both economically and in terms of its content under the ESA and the European Commission Copernicus Earth observation program. Valued at EUR 445 million, the contract for the CO2M mission entails the development and assembly of two satellites which will be specifically measuring the carbon dioxide emissions produced by human activity for the first time. A second Copernicus mission, for which the bid submitted by an OHB subsidiary was successful, will be analysing oceanic parameters in the polar regions, which will deliver important data for climate research. OHB Italia has signed a contract worth EUR 178 million with Thales Alenia Space for the development of instruments for this mission called CIMR (Copernicus Imaging Microwave Radiometer). The importance of the current challenges posed by global warming is also reflected in the OHB Group companies' current activities, which are helping to improve monitoring efforts and an understanding of climate change in other projects (more information can be found on page 10 of this report). In a further Copernicus mission, OHB System AG will be building the payload for two satellites in a subcontract with Thales Alenia Space worth just under EUR 259 million. The CHIME mission (Copernicus Hyperspectral Imaging Mission for the Environment) will contribute to the responsible and sustainable use of natural resources via a hyperspectral analysis of the Earth's surface.

The Hera mission is also about protecting the Earth, specifically the dangers lurking in outer space. The budget for the asteroid defense mission was also approved at the last ESA Ministerial Council Conference, and OHB System will be executing this project as the main contractor. In a contract worth EUR 129 million awarded in 2020, the Company will be responsible for the European part of this international partnership. This is a joint project between ESA

“DIGITAL” REPRESENTS A **SEPARATE** **REPORTING** **SEGMENT** AS OF JANUARY 1, 2021

and NASA to assess whether the orbit of a medium-sized asteroid can be altered through the impact of a spacecraft. For this purpose, a NASA spacecraft will attempt to impact the smaller of two twin asteroids in 2022. After the impact, the Hera spacecraft will observe the asteroids in 2026 and collect information that is inaccessible to Earth-based observatories. These parameters can then be used to design reliable numerical impact models for future missions. In this way, we will gain a better understanding of whether this technology is also suitable for larger asteroids. This will give us a data base for models allowing us to protect the Earth effectively from a possible future asteroid impact.

Despite the Covid-19 pandemic and the temporary shutdown of the European Space Station in Kourou (French Guiana), a Group company was able to complete a successful satellite launch last year. The commercial satellite ESAIL, which LuxSpace had developed and assembled under the ESA's ARTES-21 program, was successfully launched from Kourou on September 3 and subsequently put into operation. The first satellite produced in Luxembourg for an ESA

program, it is being used by the customer exactEarth for monitoring global shipping by means of ships' automatic identification systems. Recently, the IOCR, the In-Orbit Commissioning Review, with the operator exactEarth and ESA took place very successfully. We are very proud of the success of our Triton microsatellite product line and sincerely thank all partners, customers and project team members for their support, trust and commitment.

AEROSPACE

In contrast to these significant successes in the Space Systems segment, the deteriorating market situation in the Ariane European missile program left traces on earnings in the economically smaller "Aerospace + Industrial Products" segment. A further postponement of the initial launch of the newly developed Ariane 6 launcher announced by ESA last year marks another delay in the verification of the overall system and has caused a further deterioration in the already very adverse market outlook. Against the backdrop of the critical economic situation of the industrial companies involved, the ESA Council requested an additional budget of EUR 230 million for the program, which the member states approved in December.

DIGITAL

The establishment of the new DIGITAL business unit last year laid the foundations for the future. The growth targets defined in the corporate strategy for 2025 are to be achieved with the help of the significant revenue and earnings contributions from this area, which will be a separate reporting segment from January 1, 2021. The DIGITAL companies possess a broad range of service activities in which direct space capabilities will be used and technology transfers executed in selected sectors. Precise knowledge of existing and future high-tech gives the DIGITAL companies a decisive advantage at an early stage when it comes to offering their own solutions in hardware, software, apps and services.

IPO 20 YEARS AGO - 40TH ANNIVERSARY OF OHB

This service-oriented segment closes the circle for OHB, bringing it back to its earlier activities. At the time of the IPO exactly 20 years ago (the then OHB Teledata share was listed in Deutsche Börse's "New Market segment for the first time on March 13, 2001), the Company had a range of various services, primarily in the transport sector. Yet, OHB's roots extend back even further. This year, the Company is not only celebrating 20 uninterrupted years as a listed company but

also the 40th anniversary of its establishment (a review can be found on pages 24-27, the figures for the years since the initial public offering can be seen on pages 38-41).

UNAPPROPRIATED PROFIT FOR 2019 RETAINED IN FULL

Dear shareholders, for the first time since 2005, OHB SE did not distribute any dividend for 2019. In a departure from the continuous dividend policy otherwise pursued, the Management Board and Supervisory Board proposed to the shareholders at last year's annual general meeting to omit the dividend for 2019 in view of the current Covid-19 crisis and to carry the unappropriated surplus forward in full. Due to the impact of the pandemic, which it was not possible to estimate with sufficient precision at that time, the avoidance of a liquidity outflow equaling the dividend payment originally planned of approximately EUR 7.5 million was considered to be an important component in our efforts to respond quickly to the prevailing situation.

TRENDS AND OUTLOOK FOR 2021

In the year under review, a team from OHB System AG worked intensively on the bid for the second-generation satellites for the Galileo program. This made the decision by the European Space Agency ESA and the European Commission not to award the contract to OHB System AG all the more disappointing. Even taking into account the absence of this contract, our order books are currently well filled. Based on the order backlog of around EUR 2.6 billion (previous year: EUR 1.8 billion, as of December 31 in both cases), the Management Board expects consolidated total revenues of EUR 1.0 billion in 2021 as a whole. EBITDA should come to EUR 80 million and EBIT to EUR 45 million.

VOTE OF THANKS TO ALL INVOLVED

OHB SE was unable to quite reach the guidance for total revenues, EBITDA and EBIT that it had originally published in February 2020. The main reasons for this are the impact of the Covid-19 pandemic since March 2020. At EUR 901 million, total revenues were 18% lower than originally expected in February, while the profitability indicators EBITDA and EBIT fell short by 4% and 5%, respectively, of the original "pre-corona guidance". In the course of the year, OHB SE had neither confirmed nor changed the guidance, most recently it was corrected slightly downwards to reflect uncertainties, and these adjusted targets were duly achieved now.

Although OHB SE did not exactly meet the originally planned quantitative targets for 2020, our employees performed exceptionally well at the individual companies in the pandemic year of 2020. It is particularly due to their motivation to continue working on and driving forward the ongoing projects, the offers to be prepared and all other activities in the face of the very difficult conditions that the employees demonstrated strong commitment in all areas, for which I would like to express my sincere gratitude on behalf of all the members of the Management Board.

We also thank our customers, suppliers and all other partners for their constructive cooperation and our shareholders for their confidence in us.

Bremen, March 16, 2021



Marco R. Fuchs
Chief Executive Officer



SUPERVISORY BOARD

(f.l.t.r.)

Robert Wethmar

Chairman of the Supervisory Board since 2018, member of the Supervisory Board since 2012, born in 1961, attorney at law, LL.M. Partner at the international law firm Taylor Wessing, Hamburg

Ingo Kramer

Member of the Supervisory Board since 2018, born in 1953, degree in industrial engineering. Partner of J. Heinr. Kramer Holding GmbH & Co. KG, Bremerhaven

Christa Fuchs

Member of the Supervisory Board since 2002, born in 1938, businesswoman. Managing shareholder of VOLPAIA Beteiligungsgesellschaft mbh, Bremen

Prof. Heinz Stoewer

Deputy Chairman of the Supervisory Board, member of the Supervisory Board since 2005, born in 1940, Professor em. Space Systems Engineering, Technical University of Delft, Netherlands. Managing Director of Space Associates GmbH, Munich



REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

In 2020, the Supervisory Board performed its duties with due care in accordance with the applicable statutory requirements, the provisions of the Company's bylaws and its rules of procedure. It regularly advised the Management Board on the management of the Company and monitored it on an ongoing basis. In addition to its supervisory function, the activities of the Supervisory Board also include a

formative element. Thus, the Supervisory Board contributes to the Company's business success not only in the short term, but also in the medium and long term.

The Management Board briefed the Supervisory Board regularly and comprehensively on the Group's business performance, current tendering processes, order intake, the relevant financial indicators and capacity utilisation at OHB SE, the other Group companies and the individual business units. The Management Board answered all of the Supervisory Board's questions in full and comprehensively. The Supervisory Board sought and received ongoing information on corporate planning, strategic development and the main acquisition projects and advised the Management Board on individual matters relating to human resources, possible corporate acquisitions and project tenders.

MEETINGS IN 2020

The Supervisory Board held four ordinary and two extraordinary meetings at which it deliberated on the Group's performance, the reports submitted by the Management Board, the status of current projects, pending tender processes, planned acquisitions and the corporate budget for 2021 to 2023. In addition, the impact of the coronavirus pandemic on the Company was discussed on several occasions. Ordinary meetings of the Supervisory Board in 2020 were held on March 17, May 26, September 22, and December 15 at the Company's offices in Bremen. Two extraordinary meetings were held as telephone conferences on April 7 and April 27. All six meetings of the Supervisory Board held in the year under review were attended in full; in the case of the ordinary meeting held on March 17, one member participated by telephone. The Management Board attended all of the meetings of the Supervisory Board in full. One member of the Management Board participated in the meeting of March 17 by telephone. The minutes of all the Supervisory Board's meetings were taken by the Company's legal counsel.

The meeting held on **March 17, 2020** was chiefly devoted to the Management Board's report on the Group's performance in the period commencing January 1 and ending December 31, 2019, the current state of business as well as the forecasts for 2020. For this purpose, the Management Board submitted the annual financial statements, the consolidated financial statements, the management report for OHB SE and the Group management report for 2019. The statutory auditor from PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, personally presented the audit report and elaborated on it at this meeting. The consolidated financial statements and the annual financial statements of OHB SE were unanimously approved and, consequently, duly adopted. The Report of the Supervisory Board including the declaration of consent of the related parties report prepared by the Management Board was also approved. The Supervisory Board took note of and approved the Management Board's proposal for the allocation of the

unappropriated surplus and the distribution of a dividend of EUR 0.43 per share, which was unchanged over the previous year, for approval by the shareholders.

In addition, the Supervisory Board dealt with the Management Board remuneration system against the backdrop of the Act on the Transposition of the Second Shareholder Rights Directive, which came into force of January 1, 2020, and, after extensive deliberation, determined that the remuneration system devised for the Management Board complies with the requirements of Section 87a of the German Stock Corporation Act and unanimously approved it. It therefore unanimously decided that the remuneration system should be submitted to the annual general meeting for approval by the shareholders and subsequently implemented if approved, where this has not already been done.

Finally, the Supervisory Board discussed and unanimously approved the proposed invitation to OHB SE's 6th annual general meeting on May 26, 2020. In a telephone conference held at the beginning of April 2020, the Supervisory Board and the Management Board agreed to clarify the possible impact of the coronavirus pandemic on the organisation of the annual general meeting.

The extraordinary meeting on **April 7, 2020**, which was held as a telephone conference, focused on issues relating to OHB SE's annual general meeting for 2020. After extensive discussion, the Supervisory Board approved the Management Board's proposal to hold the annual general meeting on May 26, 2020 as planned, albeit as an online event with a shortened notice period in view of the ongoing coronavirus crisis and in accordance with the statutory basis which had been modified in response to the crisis. In addition, the Supervisory Board decided to postpone the decision on the final agenda of the annual general meeting, including the proposed resolution to distribute a dividend, until after a further extraordinary meeting of the Supervisory Board after Easter. The rationale for this was that at this later date the Supervisory Board would have an even clearer idea of the impact of the coronavirus crisis on the OHB Group's business operations and liquidity.

In addition, the Management Board reported to the Supervisory Board in detail on the impact of the coronavirus pandemic on the OHB Group. The topics discussed included the protection of employees from infection, the question of short-time work, the effects on operational processes within the Company and sales activities. In addition, the Supervisory Board took note of the progress of a real estate lease matter and a planned extension of the OHB Group's credit facility agreement.

A further extraordinary meeting of the Supervisory Board was also held as a telephone conference on **April 27, 2020**. The Management Board submitted an amended invitation to the annual general meeting, which included the proposal by the Management Board and the Supervisory Board to

omit a dividend and instead to carry forward the profit for 2019. The purpose of this measure was to preserve the Company's liquidity in view of the macroeconomic risks posed by the ongoing coronavirus crisis. The Supervisory Board took note of and expressly approved the invitation to and agenda for the annual general meeting. Thereupon, the Management Board updated the Supervisory Board on the current impact of the coronavirus pandemic on the Company. Further items on the agenda concerned the extension of the OHB Group's credit facility agreement and a real estate lease agreement; the Supervisory Board unanimously approved both items.

At the meeting of **May 26, 2020**, the Supervisory Board and the Management Board confirmed their satisfaction with OHB SE's first online annual general meeting that had been held that morning. In addition, the Management Board reported on the Group's business performance in the first quarter of 2020 and the current state of business. Particular attention was paid to the situation and outlook of individual subsidiaries and business activities particularly affected by the impact of the coronavirus pandemic. In addition, the Supervisory Board formally approved OHB SE's final syndicated loan agreement after intensive legal advice and detailed internal examination.

At the meeting of **September 22, 2020**, the Management Board reported on OHB SE's business performance in the first half of the year and on the current state of its business. In addition, it presented various business expansion projects and provided an update on the business situation of individual Group companies, particularly in the light of the protracted coronavirus crisis. Once again, the Supervisory Board and the Management Board also dealt with the progress of digitisation at OHB as well as the Company's IT structures and the development of the DIGITAL segment. Other items on the agenda included a status report on leases and real estate projects, changes to the German Corporate Governance Code and the resolution to engage PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, as the external auditor after its election at the annual general meeting on May 26, 2020.

Held on **December 15, 2020**, the Supervisory Board's final meeting for the year dealt primarily with the Management Board's report on the Group's business performance in the third quarter of 2020, the current business situation and the expected full-year financial figures for 2020. In addition, the Management Board presented the budget for the years from 2021 to 2023, which the Supervisory Board duly noted with approval. In view of the uncertainty over the progress of the coronavirus pandemic, the budget for 2021 is to be discussed and approved at a meeting of the Supervisory Board at the beginning of 2021. In addition, the causes and consequences of a cyberattack that had occurred were discussed in detail during this meeting and the future safeguards to be taken in the future in response these events outlined.

In addition, the Supervisory Board unanimously adopted the rules of procedure for the Supervisory Board, which had been finalised prior to the meeting, in accordance with Article 12 (1) of the Articles of Association. The December meeting of the Supervisory Board also dealt with the presentation of the 2020 internal audit report, the audit activities carried out and the results. The audit report on project management is to be discussed in greater detail at a special meeting at the end of January 2021. The Management Board and Supervisory Board took note of and approved the audit results, and the Supervisory Board approved the audit plan presented for 2021. Legal counsel presented the compliance report for 2020, which the Management Board and Supervisory Board duly approved. Other corporate governance matters included the determination of target figures for the proportion of women on the Management Board and the Supervisory Board, the self-assessment of the effectiveness of the Supervisory Board's performance of its duties in 2020 and the adoption of the declaration of conformity in accordance with Section 161 of the German Stock Corporation Act on the basis of the German Corporate Governance Code as amended on December 16, 2019.

CORPORATE GOVERNANCE

The Management Board also submitted a corporate governance report to the Supervisory Board in accordance with Section 3.10 of the German Corporate Governance Code in connection with the corporate governance declaration stipulated by Section 289f of the German Commercial Code. The corporate governance declaration can be examined at OHB SE's website. The Supervisory Board regularly discussed the application and further development of the principles of corporate governance within the Company. On December 15, 2020, the Management Board and the Supervisory Board issued an updated declaration of conformity in accordance with Section 161 of the German Stock Corporation Act and made this available permanently to shareholders at the Company's website.

NON-FINANCIAL CONSOLIDATED STATEMENT IN ACCORDANCE WITH SECTION 315B OF THE GERMAN COMMERCIAL CODE

In 2020, the Supervisory Board examined the non-financial statement pursuant to Section 315b of the German Commercial Code for 2019 prior to its publication.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR 2020

The annual financial statements, the consolidated financial statements and the related management reports of OHB SE for 2020 were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, and received an unqualified auditor's opinion.

These documents were made available to all members of the Supervisory Board in sufficient time. At the Supervisory Board's balance sheet meeting held on March 16, 2021, these documents were discussed in the presence and with the involvement of the statutory auditor.

The Supervisory Board did not raise any objections and accepted the results of the audit. It approved the consolidated financial statements, as a result of which they are now deemed to have been duly adopted. The Supervisory Board concurred with the Management Board's proposal for the allocation of the Company's unappropriated surplus. The related parties report prepared by the Management Board was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, and given the following unqualified audit certificate:

"Having examined and assessed the related parties report in accordance with our duties, we hereby confirm that

1. the facts stated in the report are correct,
2. the Company's transactions as detailed in the report were not unreasonably high."

The Supervisory Board raises no objections following its own examination and therefore approves the Management Board's related parties report.

CHANGES TO THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

There were no changes to the composition of OHB SE's Supervisory Board and Management Board in 2020.

VOTE OF THANKS

The Supervisory Board wishes to sincerely thank the Management Board, all employees and the employee representatives for the work they performed. Despite the difficult conditions, they thus contributed to a successful financial year for OHB SE.

Bremen, March 16, 2021

Robert Wethmar
Chairman of the Supervisory Board



WE MAKE CLIMATE VISIBLE

35%

MORE NATURAL DISASTERS

Over the past three decades the number of climate and weather-related disasters has risen by around 35% every decade.

Earth observation

The climate on Earth determines the fate of humanity. Last year around 1.7 billion people were affected by extreme weather, heatwaves, flooding and other weather disasters in which they lost loved ones and livelihoods. Since the 1990s the number of climate- and weather-related disasters has risen by 35% every decade. This upward

trend is continuing. To allow us to take targeted measures to protect the climate and ensure the population is safe it is extremely important to gain a holistic understanding of climate processes. Through its involvement in the MTG weather satellite mission, the Earth observation missions Copernicus, PRISMA and EnMAP and others,

OHB is making an important contribution to improving our understanding of the climate. For the past 40 years, it has been collaborating with teams across Europe to make events around our globe more tangible, thereby helping to make the future of humanity a bit more secure.

The image montage shows the CO2M satellite of the Copernicus mission.

You can find more information on the subject of climate in the OHB Magazine on our website



“TIME IS RUNNING OUT”

WHY HUMANITY NEEDS NEW, FURTHER MEASURES IN THE FIGHT AGAINST GLOBAL WARMING – **AND HOW SPACE TECHNOLOGIES CAN HELP**

MR FUCHS, LOOKING BACK AT 2020, WHAT WAS IT, IN ADDITION TO THE CORONAVIRUS PANDEMIC, THAT MOST STRUCK YOU?

M. Fuchs A long conversation I had with Antje Boetius, Director of the Alfred Wegener Institute AWI in Bremerhaven. She explained to me how the calculations of climate models in the past have been far too optimistic. In particular, the impact of the melting ice on oceans and their temperature and on the rise in sea levels is far worse than had been assumed.

HOW DID YOU RESPOND?

M. Fuchs It made me even more convinced that the planet’s survival will depend on well-founded scientific facts and the findings we derive from them.

WHAT FINDINGS ARE YOU REFERRING TO?

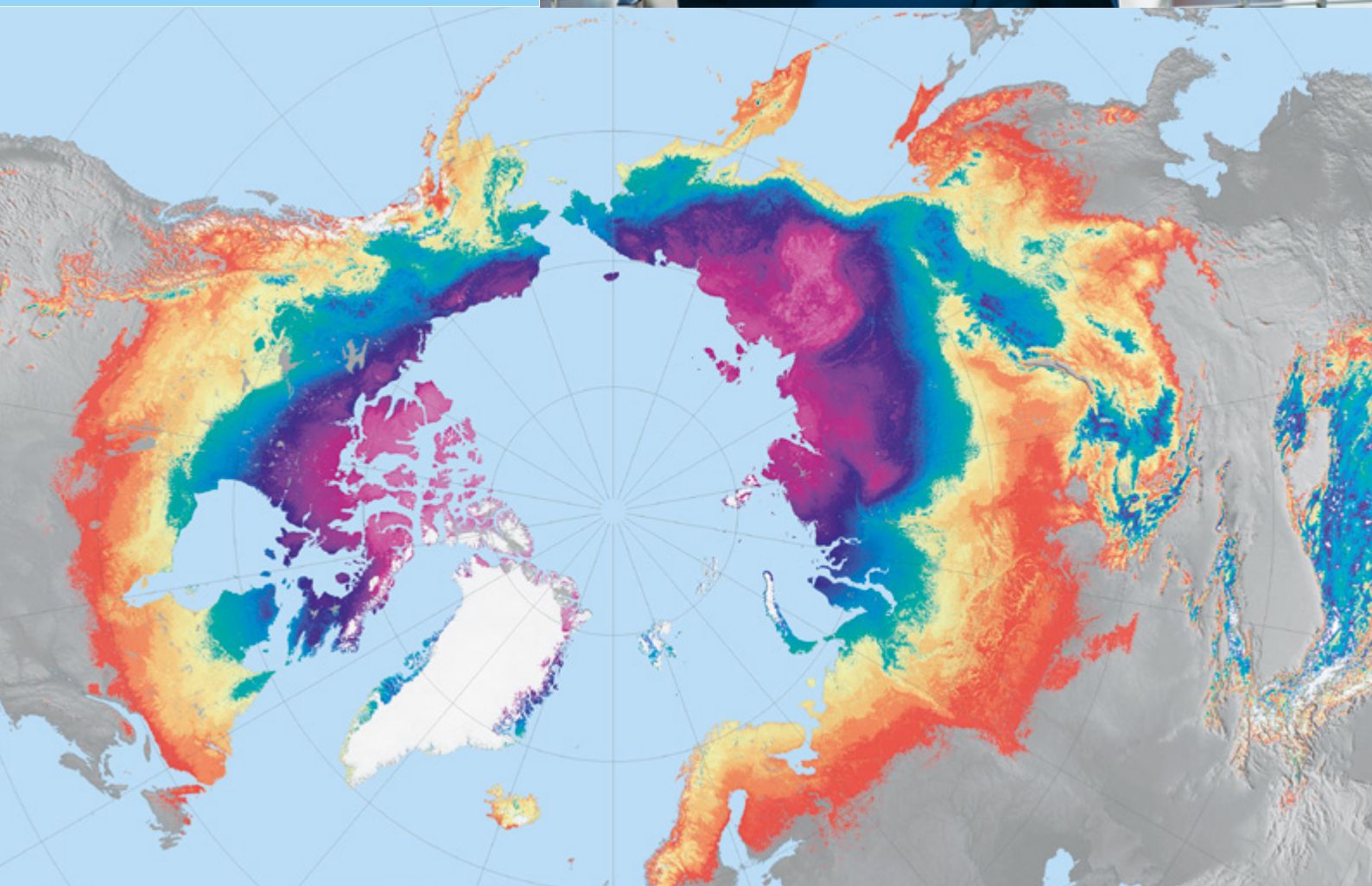
M. Fuchs Time is running out for humanity. A number of climate researchers believe that the Paris Climate Goals have now become difficult or even impossible to achieve. At least, not if the usual climate protection measures continue to be used. The key problem is that the Earth is becoming too warm. The effects that previously ensured that the sun’s solar radiation had a measured impact on our planet are now being made inoperative by climate change and changes to the environment brought about by humanity. Global warming is advancing at an alarming rate. This prompted me to commission an OHB team with a study. Our engineers were asked to examine a variety of different concepts that may help attenuate global warming. This included researching and evaluating existing concepts. At the same time, the team was also tasked with developing its own concepts.

Marco Fuchs is convinced that the planet's survival will depend on well-founded scientific facts and the findings we derive from them.

50%

**OF CLIMATE VARIABLES
MEASURABLE SOLELY
THROUGH SPACE
TECHNOLOGIES**

According to a survey by the ESA, more than 50% of the major climate variables can only be measured using space technologies. Observations from orbit thus also constitute a highly reliable data basis for political decision-making.

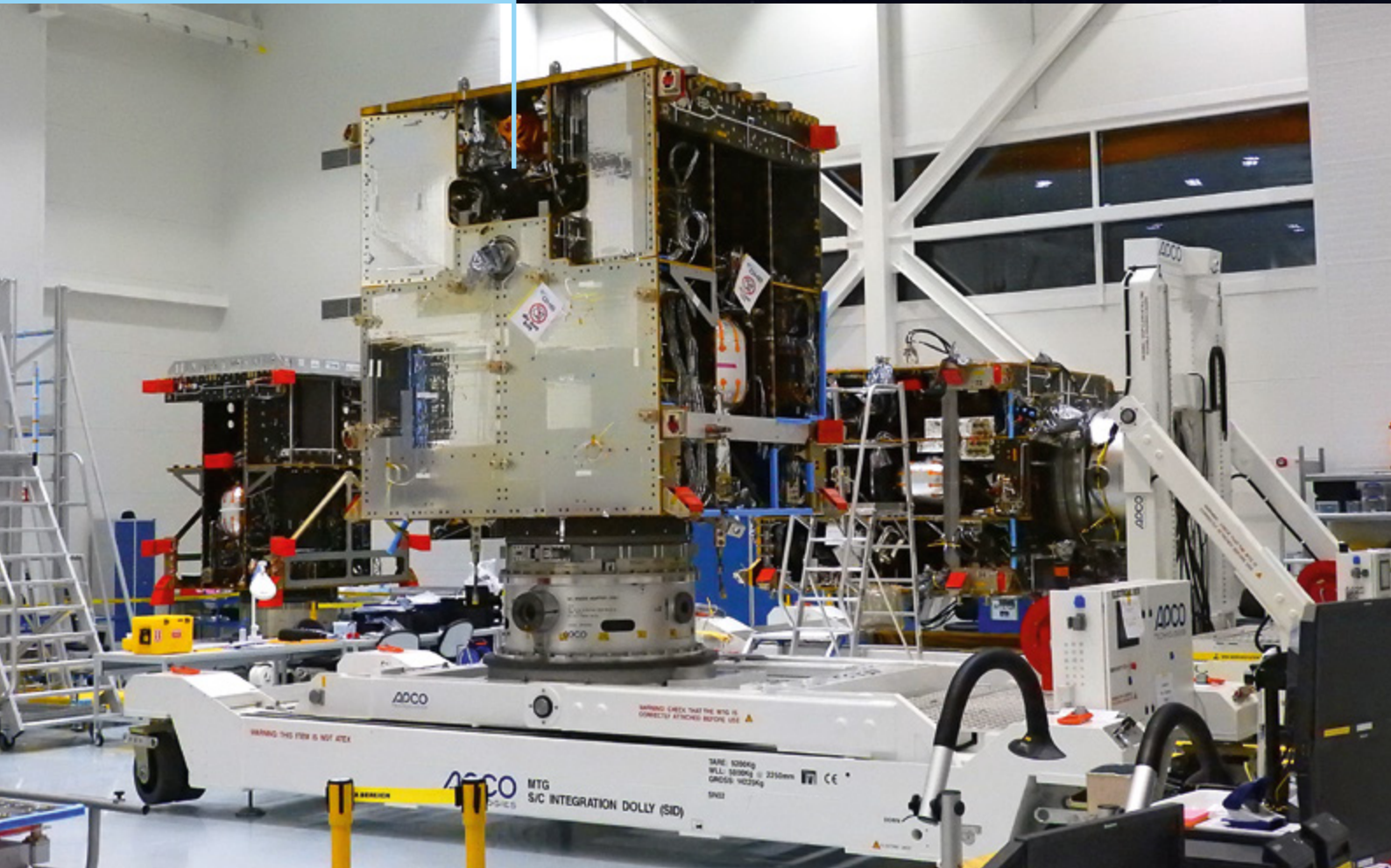
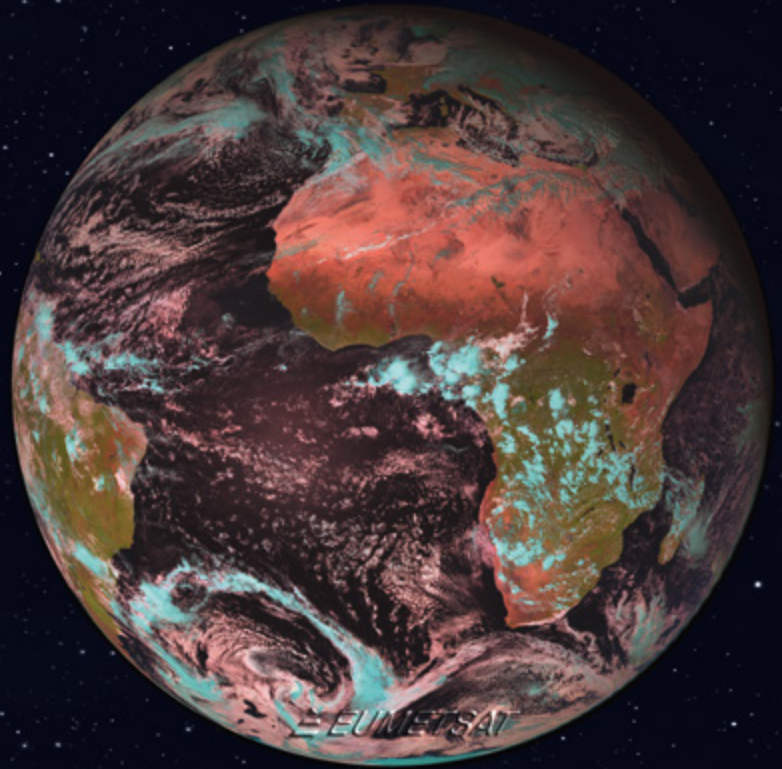


3°C

GLOBAL WARMING

According to a report by the UN Environmental Program, the rise in global temperatures could come to three degrees by 2100.

Through its involvement in the MTG weather satellite station mission, OHB is making weather phenomena measurable. In the foreground of the picture is a flight model of an Imager satellite during integration in the OHB cleanroom.



IS IT NOT UNUSUAL FOR A COMPANY IN THE SPACE TECHNOLOGY INDUSTRY TO DEVOTE ITSELF TO THIS TOPIC?

M. Fuchs No, I am convinced that our engineers are able to develop many innovative ideas and approaches to help improve the situation. Secondly, I believe that we have long been in a situation where we can simply not afford to merely debate this topic. We have to do something about it.

SO WHAT DOES YOUR STUDY INVOLVE?

M. Fuchs It investigates concepts aimed at reducing the radiation hitting the Earth, increasing the percentage of radiation reflected from the Earth's surface or at reducing the impact of climate-relevant gases in another way.

Our team examined the following concepts in more detail:

- Spraying aerosols in the stratosphere: The percentage of reflected light is increased, and this retards global warming.
- Artificial clouds above the oceans: This concept too would increase the percentage of reflected light and thus help lower the temperature of the oceans and, through interactions with them, also reduce the temperature in the atmosphere.
- Reforestation: Planting billions of trees, which then filter CO₂ from the atmosphere.
- Bleaching surfaces: Painting roofs and roads in white, covering deserts, fields and water surfaces in reflective material to ensure a greater percentage of the sunlight is reflected.
- Underground CO₂ stores: Storing carbon dioxide emissions deep beneath the ground surface.
- Sun shields in space: Positioning thousands of probes with large screens in space to help shade the Earth.

I felt it was important to discuss this study with scientists. We held a workshop and asked climate experts for their opinion. Their assessments were without doubt quite encouraging. And so we will continue our work on this study within the Company this year.

WHAT ABOUT THE SPACE TECHNOLOGICAL CONCEPT YOU MENTIONED?

M. Fuchs It would certainly be effective if we could build the necessary probes within a limited period and transport them to operate them at a location around 1.5 million kilometers from Earth. Depending on the size of the extended screens, we would need between 31,000 and 1.8 million of these probes to shield our planet from around 2% of the sun's energy according to our calculations and depending on the availability of the requisite technologies and carrier systems. These are very large, currently unrealistic numbers. But at this point in the discussion it is not my intention to push an aerospace-based concept into prime position. Rather, I would like to get a discussion going. This discussion should shift the focus to our need to realise that the measures taken so far to limit or reverse global warming have not really got us very far. Above all, I would like us to take a comprehensive look at the possibilities which science and technology offer already. We should not confine our thinking to possible meaningful measures alone. Space systems such as Earth observation satellites can be seen as offering important support to Earth-based methods. Through their data and observations they can demonstrate the effectiveness and consequences of what are referred to as geoengineering measures. For example, satellites could easily measure how spraying aerosols affects the Earth's radiation budget, the formation of clouds or precipitation.

GLOBAL CLIMATE
PROTECTION
IS NO LONGER
CONCEIVABLE
WITHOUT TECHNICAL
HELP FROM SPACE.
**SPACE TECHNOLOGY
ASSUMES A
KEY ROLE HERE.**



WE ANALYSE

The satellites of the Copernicus mission have been in use since 2014, supplying us with important data on the Earth's climate. The fleet of the biggest Earth observation program is now to receive a further boost. Alongside Galileo, Copernicus is the second major European space travel program. Its independent infrastructure provides one of the most important resources of our time: information about our Earth. Six different satellite families, called sentinels, observe our planet day and night, generating raw data that can be used for a variety of different applications. The program is being funded by the EU and the ESA.

MISSION COPERNICUS FREE ACCESS TO OUR EARTH'S DATA

The core of the Copernicus program consists of six main services, which are available free of charge:

- Land monitoring
- Monitoring of the marine environment
- Disaster and crisis management
- Monitoring of the atmosphere
- Climate change monitoring
- Service for security applications

To date, there are eight Copernicus satellites in space – this number is expected to increase to 30 by 2030. At the ESA Ministerial Council Conference in November 2019, funding was pledged for six further Copernicus missions, and OHB is involved in three of these new missions:

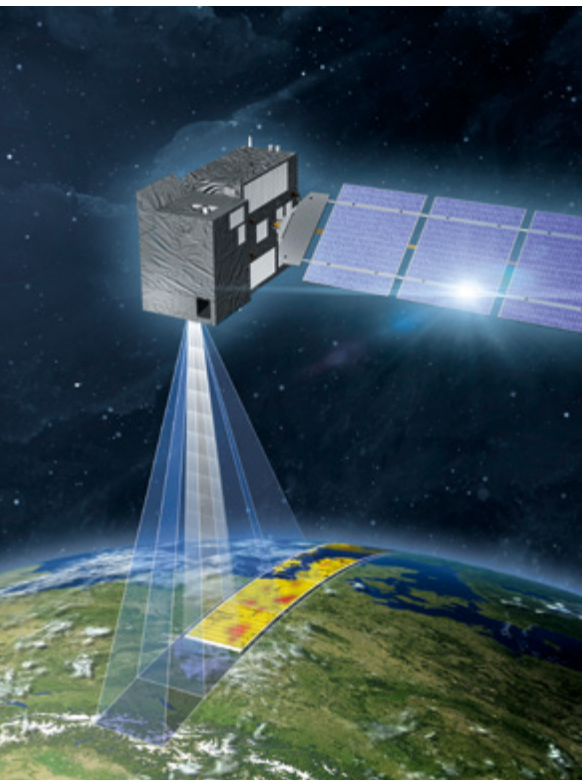
CO2M

OHB leads the CO2M mission as the main contractor. In its first stage of completion the mission will consist of two satellites that allow the targeted measurement of the carbon dioxide released by human activity for the first

time. At present, measurements on the ground allow us to follow the general changes to the CO₂ content in the atmosphere but no reliable information can be obtained about emissions of individual countries or even individual regions or cities. CO2M is designed to close this gap in the data material available to us. It will allow the targets set in the Paris Climate Agreement to be more easily checked and better implemented. The order value totals around EUR 445 million.

CHIME

For the CHIME mission (Copernicus Hyperspectral Imaging Mission for the Environment) OHB System AG will, under a subcontract from Thales Alenia Space, realise the payloads for the two satellites. Through the Sentinel-2 mission the Copernicus program already has two satellites able to record multispectral data. The hyperspectral satellites of the CHIME mission will further expand our ability to analyse the structure of the Earth's surface in detail. The CHIME instruments are high-resolution imaging spectrometers that allow us to take a spectral fingerprint of objects. In this way, different soil compositions and the health of vegetation can be recorded, for



630

KILOMETERS

The satellites of the CHIME mission are placed on a sun-synchronised orbit at a height of around 630 kilometers.

A palm oil plantation in East Kalimantan (Borneo). The different stages of the deforestation process are clear to see – the green areas in the plantations are the well-established palm oil farms while the light brown areas show the freshly cleared land. The CHIME satellite (right) will supply hyperspectral observations that can support services for sustainable farming and biodiversity management and will help analyse the soil structure – important information to keep an eye on the health and growth of the vegetation.

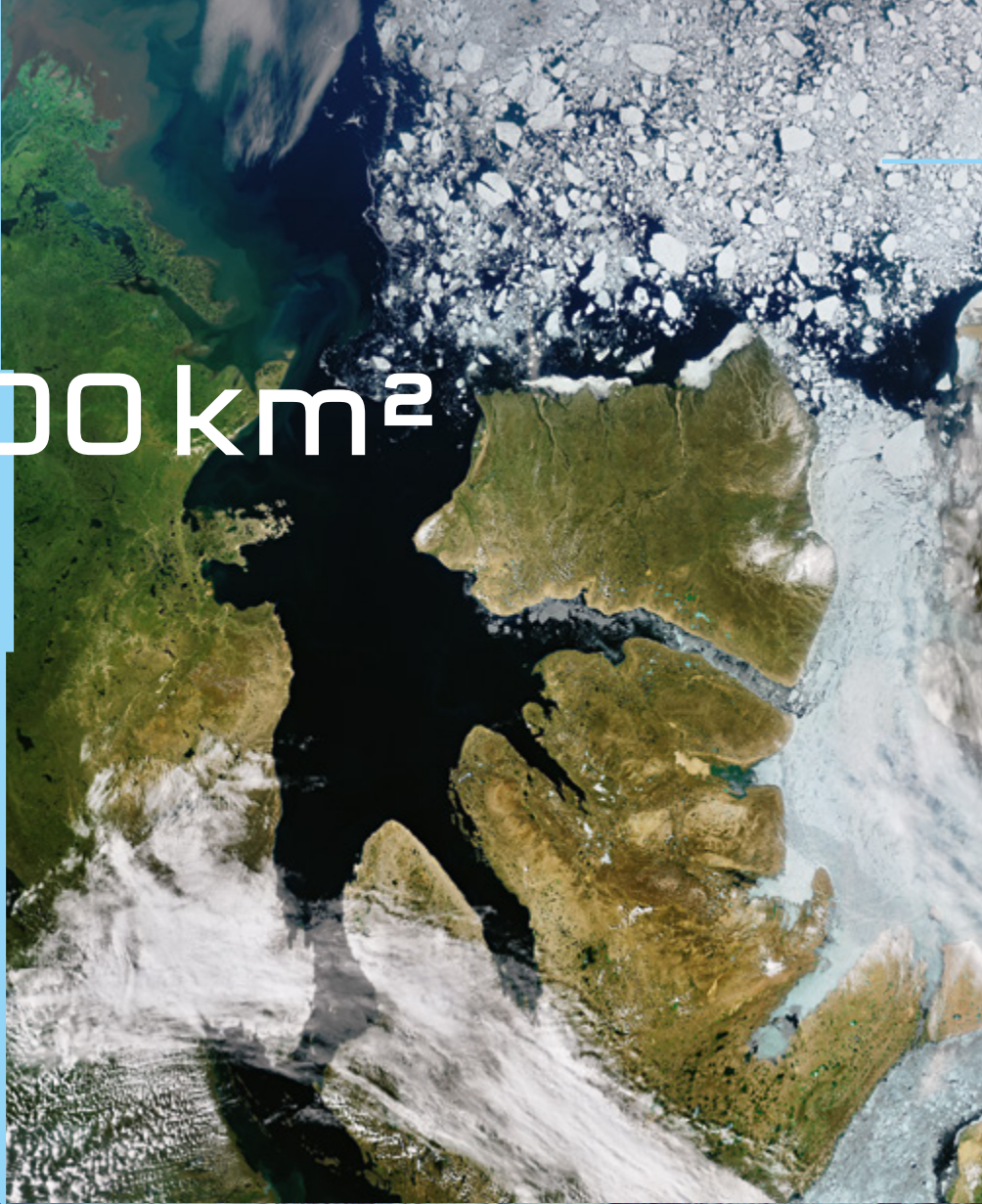


105,700 km²

EXTENT OF SEA ICE

According to the National Snow and Ice Data Center (NSIDC), the sea ice extent decreased at an average daily rate of 105,700 square kilometers in July 2019.

The Bering Strait (Russia/Alaska): Normally covered with sea ice at this time of year, the image recorded by the Copernicus Sentinel-1 mission shows that it is virtually ice-free. The few spots of sea ice are shown in light blue.



Sea ice in the straits of the Canadian archipelago and broken-up sea ice in the Beaufort Sea (Canada): If the pack ice drifts and meets warmer water, the ice becomes more susceptible to rapid melting.

example. The data material will be used to push for the responsible use of resources. The order value for OHB comes to just under EUR 259 million.

CIMR

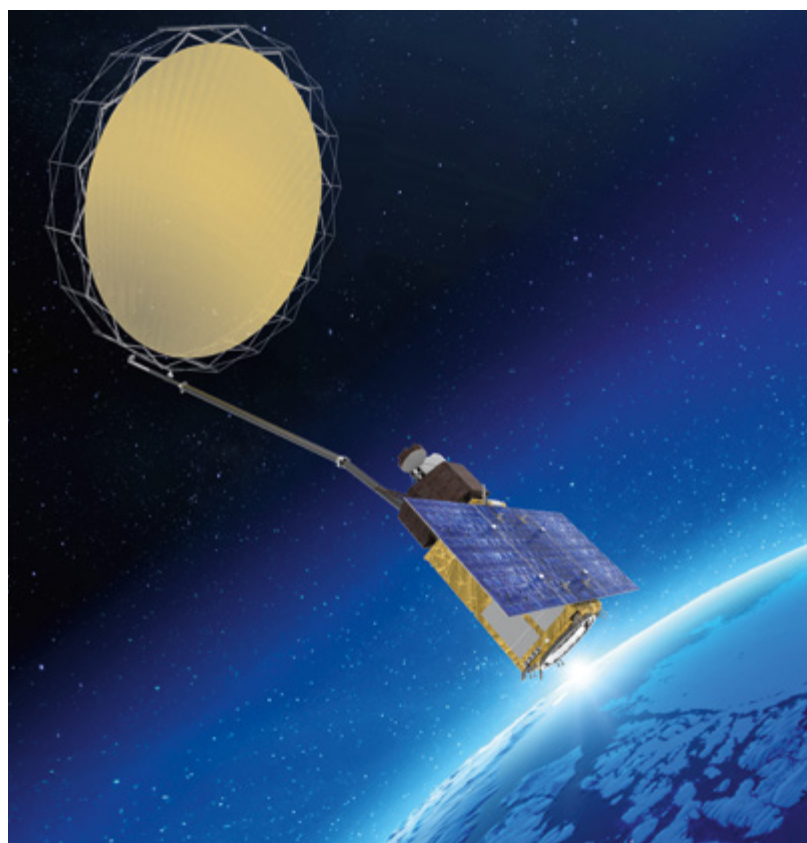
The payloads for the CIMR (Copernicus Imaging Microwave Radiometer) mission are developed by OHB Italia. These multi-frequency microwave radiometers use conical scanning and feature the biggest aerial of its kind. To get a clear signal, state-of-the-art methods to detect and block out interferences are used. The aim of the CIMR mission is to observe the sea surface in the polar regions in detail. In particular, the focus is on the temperature and salt content of water layers close to the sea surface and the concentration of sea ice. In addition, many other sea-ice parameters are to be analysed. Such measurements make a fundamental contribution to climate research. The total contract value totals just under EUR 177.5 million.

The next launch of Copernicus instruments will take place with the geostationary sounder satellites of the Meteosat Third Generation (MTG) weather satellites. Like Sentinel-5, Sentinel-4 will help monitor the Earth's atmosphere and provide information on air quality, ozone readings and solar radiation. OHB has had a major share in the development of the ultraviolet-visible-near-infrared spectrometer (UVN spectrometer) for the Sentinel-4 mission since 2010.

Use of the prepared data is free of charge. The satellite data can be downloaded from various data portals. The ESA makes the data of the Sentinel missions available via the Copernicus Open Access Hub, at the same time providing a description of the data sets and download instructions. All told, various institutional and commercial operators provide data for the Copernicus program. Together they are entered into the Copernicus data warehouse, where they are subject to different licensing terms.

“MONITORING THE ENVIRONMENT FROM SPACE WILL ASSUME AN EXTENT WE CANNOT AT PRESENT IMAGINE.”

MARCO FUCHS



CIMR will observe the sea-surface temperature, sea-ice concentration and salt content of the sea surface together with other sea-ice parameters such as thickness and sea-ice drift.

You can find more information on the third generation of Meteosat weather satellites in the OHB Magazine on our website



WE FORECAST

If extreme weather events are not identified early enough, there is the potential for populations to be exposed to huge natural phenomena with very little warning. The ability to forecast heavy rains, storms and the like with precision is therefore of great importance if possible safety measures are to be taken early on. But more precise weather forecasts are also a basic requirement for agriculture and air traffic. The MTG (Meteosat Third Generation) weather satellite program holds out the prospect of improving forecasting ability. From the end of 2022 onwards, the first MTG satellites will gradually launch into space where, in a geostationary orbit, they will supply

MTG – METEOSAT THIRD GENERATION A PRECISE LOOK AT THE ATMOSPHERE

more precise weather forecasts for Europe – with a major contribution from OHB technology. MTG, among the most complex development programs of satellites in Europe, is the third generation of European weather satellites developed and realised for EUMETSAT (European Organisation for the Exploitation of Meteorological Satellites).

TEN YEARS HAVE GONE BY SINCE THE CONTRACT FOR MTG WEATHER SATELLITE PROGRAM WAS SIGNED - WHAT SPECIFIC TECHNOLOGICAL CHALLENGES DID THE DEVELOPMENT OF THE IRS INSTRUMENT PRESENT?

OHB's involvement covers responsibility for all six satellite platforms, two IRS (infrared sounding) instruments for both sounder satellites and the four telescope assembly units for the Flexible Combined Imager of the imager satellites. In addition, OHB is also the prime contractor for the MTG-S mission. In short, FCI and IRS instruments make weather phenomena visible. Rupert Feckl, project manager for MTG instruments at OHB, talks about the technology that makes the climate measurable in this interview.

Rupert Feckl The challenges from a technological aspect were many. This much was clear to us right from the start. For this reason, the ESA in various competition studies launched key technologies in advance in collaboration with the European aerospace industry. They involved, for example, designing a new generation of infrared detectors with previously unseen sensitivity. Especially low-interference, active coolers were built in order to achieve an operating temperature of around 52 Kelvin, about minus 220 °C, on the retina of the detectors. In orbit, the satellite is directly exposed to the sun for most of the time. It is quite a design challenge to ensure that the sun does not shine directly into the instrument. On the other hand, it is extremely cold on the side facing away



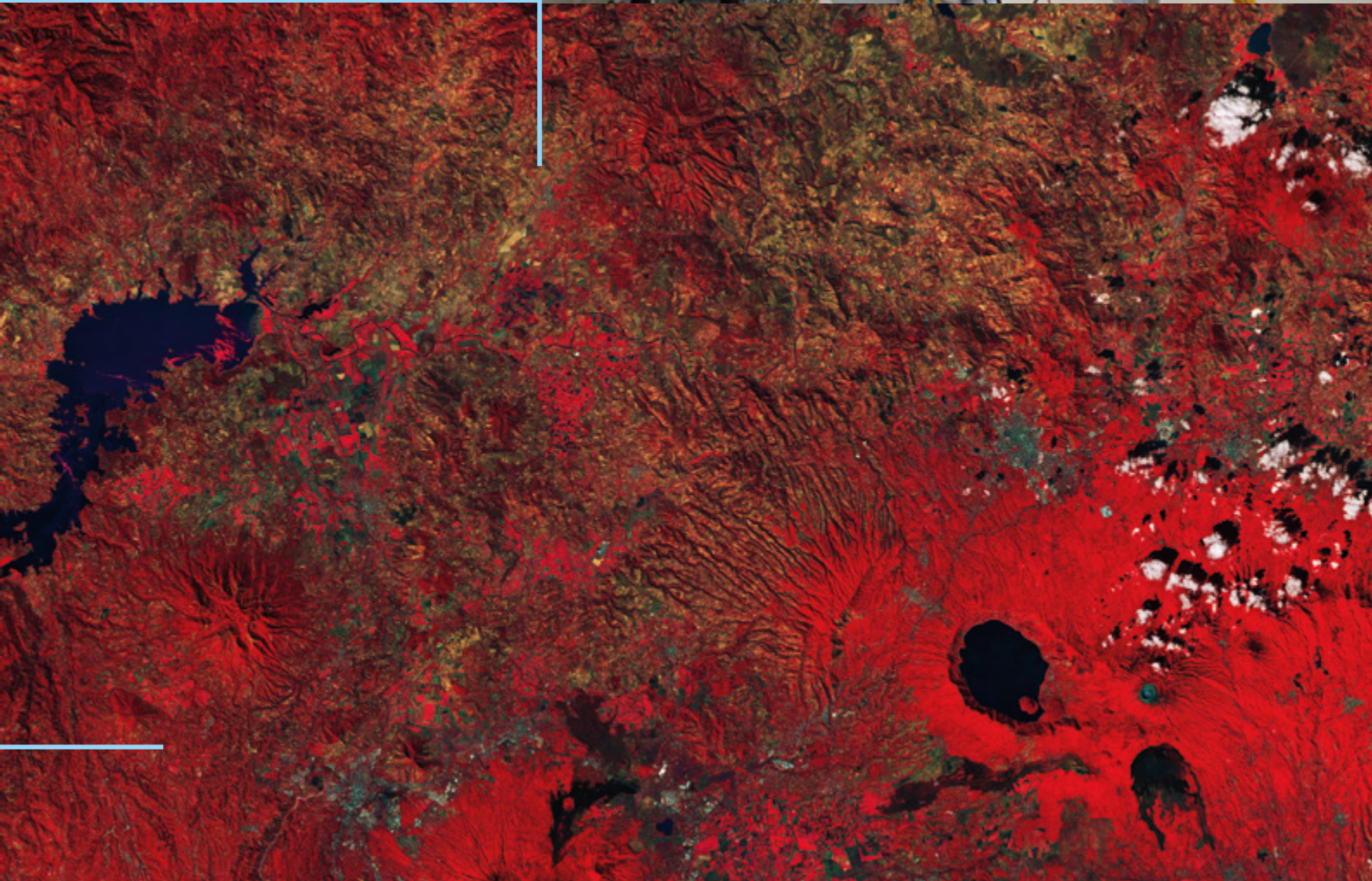
Rupert Feckl, project manager for MTG instruments at OHB, hopes that OHB will soon start series production of the IRS instrument.

10

MINUTES TO SCAN AN EARTH DISC

The FCI instrument allows the full Earth disc to be scanned in 16 channels in ten minutes and with a spatial resolution of one or two kilometers. Faster is also possible: The instrument needs 2.5 minutes for a quarter of the Earth disc in four channels with spatial resolution that is twice as high.

The MTG satellites will not only supply data for an improved forecasting of weather events, they will also be equipped with cameras that supply images with high spectral resolution.



from the sun. The two effects result in very changeable thermal strain. Materials expand and then contract, which would be deadly for finely adjusted optical devices. And so the satellite's thermal budget needs to ensure that temperatures are absolutely constant all the time. This requires a number of design measures so that the optical instrument can consistently supply a constant data quality. A SCAN mechanism, which directs the primary mirror of telescopes to observation points on Earth with absolute precision, ensures that the instrument always faces the Earth in the right position. We have ensured that this precision can be guaranteed 24/7 and for an operating period of ten years without any need for maintenance. The OHB team has always responded with a high degree of flexibility and feats of creative engineering, and the collaboration with partners and principals has, on the whole, been outstandingly successful.

WILL OHB GO INTO SERIES PRODUCTION WITH THE IRS INSTRUMENT GOING FORWARD?

Rupert Feckl We really hope so. This is something we are currently pursuing with determination. For many decades, meteorologists the world over have wished they had access to so-called infrared interferograms, which allow the distribution of temperatures and the movement of gases in the atmosphere to be measured. The data calculated help to predict extreme weather events with much greater precision. Our IRS instrument makes this possible. But at the time development of the IRS began in 2010, people were not sure whether it could actually be realised. Seasoned aerospace nations such as the US had in the past tried and failed to produce comparable instruments, never managing to bring anything of the kind to market maturity. If I look at the current status of

development of the IRS at OHB, it is highly likely that we will be able to deliver on our performance commitments. As a result, the interest among meteorological agencies worldwide in the data such an instrument produces has seen a further significant increase. We hope to be able to secure export orders for IRS models in the near future. To this end, we have already entered into intensive talks with weather agencies and possible partners in various regions around the world.

HOW DOES OHB CONTRIBUTE TO THE FLEXIBLE COMBINED IMAGER TOOL?

Rupert Feckl Imager technology delivers pictures in the visible light spectrum. These data have been actively used by weather agencies for decades. Over the years the technology used in imager instruments has developed considerably. We were able to improve the number of spectral channels, that is, the color of images, the precision of resolution and the coverage and repeatability of image data. In addition, the IRS supplies further data in the infrared light spectrum, including information on the composition of the atmosphere and the movement of air layers in relation to each other.

From a technological perspective, we need to specify that the two primary instruments, FCI and IRS, share a large number of technological features, such as the scanner, the detector cooling and the thermal and mechanical design. For this reason, IRS is in many places a "freeloader" on the development progress made by the imager instrument. Every technical obstacle we overcame with the FCI helped us at the same time with the development of the IRS. These technological synergies were the main reasons that the ESA and EUMETSAT chose our bid. This represents an outstanding performance we managed to achieve here at OHB.

WHAT STAGES WILL THE MTG INSTRUMENTS PASS IN THE COMING MONTHS?

Rupert Feckl As far as the FCI instrument is concerned, OHB has essentially already fulfilled its role successfully: We delivered our parts for the first flight model to our partner, Thales Alenia Space, in summer 2020. At the moment, this first FCI flight model is in the final assembly stage at TAS before being integrated into the first MTG-I imager satellite. At its Bremen site OHB has manufactured and tested the first satellite platforms for the MTG-I satellites with great success and delivered it on time. The next step following the "mating" between instrument and platform to form the complete satellite is the preparations for transportation and the actual start of the launchers. The first MTG-I launch is scheduled for the end of 2022.

Two of the IRS flight models are at a substantially advanced integration status at OHB in the ISO-5 cleanrooms. We expect two material TAS-F subsystems in the first quarter of 2021, which will be integrated into the complete instrument in the course of the year. This first flight model will undergo its final environmental and performance checks at the end of 2021/beginning of 2022. In mid-2022 it will be moved to Bremen for integration into the MTG-S satellite, then further tests and preparations for the launch will be made. The first MTG-S satellite is scheduled to go into orbit at the end of 2023. We are thus extremely well-prepared in Bremen and Oberpfaffenhofen to secure and realise additional follow-up orders for MTG instruments or satellites.

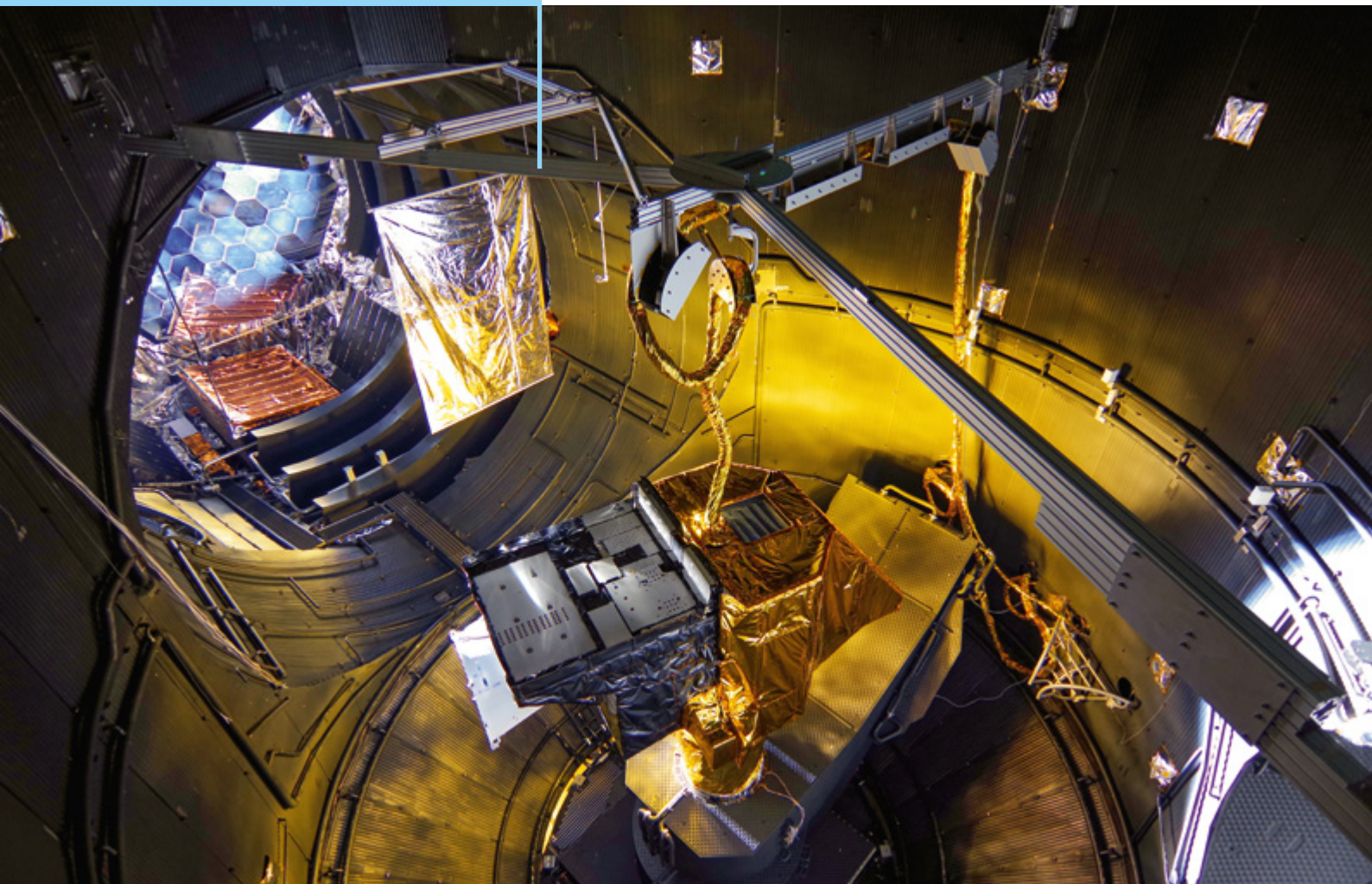
2022

LAUNCH INTO SPACE

The first MTG-I launch is scheduled for the end of 2022.

OHB technology in the space simulation chamber: The IRS instrument of the MTG sounder satellites helps better predict extreme weather events.

FOR DECADES, IT HAS BEEN THE WISH OF METEOROLOGISTS **TO ACCESS DATA ON THE DISTRIBUTION OF TEMPERATURES AND THE MOVEMENT OF GASES IN THE ATMOSPHERE.**



BETWEEN SPACE & TIME

OHB CELEBRATING ITS 40TH ANNIVERSARY

At the Company's Bremen-based headquarters, carefully framed photos testify to the modest origins of OHB, which has since become a global

player in space flight. Back in 1981, business woman Christa Fuchs seized the opportunity to acquire a promising garage company in Hemelinger Hafen. She bought the company from the Otto family, thus laying the foundations for a success story that spans 40 years in 2021.

In a red-brick building behind an inconspicuous rolling gate is where the journey into orbit begins, with space flight pioneer Prof. Manfred Fuchs at the helm. Inspired by his wife, he has a deep desire for independence and joins the Company in 1985. He sees the big picture and views the dynamic development – especially in astronautics in the eighties – as an opportunity for building an independent and flexible systems specialist. With his enthusiasm and vision, he convinces numerous engineers to join the OHB adventure and help write a success story.

Even with its very first satellite known as BremSat, OHB developed a scientific and technical multi-talent. With

this project, the Company demonstrated remarkably well that highly powerful satellites could be produced in a compact form and cost-effectively, years before the term "New Space" was being used globally to describe this. "Once we had successfully launched the satellite, follow-up orders were quick to come, of course," reminisces Christa Fuchs.

"I am very happy that my mother took the risk back in the eighties with OHB," says today's CEO and lawyer Marco Fuchs, recollecting the early days. "That's because your mother is always active and looks ahead," Christa Fuchs adds. Additional business areas were opened up, the portfolio massively expanded, innovative developments performed, new technical skills amassed, a successful IPO completed, additional companies established and targeted acquisitions carried out. The Fuchs family have always been the majority shareholders, thus ensuring the Company's independence. Marco Fuchs joined the Company in the mid-nineties, guiding the Group through an outstanding phase of growth. Organic growth was complemented by the acquisition of several space companies in Europe. At the same time, OHB also established its own companies in Germany as well as in other countries. Over the years, what started out as a small company has grown to become a European group with 14 facilities in ten countries.

One of the first milestones in the Company's history was the "turnkey" completion of the SAR-Lupe satellite array for worldwide radar-based



1990: Integration of the re-entry concept Falke as an experimental study for the European space shuttle Hermes.

3,029

EMPLOYEES

The OHB Group companies had a total of 3,029 EMPLOYEES as of the end of 2020.

THE SMALL COMPANY IN BREMEN WITH FIVE EMPLOYEES HAS EVOLVED INTO A GROUP WITH 14 FACILITIES IN 10 COUNTRIES.

OHB SE is based at the Bremen Technology Park. More than 1,000 employees work at the various companies in Bremen.



2006: A Cosmos 3M launcher being readied at the Plessezk space center to carry the first SAR-Lupe radar satellite successfully into space.



remote reconnaissance. The success in developing and building the Small-GEO range of geostationary satellites in Germany and commencing series production of 34 Galileo FOC satellites also paved the way for the future.

Today, the Space Systems segment produces satellite systems for high-precision Earth and environmental observation missions, next-generation weather and atmosphere monitoring, global navigation, broadband and Internet of Things communications, asteroid defense for the Earth and science and research. OHB is a certified ESA large-system integrator and plays a significant role in European and national space programs such as the European Union's Copernicus Earth observation program.

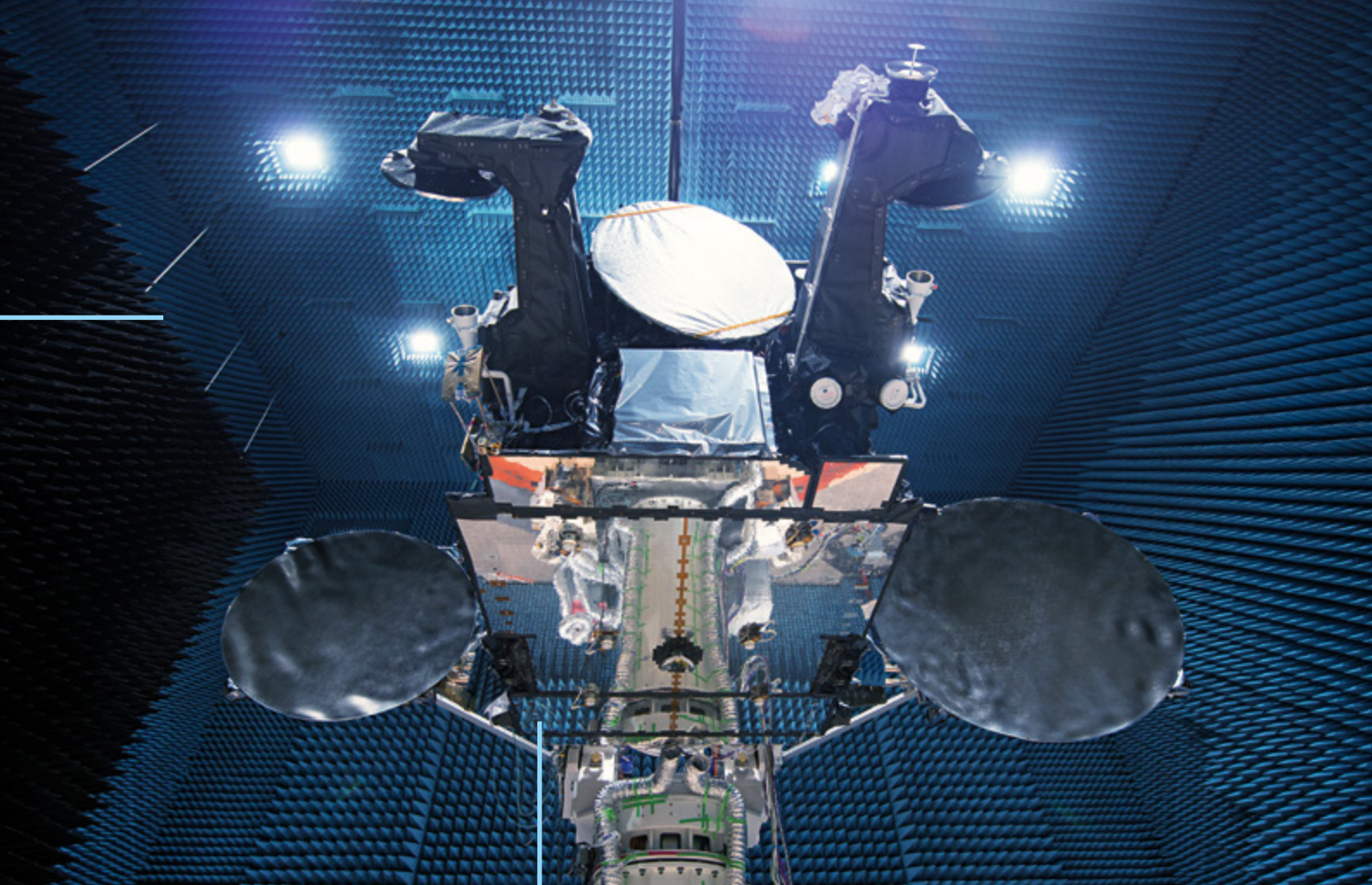
OHB also makes a key contribution to independent European space access. OHB's "Aerospace" division is the largest supplier for the Ariane program

and is commencing work on the construction of its own mini-launcher system at the Augsburg site. OHB is also an important supplier to the aircraft industry via its investment in Aerotech Peissenberg GmbH. Satellites are gaining importance due to the digital transformation, which is opening up new and important fields of application. For this reason, OHB expanded its activities in this area by establishing the new "DIGITAL" segment in 2020.

The order books of the former garage workshop are well filled. OHB has been playing an active role in the high-growth space technology market over four decades and, looking forward, will remain at the vanguard in shaping European space programs. With its partners and suppliers from industry and research, OHB is a reliable partner for the implementation of Europe's institutional space strategies and is ideally poised to benefit from the growing private commercial market.



Company founder Christa Fuchs and her husband, space engineer Prof. Manfred Fuchs († 2014), who left his previous position in the space industry in 1985 to refocus OHB's activities on this industry.



2016: H36W-1 satellite during the test campaign. The telecommunications satellite for customer Hispasat was the first satellite based on OHB's SmallGEO platform. It was launched in 2017 to provide flexible broadband services for Spain, Portugal, the Canary Islands and South America.

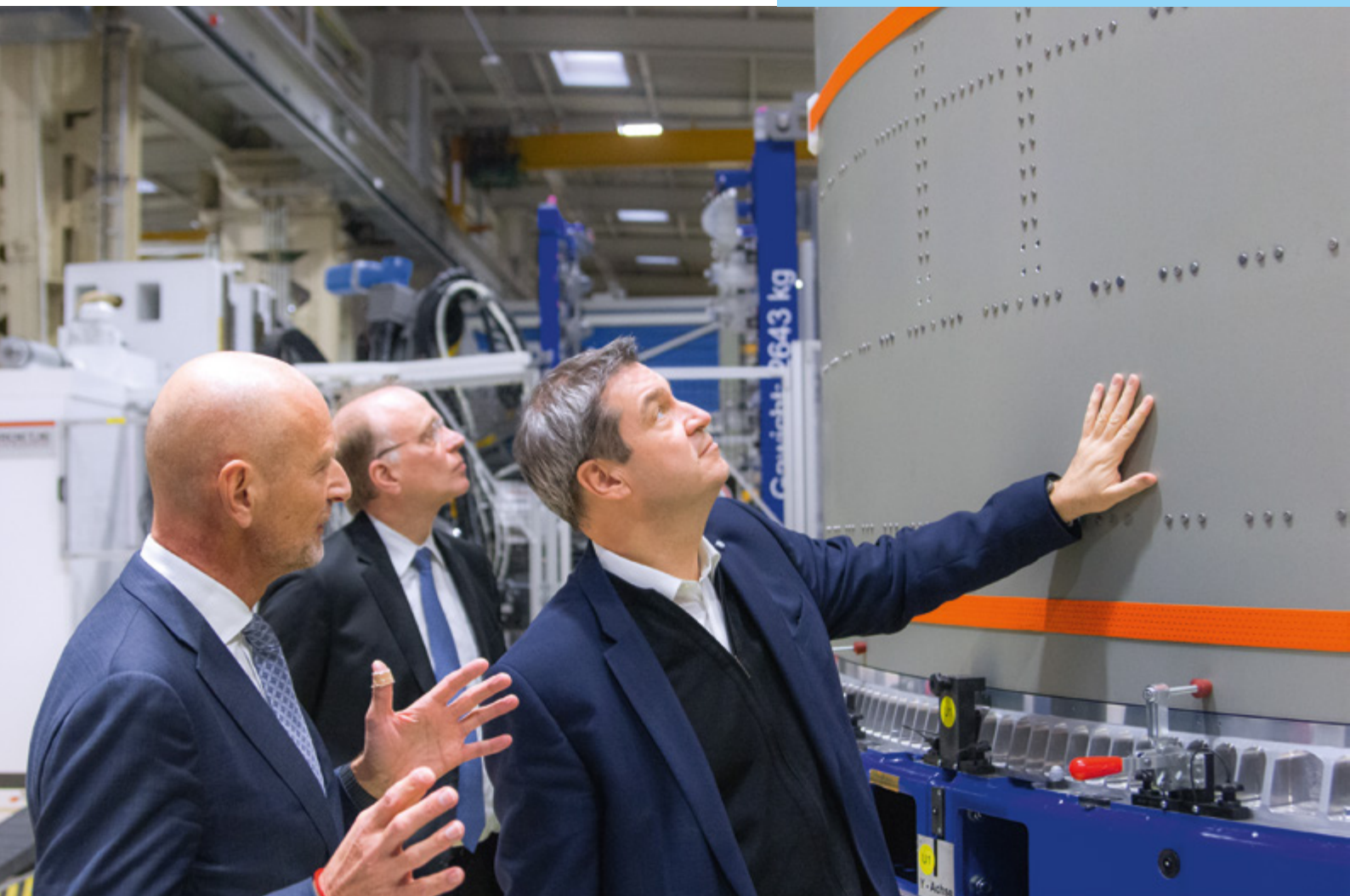
WITH THE HANDOVER
OF THE FIRST SATELLITE
SYSTEM SAR-LUPE IN
2008 AND THE FIRST
GEOSTATIONARY
SATELLITE H36W-1
IN 2017 TO THE RES-
PECTIVE CUSTOMERS,
**OHB ACHIEVED
ITS STRATEGIC GOALS.**

1ST QUARTER

BAVARIAN PRIME MINISTER DR. SÖDER VISITS MT AEROSPACE IN AUGSBURG

FEBRUARY 3, 2020

During his visit to MT Aerospace (MT A) in Augsburg, Bavarian Prime Minister Dr. Markus Söder was welcomed by Hans Steininger (CEO of MT A) and Marco Fuchs. The central theme of the visit was the company's future perspectives following the decisions made at the ESA Ministerial Council Conference Space19+ last November as well as the "New Space" strategy for expanding Bavarian leadership roles in Germany and Europe.





MARCO FUCHS AT THE SUMMIT OF WORLD MARKET LEADERS

JANUARY 28, 2020

Business weekly WirtschaftsWoche organises a summit of the world market leaders for companies, consultants and politicians at the beginning of each year. Marco Fuchs discussed with WiWo editor-in-chief Beat Balzli extraterrestrial life, the ExoMars Mars mission and the commercialisation of the Milky Way.



MT MECHATRONICS BIG LIFT FOR RADIO TELESCOPE

FEBRUARY 6, 2020

MT Mechatronics GmbH set another milestone in Chiang Mai, Thailand, with the "Big Lift" to complete the 40-meter radio telescope for the National Astronomical Research Institute of Thailand (NARIT). This involved lifting the 250-tonne reflector onto the steel substructure.



STRATEGY 2025: OHB PRESENTS THIRD DIVISION "DIGITAL"

FEBRUARY 13, 2020

At the Capital Market Day in February 2020, OHB presented its "Shaping the Future" corporate strategy for the period through to 2025, outlining the related growth prospects. The newly created DIGITAL business unit will pool the OHB Group's capabilities in ground-based systems and digital services.



2ND QUARTER

MOONWALK AT OHB

JUNE 3, 2020

An 80-square-meter lunar landscape has stretched across the entire side wall of the Luna event hall in Bremen since June 2020. The 12 astronauts who landed on the Moon between 1969 and 1972 as crews of Apollo missions 11 to 17 can be seen in action between the lunar craters. The Moon and the astronauts form part of a photographic collage entitled "Lunar Explorers" by Berlin artist Michael Najjar.





MISSION ACCOMPLISHED: THE PLATO HALL, OHB'S LARGEST CLEANROOM, GOES INTO OPERATION

APRIL 30, 2020

After only 14 months of construction, the PLATO hall at the Bremen headquarters was officially completed in April 2020. With a floor area of around 1,400 square meters and a height of almost 11 meters, the ISO 8 cleanroom is the OHB Group's largest cleanroom. In addition, a further 1,900 square meters of office space was created.



PURELY DIGITAL: OHB SE HOLDS VIRTUAL GENERAL MEETING DUE TO COVID-19

MAY 26, 2020

OHB SE held its first ever virtual annual general meeting this year. The meeting took place in Bremen without the physical presence of the shareholders in response to the restriction on assemblies of people and was simultaneously live-streamed online.



ROCKET FACTORY AUGSBURG REACHES NEXT ROUND IN DLR MICROLAUNCHER COMPETITION

JUNE 30, 2020

As one of a total of three teams, Rocket Factory Augsburg was able to continue participating in the competition organised by the German Aerospace Center (DLR), which is funding German start-ups with a total amount of EUR 25 million. All three winners received EUR 500,000 to continue working on their projects until the main round of the competition in spring 2021.



3RD QUARTER

OHB AND ESA SEAL HERA ASTEROID DEFENSE MISSION

SEPTEMBER 15, 2020

During a virtual Hera mission workshop held on September 15, 2020, Franco Ongaro, ESA Director of Technology, Engineering & Quality, and Marco Fuchs signed a contract naming OHB System as the main industrial contractor for the Hera asteroid mission. The contract has a value of EUR 129 million.

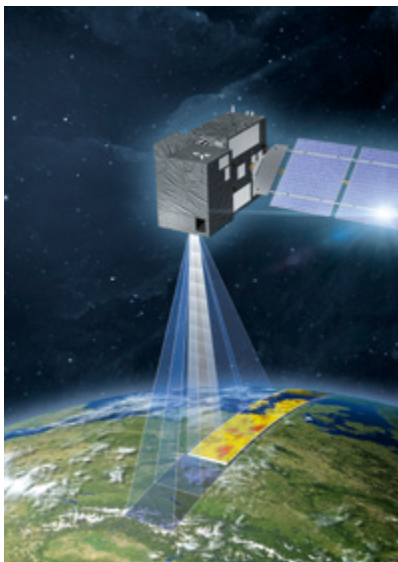
By working on Hera, OHB is participating in the AIDA collaboration project between ESA and NASA, which is combining the data of the NASA DART mission and the ESA Hera mission to gain information of the maximum possible accuracy from this asteroid deflection mission. The Didymos double asteroid has been selected as the target.



OHB SYSTEM APPOINTED MAIN CONTRACTOR FOR CO2M MISSION

JULY 31, 2020

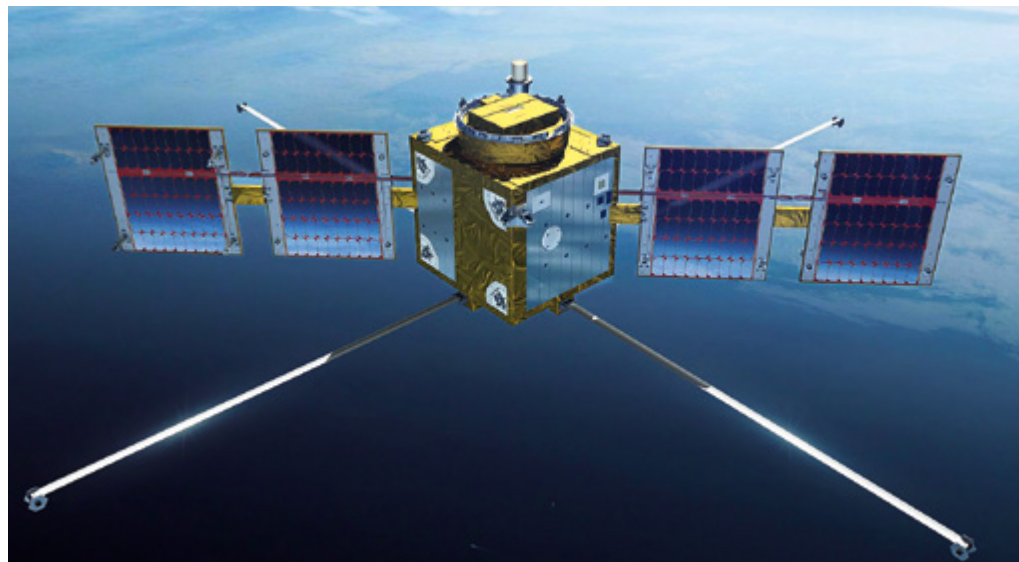
With CO2M, OHB System was awarded a particularly important mission in the Copernicus Earth observation program. The satellites are to measure the carbon dioxide content of the Earth's atmosphere from outer space and distinguish between naturally occurring and anthropogenically released CO₂. This will make it possible to measure the emissions of individual countries, regions or cities for the first time.



ESAIL SUCCESSFULLY LAUNCHED

SEPTEMBER 3, 2020

ESAIL, the first commercial microsatellite developed under the European Space Agency ESA's SAT-AIS program for tracking ships, took off successfully from the spaceport in Kourou, French Guiana, on board a Vega launcher at 3.51 a.m. (CET) on September 3, 2020, reaching its orbit just under two hours later. LuxSpace handled the complete integration of ESAIL.



ENMAP INSTRUMENT ENVIRONMENTAL TEST SUCCESSFUL

SEPTEMBER 29, 2020

The hyperspectral imager for the EnMAP satellite successfully completed the multi-month environmental test campaign at the IABG in September. In October, the instrument was returned to its large granite plate in the ISO-5 cleanroom at OHB System, where it underwent a series of final optical tests. After integration with the platform, the combined system will be completing the mandatory environmental tests at the satellite level at the IABG from June 2021.



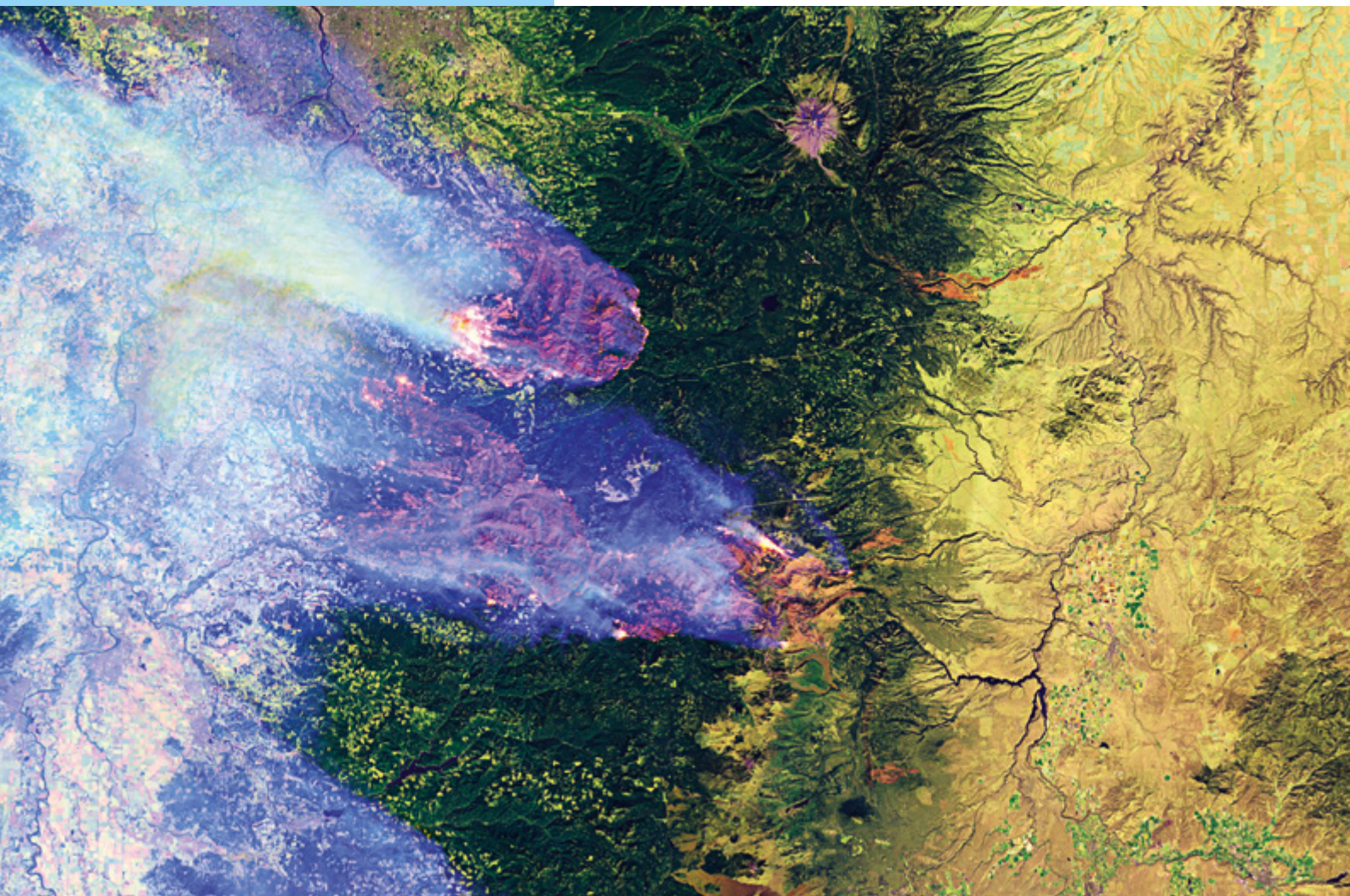
4TH QUARTER

This spectral image taken on September 9, 2020 shows some of the forest fires over Oregon recorded by the Copernicus Sentinel-2 mission. SWIR bands, which penetrate the smoke of the fire and offer a clearer view of the fire front and the area affected at the time of recording, are used to create this composite image.

OHB SYSTEM SIGNS CONTRACT FOR INSTRUMENTS FOR COPERNICUS MISSION CHIME

NOVEMBER 19, 2020

OHB System AG will be building the payload for the two satellites of the Earth observation mission CHIME in a subcontract with Thales Alenia Space. A part of the European Copernicus Earth observation program, the CHIME mission (Copernicus Hyperspectral Imaging Mission for the Environment) will help to ensure the responsible and sustainable use of natural resources via a hyperspectral analysis of the Earth's surface. The total value of the order for OHB stands at almost EUR 259 million.



CONTRACT FOR THE REGENERATION OF THE GERMAN FEDERAL ARMED FORCES' GROUND STATIONS

NOVEMBER 11, 2020

OHB Digital Connect GmbH received an order from the Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support for the regeneration of mobile ground stations for the German federal armed forces' satellite communications system. OHB has had business relations with the German federal armed forces for years. Back in 2007, OHB supplied them with their first own satellite-based reconnaissance system known as SAR-Lupe.



OHB ITALIA SIGNS CONTRACT FOR INSTRUMENT FOR COPERNICUS MISSION CIMR

DECEMBER 29, 2020

OHB Italia signed a contract worth EUR 178 million with Thales Alenia Space for the development of instruments for the CIMR Earth observation mission. CIMR stands for "Copernicus Imaging Microwave Radiometer" and is a high-priority mission in the Copernicus Earth observation program, which is being jointly financed by ESA and the EU member states.

OHB AWARDED CONTRACT WORTH MORE THAN EUR 150 MILLION FOR THE COMPLETION OF A FURTHER ELECTRO-OPTICAL SATELLITE

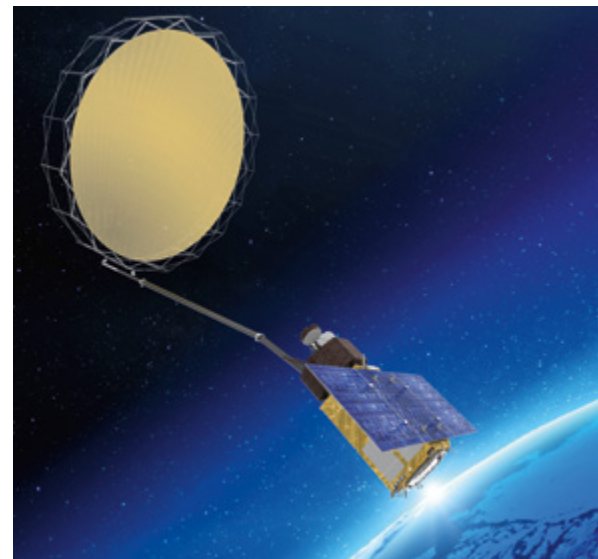
DECEMBER 14, 2020

OHB System AG signed a contract with the competent authorities of the Federal Republic of Germany for a further satellite for a global electro-optical reconnaissance system.

EUROPEAN SPACE AND DIGITAL PLAYERS CONSIDER THE DEVELOPMENT OF A SATELLITE-BASED COMMUNICATION SYSTEM FOR THE EU

DECEMBER 23, 2020

OHB System AG was selected by the European Commission as part of a consortium comprising other European satellite manufacturers and service providers in the space segment to design, develop and launch a European space-based communications system.

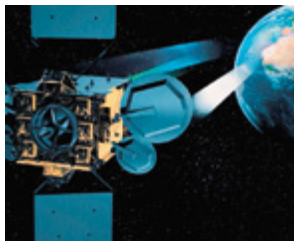


CAPITAL MARKET DAY 2021

On February 11, 2021, OHB SE held this year's Capital Market Day in virtual form. During the event, the five speakers presented activities and current developments from their areas of responsibility. Following on from last year's event, during which the idea of a new segment was introduced for the first time, it was now possible to present the realisation: Since January 1, 2021, DIGITAL has represented a separate reporting segment which, as a central element, embodies the implementation of Strategy 2025 and is intended to make a significant contribution to achieving the medium-term goals.

- DIGITAL combines today's and future business of the OHB Group in the areas of solutions and services
- DIGITAL will be structured along market verticals
- Cross-segment Competence Centers will be build-up:
 - Security: cyber, electronics, and cryptography
 - Software development (including cloud-based development)
 - Data analytic (including big data and artificial intelligence)

MARKET CLUSTERS OF THE NEW SEGMENT "DIGITAL"



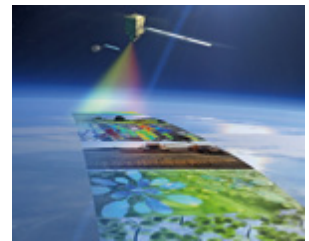
CONNECT TO SPACE



CRITICAL INFRASTRUCTURE



INFORMATION TECHNOLOGY



DOWNSTREAM SERVICES

IMPLEMENTATION OF OHB'S GROUP STRATEGIES THROUGH "DIGITAL"





top: broadcast room at OHB in Bremen
below: Marco Fuchs

Kurt Melching



Dr. Wolfgang Paetsch



Dr. Lutz Bertling



top: Martina Lilienthal
below: Hans Steininger

20 YEARS ON THE STOCK EXCHANGE

The OHB share has been listed on the German stock exchange for 20 years now. When the Company first went public in 2001, the share was listed in the “Neuer Markt” segment, which at that time was reserved for growth stocks. By the time of the IPO, the previous rapid rise of this segment in the years from 1997 to 2000 had already faltered, as a result of which the share price of OHB Teledata AG, as the Company was called at the time, declined in line with general market trends. At its peak, the “Neuer Markt” segment was composed of 330 companies, of which 150 were still in business in 2017. Between 2007 and 2017, precisely 54 of these companies distributed a dividend to their shareholders over a total of five years and 19 of them over eight or more years in a row. OHB SE has been distributing continuous dividend payments since 2005, the only exception being 2020, in which the dividend was omitted due to the pandemic.

The decisive reason for the IPO at the time was the assumption on the part of management and owners of the Company that additional equity would need to be raised in the market to finance OHB’s planned dynamic growth. As it turned out, this extra equity was not required despite the growth achieved.

In addition to the continuous possibility for raising funding, the stock exchange listing entails a variety of other advantages: In terms of operating business, the strict disclosure duties associated with the Prime Standard listing provide benefits that are reflected in heightened confidence on the

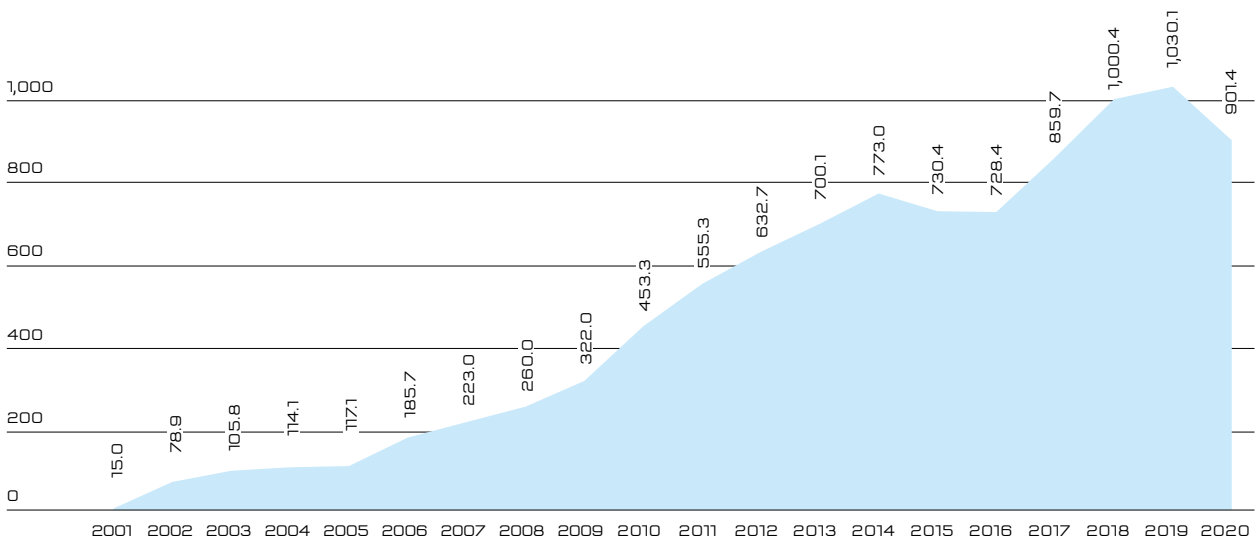
+5,907%

TOTAL REVENUES

In 2001, the Company achieved total revenues of only EUR 15 million. In 2020, this figure reached EUR 901 million, equivalent to a multiple of 60, or an increase of 5,907%.

NO CASH
CAPITAL
INCREASE
SO FAR
**DESPITE
GROWTH**

[01] DEVELOPMENT OF TOTAL REVENUES
2001–2020 in EUR million



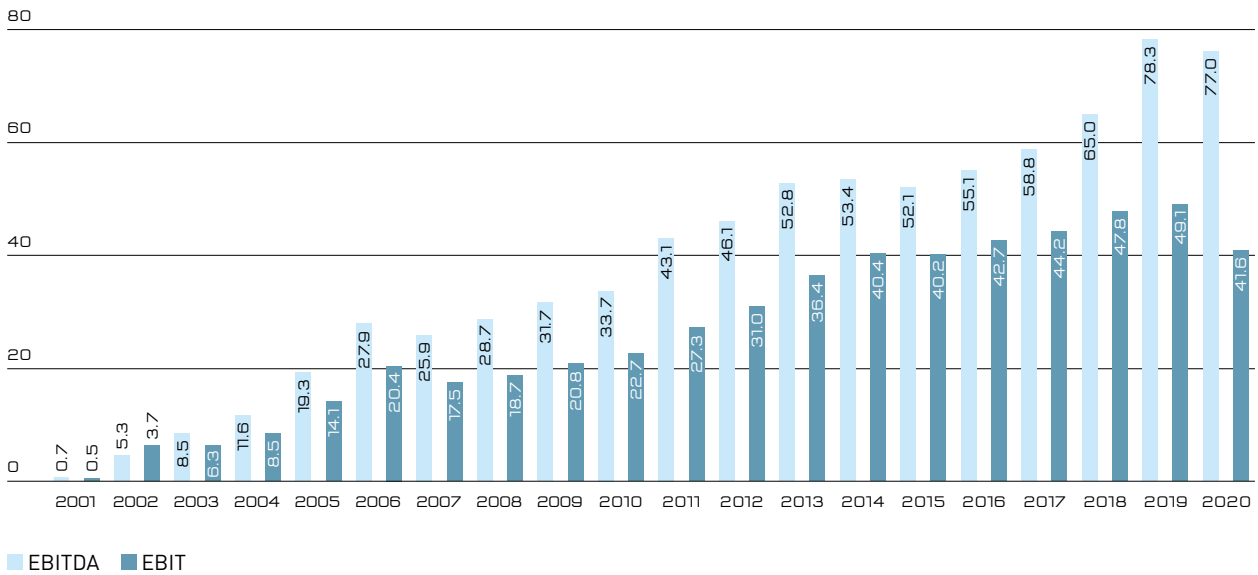
part of customers. The internal processes required to meet the obligations associated with the listing ensure an ongoing review of issues relating to corporate governance and the growth in enterprise value. Likewise, the flexibility offered in connection with payments for possible acquisitions is a significant advantage of being listed.

EUR 264 MILLION

CASH FLOW
from operating activities since the first trading day

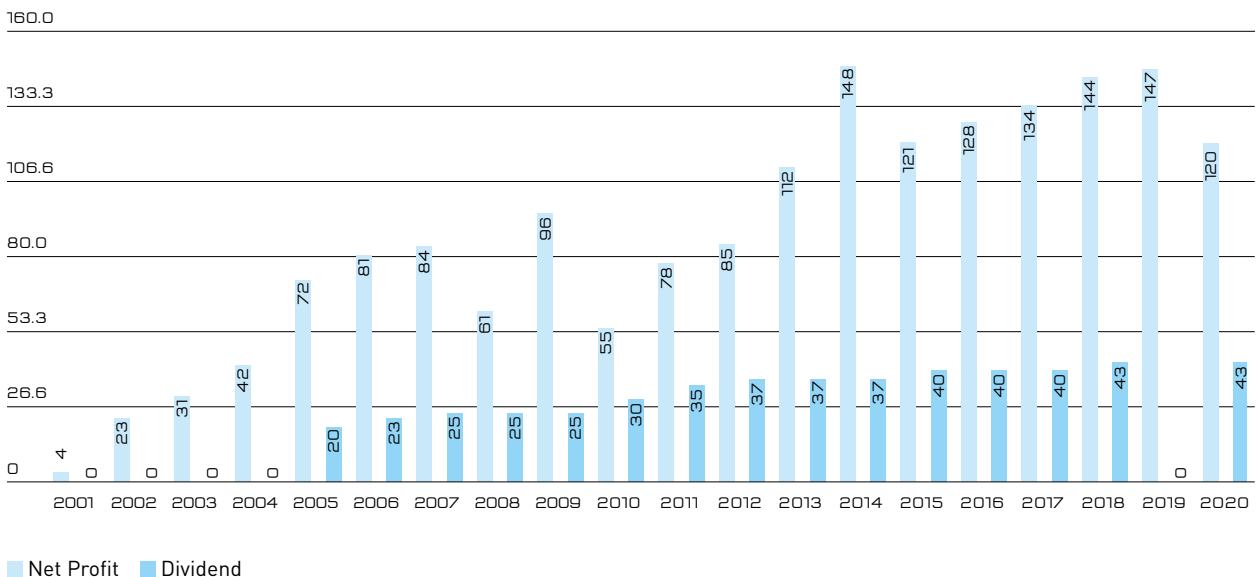
[02] DEVELOPMENT OF EBITDA AND EBIT

2001–2020 in EUR million



[03] DEVELOPMENT OF DIVIDENDS AND EARNINGS PER SHARE

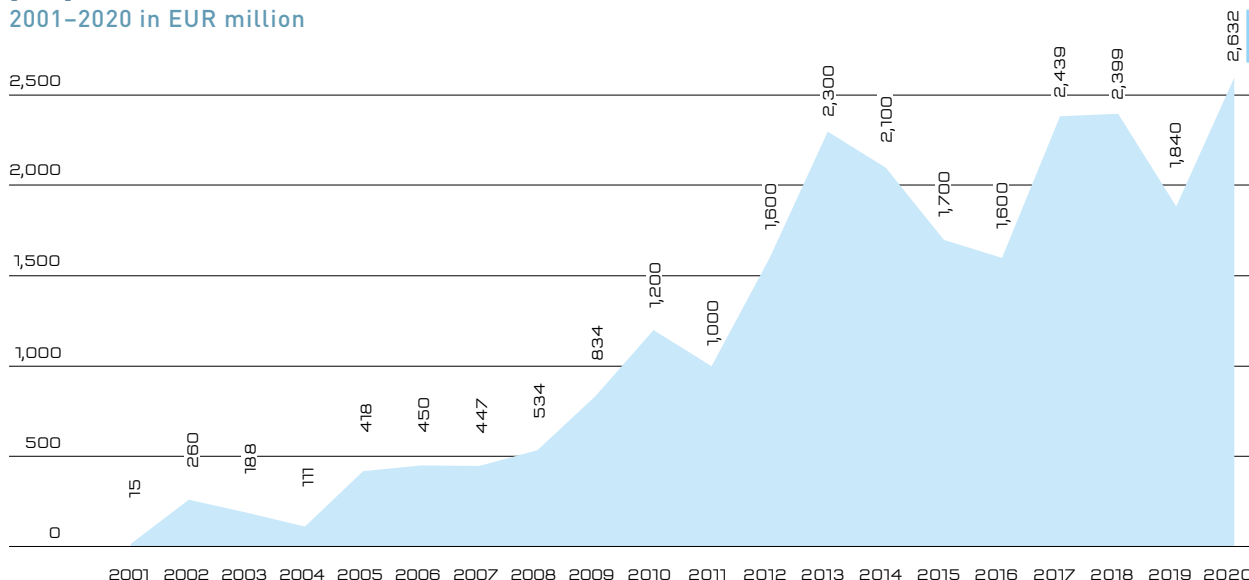
2001–2020 in EUR Cent



HISTORICAL HIGH

[04] DEVELOPMENT OF ORDER-BACKLOG

2001–2020 in EUR million



OHB SE's shareholder structure has remained essentially unchanged over the years. With a stake of around 70%, the founding Fuchs family continues to hold a majority of the outstanding shares, while the free float accounts for around 30%. The Company itself had a small number of treasury shares (0.25%) as of December 31, 2020.

Reminiscing about the IPO in 2001:
The IPO was underwritten by the syndicate banks Sal. Oppenheim jr. & Cie., Delbrück & Co. and Sparkasse Bremen.

[05] DEVELOPMENT OF SHARE PRICE SINCE IPO

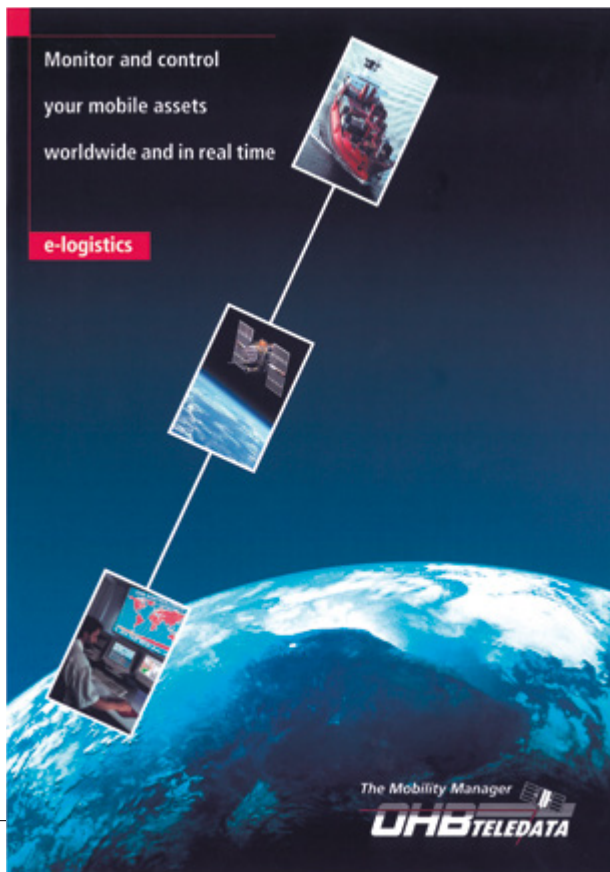
March 2001–January 2021 in EUR



MARCH 13, 2001

FIRST DAY OF TRADING

for shares in OHB Teledata AG



EUR 193 MILLION

FREE CASH FLOW

since the first day of (cumulative)

- of which EUR 79 million was distributed in dividends
- Profit of EUR 11 million was distributed to the non-controlling interests,
- EUR 84 million was financial expenses

SINCE 2005

CONTINUOUS DIVIDEND PAYMENT

Exception: no distribution in the pandemic year of 2020

The company brochure, which was prepared for the IPO of the former Teledata AG, mainly contains statements on logistics and transport; its core business entailed solutions for global data management with a focus on traffic telematics. Even then, the business model rested on three pillars: projects, products and services.

50

40

30

20

10

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

OHB STOCK

TURBULENT STOCK MARKET YEAR IN 2020 BUT GAINS ACHIEVED DESPITE THE COVID-19 PANDEMIC

After advancing by more than 25% or 2,669 points in 2019, the German blue-chip DAX index also reached all-time highs in 2020. However, the range of fluctuation in the course of the year was unusually high: Up until mid-February 2020, the DAX reached new highs close to 14,000 points. However, share prices fell sharply from February 24, 2020 in response to the swift spread of the Covid-19 virus, sending the index down to 8,255 points on March 16. This was followed by an unusually swift recovery, which was spurred by the measures taken by central banks and governments to shield the economy from the effects of the pandemic. With volatility remaining very high throughout the rest of the year, the DAX achieved full-year gains of 3.5%, closing the year at 13,719 points. The TecDAX, which is composed of the 30 largest German technology stocks, posted a gain of 7%, equivalent to 198 points.

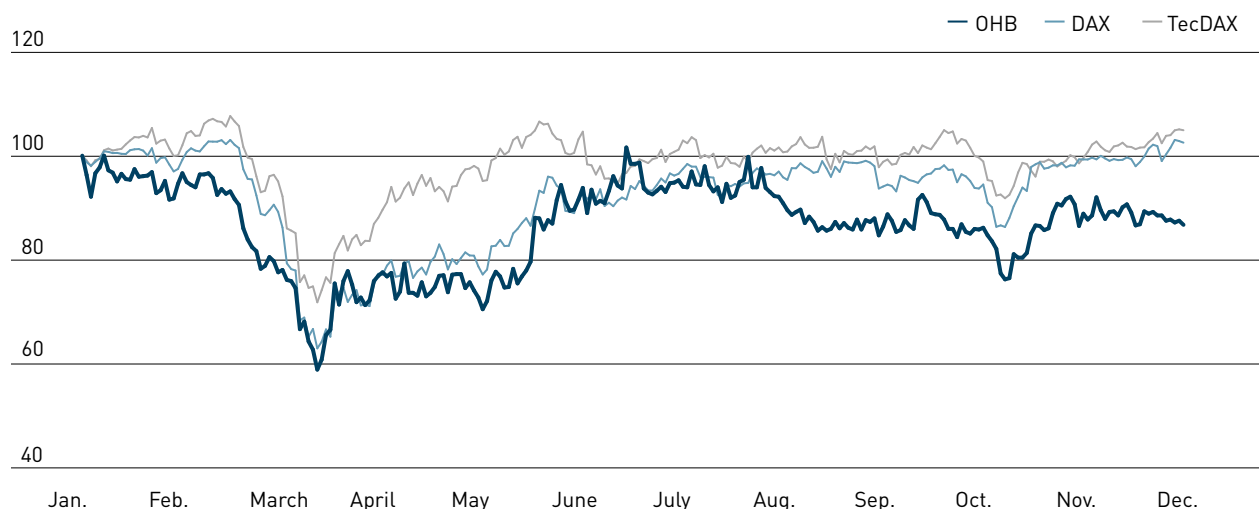
OHB SHARES CLOSED THE PANDEMIC YEAR OF 2020 LOWER

Tracking the market as a whole, OHB shares were driven down by the Covid-19 pandemic but rebounded by the end of June. After a further decline in the market in October, OHB closed the year 11% lower in a trading range of between EUR 25.65 and EUR 46.70. Average daily trading volumes rose substantially from 7,768 shares in 2019 to 14,122 in 2020 (10,594 via Xetra and on the Frankfurt floor and 3,528 via Tradegate).

TREASURY STOCK

As of December 31, 2020, OHB SE's treasury stock comprised a total of 42,996 shares, equivalent to 0.25% of its issued capital.

[06] PERFORMANCE OF OHB SHARE PRICE IN COMPARISON TO DAX AND TECDAX for the period from January 2, 2020 to December 30, 2020



OHB STOCK PARAMETERS

in EUR	2020	2019	2018	2017
Year-end closing price	38.60	43.50	30.90	44.61
High for the year	46.70	48.65	49.75	47.47
Low for the year	25.65	29.60	27.55	18.26
Market capitalisation (end of year) in million	674	760	540	779
Average daily trading volume (shares)	14,122	7,768	15,659	19,295
Price / earnings ratio (P / E) (end of year)	32.17	29.59	21.46	33.29
Earnings per share (EPS)	1.20	1.47	1.44	1.34
Dividend per share	0.43*	0	0.43	0.40
Dividend yield (end of year)	1.11%	0.00%	1.39%	0.90%

* Subject to approval by the shareholders

ANALYST RATINGS

Date	Bank	Target price in EUR	Rating
February 2021	Kepler Cheuvreux	51.00	buy
February 2021	Pareto Securities	49.00	buy
February 2021	HSBC Trinkaus & Burkhardt	43.00	hold
February 2021	Commerzbank AG	39.00	hold
December 2020	DZ Bank AG	50.00	buy

OHB STOCK DATA

ISIN	DE0005936124
Ticker	OHB
Trading segment	Prime Standard
Sector	Aerospace, Telecommunication, Information Technology
Indexes	Prime All Share, Tec All Share, CDAX
Designated Sponsor	DZ Bank AG, Stifel Europe Bank AG
Issued capital	EUR 17,468,096
Share type	Bearer shares without par value

IR CONTACT

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Email: ir@ohb.de

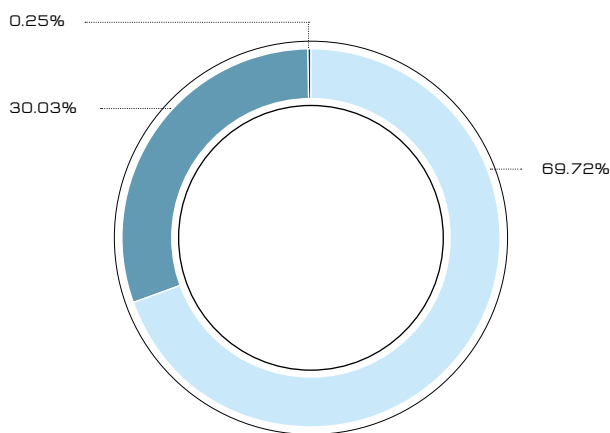
DIVIDEND OMISSION FOR 2019 DUE TO THE CORONAVIRUS PANDEMIC APPROVED AT THE ONLINE ANNUAL GENERAL MEETING

OHB SE has been pursuing a continuous dividend policy for 16 years. In a departure from this, the Management Board and the Supervisory Board proposed to the shareholders at the annual general meeting held on May 26, 2020 to omit the dividend for 2019 in view of the current Covid-19 crisis and to carry the unappropriated surplus forward in full. Due to the impact of the Covid-19 crisis, which it was not possible to estimate with sufficient precision at that time, the avoidance of a liquidity outflow equaling the dividend payment originally planned of approximately EUR 7.5 million was considered to be an important part of efforts to respond quickly to the prevailing situation. The shareholders approved a proposal to this effect by the Management Board and the Supervisory Board as well as the other items of the agenda. Specifically, these were motions to ratify the actions of the Management Board and Supervisory Board, to elect PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, as the external auditor, to grant authorisation to acquire treasury stock, to create new authorised capital, to approve the remuneration system for the members of the Management Board submitted by the Supervisory Board and to adopt an amendment to the by-laws governing eligibility for participating in the annual general meeting.

INVESTOR RELATIONS ACTIVITIES

In January, representatives of the Company attended the Germany conference organised by Kepler Cheuvreux in Frankfurt, presenting it in various conversations with potential investors. As usual, the Management Board of OHB SE provided preliminary guidance for the current year during the capital market day held at the Group's head office in Bremen. Analysts, investors and bankers assembled on February 13 to find out more about the progress of current projects and new market developments in a series of presentations. The Company published its consolidated financial statements for 2019 on March 18, 2020. For the first time, the annual press conference and the analyst conference planned for this day in Bremen and Frankfurt, respectively, were not held physically due to the coronavirus pandemic and the restrictions that had been imposed in response to it. Instead, both events were held as conference calls. As it was not possible to hold any physical IR presentation events in the further course of the year, online meetings were the only alternative. The Company took part in the Commerzbank sector conference as well as the Germany conferences organised by Bankhaus Lampe, Berenberg and Goldman Sachs. In addition, representatives of the Company held virtual meetings on all three days of the Deutsches Eigenkapitalforum; OHB's conference activities for 2020 were rounded off by its participation in the DZ Bank conference in December.

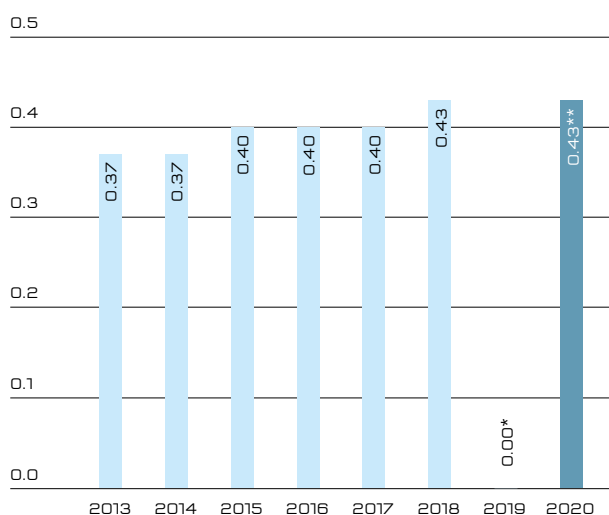
[07] SHAREHOLDER STRUCTURE OHB SE on December 31, 2020



Issued capital: shares 17,468,096

- Treasury stock (shares 42,996)
- Free float (shares 5,246,380)
- Fuchs pool (shares 12,178,720)

[08] DIVIDEND PERFORMANCE 2013-2020 in EUR



* Due to the Covid-19 pandemic
 ** Subject to approval by the shareholders

COMBINED MANAGEMENT REPORT REPORT 2020

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Sentinel-1 image from the Copernicus programme shows the surrounding area of Mexico City (top right of the image). Changes in texture are evident in three temporally staggered images, each overlaid in red, green and blue. The city is in a precarious situation as far as water supply is concerned, despite regular flash floods and heavy rainfall during the rainy season from June to September. (more on the Copernicus programme from p. 8 ff.)



I. BASIS OF THE GROUP

[A] GROUP BUSINESS MODEL

As a space technology group, OHB SE combines activities from different areas of space-related high technology. As the individual subsidiaries are spread geographically across different European countries, the Company as a German group has operations in key member countries of the European Union (EU) and the European Space Agency ESA. This is a crucial requirement for successfully taking part in projects under national and European space programs. The individual companies are able to retain their individuality and corporate culture within the Group, while still being bound by the decisions made by the Group holding company and being able to harness synergistic benefits. OHB SE does not engage in any operating business itself but supports the subsidiaries in various areas, particularly sales and marketing activities, participation in trade fairs, human resources, procurement, the installation and maintenance of the IT infrastructure and digitalization, thus assuming the role of an active holding company. As of the end of 2020, OHB SE comprises the following two segments, which will be joined by a third one called DIGITAL from January 1, 2021:

SPACE SYSTEMS

This segment focuses on developing and executing space projects. In particular, it is responsible for developing and assembling satellites for navigation, research, communications, Earth and weather observation and reconnaissance including scientific payloads for low and geostationary orbits as well as beyond. Reconnaissance satellites and broadband wireless transmission of image data form core technologies for security and reconnaissance. The exploration segment works on studies and models for exploring our solar system, primarily Mars, the Moon and the asteroids. Its human space flight activities chiefly entail projects for the assembly and outfitting of the International Space Station ISS and the future Lunar Gateway.

AEROSPACE + INDUSTRIAL PRODUCTS

This segment is primarily responsible for assembling and developing aviation and space products as well as performing other industrial activities. In this area, OHB has established itself as a significant supplier of aerospace structures; among other things, it is the largest German supplier of components for the Ariane program and an established producer of components for satellites and aircraft.

In addition, OHB is an experienced vendor of mechatronic systems for antennas and telescopes and is involved in major radio and optical telescope projects. The Group companies have also launched an initiative to gain system skills in small launchers to complement their existing capabilities.

[B] OBJECTIVES & STRATEGIES

The Group is continuing to pursue a policy of steady growth and increased output. This involves preserving and broadening its employees' expertise and protecting jobs. The profitability margins (EBIT and EBITDA margin relative to total revenues) are to be specifically increased in certain areas. These goals are to be reached by expanding business development activities, establishing and expanding the new DIGITAL segment and pursuing further technological developments. Generally speaking, a positive cash flow from operating activities is being targeted. The Group will continue to focus on the space industry. The growth referred to above is primarily to be generated organically in this sector. Non-organic growth is being specifically sought in the future DIGITAL segment only. Business with institutional customers still forms the basis of OHB SE's activities. In this connection, the Group is clearly oriented to the European market. With the SmallGEO, Triton-X and InnoSAT series developed by the Space Systems segment together with Earth observation satellites, the Group is additionally able to offer satellite products to commercial customers. These activities are not confined to the European market. DIGITAL will be concentrating on expanding services. These will entail the operation of satellites and satellite constellations as well as the development and marketing of software products for using space-derived data. As well as this, DIGITAL assembles ground-based systems such as satellite ground systems, antennas and telescopes.

[C] MANAGEMENT PROCESS SYSTEM

OHB SE's overarching goal is to steadily increase its enterprise value by improving its earnings potential on a sustained basis. The Group manages its financial position on the basis of the following performance indicators: total revenues, earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA) and cash flow. These parameters are defined in an annual budget and tracked during the year by means of forecasts and reports on actual figures together with deviation analyses at the project level. Cash flows are managed at the project level by means of individual measures taken in consultation with customers and suppliers in order to optimize liquidity.

Further management factors include productivity ratios, particularly employee productivity. Other important non-financial performance indicators are employee numbers in the individual companies as well as the fluctuation rate, for which a target of less than 5% has been defined. It was kept below the 5% threshold in 2020. Fluctuation monitoring is aided by the measurement of employee satisfaction, which was carried out in 2018 at OHB System AG using the Organizational Health Index (OHI) offered by the McKinsey Group. "Pulse checks" are performed on the status determined on this basis. These were supplemented by a survey of work organization flexibility in the year under review in the light of the pandemic-related requirements imposed on employees.

[D] RESEARCH AND DEVELOPMENT

In the year under review, OHB spent EUR 19.5 million (previous year: EUR 18.8 million) on research and development (R+D). Of this, the Space Systems segment accounted for EUR 12.5 million (previous year: EUR 14.8 million) and the Aerospace + Industrial Products segment for EUR 6.9 million (previous year: EUR 4.0 million). Part of the R+D activities are being funded in the form of grants (EUR 1.3 million; previous year: EUR 2.1 million) from various institutions such as the EU and national government agencies. These grants account for between 25% and 75% of the total costs depending on the percentage of completion of the development project.

In the Space Systems segment, the main focus was again on technological enhancements specifically for scientific research and exploration in space. Further aspects involved enhanced mission design on the basis of the universal platforms being developed for low-orbit satellites and inexpensive launch systems for these satellites. A further important area being addressed by OHB System AG entailed technologies for enhancing and future-proofing the SmallGEO platform particularly in the light of commercial customers' requirements and public communications. One particular aspect involves internal studies and design work targeted at constellations comprising a medium to large number of low and medium-orbit satellites. These latter activities are particularly being performed by LuxSpace Sàrl, OHB Sweden AB and OHB Italia S.p.A. OHB System AG is also working on concepts and mission systems for smaller constellations particularly in the field of Earth observation. OHB System AG has established a task force to study and explore quantum cryptology and quantum computing to determine the relevance of these new technologies for use in space.

Aspects from the field of space situational awareness such as space traffic management or space surveillance and tracking (e.g. space debris detection and removal) as well as the detection and potential deflection of near-earth objects, such as asteroids, will play an important role in the future. OHB is readying itself for this potential market, in which preliminary missions have already been executed, by engaging in customer-funded and internally financed studies.

The work performed by the Aerospace + Industrial Products segment on launch vehicles concentrated on the development of components for the Ariane 6. Important milestones were reached in the engineering of tank and structural components and preliminary components delivered. Under ESA's Future Launcher Preparatory Program (FLPP), the focus was on development projects aimed at improving the payload performance of a future CFRP upper stage at reduced costs. This will be developed in the Phoebus and ComET projects, among others.

II. BUSINESS REPORT

[A] UNDERLYING CONDITIONS

I. MACROECONOMIC ENVIRONMENT

The economic output of Germany as an ESA member is of particular relevance for the OHB Group's business activities as the ESA contributors' budget is based on their individual gross domestic product. In addition, ESA imposes certain requirements that guarantee that the contributions that are made flow back into the domestic industries via contract awards. Last year, German economic output, i.e. gross domestic product, declined for the first time after a ten-year growth phase (0.6% in 2019, 1.5% in 2018). The economy contracted by 5% in 2020 due to the protracted Covid-19 pandemic, which was officially identified by the World Health Organization in March 2020. The pandemic also had a significant impact on the employment rate. For the first time in 14 years, the number of persons employed in Germany fell to 44.8 million (down from 45.3 million in 2019). Inflation also receded over the previous year, averaging 0.5% in Germany in 2020, down from 1.4% in the previous year.

II. SECTOR ENVIRONMENT

The development of space flight progressed vigorously in 2020. Never before had more than 1,200 satellites, including more than 1,000 communications satellites, been launched in a single year. Established market participants such as SpaceX are just as active here as young companies, such as OneWeb. Further start-ups are entering the market. Private-sector activities continued to grow rapidly and, alongside traditional institutional business, are evolving into a swiftly expanding economic factor.

Measured in terms of direct annual sales, the space industry still holds only a niche position compared with other industries in Europe and also the rest of the world but is indirectly of crucial importance for the economy as a whole. Space is an “enabling” industry. The digital transformation and quantum technologies are inextricably linked to space travel. Many industries can no longer operate without space-based data. New technological developments that will determine our lives in the foreseeable future also rely on space-based applications.

Navigation, Earth observation and communications satellites orbiting in space have a firm place in our infrastructure with an importance comparable to that of high-voltage power lines, roads, rail and water ways and air transportation. Total failure or shutdowns would trigger a regional and worldwide social and economic collapse. In addition to their original positioning function, navigation satellites also provide a global time reference. For example, they allow IT systems to be synchronized globally, providing the basis for international financial transactions to be executed and documented reliably. Electricity grids and communication networks also use the time signals.

The data collected by weather satellites ensures safe flying conditions and more frequent flights, improved efficiency in agriculture, the avoidance of poor harvests and more plannable logistics and holiday travel. In Europe alone, the economic benefits of weather satellites are estimated to be worth more than EUR 30 billion per year.

Space flight makes an important contribution to improving environmental protection and allows the causes of and flows in migration to be observed, thus making a decisive contribution to improving civil and military security. Not least of all, satellite data also provides valuable information to better understand the impact and spread of the Covid-19 pandemic. Space may be a small industry but it is of crucial importance for a modern and efficient economic system.

It is playing an indispensable role in trends such as the Internet of Things, future mobility, global digitalization and broadband communications in remote areas, climate and environmental protection and the protection of our planet.

Space activities vary greatly from region to region but are particularly important in the United States and Canada, China, India, South Korea and Europe (including Russia). In recent years, China has almost reached eye level with the historically strong regions, while activities in India have also developed significantly. Space is acknowledged socially and politically as a key global industry.

Given the long-term nature of the programs and projects, macroeconomic and political conditions in individual countries have only a limited direct impact on current programs and projects. Moreover, depending on the region in question, commercial, civil and military space programs are often linked with each other to very differing extents or are dependent on each other. Although the Covid-19 pandemic has caused delays in most space programs, there have not been any changes to programs or budgets. The space industry has thus once again proven to be very resilient in the face of crises.

In Europe, the programs initiated by the European Space Agency and the EU as well as national space activities remain stable thanks to their multi-year budget horizons.

The budget for the German national space program was valued at around EUR 268.9 million in 2020, with a figure of EUR 321.9 million earmarked for 2021. These are primarily funds provided by the Federal Ministry of Economics and Energy together with project-tied funds from other sources such as the Federal Ministry of Defense and the Federal Ministry of Transport and Digital Infrastructure.

ESA's own budget amounted to EUR 4.9 billion in the year under review plus an additional EUR 1.8 billion for programs implemented by ESA on behalf of institutional partners (e.g. EU, EUMETSAT). The budget for 2021 stands at EUR 4.6 billion for internal projects plus an additional EUR 1.8 billion for partner projects. The German contribution to the ESA space program was EUR 855.0 million in 2020, with a figure of EUR 920.0 million earmarked for 2021.

At the ESA Conference of Ministers in Seville, Spain, in November 2019, programs with a record value of EUR 14.4 billion were approved for the next few years. The German share and, hence, also flowback amounts to EUR 3.3 billion. This is the largest German contribution in ESA's history, simultaneously making Germany the largest contributor.

Since ESA largely implements the “geo-return” principle, this creates corresponding opportunities for the German space industry.

The European Commission has proposed a significant increase in the budget to EUR 13.2 billion for the next multiannual financial framework from 2021 to 2027. The budget of the previous financial framework covering the years from 2014 to 2020 amounted to EUR 11.1 billion. The main elements of the budget are the Galileo and Copernicus programs and – more recently – secure satellite communications and space surveillance programs.

In the United States, NASA had a budget of USD 21.5 billion in 2019 and of USD 22.6 billion in 2020. A sum of USD 23.5 billion has been approved for 2021. In addition, the US Department of Defense's budgets for space projects came to a total of more than USD 23.1 billion in 2019. All in all, the US space budget for 2019 exceeded USD 47.2 billion. Around USD 2.6 billion went to other US authorities. The figures for the US defense space program for 2020 are estimated to be as high as USD 38 billion. However, reliable figures not available yet. The sharp increase is presumably related to the introduction of the Space Forces.

After more than two decades of uncertainty as to their future direction, space activities in the Russian Federation still do not have any clear perspective. The budget for 2019 is believed to be worth approximately USD 4 billion. It is still not possible to assess the ramifications for space programs of the current situation in the Russian economy following the imposition of Western sanctions and the effects of current oil prices.

In particular, the United States has substantially scaled back its joint activities with the Russian Federation but still remained dependent on Russia for the transportation of supplies and astronauts to the International Space Station ISS up until the third quarter of 2020. This quasi-monopoly represented a significant source of revenue for Russian space travel, as the United States had to pay approximately USD 80 million per astronaut for the return transport to and from the ISS. With the completion of SpaceX's first commercial flight, the US regained independent access to the ISS in November 2020 of the type it had before the Shuttle program was discontinued.

China, India, Japan, South Korea, Turkey and Brazil are still pursuing their ambitions of establishing their own national space flight programs and infrastructures. The installation of a national satellite-based navigation system, the country's own space station and long-term successful lunar landings including on the far side of the Moon with rovers for robot-based exploration and, looking further into the future, with Taikonauts (Chinese astronauts) form core elements of the Chinese space program.

At approximately USD 9.6 billion, China has the highest national space budget after the United States.

Held in November 2019 in Sevilla, the last ESA Conference of Ministers was of crucial importance for the European space industry both economically and in terms of programs. Work on implementing the resolutions passed at this conference, many of which are highly advantageous for OHB, has already commenced. This resulted in high order intake in 2020.

In addition to this established market with mostly institutional funding, strong worldwide momentum can also be observed as new, largely privately financed companies have entered the market or are in the process of doing so. In addition, a large number of start-ups are building micro-satellites and launch systems based on small vehicles and developing innovative applications for using the data gained from them. This is triggering a revival in the space industry, which OHB views as an enrichment rather than a threat.

Demand has been softening in the market for geostationary satellites for a number of years. At the same time, there has been a boom in small satellites for low-earth constellations. 1,010 of such satellites were launched in 2020 alone (up from 175 in the previous year and 88 in 2018).

The decline in launches of geostationary satellites, combined with new competitors in the launcher segment, is spurring competition, thus exerting pressure on prices. In 2020, only three Ariane 5 vehicles were successfully launched from the Kourou spaceport, compared with four in the previous year. However, it should be borne in mind that the launch facilities in Kourou were closed over a protracted period of time due to the Covid-19 pandemic.

Ariane 5 will remain in operation until 2022, after which solely the newly developed Ariane 6 will be deployed following its maiden flight, which has been postponed until the second quarter of 2022. Production of the Ariane 5 was discontinued in full in 2020. This factor, together with a decline in expected demand for Ariane 6, will lead to substantially lower revenues and necessitate adjustments to production capacities.

[B] OHB SE'S BUSINESS PERFORMANCE IN 2020

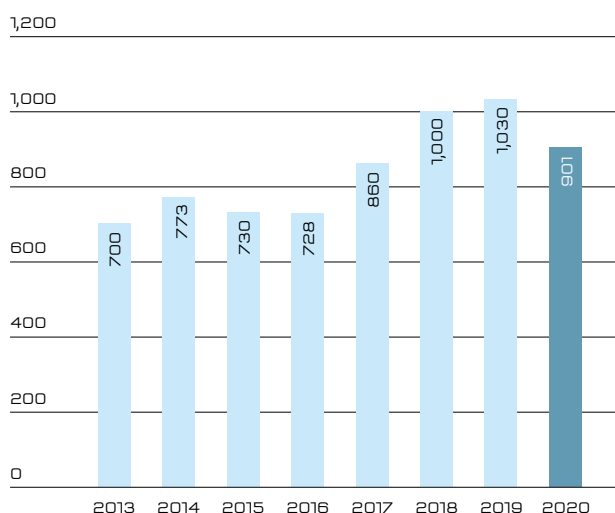
The Group's business performance in the year under review largely matched the Management Board's expectations, which had been adjusted during the year. In February 2020, the Company published a full-year forecast for its three most important financial indicators. The original forecasts for total revenues (EUR 1.1 billion), EBITDA and EBIT (EUR 80 million and EUR 44 million, respectively) were adjusted in the course of the year in response to the Covid-19 pandemic that had been first identified in March 2020. The Company reached the adjusted expectations (total revenues < EUR 1 billion, EBITDA and EBIT slightly below the forecast). Total revenues, **SEE CHART [09]**, which were impacted by the pandemic-related postponement of subcontracted activities to later periods, amounted to EUR 901 million in 2020, with EBITDA and EBIT coming to EUR 77 million and EUR 42 million, respectively. At 8.5%, the EBITDA margin was higher than the previous year's figure of 7.6% due to the smaller proportion of subcontractor services and the correspondingly higher internal manufacturing input. As this effect was counteracted by significantly higher depreciation and amortization expense compared to the previous year, the EBIT margin shrank to 4.6% (previous year: 4.8%). Consolidated net profit after non-controlling interests fell substantially to EUR 20.9 million (previous year: EUR 25.5 million) due, among other things, to an increase in net finance expense, while earnings per share **SEE CHART [10]** came to EUR 1.20 (previous year: EUR 1.47). As expected, order backlog in the previous year (EUR 1,840 million) increased substantially as of the reporting date due to significant incoming orders.

At EUR 2,632 million on the reporting date, it reached a historical high that ensures high capacity utilization and forward planning visibility.

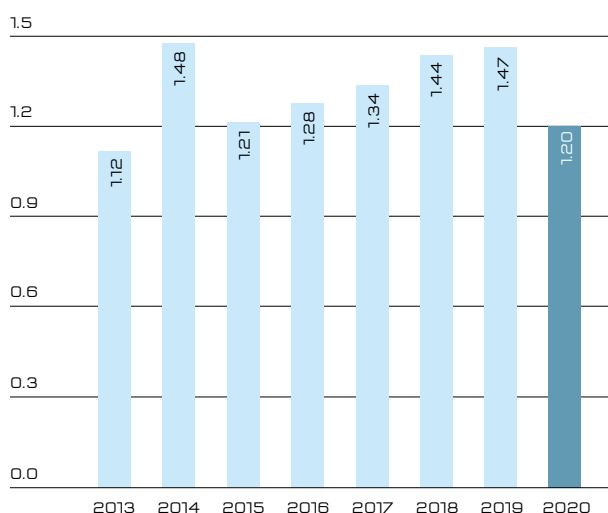
[C] BUSINESS PERFORMANCE

The OHB Group largely continued its favorable business performance in 2020. Total revenues fell by 12% over the previous year to EUR 901 million (previous year: EUR 1,030 million) primarily as a result of the fallout from the Covid-19 pandemic. Mirroring total revenues, sales also dropped by 12% to EUR 880 million, down from EUR 1,005 million in the previous year. The transformation of the space industry from what was once a solely research or politically/ideologically driven segment into a user-oriented and economically significant market has formed the basis for Group's continuous and sustained growth over the last one-and-a-half decades. The Management Board believes that the areas in which it engages via its subsidiaries place it in an excellent position. In particular, the Management Board of OHB SE sees Earth observation as a growth segment, and the significant order intake registered in this area in the year under review bears out this assessment. After the growth of the last few years, the space flight market will continue to expand as new possibilities for utilizing new or existing technologies are yielding new requirements. The existing applications are based on satellite systems already in operation which have a limited life expectancy and must therefore be replaced with new systems with potentially improved technology or efficiency.

[09] GROUP TOTAL REVENUES 2013–2020 in EUR million



[10] EARNINGS PER SHARE 2013–2020 in EUR



I. SPACE SYSTEMS SEGMENT

Business in the Space Systems segment is chiefly characterized by long-term projects which are generally awarded by public-sector customers. The order backlog of around EUR 2,500 million (December 31, 2020) rose sharply over the previous year. The ESA Conference of Ministers, which makes budget decisions of decisive importance for the European space interest every two or three years, was held in November 2019. Orders for the programs and projects approved at the Conference are regularly awarded in the following year.

The Galileo European satellite navigation constellation

All 22 satellites built and supplied by OHB System in Lot 1 and Lot 2 were launched and put into operation before 2020. OHB is providing the constellation operator with the necessary operational support for these satellites. In summer 2016, OHB System AG submitted a bid for the 12 Galileo FOC Lot 3 satellites. The European Commission and, acting on its behalf, the European Space Agency ESA awarded the contract for an initial eight satellites in April 2017. In addition, the European Commission ordered a further four satellites in October 2017. Consequently, OHB System AG is the supplier of a total of 34 Galileo satellites worth around EUR 1.3 billion. Apart from delays caused by the Covid-19 pandemic and related shutdowns, development and assembly work on the Lot 3 satellites is proceeding according to plan, with all satellites in varying phases of production. The first two Lot 3 satellites were largely completed at the end of 2020 and have been undergoing final acceptance testing since January 2021. The European Commission as the customer has scheduled the launch of the first two Lot 3 satellites for autumn 2021. The third Lot 3 satellite was also completed at the end of 2020 in Bremen, allowing environmental testing by ESA in Noordwijk to commence in January 2021. All other satellites are in different stages of completion in Bremen. In October 2020, a final offer for the next-generation Galileo satellites was submitted in response to a corresponding request by the European Commission for proposals. In January 2021 OHB was informed that its proposal had not been accepted. The results of the evaluation of the proposals submitted are currently being reviewed.

Earth observation and reconnaissance

Developed and built by OHB System and put into operation in 2007, the SAR-Lupe system with its five radar satellites, ground segments and the combined German-French reconnaissance satellite system made up of SAR-Lupe (radar images) and Helios 2 (optical images) is still operating with a high degree of stability and to the customer's full satisfaction.

In November 2020, the customer therefore exercised the contractual option to continue operating the satellites until the end of 2021. A further option can be exercised for 2022. Work on the SAR-Lupe successor SARah, which offers substantially improved performance and for which OHB has also been awarded a contract, proceeded according to plan, with the scheduled milestones duly achieved in 2020. The new system comprises three satellites. Of these, two satellites are based on OHB System AG's reflector antenna technology and one satellite using phased-array technology has been subcontracted out to Airbus Defence and Space GmbH. OHB System AG has supplied the necessary ground equipment, which has also been used for the operation of the SAR-Lupe satellites since the end of January 2018. The additional contract components covering new IT security requirements were signed in August 2019 and duly executed as planned in 2020.

In October 2018, OHB System AG signed a further contract for the development and assembly of the French SARah Partner Ground Segment (F-SPGS) in Koblenz with the Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support. Work was commenced after OHB System was awarded the contract and continued in 2020. F-SPGS is a ground segment which is linked to the German SARah radar satellite system and gives France access to radar images. In connection with the operation of the F-SPGS system, there is a possibility of OHB being commissioned with the delivery of data on two five-year options that have already been negotiated. In return, Germany will be able to submit imaging requests to the French Composante Spatiale Optique (CSO) optical system via its own ground segment.

Commissioned at the end of 2017, the development and construction of the electro-optical reconnaissance system for the Federal Republic of Germany is progressing according to plan. With a budget framework of originally up to EUR 400 million, this system will be used for global electro-optical reconnaissance. Alongside the SAR-Lupe and SARah programs, OHB has thus been able to additionally position itself as a supplier and partner for security-relevant space-based optical reconnaissance systems for the Federal Republic of Germany. Here, as well, the project and payment milestones were reached on schedule last year. In December 2020, OHB was additionally awarded a contract for the construction of a further identical satellite worth more than EUR 150 million.

The development and construction of the third-generation European weather satellite Meteosat Third Generation (MTG) is continuing, with the satellites now in the production phase. OHB is responsible for two complete satellites with infrared instruments (IR sounder, IRS) as well as a further four platforms for satellites with imaging instruments to be integrated by partner Thales Alenia Space S.A. (TAS).

The first satellite platform has been delivered to TAS and all further satellite platforms under contract are currently in various phases of production in OHB System AG's cleanrooms in Bremen. In connection with the imaging satellites, the Company is also responsible for the design, development, procurement, assembly and delivery of a prototype flight model and for three flight models of the instrument (Telescope Assembly of the Flexible Combined Imager (FCI-TA)) as a subcontractor to TAS. The first FCI-TA flight model was shipped to project partner TAS in Cannes, France, in June 2019 for the integration of the FCI imager instrument. This instrument will be supplying the familiar images used in weather forecasts but in a substantially greater quality. Work on the IRS instruments being developed by OHB System for the flight models is proceeding very largely according to plan. However, some delays arose in 2020 primarily due to the Covid-19 pandemic and the resultant shutdowns experienced by a number of European components suppliers. The MTG satellites will permit a further significant improvement in the internationally leading European weather forecasting models.

OHB Italia S.p.A. is currently performing development work on the Micro Wave-Imager (MWI) for MetOp, a joint mission by ESA and EUMETSAT (European Organization for the Exploitation of Meteorological Satellites). The Micro Wave-Imager instrument will provide Europe's national meteorological services as well as international users and the science community with meteorological and climatic data. OHB Italia S.p.A. is responsible for designing and developing the MWI through to final in-orbit verification of three flight models for delivery to an Airbus Group company, which is the principal contractor for this mission. With the completion by OHB Italia S.p.A. of all testing activities on the structure and thermal model (STM) in Toulouse in June 2020, the radiometric performance of the instrument in the integrated configuration was also successfully verified in a further test campaign.

OHB Italia S.p.A. also signed a contract worth EUR 168 million with the Luxembourg Ministry of Foreign and European Affairs in October 2018. The value of the order was increased to EUR 183 million in December 2020. The subject matter of this contract concerns the development of a high-resolution optical satellite together with the associated ground segment. A medium-sized reconnaissance satellite weighing about 600 kilogram, the NAOS satellite will be launched in 2022 on board the European VEGA for a planned service life of seven years. Following the scheduled completion of the NAOS satellite in July 2020, OHB Italia S.p.A. also successfully finished all testing of the structure model (STM) in December.

All the necessary subcontracts for fitting the satellite with state-of-the-art equipment have been awarded, while work on the assembly of the satellite modules is proceeding according to schedule.

OHB System AG had been selected in November 2016 by principal contractor Leonardo S.p.A. as a core team partner for ESA's European Earth exploration mission FLEX, which is to commence in 2023. The engineering model of the focal plane assembly was shipped to Leonardo in September 2020. Work on the integration phase (phase C/D) of the flight models is in full swing. At the same time as assembly work, the critical design review was successfully completed as a key milestone in 2020.

The national optical Earth observation program EnMAP (Environmental Mapping and Analysis Program) for the German Aerospace Center has now reached the integration phase at OHB System AG's cleanrooms in Oberpfaffenhofen. The optical instrument was connected to the satellite bus and various tests were successfully carried out. With its new type of hyperspectral sensors, this environmental satellite is primarily designed to characterize and monitor the condition of the Earth. It is an innovative system which can be used for many new applications, e.g. security.

As the prime contractor for the Italian Space Agency (ASI), OHB Italia S.p.A. was responsible for the satellite platform and for integrating and testing the aggregate system in the PRISMA program (PRecursore IperSpettrale della Missione Applicativa). The satellite was successfully launched on March 22, 2019 on board a Vega vehicle, which lifted off from the European spaceport in Kourou. In December 2019, ASI confirmed the successful completion of the operational qualification phase and handed the satellite over to its operator Telespazio. In March 2020, OHB Italia signed a service contract with Telespazio, which includes the evaluation of the satellite's in-orbit response and the investigation of possible anomalies. ASI activated access to the system for all interested users in April 2020, and since then an average of about 5,000 images per month have been recorded, downloaded and processed.

Under the ESA and EC Copernicus Earth observation program, OHB System AG was selected as the main contractor for the CO2M mission (CO2 monitoring mission in the Copernicus program) in July 2020. This mission includes the Copernicus satellites, which will measure global anthropogenic CO₂ emissions and thus play a crucial role in investigating and monitoring the cause of climate change. CO2M is, so to speak, the monitoring mission for the Paris Agreement on Climate Change. Under a subcontract from Thales Alenia Space, OHB System AG will be assembling the payloads for the two satellites for CHIME (Copernicus Hyperspectral Imaging Mission for the Environment).

Signed in July and October 2020, respectively, the contracts for the two projects have a total value of more than EUR 700 million. Work was commenced on both projects and completed on schedule in 2020. OHB Italia S.p.A. also signed a new contract under the Copernicus program in December 2020 for the development of the instrument for the Copernicus Imaging Microwave Radiometer (CIMR) mission. The CIMR instrument will improve monitoring of polar regions and particularly ensure precise measurement of the ice covering the Arctic Ocean. OHB Italia S.p.A. is responsible for designing and developing the CIMR instruments through to final in-orbit verification of up to three flight models for delivery to a Thales Alenia Space Group company, which is the principal contractor for this mission.

OHB System AG is already involved in the Copernicus program as a subcontractor to Airbus Defence and Space for the Sentinel-4 instrument. It is responsible for designing, assembling and qualifying the instrument structure (OIMS) and for procuring three critical mechanisms as well as the thermal hardware and ground support equipment. The two flight models will be orbiting on board the MTG-S satellite built by OHB System. Delivery of the flight units was completed in full in 2020.

In addition, OHB Sweden was selected by ESA in the year under review for an Arctic weather mission, with the contract signed at the beginning of March 2021. The purpose of the mission is to significantly improve weather forecasting in the polar regions.

The Group companies' very successful participation in Earth observation competitions in 2020 will further strengthen the Group's profile and position in this growth market. The OHB SE subsidiaries possess an increasing portfolio of technologies and products for Earth and weather observation and reconnaissance ranging from radar satellites to optical observation systems (including multispectral applications) covering many different size and performance classes.

Satellite communications

H36W-1, the first geostationary telecommunication satellite built by OHB System, was launched on January 28, 2017 and has now been in orbit for more than four years, operating flawlessly to the customers' full satisfaction.

The second SmallGEO satellite was successfully placed in orbit on August 6, 2019 on board an Ariane 5 launcher that had lifted off from the space station in Kourou and complements the network as a data relay satellite EDRS-C. The satellite has been operating as expected for more than 1.5 years and the customer Space Data Highway has announced that several petabytes of image data have already been cumulatively exchanged with the LEO Earth observation satellite EC Sentinel-2 via optical terminals. With EDRS-C as the first dedicated data relay satellite for the Space Data Highway, OHB System AG has achieved an important strategic goal of utilizing optical technologies, which are becoming increasingly important in both civil and military applications.

The third SmallGEO platform was selected by the German Aerospace Center for the national "Heinrich Hertz" telecommunication mission. The purpose of this mission is to test new types of satellite communications technology under real conditions to safeguard national system competence in geostationary communications satellites. In addition, it will support the communications capabilities of the German federal armed forces. The Heinrich Hertz satellite modules are currently being integrated and tested at OHB System AG's cleanrooms in Bremen.

OHB is leveraging its previous experience with the SmallGEO system and systematically incorporating the various technologies that it has developed in the next evolutionary stage of the Electra platform development program. Electra will significantly increase the competitiveness of the SmallGEO platform and triple the payload capacity at the same overall system cost. The most important innovation is the use of a fully electric propulsion system that has drastically lower fuel requirements compared to conventional chemical propulsion systems. The resulting reduction in mass permits a corresponding increase in payload capacity and thus significantly improves efficiency. This makes Electra the most efficient version of the SmallGEO series for certain missions. Development work on the platform continued with the completion of the design activities and the corresponding milestone (CDR) in the year under review and is expected to have progressed far enough in 2020 for the first mission to be planned and implemented. Discussions with various European and non-European satellite communication operators are making progress.

In view of the investments that it has made, OHB considers itself to be excellently positioned with its SmallGEO range in general and the Electra platform in particular to address national demand for institutional satellite communications in geostationary orbits in the next step with a view to securing further long-term contracts in competition with international peers. Finally, the potential offered by the systematic application and use of the new technologies and the

devices developed and tested on this basis as well as entire subsystems and the “building blocks” provided by the ELECtra platform for all OHB programs should not go unmentioned. Many future European space programs funded by ESA and the European Commission are relying on the consistent and systematic exploitation of the advantages offered by electric-only propulsion systems.

In addition, OHB is preparing to bid for a multi-orbital constellation project for the installation of a secure communication infrastructure for the European Commission. OHB was awarded a contract in December 2020 as part of a multinational consortium to define and prepare this mission in the coming years. OHB will continue to address upcoming constellations in near-earth orbits as a sustainable source of business in the next decade.

OHB COSMOS International Launch Services was awarded a contract in mid-2020 for the development, construction and operation of a “fast-track” communications satellite. In just six months from the placement of the order to the launch, this satellite was executed on the basis of the InnoSAT platform together with OHB Sweden. Successfully launched at the beginning of 2021, it is emitting the required signals from outer space.

Platform concepts

At the same time as establishing the SmallGEO geostationary satellite range, LuxSpace Sàrl is working on a platform for microsatellites in the 100–200 kilogram class under a contract with ESA. In addition to providing communication services, these satellites can also be used as a base for Earth observation missions. With the development and assembly of inexpensive microsatellites known as “Triton-X” at its Luxembourg facility, the Group is thus readying itself for the “New Space” market. Preliminary customer projects are being negotiated. The ESAIL microsatellite, a forerunner of the Triton-X platform, was completed last year and successfully launched in September. The customer exact-Earth will be using ESAIL for monitoring worldwide shipping.

OHB Sweden AB continued to work on the InnoSAT platform on behalf of the Swedish Space Agency (SNSA) in 2020. The platform is for satellites in the 50–100-kilogram class. The first operational satellite for a Swedish national science mission was completed in 2020 and is expected to be launched in August 2021. A smaller version of the platform was successfully launched for a commercial telecommunications mission in January and is operating flawlessly. The platform has thus been duly flight-tested. In addition, OHB Sweden signed a contract with ESA at the beginning of March 2021 for the Arctic Weather Mission, which is also based on the InnoSAT platform.

OHB System AG is currently developing the “Nucleus” platform for Earth observation satellites for contracts awarded under the Copernicus program. Consequently, OHB SE companies are addressing the entire gamut of platforms for communications and Earth observation applications.

Space exploration

The central unit for the Trace Gas Orbiter, which was developed and built in 2016 by OHB System AG under the ESA ExoMars 2016 program, is continuing to operate perfectly. Development and assembly work on the second part of the ExoMars twin mission, for which OHB System is supplying the carrier and the central system for the payload in the Mars Rover, has been almost completed, with all elements shipped to the principal contractor in 2019. Due to the postponement of the ExoMars mission until 2022, OHB helped TAS with the still pending system integration activities in the year under review and will continue to do so in 2021. Under this mission, Antwerp Space N.V. is building the lander radio instrument, which uses sophisticated communications technologies to transmit data from Mars to the Earth. The Company is also involved in the Jupiter JUICE mission, for which it is supplying the communications subsystem.

Space research and robotics

In 2018, OHB System prevailed in the competition for the ESA contract for the PLATO mission. The purpose of the mission is to search for exoplanets, i.e. planets that orbit around other stars, and to determine the extent to which they are comparable to the Earth. The satellite is to be launched in 2026. All milestones have been reached on schedule so far. OHB SE companies were again involved in several studies in connection with ESA’s upcoming European scientific research missions in 2020. In this way, it is also building up a position for itself in this classic segment of space technology.

In November 2020, OHB Italia S.p.A. signed a new contract for development work on the Comet Interceptor, an ESA scientific mission. Comet Interceptor consists of three spacecraft and has the primary goal of visiting an untouched, distant comet. However, an interstellar object could also be a potential destination when it begins its journey into the inner solar system. As the general contractor for this mission, OHB Italia S.p.A. is responsible for Phase A/B1, the purpose of which is to prepare for the subsequent development phase.

Human spaceflight

OHB System AG continued to provide extensive support for work on board the ISS International Space Station in 2020. This included the management of experiments as well as maintenance and repair work for the equipment developed and supplied by OHB System.

OHB System performed several studies analyzing possible scenarios for transporting supplies to the ISS after the expiry of the ATV program and exploring potential alternatives in microgravitation research following the decommissioning of the ISS in 2024 or later. One key aspect of this is a future major role in the "Lunar Gateway", an international partnership led by NASA with the participation of ESA. NASA plans to place a temporarily human-occupied space station in an orbit around the Moon in the late 2020s. This station is to serve as a gateway for a future lunar landing. On the basis of the resolutions passed at the Council of Ministers Conference in November 2019 concerning European participation, OHB worked with partners on bids for submission to ESA in the year under review.

OHB System is making an important contribution to the "ESPRIT" supply module, which is being provided by ESA. Following the acceptance of Thales Alenia Space's proposal with OHB working as a subcontractor, work on implementation was commenced ahead of the final contract award in June 2020.

Space situational awareness

Growing attention is being paid to asteroid defense. With Hera, preliminary groundwork is to be completed for a mission which may become necessary at some time in the future to shield the Earth from the impact of an asteroid. Hera is investigating the possibilities for deflecting asteroids that are on a collision course with the Earth from their original orbit by means of a targeted impact on the asteroid. A decision was made at the ESA Conference of Ministers in 2019 to approve the funding for this program. In September 2020, OHB was awarded a contract worth EUR 129 million to execute the project as the prime contractor. Other Group companies will also be involved in this mission, with OHB Italia S.p.A., for example, providing the electrical power subsystem and OHB Czechspace s.r.o. assuming responsibility for the structure.

OHB is also conducting a definition study for an instrument for the Lagrange mission to improve observation of space weather. This involves a large satellite weighing about two tonnes, which will be positioned at Lagrange point L5, where it will observe the solar surface continuously and provide early warning of solar flares. These eruptions on the surface of the sun can severely disrupt or even destroy satellites and electronics on the ground. The Conference of Ministers is expected to approve full funding of the L5 mission in 2022.

In a contract awarded by the Italian Space Agency ASI as well as ESA, OHB Italia S.p.A. has developed and patented the core technology for a new and innovative telescope for pinpointing asteroids approaching the Earth as well as for detecting space debris in low and geostationary orbits. Known as the "Flyeye", the telescope combines a very large field of view with a very high resolution. Production of the 16 cameras required for the first telescope has begun, with the first five devices finished in 2020. The first telescope is expected to be installed in Sicily towards the end of 2022. ESA is currently designing an assembly for a global optical network comprising up to 27 telescopes to monitor space. The budget for the second telescope to be installed in the southern hemisphere was approved at the ESA Conference of Ministers. It is likewise expected to be supplied by OHB Italia S.p.A., with a corresponding contract set to be signed this year.

Ground stations and operations

The contract with the German federal armed forces for the operation of the SAR-Lupe systems and partner segments was renewed until 2021 to ensure continued seamless operation. Operation of the French ground system CPH-D for the German federal armed forces ended on December 31, 2020 after more than ten uninterrupted and successful years. It was replaced in mid-2020 by the successor system CSO. An order was also received from the German federal armed forces for the operation of this ground system. As well as this, preparations began at the end of 2020 for the operation of OHB's own telecommunications satellite GMS-T, which was successfully operated from Bremen in 2021 and thus marks the starting point for the development of skills relating to flexible operations.

The first SARah ground facilities went into operation at the end of January 2018 and continued to provide the basis for the operation of the SAR-Lupe satellites in 2020. Work on completing the ground systems for the SARah project and for the electro-optical reconnaissance system is making progress. Whereas the SARah system is approaching completion, the focus with the electro-optical reconnaissance system was on the successful design review of the ground system and the provision of support for the overall system design. To ensure that further partners can be integrated in the SARah system, additional interfaces are also being developed for the German federal armed forces, with a contract for a corresponding extension very likely to be awarded in 2021.

Under the contract for the Heinrich Hertz satellite communication mission, the corresponding ground segment is also being installed and will be ready in good time for the mission. In 2020, various technology development and project preparation proposals were submitted to external customers for ground systems for telecommunications in particular, and preliminary contract awards are expected for 2021.

In addition to activities in connection with satellite ground systems, the Ground Stations & Operations unit reached out to a wider group of customers in order to generate future business particularly in the area of IT systems and cyber security. In addition, its ability to process image data in cloud-based computing environments for customers was successfully demonstrated.

In August 2020, the segment was spun off from OHB System AG with effect from January 1, 2020 and allocated to OHB Digital Connect GmbH.

II. AEROSPACE + INDUSTRIAL PRODUCTS SEGMENT

Business in the Aerospace + Industrial Products segment is chiefly characterized by long-term projects. In addition to the order backlog of EUR 132 million (December 31, 2020), further projects that have been approved but not yet awarded are in the pipeline. MT Aerospace AG's business performance in the year under review was influenced both by the effects of the Covid-19 pandemic and by the rescheduling of the Ariane 6 program by the main contractor ArianeGroup.

In 2020, a total of three Ariane 5 launchers successfully lifted off from the Kourou space station. MT Aerospace AG assembled and shipped the last flight sets for this launcher in the year under review. This marked the conclusion of the production of the main assemblies (boosters, large tanks and structures).

As the company holding system responsibility, MT Aerospace AG accounts for around 10% of the development and production input for the Ariane 6 program. In 2020, ArianeGroup as the main contractor rescheduled the Ariane 6 program, as a result of which the planned Ariane 6 maiden flight was postponed from December 2020 to the second quarter of 2022. At MT Aerospace, this is impacting the planned production ramp-up, which has been adjusted to meet the new schedule. The new schedule provides for considerably lower production volumes for 2021 and 2022. The company is in close contact with the customers ArianeGroup, ESA and DLR with regard to the consequences of this delay (particularly in connection with the extended development phase and the increased costs arising from the scaled-back production). Additional budgets for development were approved during the ESA Council meeting in December 2020. A further ESA Council meeting is planned for March 2021, at which decisions are to be made on minimum production at the individual sites and compensation for the additional costs arising from the production shortfalls.

Work under the Ariane 6 development program was largely completed in 2020 and testing of the components, which are now being qualified one by one, commenced accordingly. The completion of the development phase is scheduled for July 2021 (tanks) and the end of 2021 (structures). In the year under review, the qualification and initial flight models were completed for Ariane 6 production. Series production output was reduced from 3.8 to 1.2 shipsets under a new schedule and duly purchased by ArianeGroup at the end of the year. Ariane 6 production exhibits the typical characteristics of a production ramp-up with learning curves and technical start-up hitches, which are addressed in remedial plans. Acceptance testing of the deflector, supply tower and launching base assemblies for the Ariane 6 floor systems (ELA-4) in Kourou was successfully completed. Proposals for further booster buildings in Kourou were submitted in 2021.

The Space19+ Conference of Ministers in November 2019 approved various development programs for MT Aerospace. However, the programs in which the company is involved as a contractual partner were not commenced as expected in 2020 but postponed by the customer ESA. This concerns the PHOEBUS Phase B2, AM and digitization projects as well as the Ariane 6 project improvement, which were thus not commenced in the year under review. The contracts are now expected to be awarded in 2021. With respect to carbon fiber reinforced plastic (CFRP), the PHOEBUS Phase A project for the development of an improved upper stage (black upper stage) for Ariane 6 was successfully completed. At the end of the year, the company received preliminary approval for the continuation of the Phase B project for the development of CFRP tanks in order to bring the technology demonstrator to prototype status.

Two contracts for 177-liter diaphragm tanks for the PLATO mission and 50-liter high-pressure tanks for Airbus Defence and Space were signed by the Spacecraft Tanks unit in the year under review.

The Covid-19 pandemic left deep traces on the aviation industry in the year under review. After a stable start to the year, volumes were scaled back by approximately 40% from March 2020 in line with customer Airbus' call-offs, remaining at a low level in the further course of the year. The reduced capacity utilization was addressed by means of a company-wide short-time working rate of 40%.

With respect to space exports, MT Aerospace AG was able to further expand its business as a supplier in the US market for components for heavy launch vehicles in the year under review, securing new contracts for supplier lines for launchers. Maiden flight components were delivered for a large US launcher development program. This is seen as an important milestone in efforts to gain further contract awards. The expansion of business activities by installing facilities in India did not go ahead.

The Horizon25+ restructuring program, which had been set up in 2019, was expanded on a sustained basis to address the challenging operational situation. One of the main measures was short-time work, which was implemented across the entire site. In accordance with further planning, short-time work is to be continued until greater forward visibility is achieved with respect to underlying conditions for the aviation industry and the Ariane 6 program and contracts are awarded under the ESA development program.

Despite the Covid-19 pandemic, the ongoing Giant Magellan Telescope project, which has a contract value of around EUR 60 million, was continued as planned, reaching the PDR (preliminary design review) stage as of December 31, 2020. Due to the pandemic, it was not possible to continue the project as planned for the customer National Astronomical Research Institute of Thailand (NARIT) in 2020. The construction site was closed, as a result of which completion of the telescope and acceptance by the customer were postponed until the end of 2021. In particular, construction activity for the SKA (Square Kilometer Array) project made further progress despite the Covid-19 pandemic.

In August 2020, telescopes & antennas business was expanded to include smart mechatronics and also transferred to OHB Digital Connect GmbH as part of the merger with MT Mechatronics GmbH.

III. FURTHER DEVELOPMENTS

A crisis team is continuously monitoring current developments in connection with the Covid-19 pandemic and adopting appropriate measures (e.g. hygiene regime, mobile working, etc.) to ensure employees' safety, maintain productivity and continue business operations. OHB regularly monitors the situation and is attempting to identify potential impacts on its supply chains and its own production activities at an early stage as a basis for taking appropriate countermeasures. The main effects in the supply chain in the year under review entailed delays in schedules and resultant cost overruns. The OHB companies are in negotiations with their customers regarding possible compensation for such additional costs and to minimize the impact on cash flow. It was possible to keep productivity indicators largely stable in 2020.

Depending on the further course of the pandemic, no significant fluctuations in capacity utilization are expected for 2021.

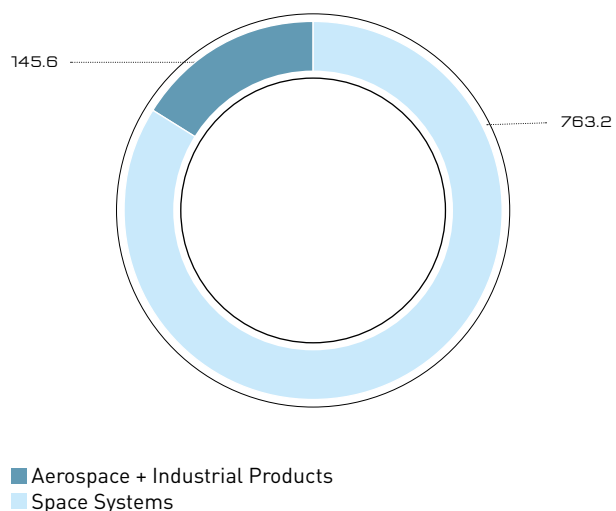
Despite the protective measures taken, the network operated by OHB SE subsidiaries was the target of a cyberattack in October 2020. Internal operations remained largely intact thanks to a rapid response and systematic isolation efforts. Restrictions arose in relations with external partners and with mobile workplaces. In close cooperation with the authorities and external experts, a recovery plan as well as further measures to sustainably enhance IT security were developed and implemented without delay. As a result of this attack, investments in the IT infrastructure and expenses for consulting services are expected to rise in the future in addition to the costs incurred in the year under review.

[D] RESULTS OF OPERATIONS

In 2020, the OHB Group's total revenues fell by EUR 128.7 million or 12% over the previous year to EUR 901.4 million, with sales reaching EUR 880.3 million (previous year: EUR 1,004.6 million). The relative share of the Aerospace + Industrial Products segment in these figures shrank again in the year under review. Non-consolidated total revenues **SEE CHART [11]** in the Space Systems segment dropped to EUR 763.2 million in 2020 (previous year: EUR 850.9 million) due to delays in the supply chain caused by the Covid-19 pandemic.

[11] TOTAL REVENUES

by segment in 2020 before consolidation and holding company in EUR million



Mirroring total revenues, non-consolidated sales declined by 9% to EUR 753.5 million (previous year: EUR 831.2 million). At EUR 145.6 million in 2020, non-consolidated total revenues in the Aerospace + Industrial Products segment were down 22% on the previous year primarily as a result of the delays in the Ariane 6 program and the discontinuation of the Ariane 5 program. Non-consolidated sales dropped from EUR 180.0 million in the previous year to EUR 134.1 million.

Despite the increase of 96 in the Group headcount to 3,029 employees, staff costs fell by 1% to EUR 244.8 million. In this respect, the reduced staff costs due to short-time work and lower variable remuneration payments more than made up for the effect of new recruitments on personnel expenses.

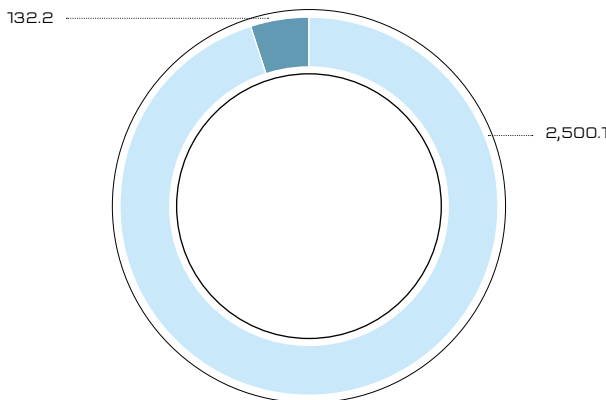
Depreciation and amortization rose by 21% over the previous year from EUR 29.2 million to EUR 35.4 million. This increase is largely due to higher amortization of intangible assets (telecommunications platform). Other operating expenses decreased by 16% from EUR 54.5 million to EUR 46.0 million mainly due to the sharp decline in business travel as a result of the Covid-19 pandemic and an internal savings program.

Valued at EUR 2,632 million as of the reporting date, the OHB Group's order backlog **SEE CHART [12]** was well up on the previous year (EUR 1,840 million). Of this, Space Systems accounted for EUR 2,500.1 million (previous year: EUR 1,653.5 million) and Aerospace + Industrial Products for EUR 132.2 million (previous year: EUR 186.5 million).

The expected substantial increase in the consolidated order backlog is attributable to the ESA Conference of Ministers which took place in the fourth quarter of 2019. The budget decisions made at this conference form the basis for future contract awards, which are usually finalized in the year following the conference.

In the year under review, the OHB Group generated EBITDA of EUR 77.0 million **SEE CHART [13]**. The change over the previous year (EUR 78.3 million) is due to the muted performance of the Aerospace + Industrial Products segment, which was not fully made up for by the growth achieved by the Space Systems segment. EBIT **SEE CHART [14]** came to EUR 41.6 million (previous year: EUR 49.1 million). EBIT before consolidation in the Space Systems segment **SEE CHART [15]** increased significantly from EUR 42.4 million in the previous year to EUR 45.9 million. With internal manufacturing input remaining largely in line with plans despite the pandemic arising in the year under review and simultaneously lower subcontractor input, the contribution made by the segment to EBIT exceeded the Group forecast for this figure. Development work on the SmallGEO satellite platform for communications applications, which as a new product line is already being used as a basis for various satellite programs, has resulted in high capitalized development activities over the last few years in this segment, which amounted to EUR 13.2 million for the Group in the year under review (previous year: EUR 10.5 million). EBIT in the Aerospace + Industrial Products segment dropped from EUR 7.0 million to EUR -4.7 million due to lower revenues from the Ariane program. The OHB Group recorded net

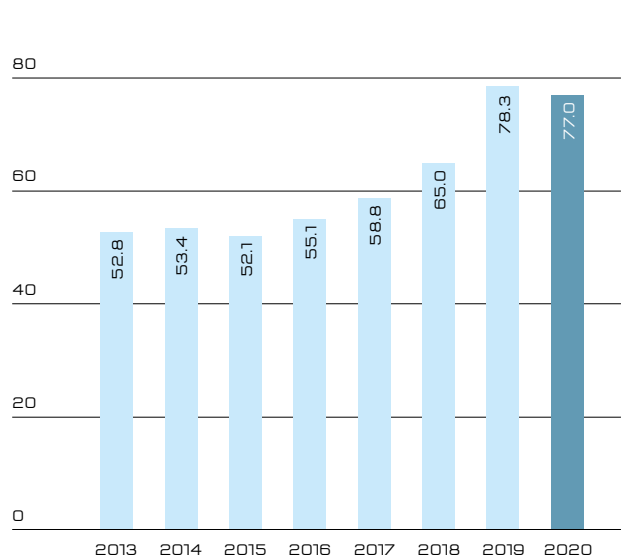
[12] ORDER BACKLOG
by segment as of December 31, 2020 in EUR million



Total order backlog: 2,632.3

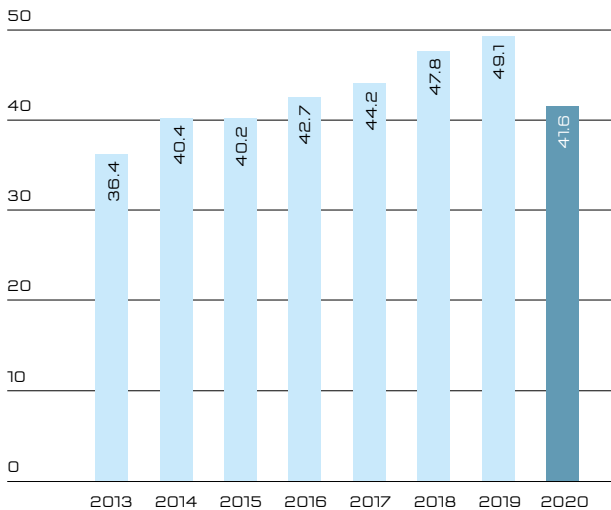
- Aerospace + Industrial Products
- Space Systems

[13] DEVELOPMENT OF EBITDA
2013–2020 in EUR million

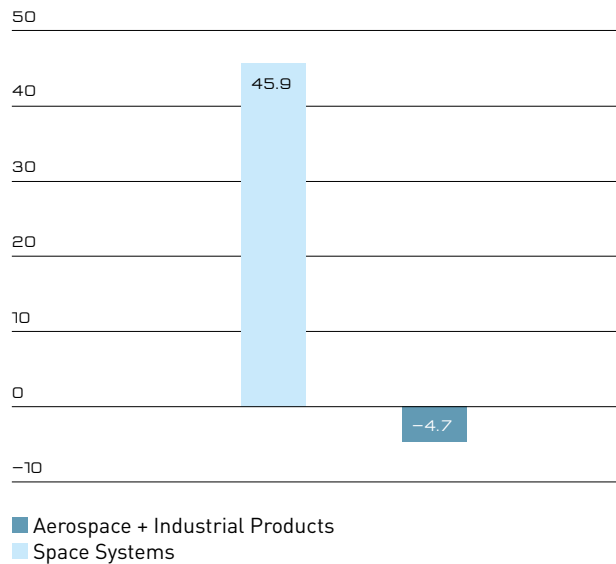


[14] DEVELOPMENT OF EBIT

2013–2020 in EUR million

**[15] EBIT**

by segment in 2020 before consolidation and holding company in EUR million



finance expense of EUR 11.8 million in 2020 (previous year: net finance expense of EUR 10.0 million). This includes finance expense of EUR 8.7 million (previous year: EUR 7.1 million) chiefly comprising borrowing costs of EUR 6.0 million (previous year: EUR 3.7 million) and interest expense on retirement benefit provisions of EUR 1.4 million (previous year: EUR 2.2 million). Pre-existing financial liabilities were discharged as a result of refinancing operations completed in 2020. This caused additional one-off borrowing costs, which are included in the borrowing costs stated above. In addition, expense of EUR 3.4 million was again incurred in 2020 from the recognition of an associate using the equity method of accounting (previous year: EUR 3.7 million). Net profit after tax and non-controlling interests came to EUR 20.9 million in the year under review and was thus lower than in the previous year (EUR 25.5 million). Consequently, earnings per share came to EUR 1.20 in the year under review (previous year: EUR 1.47). The Management Board considers the year under review to be generally successful.

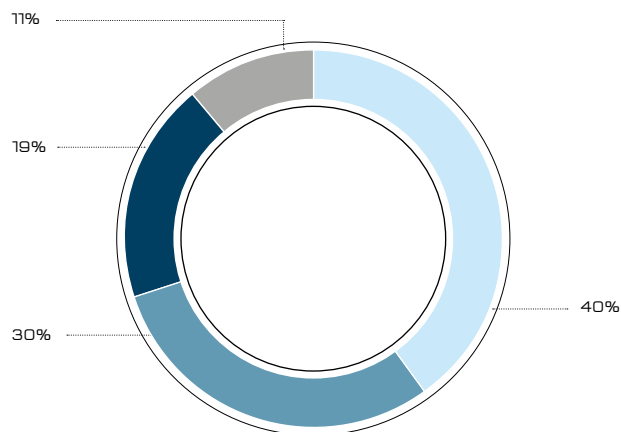
[E] FINANCIAL POSITION AND NET ASSETS

In the year under review, the OHB Group's total assets shrank from EUR 931.0 million to EUR 912.1 million. Total trade receivables and contract assets came to EUR 366.2 million and were thus down on the previous year (EUR 416.7 million) due to the scope created by the Covid-19 pandemic for optimizing working capital. Trade payables were valued at EUR 104.5 million on the reporting date, thus falling short of the previous year (EUR 166.7 million) due to the

decline in total revenues. Current contract liabilities dropped slightly from EUR 155.7 million in the previous year to EUR 143.1 million in the year under review due to the progress made on completing projects. The reduction in total assets in combination with the increase in equity to EUR 223.3 million (previous year: EUR 200.8 million) caused the equity ratio to widen from 21.6% in the previous year to 24.5%. Group capital spending on property, plant and equipment and intangible assets (excluding right-of-use assets under IFRS 16) totaled EUR 30.7 million in 2020 (previous year: EUR 29.2 million). Of this, the Space Systems segment accounted for EUR 17.6 million (previous year: EUR 21.5 million) and the Aerospace + Industrial Products segment for EUR 13.0 million (previous year: EUR 7.7 million) primarily for production capacities for components for launchers. Inventories increased from EUR 53.3 million to EUR 62.1 million. Cash and cash equivalents including securities were valued at EUR 92.5 million as of December 31, 2020, compared with EUR 85.5 million in the previous year. A detailed analysis of the cash flow can be found in the cash flow statement in the consolidated financial statements. At EUR 44.1 million, the cash flow from operating activities was firmly in positive territory as of the reporting date primarily as a result of the consolidated net profit. The retirement benefit provisions of EUR 111.0 million as of the end of 2020 continue to constitute a material item on the liabilities side of the balance sheet. Financial liabilities dropped from EUR 112.0 million to EUR 110.2 million as of the reporting date. These liabilities mainly arise from drawdowns on part of a credit facility obtained by OHB SE, which was completely restructured in May 2020. A credit facility of

[16A] BALANCE SHEET STRUCTURE - ASSETS

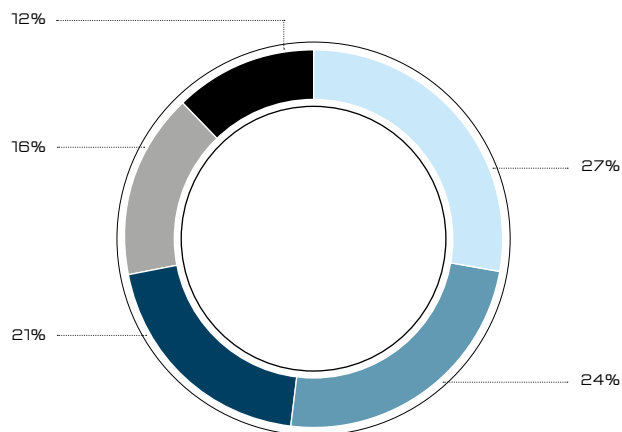
as of December 31, 2020



- Trade receivables and contract assets
- Other non-current assets
- Other current assets
- Property, plant and equipment

[16B] BALANCE SHEET STRUCTURE - EQUITY AND LIABILITIES

as of December 31, 2020



- Trade payables and contract liabilities
- Equity
- Other current liabilities
- Other non-current liabilities and provisions
- Provisions for retirement benefits

EUR 300 million provided by a syndicate of six major banks gives the OHB Group enhanced liquidity for financing projects against the backdrop of the uncertainty caused by the Covid-19 pandemic. The term of the contract is five years, plus two one-year renewal options.

The cyclical nature of project business in the space industry calls for flexible funding structures. The Company pursues the goal of securing its irregular liquidity requirements to finance current assets by means of corresponding credit facilities on which it can draw at any time. In the light of this goal, the Management Board generally considers OHB SE's net assets and financial condition to be solid.

[F] EMPLOYEES

Compared to the increase of 164 employees in the previous year, the total growth of 96 employees in 2020 [SEE CHART \[17\]](#) in the Group, which largely arose in the first half of the year, was significantly more moderate and reflects the disparate business situation of the segments. Growth momentum in the Space Systems segment and in the future DIGITAL segment was accompanied by a decline in the Aerospace segment.

In total, the Group employed 3,029 people in the year under review, 2,478 of whom were based in Germany and 551 in other countries, [SEE CHART \[18\]](#). The proportion of foreign employees widened to 33% in the year under review (previous year: 27%). The average age dropped to 41.8 years (previous year: 42.0 years). Due to the pandemic, regular consultations with the employee representatives on the Group works council took place physically in July 2020 and again via video conference in November 2020.

BUSINESS PERFORMANCE OF GROUP PARENT OHB SE

As the parent company, OHB SE assumes the function of an active holding company for the OHB Group. OHB SE's main task is to provide administrative services, particularly in the areas of finance, controlling, legal, human resources, sales, communications and Group strategy for various subsidiaries. In addition, OHB SE grants or procures loans for individual Group companies to fund their operations.

Results of operations

The Company's business performance in 2020 was materially determined by the earnings contributed by its subsidiaries, particularly OHB System AG, with which it is linked by a profit transfer agreement. Net profit for the year came to EUR 11.430 million in 2020 (previous year: EUR 20.511 million). The earnings are primarily due to the profit of EUR 20.063 million (previous year: EUR 28.647 million) transferred from the wholly owned subsidiary OHB System AG, with which a profit transfer agreement is in force. In contrast to the previous year, there was no particular invoicing-related earnings contribution. Staff costs and other operating expenses are mostly recharged to the Group companies under transfer pricing arrangements. This generated revenues of EUR 9.564 million in the year under review (previous year: EUR 9.637 million). In addition, other income of EUR 1.191 million (previous year: EUR 0.174 million) was generated primarily from recharged software licenses and the reversal of provisions.

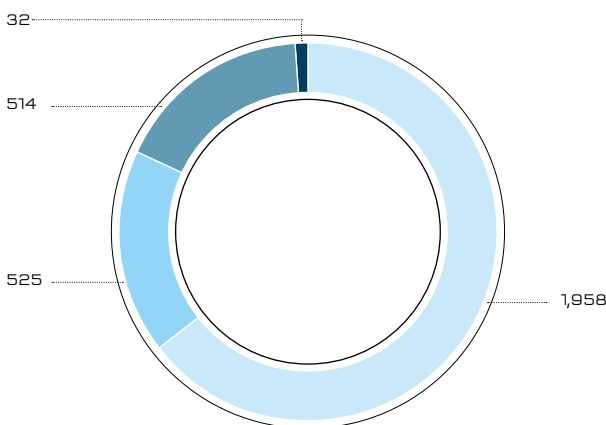
In 2020, OHB SE achieved net finance income including net income under profit transfer agreements and investment income of EUR 18.300 million (previous year: EUR 29.959 million). The decline was attributable to lower profit transfer income and the higher profit distributions from subsidiaries (EUR 2.400 million) in the previous year.

Interest expense came to EUR 2.386 million (previous year: EUR 1.285 million) mainly due to one-off effects from the revised syndicated loan agreement. Income taxes reached EUR 5.963 million (previous year: EUR 9.452 million). OHB SE achieved an unappropriated surplus of EUR 35.833 million (previous year: EUR 24.403 million). The Management Board considers the year under review to be generally successful. No dividend was paid to the shareholders in the year under review.

Financial condition and net assets

Total assets rose by EUR 17.469 million to EUR 149.996 million primarily as a result of the increase in receivables from affiliated companies. Investments in financial assets were made in the financial year (OHB Digital Connect GmbH EUR 3.376 million, Rocket Factory Augsburg AG EUR 0.797 million and Orbital Ventures S.C.A. EUR 0.700 million). The equity of EUR 76.456 million is equivalent to 51% of total assets. As in the previous year, the financial assets of EUR 67.450 million (previous year: EUR 60.507 million) account for the greatest proportion of assets. As of the reporting date, there was an outstanding loan receivable against Group company MT Aerospace AG of EUR 25.000 million (previous year: EUR 0) and against Group company OHB Italia S.p.A. of EUR 25.050 million (previous year: EUR 24.050 million). Despite the decline in profit transferred, receivables from affiliated companies increased as a result of the newly added loan receivable.

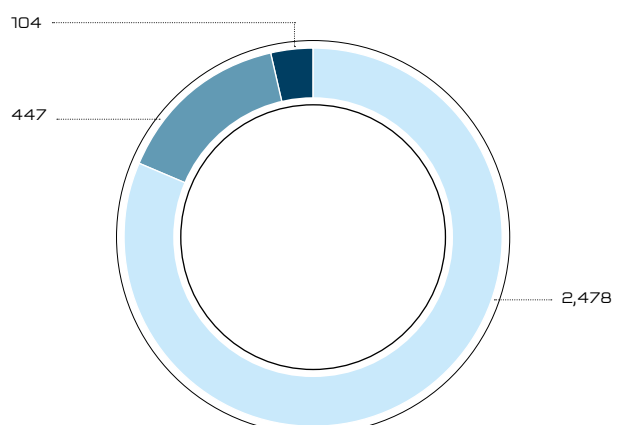
[17] NUMBER OF EMPLOYEES BY BUSINESS UNIT
as of December 31, 2020



Total number of employees: 3,029

- Holding
- DIGITAL
- Aerospace
- Space Systems

[18] NUMBER OF EMPLOYEES BY REGION
as of December 31, 2020



Total number of employees: 3,029

- Rest of the world
- Europe excluding Germany
- Germany

Cash and cash equivalents stood at EUR 0.933 million as of the reporting date (previous year: EUR 0.498 million). OHB SE's credit facility contract, which had been in force since 2013, was completely revised in May 2020. A credit facility of EUR 300 million provided by a syndicate of six major banks gives the OHB Group enhanced liquidity for financing projects against the backdrop of the limited forward visibility caused by the Covid-19 pandemic. The term of the contract is five years, plus two one-year renewal options. As of the end of the year, OHB SE had drawn EUR 60 million and subsidiaries a further EUR 26.158 million. The cyclical nature of project business in the space industry calls for flexible funding structures. The Company pursues the goal of securing its irregular liquidity requirements to finance current assets by means of corresponding credit facilities on which it can draw at any time. The Management Board considers OHB SE's net assets and financial condition to be generally solid.

RELATED PARTIES REPORT

The OHB Group is effectively controlled by the Fuchs family via its direct and indirect equity interests. For this reason, the Management Board has prepared a related parties report in accordance with Section 312 of the German Stock Corporation Act, which was audited and certified as part of the audit procedures for the annual financial statements. In this related parties report, the Management Board makes the following declaration: "The Management Board declares that with respect to the transactions described in the related parties report OHB SE received reasonable remuneration for each transaction in the light of the circumstances of which it was aware at the point in time at which the transactions described were executed with affiliated companies as defined in Section 312 of the German Stock Corporation Act. In the period under review, no legal transactions with third parties or measures were either executed or omitted at the instigation of or in the interests of the above-mentioned persons or an affiliated company."

III. OUTLOOK, RISK AND OPPORTUNITY REPORT

[A] OUTLOOK

I. SPACE SYSTEMS SEGMENT

In 2021 and beyond, the Space Systems segment will be concentrating on the continuation of its successful work on the Galileo, SARah, Meteosat Third Generation, Electra, EnMAP, NAOS, Heinrich Hertz, electro-optical satellite system and PLATO projects. This will be joined by the commencement of work on the recently awarded Earth observation missions, particularly the Copernicus CO2M, CHIME

and CIMR missions, and the Arctic Weather Mission at OHB Sweden. Further activities and studies will entail space surveillance, asteroid defense and the continuation of the ISS and the Lunar Gateway successor program. Work will also continue on the Hera asteroid defense program and the ESPRIT Lunar Gateway module. Depending on the program, OHB companies are acting either as a principal contractor or a subcontractor. Numerous feasibility studies are currently being offered for areas of research to be addressed by ESA's Earth observation missions, while the proposal for the ESA Forum mission is being prepared. The Group companies expect to be able to additionally expand their Earth observation activities. In addition to Forum, a special emphasis will be placed on the second-generation Sentinel Earth observation missions under the Copernicus program. With respect to national Italian programs, OHB Italia S.p.A. intends to systematically broaden its role as second player in Italy for satellite missions, both for science and remote sensing. Budgetary decisions on the part of the European Commission, ESA and the national space programs in Germany and Italy as well as the other countries in which OHB companies are located indicate largely positive underlying conditions and provide a sufficiently firm basis for future planning. With its current and planned projects and programs, the Management Board believes that OHB SE is ideally positioned to sustain the broad-based project portfolio which it has achieved and to continue growing successfully thanks to order intake in 2021.

II. AEROSPACE SEGMENT

In 2020, the program transition from Ariane 5 to Ariane 6 was not completed as planned due to the postponement of the maiden flight of the newly developed launcher. Accordingly, this work will be continued this year. As the budget approved at the Conference of Ministers in November 2019 and supplemented in December 2020 for launch activities will continue to be drawn on in the current year, MT Aerospace will participate in the approved programs in close consultation with DLR and ESA.

The global Covid-19 pandemic led to lower demand for new aircraft compared to the record year of 2019 due to the crisis in the aviation industry. According to industry analysts, it could take until 2023 or even 2026 for the aviation industry to return to its pre-pandemic level.

III. DIGITAL SEGMENT

In 2021, the DIGITAL segment will be concentrating on establishing an enterprise-wide, market-oriented product portfolio and harnessing the corresponding market potential, for which the necessary sales structures are also to be set up. Further growth potential is being tapped in various market segments, such as cyber security for Deutsche Bahn's digital rail project, Digital Twin for logistics companies, security applications for airports and the operation of satellites and satellite ground systems. In order to supplement the portfolio and also to integrate existing customer

structures and market access, DIGITAL will be examining the market closely in 2021 for potential acquisition candidates that can make a greater contribution to value as part of a group than on a stand-alone basis.

IV. OUTLOOK FOR OHB SE

Assuming stable economic conditions, the Company expects moderate growth in total revenues for 2021, with largely comparable earnings contributions from the subsidiaries and a sustained very good order situation. Net profit for the year is expected to remain at the previous year's level in 2021.

V. OUTLOOK FOR THE GROUP

The Management Board projects consolidated total revenues for the OHB Group of EUR 1.0 billion in 2021 largely on the strength of the order backlog existing at the end of 2020. EBITDA should come to EUR 80 million and EBIT to EUR 45 million in 2021. One important non-financial performance indicator is the fluctuation rate, for which a target of less than 5% has been defined.

It should be expressly noted in connection with forward-looking statements that actual events may differ materially from expectations of future performance. This particularly applies in the light of the Covid-19 pandemic that has been identified by the World Health Organization, which – as explained in the risk report – will have a more or less adverse effect on OHB's earnings depending on the duration of the strain to which the European economy is exposed.

[B] RISK AND OPPORTUNITY REPORT

I. RISK AND OPPORTUNITY MANAGEMENT SYSTEM

OHB SE's Management Board permanently monitors the Group's operating, market and financial risks in order to safeguard the Group's sustained business success. Assisted by the central departments, the Management Board observes and analyzes trends in the sector, markets and economy as a whole on an ongoing basis. In this connection, OHB SE's risk management system addresses the uncertainties to which the Group companies are exposed by identifying and evaluating opportunities and risks systematically and regularly and, if necessary, defining and implementing suitable measures and precautions. This applies to operating risks as well project-related and technical risks. In this connection, product and quality assurance officers continuously monitor design, construction and integration activities as well as deliveries received from upstream suppliers.

As OHB SE is closely linked with the companies of the OHB Group through its holding or management function as well as its direct and indirect investments in the subsidiaries, its risk and opportunity profile is materially dependent on the OHB Group's risk and opportunity profile. Accordingly, the statements on the risk and opportunity profile made by management for the Group largely match the statements made on OHB SE's risk and opportunity profile.

In addition to the aforementioned systematic identification, evaluation and management of risks, a detailed monthly report for tracking orders and costs provides important input for overall risk management. Reporting also covers all business acquisition, research and development activities and allows potential opportunities and risks to be identified at an early stage. The subsidiaries submit standardized monthly or quarterly reports to OHB SE covering all processes, opportunities and risks of relevance for the Group. The individual subsidiaries deploy different software systems for generating reports, e.g. SAP or business intelligence solutions. We consider the following types of risk to be relevant for OHB SE's business activities.

II. INDIVIDUAL RISKS

Sector risks, risks in underlying conditions

The Space Systems segment primarily works for public-sector customers at a national and European level. Order intake is exposed to risks arising from the budgets of public-sector customers (chiefly the European Commission, the European Space Agency ESA, national ministries such as the German Federal Ministries of Economics, Defense and Transportation as well as the national space agencies of the other member countries). In general terms, i.e. not confined to the space industry, management expects rising government debt in the wake of the Covid-19 crisis to exert pressure on government budgets in future years. Previous crises, such as the financial crisis, show that space budgets have continued to rise despite increasing public-sector debt. We do not expect any significant impact on space budgets, although budget increases may no longer be as high as in previous years. However, in this context, the situation is becoming increasingly favorable for OHB SE in view of its special standing as a German and European systems provider for space technology with a particular focus on security.

We also expect a positive impact from the Group's increased activities in the growth area of Earth observation.

Further significant growth is possible within the confines of these markets, which are expected to continue expanding in the foreseeable future. Other opportunities beyond this are primarily to be found in the commercial and export markets. This segment has been closely observed and analyzed for a number of years and preliminary activities in this direction are in the acquisition phase. The focus is on projects in the areas of telecommunications satellites, radar satellites and electro-optical and multispectral satellites for Earth observation. Given the large order backlog and, resulting from this, the high-level utilization of existing capacities as well as the further potential for growth in the European institutional market, the Company has not yet given top priority to market entry in this currently price-sensitive segment.

In the Aerospace segment, the greatest risk continues to come from the heavy dependence on the space sector and, in particular, on the European Ariane program, contract awards for which will largely determine the utilization of production capacity in the coming years. The relevant demand for geostationary satellites has stabilized at a low level. US competitors are exerting additional price pressure on suppliers of launch vehicles. Against the backdrop of this difficult market situation, the aim is to strengthen European competitiveness in the launch vehicle sector.

Strategic risks

The Space Systems segment is exposed to risks related to the on-time and in-budget completion of the currently ongoing programs particularly in the principal contractor role with overall responsibility under the agreed schedule and budget. Advance outlays were made again in 2020, albeit to a lesser extent than in earlier years, for the development of strategically important product segments, the costs of which must be recouped from the development of business in the corresponding applications. In order to safeguard the high order backlog, average incoming orders at least in line with total revenues are required in the medium term, although a slight short-term decline can also be tolerated without any adverse effect on the outlook.

The Aerospace segment is still heavily dependent on the Ariane program, with the successful market launch of Ariane 6 being of particular relevance.

As the maiden flight of the newly developed launcher was postponed last year until 2022, the existing development and production risks arising from the delivery of components for the first flight of the Ariane 6 launcher have declined. However, a risk still arises from the fact that it is currently not possible to seriously estimate the future annual launch cadence, which has a key bearing on segment revenues and earnings.

Sourcing risks

Risks arise from the late delivery of components and sub-systems, which could lead to project delays. The Company constantly optimizes its supply chain by monitoring the buy-side market continually, auditing local development and production activities and increasingly taking measures to safeguard the local availability of supplies. In addition, efforts are being stepped up to identify alternative procurement sources on a global basis. This must be done in the light of any restrictions which may be stipulated by customers for specific products, reducing the scope for free selection of suppliers. The Space Systems segment is exposed to sporadic supply-side risks in the sourcing of subsystems. This includes scheduling and development risks. These possible risks are already minimized by means of an intensive selection process for the corresponding suppliers.

The Aerospace segment is generally exposed to similar risks and takes appropriate measures to mitigate these. In particular, suppliers are subject to continuous observation and regular audits. The risks arising from development projects are generally higher, whereas more selective or disruptive disturbances may occur in the series production phase.

Project risks

The risk management system used for bid-costing and ongoing project management involves regular escalated reporting to the project managers, the management of the operating companies and OHB SE. All projects are integrated in a continuous controlling and monitoring process. Projects exceeding a certain size threshold are additionally subject to regular reviews by the responsible management to specifically monitor and manage technical performance as well as schedule, cost and budget compliance and project risks. Given the systems underlying our business model, there are inherent risks in the observance of schedules as well as development risks liable to cause considerable project delays and costs. In individual cases, the OHB companies define project targets within existing contracts which are at the limits of what is technically possible and which are the first of their kind in the world to be realized in a specific way.

IT risks

Following last year's cyberattack, the Group companies have heightened existing data protection and quality standards to maximize confidentiality, availability and integrity in a continuous improvement process for information services and systems. The Group companies are permanently modernizing and expanding the security features of their hardware and software solutions by using best-in-class components sourced from renowned OEMs. Similarly, IT security processes, organization and awareness are being enhanced.

The general threat posed by cyber risks reached a new dimension last year. For this reason, the IT security mechanisms and related IT procedures and processes are being continuously expanded and optimized to avert external and internal vulnerabilities. IT is working continuously on comprehensive security solutions, addressing such aspects as firewalls, endpoint security, network segmentation and monitoring. This ensures data integrity and protects data confidentiality and, hence, the companies' intellectual property. The effectiveness of the measures is verified by penetration tests. All measures necessary to additionally increase security are being initiated.

Group-wide IT governance was additionally expanded last year with the objectives of further standardization, harmonization and enhanced IT security as well as the effectiveness of IT processes.

Financial risks

Most goods and services procured are invoiced in euro. Foreign-currency transactions in the dollar region may result in translation gains or losses. Dollar-denominated orders and receivables are hedged in the Aerospace segment. The securities entail long-term investments with acceptable risks. Working capital requirements can be reduced substantially by means of progress billings. However, as this is not possible continuously in all project phases, liquidity may fluctuate sharply. The previous credit facility was restructured in 2020, with the maximum limit increased from EUR 225 million to EUR 300 million. The term is five years plus two one-year renewal options. This contract offers a high degree of funding certainty and forward planning visibility. In addition, a supplementary loan contract was entered into with the European Investment Bank EIB in Luxembourg in 2017 with a term expiring in 2024. With respect to retirement benefit provisions, we do not expect to see any further significant change in interest rates compared with 2020.

Personnel risks

In the light of the lower recruitment frequency, including in the Space Systems segment, compared to the previous two years, the distribution and transfer of expertise is now the primary risk rather than the shortage of skilled workers, which was previously the main risk. After the inclusion of a large number of less experienced engineering profiles, the risk in this segment results from a shortfall in project management and system engineering skills. In the Aerospace segment, it is particularly important to strengthen employees' qualifications in the handling of new, highly digitized production resources and processes in such a way that the resources invested in a modern manufacturing infrastructure are used effectively.

Risk is being systematically minimized through the sequential introduction of the primarily virtual POLARIS learning platform. This is a broad-based cloud-based solution for teaching and sharing experience that supports targeted on-the-job learning in particular.

Management assessment of the risk situation

Throughout 2020, the OHB Group's exposure was for the most part confined to the risks described. In the light of current market trends in the areas of the greatest relevance for the Company and the outlook for its business, order backlog and financial situation, the Management Board considers future risks to the Group to be manageable. No risks to the Group's going-concern status are currently discernible. The OHB Group's exposure to global risk factors is very limited (particularly due to its very low dependence on global logistics chains and supplies outside Europe).

A pandemic of the type that has been identified by the World Health Organization in the form of the Covid-19 virus could have an adverse effect on the OHB Group's business, which is highly dependent on the dense network of European space technology suppliers. A further risk may arise from delays in the Group's own production due to illnesses or governmental lockdowns.

III. MATERIAL OPPORTUNITIES

The space market offers OHB companies in the Space Systems, Aerospace and, from 2021, DIGITAL segments a flourishing growth market with a steady stream of new applications. Systematic observation of all relevant requests for proposals on a European as well as on a national level allows the OHB companies to take part in virtually all relevant institutional bidding processes in Europe. With its European-wide presence and strong national companies specializing in selected technologies and applications in the space industry, OHB additionally has the opportunity of bidding for space contracts which are awarded to individual nations in accordance with the geographic return principle within ESA alongside EU-wide bids. In the individual member countries, the Group's national companies are additionally able to bid for contracts and projects awarded by the national space agencies. The high degree of specialization of the individual companies within the OHB Group together with the system leadership capabilities demonstrated in many contracts generally means that when the individual companies bid for a major ESA project they receive the status of lead-manager or subcontractor to the lead-manager. With the growing establishment of satellite platforms, the OHB Group is now increasingly also entering the field of commercial missions.

The future DIGITAL segment will be substantially broadening the OHB Group's activities in space-related services such as satellite operations or launch services as well as software solutions based on space-generated data. This offers growth potential beyond institutional business with new customer groups in agriculture, fisheries, environmental monitoring, Internet of Things, autonomous mobility, etc.

Secular trends such as the Internet of Things, future mobility including autonomous mobility, process automation, e.g. through Digital Twins, global digitalization and broadband communications in remote areas, climate and environmental protection and preservation of our planet are spurring demand for space-based solutions. In particular, OHB's positioning in key future Earth observation programs gives it a market advantage, as applications can already be programmed today on the basis of data that will not be available until some stage in the future. In addition to public-sector contracts and development projects, all these aspects will additionally drive the commercialization of space worldwide. Telecommunications, navigation, cartography and the increasing exploration of the Earth by means of space technology are of key importance in this connection for the future development of the space industry.

The European Commission plans to establish its own sovereign telecommunications satellite constellation. A preliminary study involving numerous companies in the European space industry was commissioned in December 2020. OHB was able to secure leadership for the satellite systems segment, among other things. OHB also sees good opportunities for entering the nascent "New Space Economy" market, with initial projects already being executed. For this purpose, the Group will also apply its own funds in close consultation with its customers.

The OHB companies' specific space expertise is based on the long-standing experience of the responsible persons within the Group as well as basic research and development performed in this area allowing promising future areas and developments in space flight to be identified and responses to them adopted. Recent studies expect more than two thirds of satellite orders in the period from 2019 to 2028 to be funded by civil or military public budgets, i.e. the area in which OHB is particularly strongly positioned. The largest single market will be Earth observation, which is another strong and expanding field for the OHB Group. Growth will also be spurred by widening budgets in Germany for civil and military space travel as well as larger ESA and European Commission budgets.

As with business risks, project management may also generate opportunities from systematic claim management based on the project review process.

IV. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The control and risk management system forms an integral part of the corporate, planning, accounting and control processes and constitutes a material element of the management system of OHB SE and the Group companies. OHB SE's risk management system addresses the uncertainties to which the Group companies are exposed by identifying and evaluating opportunities and risks systematically and regularly and, if necessary, defining and implementing suitable measures and precautions.

This applies to operating risks as well project-related and technical risks. In this connection, product and quality assurance officers continuously monitor design, construction and integration activities as well as deliveries received from upstream suppliers.

Monthly and quarterly reporting forms an integral part of OHB SE risk management operations and has been additionally improved. Group-wide controlling instruments supported by business intelligence software are used for reporting purposes. This primarily entails comparisons of the actual/required figures and deviation analyses. Budgeting, regular forecasts and ongoing reporting discussions supplement standardized reporting.

OHB SE secures the process for preparing the consolidated financial statements in several different ways. In addition to an accounting manual which all subsidiaries must observe, this entails regular evaluations of the quarterly and monthly reports and ad-hoc detailed analyses on matters and developments at the level of the individual subsidiaries as well as for the Group as a whole. In addition, the consolidation process as well as the process for preparing the management report and the notes to the consolidated financial statements are reviewed by the finance department and the Management Board. Appropriate precautions are taken in the accounting process to ensure full implementation of the double-sign-off principle. Access restrictions in the information management system ensure a high degree of data security. These and other measures are subject to regular review by Group Internal Auditing. In addition, the accounting system used by subsidiaries complies with the requirements of public-sector contract awarding rules.

Customer payment practices are monitored on an ongoing basis to minimize financial risks. In addition to a multi-level reminder system, controlling methods include regular reports to the responsible management. The OHB Group's customer base comprises a large proportion of public-sector customers both directly and indirectly. For this reason, the risk of payment defaults is very small. Over the past few years, there have been virtually no payment defaults. Prepayments received comprise part payments remitted upon the completion of specific project milestones. In this way, it is possible to minimize liquidity risks and working capital requirements.

V. REMUNERATION REPORT

The remuneration paid to the members of the Management Board comprises fixed and variable components. The service contracts of the members of the Management Board have the following expiry dates: Marco Fuchs' contract expires on June 30, 2021, Klaus Hofmann's contract expires on October 31, 2023, Kurt Melching's contract expires on March 31, 2023 (service contract with OHB System AG) and Dr. Lutz Bertling's contract expires on March 31, 2022. In the case of Marco Fuchs and Dr. Lutz Bertling, the variable compensation is calculated solely as a percentage of the Company's business performance (percentage of EBT); in the case of Klaus Hofmann and Kurt Melching, it is based on a combination of agreed personal targets and the Company's business performance. Share-based remuneration components with a long-term incentive are only provided for in the service contract with Dr. Lutz Bertling. In the event of the death of a Management Board member, his surviving dependents are entitled to receive continued payment of that member's fixed remuneration for a further period of up to six months.

Management Board members Marco Fuchs, Klaus Hofmann and Kurt Melching were entitled to the use of a company car in 2020. The remuneration paid to the members of the Management Board breaks down as follows: Total fixed remuneration plus benefits such as an advance towards health and pension insurance as well as private use of a company car and activities on internal group supervisory boards paid in 2020 came to EUR 1.279 million (previous year: EUR 1.262 million). Expected variable remuneration stands at EUR 1.061 million (previous year expected: EUR 1.660 million, actually paid: EUR 1.166 million).

Marco Fuchs received a sum of EUR 0.387 million (previous year: EUR 0.375 million) as fixed remuneration plus all benefits such as advances towards health and pension insurance. Variable remuneration is expected to equal EUR 0.448 million in 2020 (previous year expected: EUR 0.700 million, actually paid: EUR 0.470 million). Klaus Hofmann received a sum of EUR 0.309 million (previous year: EUR 0.306 million) as fixed remuneration including all benefits such as advances towards health and pension insurance in the year under review. In addition, variable remuneration for Klaus Hofmann is expected to equal EUR 0.140 million in 2020 (previous year expected: EUR 0.150 million, actually paid:

EUR 0.126 million). Kurt Melching received a sum of EUR 0.243 million (previous year: EUR 0.243 million) as fixed remuneration including all benefits such as advances towards health and pension insurance in the year under review. In addition, the variable remuneration for Kurt Melching is expected to equal EUR 0.100 million for 2020 (previous year expected: EUR 0.110 million, actually paid: EUR 0.100 million). Dr. Lutz Bertling received a sum of EUR 0.340 million (previous year: EUR 0.338 million) as fixed remuneration including all benefits such as advances towards health and pension insurance in the year under review. Variable remuneration is expected to equal EUR 0.373 million in 2020 (previous year expected: EUR 0.700 million, actually paid: EUR 0.470 million). In addition, he was granted a long-term incentive commitment in 2018 in the form of the award of 12,500 OHB SE shares for the years from 2018 to 2021, which was utilized for 2019 and 2020 in 2020. As a contribution to preserving the Group's liquidity, each member of the Management Board waived 20% of the variable remuneration accruing to them for 2019 under the terms of their service contracts in 2020. Overall, this resulted in a liquidity contribution of EUR 0.287 million.

Christa Fuchs received surviving-dependents benefits of EUR 22 thousand from OHB System AG for the Management Board member Prof. Manfred Fuchs, who had passed away in 2014.

Robert Wethmar, who has been Chairman of the Supervisory Board since April 1, 2018, received EUR 30 thousand (previous year: EUR 29 thousand), Christa Fuchs (Chairwoman of the Supervisory Board until March 31, 2018) received EUR 20 thousand in 2020 for her duties in 2019 (previous year: EUR 23 thousand), Prof. Heinz Stoewer received EUR 25 thousand (previous year: EUR 25 thousand) and Ingo Kramer (member of the Supervisory Board since June 19, 2018) received EUR 20 thousand (previous year: EUR 12 thousand). Variable remuneration components were dispensed with for the members of the Supervisory Board. Provisions of EUR 95 thousand were recognized for 2021.

Under a contract with the law firm Taylor Wessing, of which Robert Wethmar is a partner, fees of a total of EUR 0.228 million were paid in consideration of the advisory services for Group companies.

VI. DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A (1) AND 315A (1) OF THE GERMAN COMMERCIAL CODE

[A] BREAKDOWN OF SUBSCRIBED CAPITAL (NO. 1)

Issued capital stood at EUR 17,468,096.00 on the reporting date and was divided into 17,468,096 no-par-value bearer shares.

[B] RESTRICTIONS TO VOTING RIGHTS OR THE TRANSFER OF SHARES (NO. 2)

Prof. Dott. Ing. h.c. Manfred Fuchs, Christa Fuchs and Marco Fuchs, who are also shareholders of VOLPAIA Beteiligungs-GmbH, and VOLPAIA Beteiligungs-GmbH in their capacity as shareholders of OHB Teledata AG (as the Company was then known), entered into a pooling contract on December 20, 2001 providing for the coordinated exercise of voting rights with respect to present and future share holdings.

On February 4, 2009, the parties signed an addendum to this pooling contract imposing on them restrictions with respect to the sale of the shares held in the pooling contract. On July 10, 2009, the parties signed a revised version of the pooling contract. Romana Fuchs Mayrhofer joined this pool in January 2010. A total of 69.72% of the Company's issued capital is held in this pooling contract. There were no changes in the total number of pooled voting rights as a result of Prof. Manfred Fuchs' death in April 2014. The pooling contract between Marco Fuchs, Romana Fuchs Mayrhofer, Christa Fuchs and VOLPAIA Beteiligungs-GmbH was revised on February 21, 2017, although there were no material changes in the main elements outlined above.

I. SHARES EXCEEDING 10% OF THE VOTING CAPITAL (NO. 3)

As of the reporting date, Marco Fuchs held 34.62% of OHB SE's subscribed capital (6,046,610 shares). VOLPAIA Beteiligungs-GmbH holds a further 21.35% of the Company's shares. Together with the shares held by Christa Fuchs (8.03%, 1,401,940 shares) and Romana Fuchs Mayrhofer (5.72%, 1,000,000 shares), 69.72% (12,178,720 shares) of the Company's shares are subject to a pooling contract providing for the coordinated exercise of voting rights as of the balance sheet date. Romana Fuchs Mayrhofer holds an additional 378,626 shares in OHB SE (2.17%) outside the scope of the pooling contract.

II. STATUTORY STIPULATIONS AND PROVISIONS CONTAINED IN THE COMPANY'S BYLAWS WITH RESPECT TO THE APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND AMENDMENTS TO THE BYLAWS (NO. 6)

With respect to the appointment and dismissal of members of the Management Board, reference is made to the provisions contained in Article 39 and Article 9 (1) c) ii) of the Statute for a European Company (SE) in connection with Sections 84 and 85 of the German Stock Corporation Act. Under Article 8 (2), the Supervisory Board is empowered to appoint a member of the Management Board as Chairman and further members of the Management Board as Deputy Chairman. The procedure for amending the bylaws is governed by Sections 133 and 179 of the German Stock Corporation Act. Article 21 of OHB SE's bylaws also authorizes the Supervisory Board to make amendments to the bylaws affecting only their wording.

III. POWERS OF THE MANAGEMENT BOARD TO ISSUE OR BUY BACK SHARES (NO. 7)

At the annual general meeting held on May 26, 2020, the shareholders passed a resolution authorizing the Management Board to buy back up to 10% of the Company's share capital in existence as of the date of the resolution on or before May 25, 2025. Authorization was granted to use the Company's shares for all purposes permitted by law including but not limited to:

- placing the Company's shares in foreign stock exchanges,
 - acquiring all or parts of other companies or shares therein,
 - offering and transferring shares to the employees of the Company or other companies related with it in accordance with Sections 15 et seq. of the German Stock Corporation Act,
 - issuing them to members of the Management Board in fulfilment of existing or future contractual remuneration agreements,
 - redeeming treasury stock without any need for a resolution of the shareholders.
- The Company held 42,996 shares as treasury stock as of the reporting date. This is equivalent to around 0.25% of the share capital. At the annual general meeting held on May 26, 2020, the shareholders authorized the Management Board to increase with the Supervisory Board's approval the Company's share capital by up to EUR 8,734,048.00 on a cash or non-cash basis by issuing new shares once or several times on or before May 25, 2025. The new shares may be issued to the Company's employees and members of the Management Board to fulfill contractual remuneration obligations. In addition, the Company's Management Board was authorized – subject to the Supervisory Board's approval – to exclude the shareholders' subscription rights
- for fractional amounts;
 - for part of the authorized capital up to a maximum of EUR 1,746,809.00 provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price;
 - for a part of the authorized capital up to a maximum of EUR 8,734,048.00 provided the new shares
 - are issued as consideration for the acquisition of all or part of other companies or entities or other assets and such acquisition is in the interests of the Company; or
 - are issued as consideration for cash capital contributions to have the Company's stock listed in a foreign market in which it has previously not been admitted to trading.
- The Management Board is additionally authorized subject to the Supervisory Board's approval to determine the extent and nature of the option rights and the other conditions of issue. Please refer to the corresponding parts of the notes on the consolidated financial statements for further information.

VII. CORPORATE GOVERNANCE DECLARATION

The corporate governance declaration was officially published on OHB SE's website on March 12, 2021.

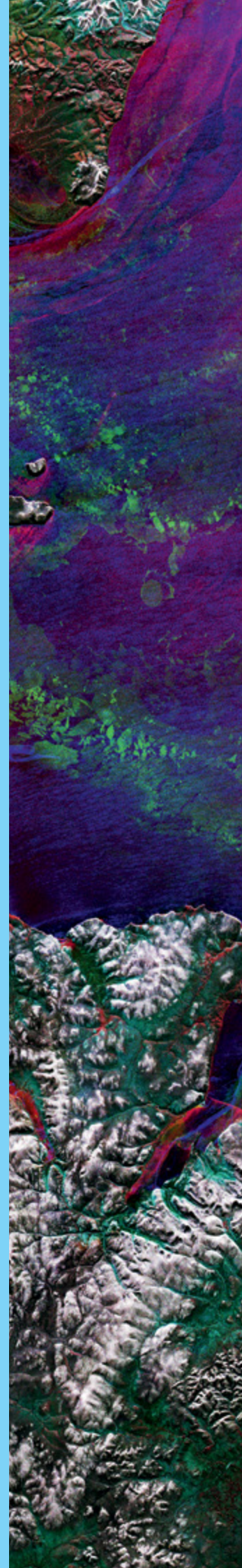
The Internet address is:

<https://www.ohb.de/en/investor-relations/corporate-governance/corporate-governance-declaration>

CONSOLIDATED FINANCIAL STATEMENTS 2020

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A Sentinel-1 image of the Bering Strait (Alaska) was created by combining three differently dated radar scans (red, green, blue), illustrating how the sea ice has changed over the course of four weeks. This type of image can be used to map icebergs and create sea ice maps for year-round navigation. In addition, monitoring changes in the extent of sea ice is crucial to understand the impact of climate change on our environment.



I. CONSOLIDATED INCOME STATEMENT

in EUR 000	Notes	2020	2019
Sales	1	880,319	1,004,618
Reduction in inventories of finished goods and work in progress	2	-59	-1,889
Other own work capitalized		14,239	11,554
Other operating income	3	6,932	15,803
Total revenues		901,431	1,030,086
Cost of materials	4	533,622	649,966
Personnel costs	5	244,787	247,246
Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets	12, 13, 14	35,390	29,222
Impairment expense/income	32	-25	68
Other operating expenses	6	46,023	54,475
Operating profit (EBIT)*		41,634	49,109
Interest and similar income	7	1,292	1,393
Interest and other borrowing costs	7	8,739	7,142
Currency translation losses/gains		-817	-348
Share of profit of associates	8, 15	-3,372	-3,708
Net income from investments		-181	-160
Net financial income/expense		-11,817	-9,965
Earnings before taxes (EBT)**		29,817	39,144
Income taxes	9	10,080	13,515
Consolidated net profit for the year		19,737	25,629
Share of OHB SE shareholders in net profit for the year		20,869	25,543
Minority interests	10	-1,132	86
Average number of shares (in units)		17,413,503	17,400,100
Earnings per share (basic, EUR)	11	1.20	1.47
Earnings per share (diluted, EUR)	11	1.20	1.47

* EBIT = Earnings Before Interest and Taxes

** EBT = Earnings Before Taxes

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR 000	Notes	2020	2019
Consolidated net profit for the year		19,737	25,629
Remeasurement of defined benefit pension plans	25, 27	-2,772	-8,200
Remeasurement of defined benefit pension plans of associates	25	-179	-472
Net gains/losses from the measurement of financial assets through other comprehensive income (equity instruments)	16, 25	5,020	-7,597
Items that will not be recycled to profit and loss		2,069	-16,269
Foreign currency translation differences	25	52	-96
Foreign currency translation differences of associates	25	0	-12
Cash flow hedges	25	227	283
Cash flow hedges of associates	25	-30	70
Items that may be subsequently recycled to profit and loss		249	245
Other comprehensive income after tax		2,318	-16,024
Comprehensive income		22,055	9,605
Attributable to:			
Equity holders of OHB SE		23,918	11,774
Non-controlling interests		-1,863	-2,169

III. CONSOLIDATED BALANCE SHEET

in EUR 000	Notes	31/12/2020	31/12/2019
ASSETS			
Goodwill	12	7,366	7,366
Other intangible assets	12	121,174	116,309
Right-of-use assets under leases	13	57,214	54,878
Property, plant and equipment	14	97,210	95,440
Shares in associates	15	0	0
Other financial assets	16	34,850	25,112
Other non-current receivables and financial assets	19	35,220	30,491
Deferred taxes	9	23,383	19,029
Non-current assets		376,417	348,625
Inventories	17	62,100	53,302
Trade receivables	18	55,746	92,469
Contract assets	1	310,438	324,228
Income tax receivables		2,746	4,394
Other financial and non-financial assets	19	12,169	22,463
Securities	20	494	448
Cash and cash equivalents	21	91,968	85,090
Current assets		535,661	582,394
Total assets		912,078	931,019

in EUR 000	Notes	31/12/2020	31/12/2019
EQUITY AND LIABILITIES			
Subscribed capital	22	17,468	17,468
Share premium	23	15,969	15,778
Retained earnings	24	521	521
Unrealized gains and losses recognized under equity	25	-18,632	-21,681
Treasury stock	26	-453	-710
Consolidated net profit		191,258	170,321
Shareholders' equity excluding minority interests		206,131	181,697
Non-controlling interests	10	17,195	19,133
Equity		223,326	200,830
Provisions for retirement benefits and similar obligations	27	110,964	108,252
Other non-current provisions	28	2,651	3,310
Non-current financial liabilities	29	17,111	23,749
Non-current lease liabilities		46,125	42,561
Non-current contract liabilities	1	31,072	8,032
Deferred tax liabilities	9	44,492	38,319
Non-current liabilities		252,415	224,223
Current provisions	28	28,309	31,168
Current financial liabilities	30	93,120	88,254
Current lease liabilities		12,197	12,891
Trade payables		104,525	166,651
Current contract liabilities	1	143,114	155,725
Income tax liabilities		7,526	10,355
Financial and non-financial liabilities	31	47,546	40,922
Current liabilities		436,337	505,966
Total equity and liabilities		912,078	931,019

IV. CONSOLIDATED CASH FLOW STATEMENT

in EUR 000	Notes	31/12/2020	31/12/2019
EBIT		41,634	49,109
Income taxes paid		-8,206	-5,720
Other expenses (+)/income (-) not recognized in the cash flow statement		448	316
Depreciation and amortization of intangible assets, right-of-use assets and property, plant and equipment	12, 13, 14	35,390	29,222
Changes in retirement benefit provisions	27	-3,237	-5,755
Profit (-)/loss (+) from the disposal of assets		90	64
Gross cash flow		66,119	67,236
Increase (-)/decrease (+) in own work capitalized		-14,239	-10,488
Increase (-)/decrease (+) in inventories		-34,630	-2,558
Increase (-)/decrease (+) in receivables and other assets		84,929	-79,384
Increase (+)/decrease (-) in liabilities and provisions		-59,333	-8,379
Increase (+)/decrease (-) in contract liabilities and progress billings		1,275	56,457
Net cash generated by/used in operating activities		44,121	22,884
Payments made for investments in intangible assets, property, plant and equipment and other financial assets	12, 14	-21,155	-20,946
Payments received from the disposal of assets		11	393
Consolidation-related changes to cash and cash equivalents		3,571	158
Interest received	7	1,292	1,393
Net cash generated from/used in investing activities		-16,281	-19,002
Dividends distributed		0	-7,482
Payments made for the settlement of financial liabilities	29, 30, 33	-31,790	-9,136
Payments made for the settlement of lease liabilities	29, 30, 33	-10,876	-9,726
Payments received from new loans	29, 30, 33	30,018	65,183
Dividend distributed to non-controlling interests		-75	-1,001
Interest and other financial expenses paid	7	-7,474	-4,534
Net cash generated from/used in financing activities		-20,197	33,304
Changes to cash and cash equivalents recognized in the cash flow statement		7,643	37,186
Exchange-rate-induced change in cash and cash equivalents		-765	-412
Cash and cash equivalents at the beginning of the period		85,090	48,316
Cash and cash equivalents at the end of the period	21	91,968	85,090

V. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR 000	Subscribed capital	Share premium	Retained earnings	Unrealized gains and losses recognized under equity	Consolidated profit	Treasury stock	Equity excluding minority interests	Non-controlling interests	Total equity
See Note	22	23	24	25		26		10	
Balance on January 1, 2019	17,468	15,462	521	-7,747	152,315	-710	177,309	22,710	200,019
Dividend payment	0	0	0	0	-7,482	0	-7,482	0	-7,482
Consolidated comprehensive income	0	0	0	-13,770	25,543	0	11,773	-2,168	9,605
Transactions with non-controlling interests	0	0	0	-164	572	0	408	-408	0
Changes to consolidated companies	0	0	0	0	-627	0	-627	0	-627
Dividend distributed to non-controlling interests	0	0	0	0	0	0	0	-1,001	-1,001
Share-based payments	0	316	0	0	0	0	316	0	316
Balance on December 31, 2019	17,468	15,778	521	-21,681	170,321	-710	181,697	19,133	200,830
Consolidated comprehensive income	0	0	0	3,049	20,869	0	23,918	-1,863	22,055
Changes to consolidated companies	0	0	0	0	68	0	68	0	68
Dividend distributed to non-controlling interests	0	0	0	0	0	0	0	-75	-75
Share-based payments	0	191	0	0	0	257	448	0	448
Balance on December 31, 2020	17,468	15,969	521	-18,632	191,258	-453	206,131	17,195	223,326

NOTES

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

The Company has its head office at Manfred-Fuchs-Platz 2-4 in 28359 Bremen, Germany. It is entered in the commercial register of the Local Court of Bremen under the number HRB 30268. OHB SE exercises the function of an active holding company which manages the subsidiaries within the OHB Group. At the same time, it is the ultimate parent company. The Group is primarily engaged in the production and distribution of products and projects as well as the provision of high-technology services particularly in the areas of space and aeronautic technology, telematics and satellite services. OHB SE comprises two business units: Space Systems and Aerospace + Industrial Products.

The Space Systems business unit focuses on developing and executing space projects. In particular, it is responsible for developing and fabricating low-orbiting and geostationary small satellites for navigation, research, communications, Earth and weather observation and reconnaissance including scientific payloads. Its human space flight activities chiefly entail projects for the assembly and outfitting of the International Space Station ISS. The exploration segment works on studies and models for exploring our solar system, primarily the Moon, asteroids and Mars. Reconnaissance satellites and broadband wireless transmission of image data form core technologies for security and reconnaissance.

The Aerospace + Industrial Products business unit is primarily responsible for fabricating aviation and space products as well as other industrial activities. In this area, OHB has established itself as a significant supplier of aerospace structures for the aviation and space industry; among other things, it is the largest German supplier of components for the Ariane program and an established producer of structural elements for satellites. In addition, OHB is an experienced vendor of mechatronic systems for antennas and telescopes and is involved in major radio telescope projects.

ACCOUNTING PRINCIPLES AND METHODS

In accordance with Regulation (EC) 1606/2002 issued by the European Parliament and the Council on July 19, 2002, OHB SE is required to prepare consolidated financial statements in accordance with international accounting standards (IFRS/IAS). The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS/IAS) applicable in the EU in the light of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) as well as the supplementary provisions contained in Section 315e of the German Commercial Code.

The consolidated financial statements have been prepared on the basis of the going-concern assumption and the historical cost principle with the exception of derivative financial instruments used for hedging purposes and available-for-sale financial instruments, which are measured at fair value. In addition to the consolidated balance sheet, consolidated income statement and the consolidated statement of comprehensive income, the consolidated annual financial statements include the consolidated cash flow statement and the consolidated statement of changes in equity. The notes contain the declaration required by Section 285 No. 16 of the German Commercial Code confirming that the disclosures stipulated by Section 161 of the German Stock Corporation Act have been duly made. The income statement has been compiled using the total-cost method. The reporting currency is the euro. Unless otherwise stated, all amounts are reported in millions of euros (EUR million). It should be noted that the use of rounded figures and percentages may result in differences due to commercial rounding.

CONSOLIDATION METHODS AND USE OF THE EQUITY METHOD OF ACCOUNTING

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. All material subsidiaries under the legal or constructive control of OHB SE have been consolidated.

Any remaining positive difference between the cost of acquiring the shareholdings and the net assets calculated at their fair values is recognized as goodwill under IAS 3.32. The full goodwill method is applied.

Sales, expenses, income as well as receivables and liabilities between consolidated companies are netted and any inter-Group profits eliminated. The accounting methods and the reporting period applied by the subsidiaries are the same as those used by OHB SE.

ASSOCIATES AND THE EQUITY METHOD OF ACCOUNTING

Associates are defined as all entities over which the Group has significant influence. This is generally the case if the Group holds between 20% and 50% of the voting rights.

Shares in associates are reported at historical cost with due allowance made for the share in its profit/loss for the year (profit/loss, other comprehensive income). Dividends received are recognized as a reduction of the carrying amount. In an impairment test, the carrying amount of the associate is compared with the recoverable amount and, if it is lower than the carrying amount, an impairment equaling the difference recognized.

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the investee (including any other long-term interests that are attributable to the substance of the net investment in the investee), the Group does not recognize any further share of losses unless it has incurred legal or constructive obligations or made payments on behalf of the investee.

The OHB Group has non-current receivables/loans from an associate which are neither planned nor likely to be settled in the foreseeable future. Current losses are offset against these receivables.

Unrealized gains from transactions between the Group and the companies accounted for at equity are eliminated in an amount equaling the Group's share in such companies. The accounting methods applied by associates have been modified where this is necessary to ensure consistency with the methods applied by the Group.

ACQUISITIONS

No acquisitions were executed during this period.

CHANGES IN SHAREHOLDINGS

Blue Horizon Deutschland GmbH, Bremen which was held wholly by OHB System AG in the previous year, was merged in full with OHB System AG, Bremen. The merger with OHB System AG, Bremen, did not result in any changes in the control over Blue Horizon Deutschland GmbH, Bremen. The company's net loss of EUR 80 thousand as of the date of the merger was included in full in cumulative consolidated net profit.

The Group treats transactions with non-controlling interests that do not result in any loss of control as straight equity transactions. They are included in the line item entitled "Transactions with non-controlling interests" in the statement of changes in equity. A change in shareholdings results in an adjustment to the carrying amount of the non-controlling interests to reflect the size of the share in the subsidiary in question. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is reported within equity in a separate reserve attributable to the owner.

COMPANIES CONSOLIDATED

OHB SE's consolidated financial statements include OHB SE, ten domestic and seven non-domestic subsidiaries and a further domestic associate accounted for at equity. The table entitled "Companies consolidated" sets out the subsidiaries and associates together with the relative size of the share held.

In addition, shares were held in other companies (see table entitled "Further investments and financial assets" in this section).

OHB COSMOS International Launch Services, Bremen, was consolidated for the first time from January 1, 2020. OHB COSMOS International Launch Services GmbH, Bremen is a wholly owned subsidiary of OHB SE. Consolidation did not give rise to any goodwill. The company's net profit of EUR 0.148 million as of the date of initial consolidation was included in full in cumulative consolidated net profit.

COMPANIES CONSOLIDATED

Name of company	Percentage share %	Consolidation
OHB System AG, Bremen, Germany	100.0	Fully consolidated
ORBCOMM Deutschland Satellitenkommunikation AG, Bremen, Germany ¹	100.0	Fully consolidated
OHB Italia S.p.A., Milan, Italy	100.0	Fully consolidated
OHB Sweden AB, Stockholm, Sweden	100.0	Fully consolidated
Antwerp Space N.V., Antwerp, Belgium	100.0	Fully consolidated
LuxSpace Sàrl, Betzdorf, Luxembourg	100.0	Fully consolidated
MT Aerospace Holding GmbH, Bremen, Germany	70.0	Fully consolidated
MT Aerospace AG, Augsburg, Germany ²	100.0	Fully consolidated
MT Aerospace Grundstücks GmbH & Co. KG, Augsburg, Germany ³	100.0	Fully consolidated
MT Aerospace Guyane S.A.S., Kourou, French Guiana ³	100.0	Fully consolidated
MT Management Service GmbH, Augsburg, Germany ²	100.0	Fully consolidated
Aerotech Peissenberg GmbH & Co. KG, Peissenberg, Germany ²	43.3	Consolidated at equity
OHB Teledata GmbH, Bremen, Germany	100.0	Fully consolidated
OHB Digital Solutions GmbH, Graz, Austria	100.0	Fully consolidated
OHB Digital Services GmbH, Bremen, Germany	74.9	Fully consolidated
OHB Digital Connect GmbH, Bremen, Germany (formerly: OHB Satellitenbetrieb GmbH, Bremen, Germany)	100.0	Fully consolidated
OHB Chile SpA, Santiago de Chile, Chile (formerly: MT Mecatrónica SpA, Santiago de Chile, Chile) ⁴	100.0	Fully consolidated
OHB COSMOS International Launch Services GmbH, Bremen, Germany	100.0	Fully consolidated

1 Held by OHB System AG

2 Held by MT Aerospace Holding GmbH

3 Held by MT Aerospace AG

4 Held by OHB Digital Connect GmbH

In accordance with the principle of materiality pursuant to the IFRS/IAS framework, the companies stated in the table, which are fundamentally subject to compulsory consolidation (OHB share of greater than 20%), are not consolidated. These companies' cumulative current sales and EBIT are not considered to make any material contributions to consolidated earnings. Subsidiaries with discontinued or minimal business activities which are of only

minor importance for obtaining a true and fair view of the OHB Group's net assets, financial condition and results of operations as well as its cash flow are not consolidated. The share holdings shown in the tables entitled "Companies consolidated" and "Further investments and financial assets" correspond to the voting rights held.

FURTHER INVESTMENTS AND FINANCIAL ASSETS

Name of company	Percentage share % **
OHB France S.A.S., Paris, France*	100.0
OHB Venture Capital GmbH, Wessling, Germany*	100.0
visioboxx Logistic Solutions GmbH, Bremen, Germany*	55.0
OHB Infosys GmbH, Bremen, Germany*	100.0
MT Dezentrale Energiesysteme GmbH, Augsburg, Germany*	70.0
MT Meatronica s.r.l., Cagliari, Italy*	100.0
MT Satellite Products Ltd., Wolverhampton, United Kingdom*	70.0
MILET Grundstücks-Verwaltungsgesellschaft mbH, Augsburg, Germany*	70.0
Aerotech Beteiligungs GmbH, Peissenberg, Germany*	30.1
Rocket Factory Augsburg AG, Augsburg, Germany*	55.8
RFA Azores Unipessoal LDA, Azores, Portugal*	55.8
RFA Portugal Unipessoal LDA, Matosinhos, Portugal*	55.8
COSMOS Space Systems AG, Bremen, Germany*	66.7
Antares S.c.a.r.l., San Giorgio Del Sannio, Italy*	24.0
beos GmbH i.L., Bremen, Germany	12.0
Arianespace Participation, Evry, France	5.8
ORBCOMM Inc., Rochelle Park NJ, United States	2.8
Orbcomm Europe LLC, Delaware, United States*	50.0
Blue Horizon Sàrl, Betzdorf, Luxembourg*	100.0
Institut für angewandte Systemtechnik Bremen GmbH, Bremen, Germany	5.0
OHB Hellas Single Member L.L.C., Athens, Greece*	100.0
Nexus Space LLC, Centennial CO, United States*	45.0
OHB Uzay Teknolojileri Limited Sirketi, Ankara, Turkey*	100.0
OHB Czechspace s.r.o., Klatovy & Brno, Czech Republic*	100.0
German Offshore Spaceport Alliance GmbH (formerly: OHB Digital Maritime Services GmbH), Bremen, Germany*	37.5
MT Management Service Cz s.r.o., Klatovy, Czech Republic*	70.0
OHB Portugal Unipessoal LDA, Lisbon, Portugal*	100.0

* Not consolidated in the year under review for materiality reasons

** Notional OHB SE share

CURRENCY TRANSLATION

Most outgoing invoices are denominated in euro. Incoming and outgoing invoices denominated in a foreign currency are converted and recognized on the reporting date. Any hedges in existence are translated at the hedge rate. Foreign-currency bank balances were translated at the end-of-year exchange rate. The annual financial statements of the independent non-domestic subsidiary OHB Sweden AB were prepared in its domestic currency (SEK) and translated

using the functional currency principle in accordance with IAS 21. The annual financial statements of the independent non-domestic subsidiary OHB Chile SpA were prepared in its domestic currency (CLP) and translated using the functional currency principle in accordance with IAS 21. The foreign-currency difference arising from translation of equity is recorded in "Currency translation differences" within other comprehensive income.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NEWLY ISSUED STANDARDS AND INTERPRETATIONS

The Group applied all the accounting standards which were mandatory for accounting periods commencing on or after January 1, 2020. This did not give rise to any changes to the consolidated financial statements.

The International Accounting Standards Board (IASB) and IFRIC issued an amendment to IFRS 16 – “Covid-19 Pandemic-Related Lease Concessions” effective June 1, 2020. The purpose is to facilitate accounting for lease concessions as a result of the global Covid-19 pandemic. The OHB Group has opted not to apply this accounting convenience.

NEWLY ISSUED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED

The IASB has issued standards, interpretations and revisions to existing standards which are not yet compulsory and do not become so until future reporting periods and which OHB SE has not adopted on a voluntary early basis.

The OHB Group does not expect any material effects as a result of the aforementioned amendments.

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 published by the IASB and already endorsed by the EU must be applied from annual accounting periods commencing on or after January 1, 2021. They were not early adopted.

Not yet endorsed by the EU	Date of first application
Amendments to IAS 1 – Presentation of Financial Statements	January 1, 2023
Amendments to IFRS 3 – Business Combinations	January 1, 2023
Amendments to IFRS 16 – Extension of Covid-19 Guidance	April 1, 2021
Amendments to IFRS 17 – Insurance Contracts	January 1, 2023
Amendments to IAS 16 – Property, Plant and Equipment	January 1, 2022
Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies in 2020.

RECOGNITION OF REVENUES

Revenue is recognized according to the principle that revenue equaling the consideration is not recognized until control of the goods or services is transferred to the customer. The contractual provisions and all relevant facts and circumstances must be taken into account in this connection. As a general rule, individual contracts with a customer are accounted for unless the conditions for combining contracts are satisfied. The guidance provided by the standard is applied uniformly to similarly structured contracts and under similar circumstances.

DEVELOPMENT CONTRACTS

Development contracts usually involve a longer period of time and many individual development phases. These are so closely interrelated and interdependent that often only a single performance obligation can be identified when the individual contract is assessed. In this case, the transaction price is assigned to only a single performance obligation. When the transaction price is determined, variable consideration in the form of performance bonuses or contractual penalties may have to be taken into account in individual cases. The amount of the variable consideration is regularly estimated by applying a suitable method, or constraints on the estimate are taken into account.

The transaction price reflects the present value of money if the contract contains a significant financing component, regardless of whether this is explicitly or implicitly stated in the contract. If there is a financing component, the transaction price is calculated on the basis of the nominal value of the consideration, adjusted for the financing effect. The Group does not identify a significant financing component if, at the inception of the contract, the period between transfer of the goods or services to the customer and payment by the customer is not expected to exceed one year.

Long-term development contracts generally satisfy the prerequisites for revenue recognition over time. Input-based “cost-to-cost” methods are used to determine the progress towards complete satisfaction of the performance obligation. For this purpose, the degree of completion is determined on the basis of the contract costs which have arisen as of the balance sheet date relative to the expected total contract costs. Revenues from contracts are calculated by

multiplying the percentage of completion with the contractually agreed proceeds including any subsequently agreed additions. Long-term projects in progress on the reporting date (remaining durations of between one and seven years) are recognized as revenue on the basis of production costs plus refundable administrative overhead costs if a partial profit cannot be estimated with a reasonable degree of reliability on account of the early stage of the project. The corresponding contract costs are included in the cost of materials and other costs in the year under review.

Any receivables resulting from the application of the "cost-to-cost" method generally entail a conditional payment claim, which is shown separately on the face of the balance sheet as a contract asset. The Group has fulfilled its contractual obligations by transferring goods and services to the customer before payment is made or become due. The simplified model of expected credit losses in accordance with IFRS 9 is applied to contract assets (see section on financial investments and other financial assets). An unconditional claim arises from a final invoice or a partial settlement with the result that a trade receivable is recognized.

Depending on the earlier payment or due date, a contract liability must be reported separately on the face of the balance sheet if a customer has paid consideration (e.g. prepayment) or if the OHB Group company has an unconditional right to consideration (i.e. a receivable or right to receive prepayment) and before a good or service has been transferred to the customer.

Contract assets and contract liabilities arising from one and the same contract must be shown net and broken down into settlement periods (non-current and current).

Where contract performance costs do not fall within the scope of another standard, they are capitalized provided that the conditions for capitalization are met and amortized over the expected period of performance of the obligation.

Provisions are recognized for individual obligations of the Group to repair or replace defective products under statutory or standard warranty conditions (see "Other provisions"). IFRS 15 does not provide any guidance on the recognition of provisions for impending losses from orders, but instead references IAS 37. Reference is made to the contract itself and not to the individual performance obligations.

SALE OF GOODS AND SERVICES

In addition, revenue, mainly from the sale of goods and the provision of services, is recognized on a point-in-time basis if the performance obligation is not fulfilled over time in accordance with IFRS 15.35–37. In this connection, the guidance for determining the date of transfer of control including a wide variety of indicators for this are taken into account.

As a rule, payment of the transaction price falls due in 30 days. Receivables due for settlement in more than one year are classified as non-current.

CUSTOMER-SPECIFIC CONTRACT PRODUCTION

Contrary to earlier years in which they were largely recognized on a point-in-time basis, revenues from customer-specific contract production in the segment are recognized over time due to changed contractual bases. In this connection, each part delivery of a ship set is normally classified as a performance obligation which is almost exclusively customer-specific and for which entitlement to payment arises in the event of cancellation. Revenue is recognized using the input-oriented cost-to-cost method. Contract assets and contract liabilities are presented in the same way as development contracts.

OWN WORK CAPITALIZED

Development expenditure is recognized as an asset pursuant to IAS 38.57 if a newly developed product or process can be clearly delineated, is technically feasible and is intended either for the Company's own use or for sale. A further condition is that it must be sufficiently likely for the development expenditure to be recouped from future cash flows. Such expenditure is recognized on the basis of the production costs incurred, primarily development hours multiplied by the applicable hourly rate. In the year under review, research and development costs of EUR 5.4 million (previous year: EUR 6.3 million) were recorded as expense as the criteria provided for in IAS 38.57 were not satisfied. Of the total development costs of EUR 19.5 million (previous year: EUR 18.8 million), an amount of EUR 12.8 million (previous year: EUR 10.4 million) was capitalized. An amount of EUR 1.3 million (previous year: EUR 2.1 million) was received in the form of non-repayable grants to support development projects, e.g. for the development of new propulsion systems and improvements to launchers. The grants were primarily provided by ESA, DLR and national institutions. The income from development grants is recognized upon the occurrence of the related costs. Income from grants is reported gross, i.e. it is not netted with expenses. At the moment, there is no evident indicating that the conditions imposed by the providers of grants cannot be satisfied.

NET FINANCIAL INCOME/EXPENSES

Net financial income/expense includes the share of profits of associates accounted for at equity as well as other investments including profit the sale of investments in associates (provided that these are measured at fair value through profit and loss), other finance expense on liabilities, interest expenses under IFRS 16, dividends, interest income on receivables and currency gains and losses. Interest income is taken to the income statement in accordance with the effective interest method. Dividends are reported in the income statement upon a resolution to distribute a dividend being passed. Interest expense on retirement benefit provisions is also reported as other interest expenditure.

INTANGIBLE ASSETS

Intangible assets acquired from third parties primarily comprise software programs and licenses. These are recognized at historical cost and amortized on a straight-line basis over a useful life of between one and 15 years.

As of each reporting date, OHB reviews the carrying amounts of its intangible assets to identify any evidence of impairment. In this case, the recoverable amount of the asset in question is calculated to determine the amount of any impairment. The recoverable amount is defined as the fair value less possible costs of sale or the value in use, whichever is the greater. Internally generated assets, which are capitalized with the directly attributable costs, are written down on a straight-line basis over the expected useful life of four to 15 years. For the purpose of identifying any impairment, goodwill must be allocated to each cash-generating unit within the Group expected to derive any benefit from the synergistic effects of the business combination. Cash-generating units to which part of the goodwill is allocated are tested for impairment at least annually. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is initially assigned to the carrying amount of all goodwill allocated to the unit and then on a proportionate basis to the other assets on the basis of the carrying amount of each asset within the unit.

LEASE AGREEMENTS (RIGHTS OF USE AND LEASE LIABILITIES)

OHB applies IFRS 16, which provides guidance on the recognition, measurement, presentation and disclosure of individual leases. Under this guidance, OHB Group companies must recognize the main leases as right-of-use assets on their balance sheets in their capacity as lessees. The OHB Group does not apply IFRS 16 to intangible assets. If a lease has a term of less than 12 months or has a value that is considered to be minor (under EUR 5 thousand), no right-of-use asset is recognized. Instead, the lease payments are recognized as expense through profit and loss on a straight-line basis.

The duration of the lease includes the non-cancellable basic term as well as any periods covered by an option to extend the lease provided that it is reasonably certain that the option will be exercised. An assessment as to whether an option to extend or terminate a lease is reasonably certain, takes account of factors relating to the contract, asset, company and market. The exercise of options to extend leases is assessed once a year. In the event of any change in the assessment over the previous year, the right-of-use asset and the corresponding lease liability are duly adjusted.

Right-of-use assets are recognized at historical cost and lease liabilities at their present value upon initial recognition. A right-of-use asset is recognized at historical cost together with a lease liability. The cost of the right-of-use asset chiefly comprises the amount derived from the initial measurement of the lease liability, all lease payments made prior to the provision of the leased asset and all initial costs incurred by the OHB Group company. Lease payments are all payments made for the right to use the leased asset during the term of the lease. Generally speaking, there are no purchase options or residual value guarantees. Any variable lease payments agreed are recognized through profit and loss upon being paid. Lease payments are discounted using the interest rate underlying the lease as far as this can be determined without difficulty. The OHB Group assumes that this interest rate cannot be determined without difficulty unless it is disclosed separately by the lessor or is stated in the lease contract. Accordingly, the incremental borrowing rate is applied upon the commencement of the lease. Lease payments are split into payments of principal and payments of interest. The interest component is recognized through profit and loss for the duration of the lease.

Any changes in lease payments that arise, for example, from a change in an index are not included in the lease liability until they take effect. As soon as these changes take effect, the lease liability for the right-of-use asset in question is adapted using the interest rate applied on the date on which the lease was initially recognized.

If the duration of the lease is reassessed, the adjusted lease liability is discounted using the interest rate applicable on the date of the adjustment.

The OHB Group reports right-of-use assets separately on the face of its balance sheet. Lease liabilities are reported separately on the face of the balance sheet. For this purpose, the current/non-current distinction is applied.

The depreciation of right-of-use assets is calculated on a straight-line basis over the useful life of the asset or the duration of the underlying lease, whichever is the shorter. Right-of-use assets are also subject to the impairment provisions of IAS 36 and are tested for impairment if there are any indications of impairment. For this purpose, the right-of-use assets are generally assigned to the corresponding cash-generating units.

PROPERTY, PLANT AND EQUIPMENT

Assets classed as property, plant and equipment are carried at historical cost less scheduled straight-line depreciation over their expected useful lives. Subsequent expenditure on assets which does not increase their value or materially extend their useful lives is expensed. Material additions and improvements are recognized as assets. Disposals are reflected in historical acquisition costs as well as accumulative depreciation. Gains and losses from the disposal of assets are recorded within operating income/expenses. The following depreciation periods are applied to property, plant and equipment: between ten and 33 years for buildings, five to ten years for machinery and technical equipment and three to ten years for other equipment as well as operating and business equipment.

As of each reporting date, OHB reviews the carrying amounts of its property, plant and equipment to identify any evidence of impairment. In this case, the recoverable amount of the asset in question is calculated to determine the amount of any impairment. The recoverable amount is defined as the fair value less possible costs of sale or the value in use, whichever is the greater.

INVENTORIES

Inventories are recognized at historical cost or the lower net recoverable value prevailing on the reporting date. Production costs comprise the individual costs of material and production, overhead costs of material and production as well as depreciation and amortization expense in connection the production equipment. They also include overhead administration costs. Part of the inventories are measured using the moving average method.

FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial assets are assigned to the following categories depending on the business model:

- those subsequently measured at fair value (either through other comprehensive income – FVOCI – or through profit or loss – FVPL), and
- those measured at amortized cost (AmC).

In the case of assets measured at fair value, gains and losses are recognized either in profit and loss or in other comprehensive income. With respect to investments in equity instruments that are not held for trading, this depends on whether the Group irrevocably decides upon initial recognition to measure the equity instruments at fair value through other comprehensive income.

A customary purchase or sale of financial assets is recognized on the trading day, i.e. the day on which the Group undertakes to buy or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire or have been transferred together with substantially all risks and opportunities arising from ownership.

Financial assets are initially measured at their fair value plus – in the case of financial assets that are not subsequently measured at fair value through profit and loss – the transaction costs directly attributable to the purchase of this asset. The transaction costs of financial assets measured at fair value through profit and loss are recognized as expense in profit and loss.

The Group assigns its debt instruments to the following three categories: AmC, FVOCI or FVPL.

AmC: Assets that are held to collect the contractual cash flows and for which these cash flows constitute solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is reported within financial income using the effective interest method. Gains and losses from the derecognition of the asset are reported directly in profit and loss and – together with currency translation gains and losses – included in other operating expenses and income. Trade receivables, cash and cash equivalents, loans and other financial assets are allocated to this category.

FVPL: Assets that do not meet the criteria for measurement at amortized cost or at fair value through other comprehensive income are measured at their fair value through profit and loss. Gains and losses from a debt instrument that is subsequently measured at fair value through profit and loss are netted within profit and loss and reported in other operating expenses and income for the period in which they arise. Derivatives that are not part of a hedging relationship and securities that are classified as debt instruments are allocated to this category.

The Group subsequently measures all equity instruments that it holds at their fair value. If management has decided to include the effects of any change in the fair value of equity instruments in other comprehensive income, these gains and losses are not subsequently recycled to profit and loss when the instrument is derecognized. Accumulated balances in the FVOCI reserve are recycled to consolidated net profit. The dividends from such instruments are still reported through profit and loss and included in other income provided that the Group's claim to receive payments has been established. The decision on allocation to this category is made for each equity instrument upon initial recognition. Currently, all equity instruments are measured at fair value through other comprehensive income.

Any changes in the fair value of financial assets measured at fair value through profit and loss are reported through profit and loss and included in other income/(expenses). Impairments (and reversals of impairments) of equity instruments at fair value through other comprehensive income are not presented separately from other changes in fair value.

Impairments of financial assets and contract assets

The Group has four types of financial assets that are subject to the credit loss model defined by IFRS 9:

- Trade receivables
- Contract assets
- Debt instruments, loans measured at amortized cost
- Debt instruments measured at fair value through other comprehensive income (FVOCI)

Cash and cash equivalents are also subject to loss allowances under IFRS 9. However, the loss allowances identified were immaterial and therefore not recognized. Lease receivables are also subject to the impairment provisions of IFRS 9. However, there were no lease receivables at the year under review.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments that are measured at amortized cost or at fair value through other comprehensive income. The loss allowance method depends on whether there is a significant increase in credit risk (general model). The expected credit losses approach uses a three-step process for allocating loss allowances. All instruments are assigned to level 1 on receipt. In this case, the present value of the expected credit losses resulting from possible default events within the next 12 months after the reporting date must be recognized as expenses. Interest is recognized on the basis of the gross carrying amount, i.e. the effective interest method is applied on the basis of the carrying amount before risk provisions are taken into account. Level 2 includes all instruments that exhibit a significant increase in credit risk at the reporting date compared with the date of acquisition. In level 3, there is additionally objective evidence of a credit loss. No instruments were allocated to level 2 or level 3 at the reporting date. As debt instruments measured at amortized cost and at fair value through other comprehensive income are considered to have a low risk of default, the loss allowance was calculated on the basis of expected 12-month credit loss. With respect to trade receivables, the Group applies the simplified approach permitted under IFRS 9, under which the life-time expected credit losses are recorded upon initial recognition of the receivables. Contract assets are subject to the guidance on loss allowances contained in IFRS 9 in accordance with IFRS 15, as are lease receivables in accordance with IFRS 16. The simplified model is applied in the calculation of loss allowances.

Trade receivables and contract assets were combined on the basis of common credit risk characteristics and days past due to measure the expected credit losses. Contract assets relate to work in progress that has not yet been invoiced and have essentially the same risk characteristics as trade receivables for the same contract types. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The regularly reviewed expected loss rates are based on historical default rates adjusted for future-oriented components relating to the creditworthiness of customers. In the light of the Group's customer structure, historical default rates are minimal. Loss allowances are reported in the income statement under net operating profit.

DEFERRED TAXES

Under IAS 12, temporary differences between the carrying amount of assets or liabilities on the balance sheet and their tax base in accordance with IFRS/IAS give rise to deferred taxes. The OHB Group applies a uniform domestic tax rate of 32% (previous year: 32%) for calculating deferred taxes. Income taxes in 2020 were calculated in detail using different tax rates. Deferred tax assets are recognized pursuant to IAS 12.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. This also applies to deferred tax assets on unused tax losses. If the deferred income tax assets are unlikely to be realized, they are impaired by the appropriate amount.

Deferred income tax assets and liabilities are only offset if they relate to income taxes levied by the same taxation authority and the actual income tax assets can be offset against the actual income tax liabilities.

EQUITY

IAS 32 (Financial Instruments: Disclosure and Presentation) stipulates that equity must not include any contractual obligation to deliver cash or any other financial asset to another entity. Equity is composed of subscribed capital, the share premium, unrealized gains and losses recognized within other comprehensive income, retained earnings and accrued profit brought forward. Treasury shares acquired are recognized separately in an amount equalling all consideration paid and deducted from equity until the shares are cancelled or reissued. If such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable transaction costs, is included in the equity attributable to the owners.

PROVISIONS FOR RETIREMENT BENEFITS AND SIMILAR OBLIGATIONS

Obligations under defined-benefit plans are calculated using the projected unit credit method in accordance with IAS 19 (Employee Benefits). The expected benefits are deferred over the entire period of service of the employees.

Remeasurement gains and losses from adjustments to assumptions based on historical data or actuarial data are recognized within other comprehensive income and reported on a cumulative basis in equity under the reserve for retirement benefit provisions. The net interest expense is recorded as interest expense within net financial income/expense in the income statement.

In the case of defined contribution plans, the Group makes contributions to public pension insurance institutions on the basis of statutory requirements. The Group has no further payment obligations once the employer contributions have been paid. The contributions are recognized as employee benefit expense upon falling due for payment.

OTHER PROVISIONS

Other provisions have been reliably assessed for matters resulting in an outflow of enterprise resources to settle present obligations in accordance with IAS 37. Estimates are primarily based on detailed calculations. Provisions for which a cash outflow is not expected before 12 months are classified as non-current and recognized at the present value of the future cash outflows.

FINANCIAL LIABILITIES

Liabilities comprise financial liabilities, trade payables and other liabilities and are classified as financial liabilities at amortized cost ("FLAC"). Financial liabilities are recognized at amortized cost using the effective interest method. They are initially recognized at their fair value including transaction costs. Financial liabilities are derecognized when the contractual obligations are settled or suspended or expire. If the financial liabilities are not due for settlement within 12 months of the end of the reporting period, they are classified as non-current, otherwise as current.

ESTIMATES

Proper and full preparation of the consolidated financial statements requires to some degree the use of estimates and assumptions, which affect the assets and liabilities reported, the disclosure of contingent liabilities and receivables on the balance sheet and the income and expenses recognized. The actual amounts may vary from these estimates and assumptions in individual cases. Any adjustments are taken to the income statement upon further knowledge becoming available.

Internally funded development expenses are assessed on the basis of estimated future cash flows. The value of goodwill is determined in an annual impairment test. This test involves estimates of future cash inflows. Future changes in the general economic environment and the conditions within the sector or the Company may result in a reduction in net cash inflows and, hence, impair the value of the goodwill. Technical progress, deterioration in the market situation or damage may impair the fair value of property, plant and equipment. A sensitivity analysis can be found in the disclosures on impairment testing (Note 12).

In identifying the performance obligations in a contract with a customer, the Group makes judgments as to the extent to which the contractual obligations are significantly inter-related, highly interdependent and interconnected. The input-based cost-to-cost method is applied to long-term construction contracts provided that the applicable conditions are satisfied. For this purpose, the costs incurred are divided by the total costs to calculate the percentage of completion. Direct changes may arise from changed estimates with respect to hours or costs or as a result of contract addenda. The estimate of the amount of variable consideration over the period in which services are provided or constraints on the estimate are also estimating uncertainties.

Retirement benefit provisions are calculated on the basis of a number of premises and assumed trends, the application of biometric probabilities as well as generally accepted approximation methods to determine pension obligations. Actual payment obligations arising over time may vary from these (see note 27 on retirement benefits for possible changes).

Tax provisions and impairment testing of deferred tax assets are also based on estimates. In determining the value of deferred tax assets, uncertainty may arise with respect to the interpretation of complex tax legislation as well as the amount and timing of future taxable income.

Other provisions are recognized in the light of available knowledge and using the customary scope for discretion.

In view of the current conditions in the economy and the financial markets, it is not possible at this stage to make any reliable assumptions on the range of possible adjustments which may need to be made to the estimates in 2021.

Impairments of financial assets are based on assumptions about default risk and expected loss rates. The Group uses its discretionary judgment in making these assumptions and selecting input factors for calculating impairments based on the Group's historical experience, existing market conditions and forward-looking estimates at the end of each reporting period.

In connection with IFRS 16, the assessment of leases to determine whether there is sufficient certainty that options to extend or terminate leases will be exercised involves a certain degree of uncertainty. The same thing applies to the determination of the interest rate to be applied.

VII. NOTES ON THE CONSOLIDATED INCOME STATEMENT

[1] SALES

2020	Space technology			Aviation		
	Germany	EU	Other	Germany	EU	Other
in EUR 000						
Sales	336,555	511,484	32,936	9,838	4,787	0
Less intercompany revenues	-23,366	-11,453	0	-591	-28	0
External sales	313,189	500,031	32,936	9,247	4,759	0
Timing of revenue recognition						
Point in time	726	50,867	26,632	9,300	1,685	0
Over time	312,491	449,136	6,304	-53	3,074	0
	313,217	500,003	32,936	9,247	4,759	0
2019						
Sales	382,026	601,169	7,778	12,691	4,528	0
Less intercompany revenues	-24,515	-1,523	0	-281	-399	0
External sales	357,511	599,646	7,778	12,410	4,129	0
Timing of revenue recognition						
Point in time	9,270	81,424	2,771	12,690	1,348	0
Over time	348,241	518,221	5,008	-281	2,781	0
	357,511	599,646	7,778	12,409	4,129	0

Contract assets and contract liabilities

in EUR 000	31/12/2020	31/12/2019
Contract assets	310,691	324,501
Less loss allowances*	-253	-273
Contract assets	310,438	324,228
Current contract liabilities	143,114	155,725
Non-current contract liabilities**	31,072	8,032
Contract liabilities	174,186	163,757

* See Note 32

** In 2019 declared as non-current prepayments

The total outstanding transaction price for the performance obligations not met in full or met only partially at the end of the reporting period amounts to EUR 2,632 million (previous year: EUR 1,840 million). OHB SE expects to recognize around 36% of these amounts in 2021 and around 25% in 2022.

[2] REDUCTION IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

The decrease in inventories of finished goods and work in progress is composed of the increase of EUR 2.997 million (previous year: EUR 0.741 million) in the Aerospace + Industrial Products segment and the decline of EUR 3.056 million in the Space Systems segment. All told, inventories dropped by EUR 59 thousand (previous year: EUR 1.889 million).

[3] OTHER OPERATING INCOME

The other operating income of EUR 6.932 million (previous year: EUR 15.803 million) comprises income from grants of EUR 1.263 million (previous year: EUR 2.076 million), insurance compensation of EUR 0.579 million (previous year: EUR 3.948 million) and income from the reversal of provisions of EUR 0.571 million (previous year: EUR 4.379 million).

	Antennas			Other			TOTAL
	Germany	EU	Other	Germany	EU	Other	
	10,399	117	5,606	3,376	659	0	915,757
	0	0	0	0	0	0	-35,438
	10,399	117	5,606	3,376	659	0	880,319
	10,399	0	5,606	0	0	0	105,215
	0	117	0	3,376	659	0	775,104
	10,399	117	5,606	3,376	659	0	880,319
	4,635	780	5,024	10,510	832	1,363	1,031,336
	0	0	0	0	0	0	-26,718
	4,635	780	5,024	10,510	832	1,363	1,004,618
	17	384	-47	2,810	772	1,363	112,802
	4,618	396	5,071	7,700	60	0	891,815
	4,635	780	5,024	10,510	832	1,363	1,004,618

[4] COST OF MATERIALS

in EUR 000	2020	2019
Cost of raw materials and supplies	84,495	105,406
Cost of services bought	449,127	544,560
Total	533,622	649,966

[5] STAFF COSTS

in EUR 000	2020	2019
Wages and salaries	204,397	208,985
Social security charges and expenditure on old age pensions and support	40,390	38,261
Total	244,787	247,246

Retirement benefits came to EUR 4.931 million (previous year: EUR 7.377 million). In 2020, the Group paid contributions of EUR 13.502 million (previous year: EUR 13.706 million) to the German statutory pension scheme. These are classified as a defined contribution plan.

[6] OTHER OPERATING EXPENSES

Other operating expenses primarily comprise consulting services of EUR 5.591 million (previous year: EUR 6.279 million), building expenses of EUR 6.689 million (previous year: EUR 5.532 million), other external services of EUR 4.461 million (previous year: EUR 5.753 million), IT infrastructure costs of EUR 7.279 million (previous year: EUR 5.441 million) and travel expenses of EUR 2.046 million (previous year: EUR 7.850 million).

[7] NET INTEREST INCOME / EXPENSES AND OTHER NET FINANCIAL INCOME / EXPENSES

in EUR 000	2020	2019
Financial income		
Other interest income from financial assets AmC	1,112	1,120
Return on plan assets	135	148
Other financial income	45	125
	1,292	1,393
Financial expenses		
Interest expense from liabilities at amortized cost	4,666	3,681
Interest expense on retirement benefit provisions and similar obligations	1,390	2,228
Interest expense on lease liabilities (IFRS 16)	1,320	1,233
Other borrowing costs	1,363	0
	8,739	7,142

[8] SHARE OF PROFIT OF ASSOCIATES

The share in the profit or loss of Aerotech Peissenberg GmbH & Co. KG, which is accounted for using the equity method, stands at EUR -3.372 million in 2020 (previous year: EUR -3.708 million). This associate contributed EUR -0.209 million (previous year: EUR -0.413 million) to other comprehensive income.

[9] INCOME TAXES

RECONCILIATION OF TAX EXPENSE

in EUR 000	2020	2019
Expected taxes at a tax rate of 32.00% (previous year: 32.00%)	9,541	12,526
Reductions in tax expenses as a result of partially tax-exempt income	-34	-16
Transfer of tax result of associates	0	-62
Unused tax losses	348	361
Non-deductible operating expenses	589	459
Adjustment of deferred income tax assets	87	0
Other changes in the recognition of deferred income taxes due to changes in tax rates	55	173
Actual income taxes for other periods (including tax backpayments for earlier years)	-108	172
Differences between German and foreign tax rates	-133	-494
Other tax effects	-265	396
Total	10,080	13,515

Tax expense breaks down as follows:

in EUR 000	2020		2019	
	Actual taxes	Deferred taxes	Actual taxes	Deferred taxes
Domestic	6,569	2,769	10,386	2,291
Non-domestic	451	291	490	348
	7,020	3,060	10,876	2,639

No deferred tax assets were recognized on unused tax losses and interest expenses carried forward of EUR 24.159 million (previous year: EUR 22.207 million). The unused tax losses do not expire.

The change in deferred taxes recognized through equity stands at EUR 1.241 million (previous year: EUR 3.840 million).

ANALYSIS OF DEFERRED INCOME TAXES AND ASSETS

in EUR 000	31/12/2020		31/12/2019		2020	2019
	Deferred income tax assets	Deferred tax liabilities	Deferred income tax assets	Deferred tax liabilities	Change recognized through profit and loss	Change recognized through profit and loss
Intangible assets and property, plant and equipment	456	28,250	41	29,395	1,560	-1,006
Financial assets	0	480	0	451	52	-69
Right-of-use assets under leases	0	13,432	0	12,228	-1,204	-12,228
Current assets	2,119	38,779	2,122	27,230	-11,484	-3,001
Provisions	20,188	0	19,899	0	-1,140	-614
Liabilities	9,634	0	8,538	0	1,135	973
Lease liabilities	13,734	0	12,391	0	1,343	12,391
Tax losses and credits	13,968	267	7,338	315	6,678	915
Offsetting	-36,716	36,716	-31,300	-31,300	0	0
Total	23,383	44,492	19,029	38,319	- 3,060	-2,639
Of which current	1,331	9,539	1,727	4,776		

[10] MINORITY INTERESTS

Minority interests in the net loss of EUR -1.132 million (previous year: EUR 86 thousand) primarily relate to MT Aerospace Holding GmbH.

The minority interests of EUR 17.195 million (previous year: EUR 19.133 million) mainly comprise the co-shareholders in the MT Aerospace subgroup. The non-controlling interests received dividends of EUR 75 thousand in the year under review (previous year: EUR 1.001 million).

[11] EARNINGS PER SHARE UNDER IFRS/IAS

Basic earnings per share are calculated by dividing the post-tax earnings attributable to the shares in question by the total number of shares with dividend entitlement. This indicator may be diluted by so-called potential shares – particularly options and subscription rights. There were no comparable rights as of the balance sheet date. Accordingly, there is no difference between basic and diluted earnings per share. The Company's share capital stands at

in EUR 000	2020	2019	2020	2019
	OHB Digital Services GmbH	OHB Digital Services GmbH	MT Aerospace Holding GmbH (subgroup)	MT Aerospace Holding GmbH (subgroup)
Assets				
Non-current assets	797	498	137,402	119,290
Current assets	1,945	1,925	138,361	125,990
Total	2,742	2,423	275,763	245,280
Equity and liabilities				
Equity	1,968	2,088	38,057	43,911
Non-current liabilities	436	154	13,941	108,952
Current liabilities	338	181	99,765	92,417
Total	2,742	2,423	151,763	245,280
EBIT	248	89	-820	9,856

EUR 17,468,096.00. The calculations were based on 17,413,503 shares (previous year: 17,400,100 shares) as the Company held an annual average of 54,593 treasury shares (previous year: 67,996 treasury shares). Including the 25,000 shares issued in the year under review, this equals the weighted average of the outstanding shares. The consolidated net profit of EUR 19.346 million (previous year: EUR 25.543 million) after non-controlling interests was applied for calculation purposes.

Earnings per share for 2020 came to EUR 1.20 (previous year: EUR 1.47).

VIII. NOTES ON THE CONSOLIDATED BALANCE SHEET

[12] GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL

in EUR 000	2020	2019
Goodwill from Consolidation of		
OHB System AG	5,684	5,684
OHB Italia S.p.A.	801	801
OHB Digital Services GmbH	646	646
OHB Digital Solutions GmbH	235	235
Total	7,366	7,366

CHANGES IN INTANGIBLE ASSETS - HISTORICAL COST

in EUR 000	Goodwill	Concessions and industrial property rights	Intangible assets acquired	Internally generated intangible assets	Total
Balance on January 1, 2019	8,957	2,069	16,224	153,745	180,995
Changes to consolidated companies	235	0	115	0	350
Additions	0	131	2,257	10,488	12,876
Disposals	0	8	44	0	52
Balance on December 31, 2019 / January 1, 2020	9,192	2,192	18,552	164,233	194,169
Changes to consolidated companies	0	0	117	0	117
Additions	0	1	5,242	13,163	18,406
Disposals	0	0	104	145	249
Balance on December 31, 2020	9,192	2,193	23,807	177,251	212,443

CHANGES IN INTANGIBLE ASSETS - CUMULATIVE AMORTIZATION

in EUR 000	Goodwill	Concessions and industrial property rights	Intangible assets acquired	Internally generated intangible assets	Total
Balance on January 1, 2019	1,826	2,011	11,506	45,317	60,660
Changes to consolidated companies	0	0	115	0	115
Additions	0	3	2,394	7,366	9,763
Disposals	0	0	44	0	44
Balance on December 31, 2019 / January 1, 2020	1,826	2,014	13,971	52,683	70,494
Changes to consolidated companies	0	0	114	0	114
Additions	0	3	3,229	10,294	13,525
Disposals	0	0	100	131	230
Balance on December 31, 2020	1,826	2,017	17,214	62,846	83,903
Net carrying amount on December 31, 2020	7,366	176	6,593	114,405	128,540
Net carrying amount on December 31, 2019	7,366	178	4,581	111,550	123,675

Goodwill was tested for impairment at the level of the cash generating units as designated in the above table. Goodwill underwent impairment testing as of December 31, 2020. In addition, stable business performance with due allowance made for expected inflation effects on earnings and expenses was assumed during the forecast period. The recoverable amount was calculated on the basis of the value in use, which in turn was determined by using a discounted cash flow method. This was based on the forecasts covering a period of five years approved by management for the companies concerned. A growth rate of 1.00% (previous year: 1.00%) based on historical data and including a risk discount was assumed for the period after the forecast horizon. A pre-tax weighted average cost of capital (WACC) of 7.52% (previous year: 8.11%) was applied to domestic goodwill and of 9.84% (previous year: 11.19%) to non-domestic goodwill. An increase of 1 percentage point in the WACC and for possible changes in the other assumptions would not result in any further impairment.

The largest item within intangible assets is capitalized expense for the development of a range of geostationary communications satellites (carrying amount: EUR 71.914 million, previous year: EUR 77.582 million).

[13] RIGHT-OF-USE ASSETS UNDER LEASES

The Group's leases are predominantly for office and production facilities and mostly have an initial fixed duration of between five and 15 years, although they may also include options to extend or terminate the leases. A decision must be made to exercise the options to extend or terminate the leases a certain time before the date of exercise or if it is reasonably certain that the Group will exercise the option. Most of the existing options to extend leases can only be exercised unilaterally by the Group. Most of the options to extend the leases have currently not been included in the determination of the duration of the respective lease. As a rule, there are no residual value guarantees or variable lease payments.

If contracts include a lease and a non-lease component, these are duly separated. A significant portion of the leases for office buildings has been entered into with related parties. However, these are subject to arms-length terms. More information can be found in section XI "Management Board and Supervisory Board".

Leases of operating and business equipment are mostly for vehicles and office equipment with fixed terms of between three and five years and include options to extend or terminate the lease.

Short-term leases of EUR 8 thousand (previous year: EUR 3.796 million) and leases for minor-value assets of EUR 55 thousand (previous year: EUR 153 thousand) were included in other operating expenses in 2020. More information on the interest expenses for leases can be found in Note 7.

Total lease payments equaled EUR 11.820 million in 2020 (previous year: EUR 14.908 million).

As of December 31, 2020, possible cash outflows of EUR 7.5 million (previous year: EUR 9 million) (undiscounted) are not included in lease liabilities as it is not reasonably certain that the leases will be extended (not terminated).

CHANGES IN RIGHT-OF-USE ASSETS - HISTORICAL COST

in EUR 000	Operating and business equipment	Technical equipment and machinery	Land and buildings	Total
Balance on January 1, 2019	5,904	0	53,785	59,689
Changes to consolidated companies	0	0	76	76
Additions	2,550	49	2,814	5,413
Disposals	0	0	19	19
Balance on December 31, 2019 / January 1, 2020	8,454	49	56,656	65,159
Additions	4,124	0	9,787	13,911
Disposals	283	0	611	894
Balance on December 31, 2020	12,295	49	65,832	78,176

CHANGES IN RIGHT-OF-USE ASSETS - CUMULATIVE DEPRECIATION

in EUR 000	Operating and business equipment	Technical equipment and machinery	Land and buildings	Total
Balance on January 1, 2019	0	0	0	0
Additions	2,277	2	8,021	10,300
Disposals	0	0	19	19
Balance on December 31, 2019 / January 1, 2020	2,277	2	8,002	10,281
Additions	2,629	10	8,769	11,408
Disposals	283	0	444	727
Balance on December 31, 2020	4,623	12	16,327	20,962
Net carrying amount on December 31, 2020	7,672	37	49,505	57,214
Net carrying amount on December 31, 2019	6,177	47	48,654	54,878

[14] PROPERTY, PLANT AND EQUIPMENT**CHANGES IN PROPERTY, PLANT AND EQUIPMENT - HISTORICAL COST**

in EUR 000	Operating and business equipment	Technical equipment and machinery	Land and buildings	Total
Balance on January 1, 2019	67,948	65,520	55,833	189,301
Changes to consolidated companies	71	68	11	150
Additions	10,901	5,357	88	16,346
Disposals	2,637	505	2	3,144
Balance on December 31, 2019 / January 1, 2020	76,283	70,440	55,930	202,653
Changes to consolidated companies	40	0	0	40
Additions	6,470	4,542	1,283	12,295
Disposals	1,698	212	160	2,070
Balance on December 31, 2020	81,095	74,770	57,053	212,918

CHANGES IN PROPERTY, PLANT AND EQUIPMENT - CUMULATIVE DEPRECIATION

in EUR 000	Operating and business equipment	Technical equipment and machinery	Land and buildings	Total
Balance on January 1, 2019	39,513	33,724	27,812	101,049
Currency-translation changes	29	4	0	33
Additions	6,305	1,712	1,142	9,159
Disposals	2,537	489	2	3,028
Balance on December 31, 2019/ January 1, 2020	43,310	34,951	28,952	107,213
Currency-translation changes	0	0	0	0
Additions	6,817	2,230	1,409	10,456
Disposals	1,640	209	112	1,961
Balance on December 31, 2020	48,487	36,972	30,249	115,708
Net carrying amount on December 31, 2020	32,728	37,656	26,826	97,210
Net carrying amount on December 31, 2019	32,973	35,489	26,978	95,440

Additions in the year under review relate primarily to production machinery for technical equipment. These primarily entail technical/electronic laboratory equipment, hardware, other operating and business equipment and minor-value assets. There are unrestricted ownership rights to the remaining assets classed as property, plant and equipment with the exception of land charges which currently have no value.

[15] SHARES IN ASSOCIATES

This item comprises the share in the equity of associated company Aerotech Peissenberg GmbH & Co. KG (ATP), Peissenberg, which is recognized at amortized cost. The majority shareholder exercises a controlling influence on this entity's business model. It is recognized at equity. In 2020, ATP recorded total revenues of EUR 71.426 million (previous year: EUR 121.874 million), EBIT of EUR -5.439 million (previous year: EUR -7.084 million) and EBITDA of EUR -1.795 million (previous year: EUR -2.986 million). It had non-current assets of EUR 52.791 million (previous year: EUR 48.121 million) and current assets of EUR 42.757 million (previous year: EUR 40.021 million) as of December 31, 2020. Non-current and current liabilities stood at EUR 107.820 million (previous year: EUR 93.021 million). This item breaks down as follows:

in EUR 000	2020	2019
January 1	0	2,960
Share in net profit/loss	0	-2,664
Share in other comprehensive income	0	-296
December 31	0	0

The Group's share in the total loss posted by the associate Aerotech Peissenberg GmbH & Co. KG came to EUR 3.581 million in the year under review (previous year: EUR 4.121 million). Of this, EUR -3.372 million (previous year: EUR -3.708 million) was recognized through profit and loss and EUR -0.209 million (previous year: EUR -0.413 million) through other comprehensive income. The total loss exceeding the carrying amount of the investment of EUR 3.581 million (previous year: EUR 1.161 million) was deducted from non-current financial receivables from associates. A cumulative total of EUR 4.742 million (previous year: EUR 1.161 million) was deducted from non-current financial assets.

[16] OTHER FINANCIAL ASSETS

The increase is due to the fair value of EUR 5.101 million (previous year: EUR -7.721 million) recognized through other comprehensive income in connection with the remeasurement of the shares held in ORBCOMM Inc. It was remeasured on the basis of the stock market price of ORBCOMM Inc. as of December 31, 2020 and the USD/EUR exchange rate as of the same date.

[17] INVENTORIES

Inventories increased over the previous year to EUR 62.100 million (previous year: EUR 53.302 million).

in EUR 000	31/12/2020	31/12/2019
Raw materials, supplies and consumables	27,407	25,964
Work in progress	22,144	16,290
Finished goods	1,154	920
Prepayments	11,395	10,128
Total	62,100	53,302

Prepayments made were allocated to inventories due to their close relationship.

EUR 6 million was added to work in progress during the year due to changes in the companies consolidated.

Impairments of inventories were valued at EUR 2.059 million at the end of the year (previous year: EUR 1.933 million). Impairments of EUR 0.307 million (previous year: EUR 0.492 million) are reported as expense.

[18] TRADE RECEIVABLES

Receivables were predominantly denominated in euros as of the reporting date. The maximum default risk equals the carrying amount of the receivables reported on the face of the balance sheet.

in EUR 000	31/12/2020	31/12/2019
Trade receivables	55,861	92,618
Less impairments	-115	-149
	55,746	92,469

[19] FINANCIAL AND NON-FINANCIAL OTHER ASSETS (CURRENT AND NON-CURRENT)

in EUR 000	31/12/2020		31/12/2019	
	Current	Non-current	Current	Non-current
Non-financial assets				
VAT refund claims	600	0	7,012	0
Deferrals	5,602	0	3,894	0
Other	4,211	0	5,548	0
Financial assets				
Loans to associates*	0	31,302	0	28,707
Loans to participations	0	1,995	0	0
Derivatives in hedge relationships	228	0	19	0
Other financial assets*	1,528	135	5,990	232
Security deposits*	0	1,788	0	1,552
Total	12,169	35,220	22,463	30,491

* See Note 32 on loss allowances

The maximum default risk equals the carrying amount of the financial assets reported on the face of the balance sheet.

[20] SECURITIES

As of the reporting date, the securities portfolio was valued at EUR 0.494 million (previous year: EUR 0.448 million). As in the previous year, all the securities are measured at fair value through profit and loss. The maximum default risk equals the carrying amount reported on the face of the balance sheet.

[21] CASH AND CASH EQUIVALENTS

Cash and cash equivalents were valued at EUR 91.968 million on the reporting date (previous year: EUR 85.090 million) and primarily comprise cash in hand and cash at banks. The cash at banks is due within three months and is exposed to only a minimal risk of any change in value. Cash and cash equivalents are the same as the cash and cash equivalents included in the cash flow statement.

[22] SUBSCRIBED CAPITAL

Since September 30, 2009, the Company's issued capital has equaled EUR 17,468,096.00 and is divided into 17,468,096 no-par-value ordinary bearer shares equivalent to a notional share of EUR 1.00 each in the Company's issued capital. Of the total of 17,468,096 shares, OHB SE holds treasury stock comprising 42,996 shares (previous year: 67,996 shares), shares that 17,425,100 shares (previous year: 17,400,100) have been issued and are fully paid up (see Note 26). Of these shares, 5,246,380 (previous year: 5,221,380 shares) are free float. There is one vote for each share held.

[A] CONTINGENT CAPITAL

At their annual general meeting held on January 23, 2001, the Company's shareholders increased the Company's share capital by approving the issue of a total of EUR 516,404.00 in the form of up to 516,404 bearer shares on a contingent basis. The contingent capital increase is to be used for granting options to entitled persons under a staff compensation system. No such staff compensation systems are currently in operation. The contingent capital increase may only be implemented if the holders of such options exercise these. The new shares are dividend-entitled for the first time in the fiscal year in the course of which they are issued. The Management Board is authorized subject to the Supervisory Board's approval to determine the specific conditions for such contingent capital increase. In the event that options are granted to members of the Company's Management Board, the Supervisory Board is authorized to determine the specific conditions for such contingent capital increase.

[B] AUTHORIZED CAPITAL

At their annual general meeting held on May 26, 2020, the shareholders passed a resolution authorizing the Company's Management Board – with the Supervisory Board's approval – to raise the share capital once or repeatedly by a total of up to EUR 8,734,048.00 on a cash or non-cash basis on or before May 25, 2025 (authorized capital 2020). The new shares may also be issued to employees of the Company and to members of the Management Board in fulfillment of contractual compensation agreements; if they are issued to members of the Management Board, a holding period of at least two years from the date of issue must be stipulated for the shares awarded in this way.

The Company's Management Board was authorized – subject to the Supervisory Board's approval – to exclude the shareholders' subscription rights in the following cases:

[1] for fractional amounts;

[2] for part of authorized capital 2020 up to a maximum of EUR 1,746,809.00 provided that the new shares are issued in return for cash capital contributions at a price not materially less than the stock-market price (Section 186 (3) Sentence 4 of the German Stock Corporation Act);

[3] for a part of authorized capital 2020 up to a maximum of EUR 8,734,048.00 provided the new shares

- are issued as consideration for the acquisition of all or part of other companies or entities or other assets and provided that such acquisition is in the interests of the Company; or
- are issued as consideration for cash capital contributions to have the Company's stock listed in a foreign market in which it has previously not been admitted to trading.

The Management Board is additionally authorized subject to the Supervisory Board's approval to determine the extent and nature of the option rights and the other conditions of issue.

[C] AUTHORIZATION TO ACQUIRE AND USE TREASURY STOCK

At the annual general meeting held on May 26, 2020, the shareholders authorized the Company to buy back treasury stock of up to a total of 10% of its share capital on or before May 25, 2025. Upon this authorization taking effect, the authorization granted on May 21, 2015 for the acquisition and utilization of treasury stock was revoked.

a] The Company is authorized to buy back a total of up to 10% of its own share capital in the amount existing as of the date on which the resolution was passed – or if lower – as of the date on which the authorization is exercised. At no time may the shares acquired by the Company together with other treasury stock already acquired or still held by it or attributable to it in accordance with Sections 71d, 71e of the German Stock Corporation Act exceed more than ten percent (10%) of its share capital.

The authorization may be exercised by the Company in full or in part, once or repeatedly or for different purposes and may also be exercised by dependent companies or companies in which OHB Technology AG holds a majority stake for their account or for third-party account.

The authorization expires on May 25, 2025.

As the authorization granted by the shareholders in their resolution passed on May 21, 2015 for the acquisition of treasury stock expired on May 20, 2020, formal cancellation of this previous authorization is not necessary.

b] The acquisition of shares must comply with the equal treatment principle (Section 53a of the German Stock Corporation Act) and is executed at the Management Board's discretion either via the stock market (1) or in a public offering addressed to all shareholders (2). In the second case, the provisions of the Securities Acquisition and Transfer Act must be observed where applicable.

[1] If the Company buys back its own shares via the stock market, the purchase price paid per share (net of transaction costs) may not be any more than 10% above or 20% below the average closing price of the stock in Xetra trading (or an equivalent replacement system) on the Frankfurt stock exchange on the last three trading days prior to acquisition of the shares.

[2] If the Company buys back its own shares in a public offering addressed to all shareholders, the purchase price paid per share (net of transaction costs) may not be any more than 10% above or below the average closing price of the stock in Xetra trading (or an equivalent replacement system) on the Frankfurt stock exchange on the fifth, fourth and third trading days prior to the publication of the offer. If such a public offering is oversubscribed, the shares must be bought back on a quota system. Provision may be made for the preferred acceptance of a lower volume of up to 100 shares offered per shareholder and rounding in accordance with commercial provisions.

c] The Management Board is authorized to utilize the treasury stock acquired through the exercise of the authorization mentioned above or any earlier authorization for all purposes permitted by law, including but not limited to the following:

- [1]** Subject to the approval of the Supervisory Board it may use the treasury stock to have the Company's stock traded on foreign stock exchanges to which it has hitherto not been admitted.
- [2]** Subject to the approval of the Supervisory Board, it may offer or transfer the treasury stock to third parties for the purpose of acquiring companies, parts of companies or equity interests including but not limited to additions to existing equity interests.
- [3]** It may offer the treasury stock to the employees of the Company or other entities related to it in accordance with the definition in Sections 15 et seq. of the German Stock Corporation Act as employee shares.
- [4]** The Company may issue the treasury stock to members of the Management Board in fulfillment of present or future contractual compensation agreements provided that a holding period of at least two years from the date of issue is stipulated for the shares awarded in this way.

Subject to the approval of the Supervisory Board, the Management Board may also redeem the treasury stock without any need for a resolution of the shareholders approving such redemption or related activities.

d] The Management Board is authorized – subject to the approval of the Supervisory Board and without any obligation for a further resolution to be passed by the shareholders – to sell the treasury stock acquired in accordance with the above authorization or in any other manner either publicly or in the form of an offer to the shareholders provided that the sale is for cash and the price offered is not materially less than the price at which equivalent stock issued by the Company is trading on the stock market on the date of the sale. For the purposes of the above rule, the stock market price is defined as the arithmetic mean of the price fixed for the Company's stock in the closing auctions in Xetra trading (or an equivalent replacement system) on the Frankfurt/Main stock exchange on the last five trading days before the date of the sale. This authorization is limited to a total of 10% of the Company's share capital. The maximum of 10% is reduced by the prorated share in the

share capital accounted for by shares which are issued during the term of this authorization as part of an equity issue in which pre-emptive shareholder rights are excluded in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act. The volume covered by the authorization is also reduced by an amount equaling the prorated share in the share capital accounted for by conversion and/or option rights under bonds issued on or after the date on which this authorization takes effect in connection with which pre-emptive shareholder rights are excluded in accordance with Section 186 (3) Sentence 4 of the German Stock Corporation Act.

- e]** The aforementioned authorizations may be utilized once or repeatedly, in part or in full, individually or jointly.
- f]** The shareholders' pre-emptive subscription rights with respect to the Company's treasury stock are excluded in cases in which it is used in accordance with the authorizations described in c) (1) – (4) and d) above.

[23] SHARE PREMIUM

The share premium primarily comprises the cash proceeds from the stock-market flotation. The change results from share-based payment commitments for one member of the Management Board.

[24] RETAINED EARNINGS

Retained earnings include the negative goodwill arising from the consolidation of newly acquired companies up until 2002.

[25] UNREALIZED GAINS AND LOSSES RECOGNIZED UNDER EQUITY

This equity item mainly relates to a reserve for actuarial gains and losses from the measurement of retirement benefit obligations, which will not be recycled to profit and loss at a later date. The reserve for equity instruments measured at fair value through other comprehensive income mainly includes the cumulative gains and losses from the fair value measurement of the shares in ORBCOMM Inc. When the equity instruments are sold, the reserve will be recycled to consolidated profit and loss in an amount equaling the corresponding cumulative amount for the equity instrument concerned. The reserves (with and without recycling to profit or loss) for associates include the associates' pro rata cumulative other comprehensive income. The hedge reserve contains the cumulative amounts of the effective fair value changes of the designated components.

CHANGES IN EQUITY NOT RECOGNIZED IN PROFIT AND LOSS

in EUR 000	Currency-translation differences	Financial assets at FVOCI	Cash flow hedges	Actuarial gains/losses	from associates			Total
					Currency-translation differences	Cash flow hedges	Actuarial gains/losses	
January 1, 2019	-410	8,475	-284	-15,302	12	-15	-223	-7,747
Other changes	-96	0	0	0	-12	0	0	-108
Gains/losses from effective hedging relationships	0	0	417	0	0	70	0	487
Present value adjustments	0	-7,721	0	0	0	0	0	-7,721
Adjustment of actuarial assumptions	0	0	0	-12,040	0	0	-472	-12,512
Deferred taxes	0	124	-134	3,840	0	0	0	3,830
Non-controlling interests	18	0	-89	2,134	0	-21	213	2,255
Changes to consolidated companies	0	0	0	-165	0	0	0	-165
December 31, 2019	-488	878	-90	-21,533	0	34	-482	-21,681
Other changes	52	0	0	0	0	0	0	52
Gains/losses from effective hedging relationships	0	0	334	0	0	-30	0	304
Reclassifications	0	0	0	0	0	0	0	0
Present value adjustments	0	5,101	0	0	0	0	0	5,101
Adjustment of actuarial assumptions	0	0	0	-4,201	0	0	-179	-4,380
Deferred taxes	0	-81	-107	1,429	0	0	0	1,241
Non-controlling interests	0	0	-59	727	0	9	54	731
Changes to consolidated companies	0	0	0	0	0	0	0	0
December 31, 2020	-436	5,898	78	-23,578	0	13	-607	-18,632

[26] TREASURY STOCK

OHB SE's Management Board previously decided to implement a share buyback program in accordance with the resolution adopted by the shareholders at the annual general meeting. The purpose of the treasury stock was to place the Company's shares in foreign stock markets, to pay for the acquisition of other companies, parts of companies or shares in such companies and to issue shares to the Company's employees. The currently applicable authorization was granted by the shareholders at the annual general meeting of May 26, 2020 and permits the Company to acquire treasury stock equaling up to 10% of its issued capital.

As of December 31, 2020, OHB SE's treasury stock comprised a total of 42,996 shares, equivalent to 0.25% of its issued capital.

NUMBER OF SHARES OUTSTANDING

in EUR 000	2020	2019
Balance on January 1	17,400,100	17,400,100
Transfer of treasury stock	25,000	0
Balance on December 31	17,425,100	17,400,100

[27] PROVISIONS FOR RETIREMENT BENEFITS AND SIMILAR OBLIGATIONS

Provisions for retirement benefits and similar obligations break down as follows:

in EUR 000	31/12/2020	31/12/2019
Retirement benefits	101,093	100,077
Similar obligations	9,871	8,175
Retirement benefit obligations	110,964	108,252

The similar obligations primarily comprise lifetime work accounts and the support fund at OHB System AG.

OHB Group has made arrangements for post-retirement benefits for entitled employees in both business units. The amount of the future benefits is generally based on the length of service, amount of remuneration and position held within the Company. The retirement age stipulated in the contracts is 65 years. The direct and indirect obligations encompass those under existing pensions and entitlement to future pensions and post-retirement benefits. Reinsurance has been taken out to cover retirement benefit obligations. Not all of these reinsurance policies satisfy the conditions for classification as plan assets. The latter are reported within other non-current assets. The reinsurance policies which satisfy the conditions for classification as plan assets are netted with the retirement benefit obligations. In addition, there are plan assets of EUR 5.398 million (previous year: EUR 4.461 million) to cover the lifetime working accounts in the form of bank balances which are netted against the quasi-pension obligations. There were no extraordinary expenses or income as a result of the termination of any plans or on account of the curtailment or transfer of benefits in the year under review. The calculation of post-retirement benefit obligations takes account of market interest rates as well as trends in wages and salaries, pensions and fluctuations on the basis of the following actuarial assumptions:

- Discount rate: 0.90% (previous year: 1.20%)
- Wage/salary trend: 2.75% (previous year: 2.75%)
- Wage drift: 0.00% (previous year: 0.00%)
- Pension trend: 1.50% (previous year: 1.50%)

In some cases, differing assumptions were made for small volumes in foreign subsidiaries. These parameters are also applied in the following year to the calculation of the cost of the entitlement acquired. The total cost of defined benefit pension commitments breaks down as follows:

in EUR 000	2020	2019
Current service cost	2,331	1,041
Interest expense	1,390	2,228
Expected income (-) from plan assets	-134	-183
Total	3,587	3,086

The present values of the defined benefit obligations changed as follows:

in EUR 000	2020	2019
Present value of the defined benefit obligations on January 1	113,940	106,311
Changes to consolidated companies	0	206
Present value of the entitlement acquired in the year	2,213	568
Interest expenditure on entitlement already acquired	1,390	2,228
Payments from provisions	-4,931	-7,377
Actuarial gains (-)/losses (+)	4,086	12,004
Present value of the defined benefit obligations on December 31	116,698	113,940

The plan assets break down as follows:

in EUR 000	2020	2019
Value of plan assets on January 1	5,688	6,728
Payments received	158	190
Payments made	-131	-1,377
Expected income	134	183
Actuarial gains (+)/losses (-)	-115	-36
Value of plan assets on December 31	5,734	5,688

The remeasurements of EUR 4.459 million (previous year: EUR 12.475 million) on changes in financial assumptions, EUR -0.373 million (previous year: EUR 0.232 million) on changes in historical data and EUR 0.115 million (previous year: EUR 36 thousand) are based on the remeasurement of income from plan assets.

The plan assets (EUR 3.795 million, previous year: EUR 3.936 million) chiefly comprise savings plans with insurance companies that are classified by the Belgian Financial Services and Markets Authority (FSMA) as Class 21 and Class 23 insurance policies and a support fund (EUR 1.933 million, previous year: EUR 1.751 million).

Actual income from plan assets came to EUR 19 thousand (previous year: EUR 148 thousand). The present value is reconciled with the defined benefit (defined benefit liability (+)/defined benefit asset (-)) as follows:

in EUR 000	31/12/2020	31/12/2019
Actual present value of the defined benefit obligation	116,698	113,940
Fair value of plan assets	-5,734	-5,688
Retirement benefit obligations recorded on the balance sheet	110,964	108,252

The retirement benefit obligation breaks down into a defined benefit liability and defined benefit asset as follows:

in EUR 000	31/12/2020	31/12/2019
Defined benefit asset	0	0
Defined benefit liability	110,964	108,252

Contributions of EUR 0.715 million are expected to be paid in 2021. The following cash outflows are expected in the following periods:

Year(s)	in EUR 000
2021	5,151
2022	5,440
2023	5,573
2024	5,754
2025	5,548
2026-2030	30,292

The present value of the defined benefit obligations of EUR 0.175 million (previous year: EUR 0.183 million) was calculated in accordance with the entry age normal method. The fractional values are computed using actuarial principles on the basis of the 2018 G biometric tables compiled by Prof. Dr. Klaus Heubeck and an interest rate of 2.71%. With respect to these provisions, it is assumed that the application of the projected unit credit method provided for in IAS 19 does not result in any major differences in this item. If the discount rate were 0.25% lower, the present value of the retirement benefit obligations would increase by EUR 4.077 million. If the discount rate were 0.25% higher, the present value of the retirement benefit obligations would decrease by EUR 3.869 million. If the rate by which retirement benefits rise were 0.25% higher, the present value of the retirement benefit obligations would increase by EUR 2.884 million. If the rate by which retirement benefits rise were 0.25% lower, the present value of the retirement benefit obligations would decrease by EUR 2.773 million.

[28] OTHER PROVISIONS (CURRENT AND NON-CURRENT)

Non-current personnel-related provisions primarily comprise provisions for phased retirement scheme obligations in the Aerospace + Industrial Products business unit. The phased retirement agreements expire in 2023. Plan assets in the form of funds (EUR 2.531 million, previous year: EUR 2.364 million) were netted with the provisions for phased retirement obligations (EUR 0.996 million, previous year: EUR 0.439 million), resulting in a netted figure of EUR 1.535 million (previous year: EUR 1.925 million). Other personnel-related provisions primarily relate to obligations towards employees of EUR 21.522 million (previous year: EUR 19.743 million) under recurring wage and salary obligations. An outflow in the current personnel-related provisions is expected in the first quarter of 2021.

in EUR 000	01/01/2020	Utilized	Reversed	Added	Added from first-time consolidation	31/12/2020	Of which non-current
Pending losses and risks	2,074	742	1	2	0	1,333	18
Remaining work on fully invoiced projects	3,126	2,153	22	674	0	1,625	0
Other provisions	5,183	2,563	349	2,673	1	4,945	1,098
Personnel-related provisions	24,095	20,272	199	19,433	0	23,057	1,535
	34,478	25,730	571	22,782	1	30,960	2,651

[29] NON-CURRENT FINANCIAL LIABILITIES

This mostly entails non-current liabilities towards banks owed by the subsidiary OHB System AG in an amount of EUR 16.667 million (previous year: EUR 23.334 million). In addition, OHB Italia S.p.A. has bank borrowings of EUR 0.444 million (previous year: EUR 0.415 million). These liabilities are due for settlement in more than 12 months after the reporting date.

The loan contract for OHB System AG provides for three covenants, which were duly observed in the year under review.

[30] CURRENT FINANCIAL LIABILITIES

This entails current liabilities towards banks held by OHB SE (EUR 60 million, previous year: EUR 40 million), OHB System AG (EUR 31.684 million, previous year: EUR 41.333 million), OHB Digital Solutions GmbH (EUR 0.289 million, previous year: EUR 0.298 million), OHB Sweden AG (EUR 1.141 million, previous year: EUR 1.289 million) and OHB Digital Connect GmbH (EUR 6 thousand, previous year: EUR 0 thousand).

The syndicated loan, which had a value of EUR 86.158 million as of the reporting date (previous year: EUR 80 million), provides for two covenants, which were duly observed in the year under review.

[31] CURRENT FINANCIAL AND NON-FINANCIAL OTHER LIABILITIES

The other non-financial liabilities primarily comprise outstanding invoices of EUR 32.988 million (previous year: EUR 29.466 million).

in EUR 000	31/12/2020	31/12/2019
Non-financial liabilities		
Value added tax	54	1,041
Social security and payroll tax liabilities	1,738	1,973
Other	37,667	29,875
Financial liabilities		
Hedged derivatives	3	132
Other financial liabilities	8,084	7,901
Total	47,546	40,922

[32] ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS AND HEDGING RELATIONSHIPS

The financial instruments were allocated to the following categories:

in EUR 000	31/12/2020		31/12/2019	
	Current	Non-current	Current	Non-current
Amortized cost (AmC)				
Other financial assets	1,756	35,220	5,990	30,491
Cash and cash equivalents	91,968	0	85,090	0
Trade receivables	55,746	0	92,469	0
	149,242	35,220	183,549	30,491
Measured at fair value through other comprehensive income (FVOCI)				
Equity instruments traded on the active market	0	13,465	0	8,363
Other equity instruments	0	21,385	0	16,749
	0	34,850	0	25,112
Measured at fair value through profit and loss (FVPL)				
	494	0	448	0
	494	0	448	0
	149,736	70,070	183,997	55,603
Amortized cost (AmC)				
Trade payables	110,800	0	166,651	0
Financial liabilities	93,120	17,111	88,254	23,749
Lease liabilities	12,197	46,125	12,891	42,561
Other financial liabilities	8,084	0	7,901	0
	224,201	63,236	275,697	66,310

It is assumed that the carrying amount of other financial assets, trade receivables and cash and cash equivalents equals their fair value due to their short-term status.

The carrying amount of the non-current assets measured at amortized cost (EUR 33.225 million, previous year: loans and receivables of EUR 30.491 million) approximates their fair value. These chiefly comprise a loan of EUR 31.302 million to an associate and non-interest-bearing deposits of EUR 1.788 million. However, in view of the current low interest rates, there is virtually no difference.

The shares in ORBCOMM Inc., which are measured at fair value through other comprehensive income, are recognized at their fair value (EUR 13.465 million, previous year: EUR 8.363 million) as determined by the price of the shares quoted on the New York Stock Exchange on the reporting date (level 1 of the fair value hierarchy). There is no active market for determining the fair value of the shares in Arianespace Participation (EUR 8.268 million), Rocket Factory Augsburg AG (EUR 7.874 million) MT Dezentrale Energiesysteme GmbH (EUR 1.022 million), MT Mecatronica srl (EUR 10 thousand) and other minor shareholdings. As in the previous year, they were recognized at historical cost unless there was any evidence of impairment as it was not possible to reliably calculate a fair value.

The securities measured at fair value through profit and loss were recognized at their fair value, meaning that the carrying amount equals the fair value. The fair value was derived from the listed stock exchange price on the reporting date.

The carrying amount of current financial liabilities measured at amortized cost as well as financial liabilities and trade payables equals their fair value due to their short-term nature.

Other financial liabilities include a loan of EUR 1.933 million (previous year: EUR 1.751 million) received from the support fund which is subject to interest of 5%. As the loan can be terminated at any time, the carrying amount is close to its fair value. The loan must be repaid in a single sum upon termination at the latest.

Non-current financial liabilities measured at amortized cost (FLAC) have a carrying amount of EUR 17.111 million (previous year: EUR 23.749 million), which is close to their fair value. It would currently be possible to raise a loan on the same terms.

It is not necessary to calculate the fair value of lease liabilities.

Net profit/loss does not include any interest income or interest expense. These are described in the section on net financial income/finance expense. Similarly, impairments are excluded from net profit/loss.

NET GAINS/LOSSES BY CATEGORY

in EUR 000			Other income and expense items	
			2020	2019
Financial assets	FVPL	Measured at fair value through profit and loss	46	114
	AmC	Measured at amortized cost	0	0
	FVOCI	Measured at fair value through other comprehensive income	5,101	-7,721

The OHB Group has two types of financial assets to which the expected credit loss model is applied: trade receivables and contract assets.

Cash and cash equivalents are generally also subject to the measurement requirements of IFRS 9, but are not included due to the expected insignificant effects.

OHB applies the simplified IFRS 9 approach for determining expected credit losses, which entails a loss allowance for all trade receivables and contract assets depending on their remaining term.

in EUR 000	Not yet due for settlement	Past due by up to 1 year	Past due by more than 1 year	Impaired	Total
31/12/2020					
Expected loss rate	0.18%	0.14%	0.43%		
Carrying amount of trade receivables	38,348	9,578	7,935	0	55,861
Impairments	68	13	34	0	115
					55,746
Expected loss rate	0.08%				
Carrying amount of contract assets	310,691				310,691
Impairments	253				253
					310,438
31/12/2019					
Expected loss rate	0.14%	0.24%	0.31%		
Carrying amount of trade receivables	78,433	8,496	5,689		92,618
Impairments	109	22	18		149
					92,469
Expected loss rate	0.08%				
Carrying amount of contract assets	324,501				324,501
Impairments	273				273
					324,228

in EUR 000	Contract assets	Trade receivables
January 1, 2019	213	157
Added	60	19
Reversed	0	-27
December 31, 2019	273	149
Added	0	0
Reversed	-20	-34
December 31, 2020	253	115

All other current debt instruments measured at amortized cost are also considered to exhibit a low credit risk because the risk of non-fulfilment is low and it is assumed that the debtors will be able to meet their contractual payment obligations. No loss allowance has been recognized for 12-month credit losses (level 1).

With respect to non-current financial assets, no security deposits are overdue. These are predominantly based on the terms and conditions of the loan agreements and the entire amount of EUR 1.923 million (previous year: EUR 1.784 million, including security deposits of EUR 1.788 million, previous year: EUR 1.552 million) has been allocated to level 1 of the credit risk model. As there was no significant increase in the credit risk, no loss allowances were recognized.

As in the previous year, the loan to associates of EUR 31.302 million (previous year: EUR 28.707 million) was assigned to level 2 of the credit risk model. An agreement was entered into to capitalize the interest until June 2023. Interest payments in a customary amount may be made provided that the total amount of the loan including interest rises to over EUR 30 million. The value of the loan was reduced by EUR 3.581 million as of 2020 and cumulatively by EUR 4.742 million in accordance with the equity method of accounting. There were no further impairments.

MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Level 1: Financial instruments traded in active markets, the listed prices of which are applied for measurement purposes.

Level 2: Financial instruments are measured using methods with parameters which are derived directly or indirectly from observable market data.

Level 3: Financial instruments are measured using methods with parameters which are not based solely on observable market data.

The fair value of the securities is derived from their listed market price. There were no transfers between the individual hierarchical levels in the year under review.

DERIVATIVES AND HEDGE RELATIONSHIPS

The OHB Group engages in buying and selling operations in foreign currencies, which expose it to a currency translation risk with a direct impact on profit and loss. In order to hedge this risk, OHB mainly uses forward exchange contracts, which must generally be designated as hedges. The Group Policy prohibits the use of derivatives for speculative purposes. The hedging relationship is formally designated at the time the derivatives are entered into by preparing the necessary hedge documentation.

The following table presents the time profile for the nominal amount and the average price of the derivatives.

in EUR 000	31/12/2020		
	Level 1	Level 2	Level 3
Financial assets			
Financial assets at fair value through profit and loss (FVPL)			
Securities	494	0	0
Financial assets at fair value through other comprehensive income			
Equity interest in ORBCOMM	13,465	0	0
Hedging derivatives – foreign currency forwards	0	228	0
Total	13,959	228	0
Financial liabilities			
Hedging derivatives – foreign currency forwards	0	3	0
Total	0	3	0

in EUR 000	31/12/2019		
	Level 1	Level 2	Level 3
Financial assets			
Financial assets at fair value through profit and loss (FVPL)			
Securities	448	0	0
Financial assets at fair value through other comprehensive income			
Equity interest in ORBCOMM	8,363	0	0
Hedging derivatives – foreign currency forwards	0	19	0
Total	8,811	19	0
Financial liabilities			
Hedging derivatives – foreign currency forwards	0	132	0
Total	0	132	0

in EUR 000	Remaining period			Total nominal volume	Total nominal volume	Average hedging rate
	Less than 1 year	1-5 years	More than 5 years	31/12/2020	31/12/2019	31/12/2020
Currency hedges						
Currency forwards USD	6,993	0	0	6,993	4,506	1.1922
Currency forwards GBP	0	0	0	0	312	
Total	6,993	0	0	6,993	4,818	

Cash flow hedges are formed for anticipated future transactions.

DISCLOSURES ON CASH FLOW HEDGES AND FAIR VALUE HEDGES

in EUR 000	31/12/2020				31/12/2019			
	Carrying amount	Balance sheet items	Change in fair value to calculate ineffectiveness	Nominal volume	Carrying amount	Balance sheet items	Change in fair value to calculate ineffectiveness	Nominal volume
	Cash flow hedges and fair value hedges				Cash flow hedges			
Currency hedges – currency forwards								
Derivatives – assets	228	Financial assets	228	5,231	19	Financial assets	19	1,472
Derivatives – liabilities	-3	Financial liabilities	-3	1,762	-132	Financial liabilities	-132	3,346

A prerequisite for applying hedge accounting under IFRS 9 is the prospective effectiveness of the hedge relationship, which OHB demonstrates on a periodic basis using the critical terms match method. As a rule, a derivative is entered into on identical contractual terms to the underlying transaction, so that it can be assumed that the hedging relationship is effective. The only source of ineffectiveness is the counterparty credit risk, which is not expected to play a dominant role in existing hedge relationships. In the case of cash flow hedges, the forward-to-forward designation applies, under which the spot and forward components of the FX forwards are designated in hedge accounting. In addition, OHB uses the dollar offset method and the hypothetical derivative method to retrospectively determine the effective portion of the designated components in the current period. The effective change in fair value of the designated components is recognized in the hedge reserve in equity (other comprehensive income) and the ineffective portion of the designated components and the change in fair value of the undesignated components are recognized directly through profit and loss.

The fair value of foreign-currency trade receivables was hedged using foreign-currency derivatives to a minor extent. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss.

Derivatives can turn into standalone derivatives, to which hedge accounting no longer applies, due to a postponement or even default of the underlying transactions. No such reasons occurred in previous periods for OHB to terminate hedge relationships.

DISCLOSURES ON HEDGED TRANSACTIONS IN CASH FLOW HEDGES

in EUR 000	31/12/2020		
	Changes in the hedged transaction during the period to identify ineffectiveness	Balance of the hedge reserve and foreign currency reserve for active cash flow hedges	Balance of the hedge reserve and foreign currency reserve for terminated cash flow hedges
Currency hedges			
Designated components	226	225	0
Non-designated components	0	0	0
	31/12/2019		
Currency hedges			
Designated components	111	-108	0
Non-designated components	0	0	0

GAINS AND LOSSES FROM CASH FLOW HEDGES

in EUR 000	Cash flow hedging gains or losses through other comprehensive income	Ineffectiveness recognized through profit and loss	Items in the statement of comprehensive income which include the ineffectiveness recognized	Cash flow hedge reserve recycled to profit and loss		Items in the statement of comprehensive income which include the recycled amount
				due to premature termination of the cash flow hedge	due to recognition of the hedged item through profit and loss	
				31/12/2020		
Currency hedges	221	-5	Other operating income/ expenses	0	85	Sales
				31/12/2019		
Currency hedges	-108	-3	Net financial income/ expense	0	482	Sales

DISCLOSURES ON HEDGED TRANSACTIONS IN FAIR VALUE HEDGES

in EUR 000	31/12/2020				
	Carrying amount	Cumulative hedge adjustments	Balance sheet items	Change in fair value to calculate ineffectiveness	Cumulative hedge adjustments from terminated hedging relationships
Currency hedges					
Assets	969	9	Trade receivables	9	0
Liabilities	1,765	3	Trade receivables	3	0

GAINS AND LOSSES FROM FAIR VALUE HEDGES

in EUR 000	2020		2019	
	Ineffectiveness of hedging relationships recognized through profit and loss.	Items in the statement of comprehensive income which include the ineffectiveness recognized	Ineffectiveness of hedging relationships recognized through profit and loss.	Items in the statement of comprehensive income which include the ineffectiveness recognized
Currency hedges				
Net gains/losses from hedge accounting	0	Other operating income/expenses	3	Other operating income/expenses

[33] CASH FLOW STATEMENT

RECONCILIATION OF FINANCIAL LIABILITIES

in EUR 000	Non-current financial liabilities	Current financial liabilities	Lease liabilities	Total liabilities from financing activities
January 1, 2020	23,749	88,254	55,452	167,455
Interest	221	3,125	1,320	4,666
Cash flows				
Payments received from new loans	29	29,989	0	30,018
Repayments (including interest)	-6,888	-28,248	-12,196	-47,332
Not recognized in the cash flow statement	0	0	13,746	13,746
December 31, 2020	17,111	93,120	58,322	168,553
January 1, 2019	30,363	25,374	59,689	115,426
Changes to consolidated companies	0	219	0	219
Interest	295	2,153	1,233	3,681
Cash flows				
Payments received from new loans	52	65,131	0	65,183
Repayments (including interest)	-295	-11,289	-10,959	-22,543
Reclassification	-6,666	6,666	0	0
Not recognized in the cash flow statement	0	0	5,489	5,489
December 31, 2019	23,749	88,254	55,452	167,455

IX. FINANCIAL RISK MANAGEMENT

LIQUIDITY RISKS

Prudent liquidity risk management means maintaining sufficient cash and cash equivalents as well as having an appropriate amount of committed credit facilities available to meet due obligations. Management uses rolling forecasts to monitor the Group's liquidity reserves (consisting of the following unused credit facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally done locally at the level of the Group's operating companies in accordance with the Group's policies. Under the syndicated loan (Note 30), an open credit facility of EUR 200.167 million (previous year: EUR 145 million) was available at the end of the year. The agreement runs until May 2025 with two options of one-year prolongation. There are currently no indications of any liquidity shortfalls.

SETTLEMENT PERIOD ANALYSIS FINANCIAL LIABILITIES INCLUDING INTEREST

in EUR 000	31/12/2020				Total	31/12/2019				Total
	Less than one year	One to two years	Three to five years	More than five years		Less than one year	One to two years	Three to five years	More than five years	
Non-current financial liabilities*	0	7,277	10,111	0	17,388	0	7,322	16,943	0	24,265
Current financial liabilities	93,120	0	0	0	93,120	88,254	0	0	0	88,254
Non-current lease liabilities	0	13,367	14,343	18,415	46,125	0	11,714	15,611	17,690	45,015
Current lease liabilities	12,197	0	0	0	12,197	12,891	0	0	0	12,891
Trade payables	104,525	0	0	0	104,525	166,651	0	0	0	166,651
Other current financial liabilities	8,087	0	0	0	8,087	5,107	0	0	0	5,107
Total	217,929	20,644	24,454	18,415	281,442	272,903	19,036	32,554	17,690	342,183

* Including borrowing costs

CREDIT RISKS

Credit risks are generally considered to be small. However, general risks of default may always occur as a result of specific economic conditions. Receivables comprise a large proportion of amounts owed by public-sector customers free of any credit risk, while there is no risk clustering with respect to the other amounts owed. For this reason, the Group as a whole does not take out any credit insurance for

receivables. The loss rates applied for the simplified loss allowance model are therefore based on historical loss rates to only an insignificant extent. The inclusion of current and forward-looking information is based on the Group's estimates with regard to its exposure to credit risk within its customer structure, in particular with regard to public-sector customers.

CURRENCY RISKS

The Group operates predominantly within the Eurozone and is therefore exposed to low foreign currency risks from its operating activities. Sales in foreign currencies (USD, AED) are conducted to a limited extent. In the space segment, 100% of the expected future transactions are generally hedged, while in the aviation segment the hedging ratio of the planned future revenues at the end of the current fiscal year is approx. 83%, as the forecast revenues are compared with the planned purchases. As of the reporting date, these mainly comprise receivables denominated in USD equaling EUR 2.027 million (previous year: EUR 2.004 million). Purchases in a foreign currency (USD, GPD) are of a negligible amount. The USD/EUR exchange rate influences income and expenses in aviation business. All orders and receivables denominated in US dollars have been hedged by means of currency forwards for 2021 (see Note 32 on derivatives and hedge relationships).

INTEREST RISKS

Generally speaking, investments with low interest rates are preferred so as to avert interest risks and are subject to normal market fluctuation. Short-term loans are raised to cover requirements of current assets arising from project payment cycles. For this purpose, funds under a loan facility agreement with a market-based floating interest rate component depend on the observance of covenants are used. A 1% change in the interest rate on such drawings would result in additional expense of around EUR 1.102 million (previous year: EUR 1.120 million). There is unlikely to be any further decline in interest rates. The non-current financial liabilities expire in 2024 are subject to fixed interest rates. The interest rate risk is currently considered to be low. This also applies to interest expense of IFRS 16. The accrued interest expense of EUR 1.320 million (previous year: EUR 1.233 million) is based on an interest rate of 2% in 2020.

CAPITAL RISK MANAGEMENT

One of the OHB Group's most important financial targets is to achieve sustained growth in enterprise value and to ensure solvency at all times in the interests of protecting its going-concern status and to achieve an optimum capital structure. In this connection, the creation of adequate liquidity reserves, while preserving the Company's ability to pay out a dividend, is of crucial importance. These goals are achieved by means of an integrated controlling system in connection with which management receives various data on individual items of the balance sheet as part of a monthly analysis. This provides information on trends in the Company's equity and also serves as a basis for necessary business decisions. As of December 31, 2020, the equity ratio rose to 24.51% (previous year: 21.59%) chiefly as a result of the net profit for the year. The equity ratio was calculated relative to the Group's total assets. The Company is seeking an equity ratio of over 25%. The overall strategy pursued by the Group was unchanged over 2019.

X. ADDITIONAL INFORMATION**SEGMENT REPORTING**

IFRS 8 stipulates that operating segments are to be defined on the basis of internal segment reporting which is regularly reviewed by the Company's chief operating decision maker with respect to the allocation of resources to these segments and the assessment of their profitability. The main management indicators used within the OHB Group are total revenues, EBIT and EBITDA. Information reported to the Management Board as the chief operating decision maker for the purposes of allocating resources to the Company's segments as well as the assessment of their profitability mostly covers the types of goods and services which are produced or provided. During the reporting period the Group comprises the following reportable (operating) segments as defined in IFRS 8:

- Space Systems
- Aerospace + Industrial Products

The Space Systems business unit chiefly develops and executes space projects. The Aerospace + Industrial Products business unit is primarily responsible for fabricating aviation and space products as well as other industrial activities. The segments are described in detail in the Group management report Segment income, expenses and earnings also entail business relations between the business units. These transfers were netted in full. The measurement principles applied in segment reporting are identical to those applied in the preparation of the consolidated financial statements. The holding company is shown separately as most of the equity interests are held on this level. OHB SE exercises the function of an active holding company. Sales break down by product group as follows:

SALES BY PRODUCT GROUP

in EUR 000	2020	2019
Space technology	846,156	964,935
Aviation	14,006	16,539
Antennas	16,122	10,439
Other	4,035	12,705
Total	880,319	1,004,618

SALES BY GEOGRAPHIC REGION

in EUR 000	2020	2019
Germany	336,211	385,066
Rest of Europe	505,566	605,387
Rest of the world	38,542	14,165
Total	880,319	1,004,618

With sales of EUR 400.578 million (both business units), EUR 95.166 million (Space Systems business unit) and EUR 86.909 million (Space Systems business unit), three customers of the OHB Group each account for more than 10% of the total sales of the respective segment.

Total non-current assets (excluding financial instruments and deferred tax assets) amount to EUR 266.800 million (previous year: EUR 256.204 million) in Germany and EUR 49.389 million (previous year: EUR 49.441 million) abroad. This includes non-current assets of EUR 39.673 million (previous year: EUR 40.929 million) attributable to the subsidiary in Italy. Post-employment benefits stand at EUR 110.964 million (previous year: EUR 106.424) in Germany and EUR 1.943 million (previous year: EUR 1.828 million) abroad.

Non-current right-of-use assets (IFRS 16), which are included in the above figures, were valued at EUR 57.214 million as of December 31, 2020 (previous year: EUR 54.878 million (Germany: EUR 42.583 million (previous year: EUR 38.448 million); other countries: EUR 14.631 million (previous year: EUR 16.430 million)).

SEGMENT REPORTING

in EUR 000	Space Systems		Aerospace + Industrial Products	
	2020	2019	2020	2019
Sales	753,542	831,209	134,104	180,022
of which internal sales	4,343	121	2,764	6,492
Total revenues	763,170	850,894	145,642	185,871
Cost of materials and services purchased	479,148	580,671	61,725	73,926
EBITDA	72,905	65,003	3,594	13,545
Depreciation and amortization	27,034	22,618	8,280	6,545
EBIT	45,872	42,385	-4,686	7,000
Non-current assets	209,606	208,241	143,939	130,114
Current assets	449,170	455,849	144,963	149,850
Total assets	658,776	664,090	288,902	279,964
Equity	133,361	116,362	46,415	58,174
Liabilities	525,415	547,728	242,487	221,790
Total assets	658,776	664,090	288,902	279,964
Investments (net of financial assets, excluding IFRS 16)	17,568	21,535	13,043	7,662

CONTINGENT LIABILITIES

As of the reporting date, there were obligations under guarantees of EUR 65.069 million (previous year: EUR 47.001 million). The participating companies have assumed joint and several liability for obligations under the credit facility.

EMPLOYEES

The average head count stood at 2,964 in the year under review (previous year: 2,864). There was an average of 1,962 employees in the Space Systems business unit (previous year: 1,942), 974 employees in the Aerospace + Industrial Products business unit (previous year: 903) and 28 employees in the holding company (previous year: 19).

XI. MANAGEMENT BOARD AND SUPERVISORY BOARD

The Company's Management Board comprises:

- Mr. Marco Fuchs, Lilienthal; Chief Executive Officer
- Mr. Klaus Hofmann, Bremen; Chief Human Resources Officer
- Dr. Lutz Bertling, Bremen; Corporate and Business Development, Digitalization and Services
- Mr. Kurt Melching, Bremen; Finance

The Company's Supervisory Board comprises:

- Mr. Robert Wethmar, Hamburg; Partner at Law Firm. Taylor Wessing, Chairman
- Prof. Heinz Stoewer, Munich; Professor em. Space Systems Engineering, Technical University of Delft, Netherlands; managing director of Space Associates Beratungs GmbH, Munich; Deputy Chairman
- Mrs. Christa Fuchs, Bremen; Managing Shareholder of VOLPAIA Beteiligungs-GmbH, Bremen
- Mr. Ingo Kramer, Bremerhaven; Businessman

Offices held by members of the Company's Management Board and Supervisory Board in other supervisory boards and management bodies in 2020:

- Mr. Marco Fuchs

Group mandates:

- MT Aerospace AG, Augsburg; Chairman of the Supervisory Board
- ORBCOMM Inc., Rochelle Park, NJ, United States; Member of the Board of Directors
- OHB Italia S.p.A., Milan, Italy; Chairman of the Board of Directors

Reconciliation				Total	
Holding		Consolidation		2020	2019
2020	2019	2020	2019		
0	0	-7,327	-6,613	880,319	1,004,618
0	0	-7,107	-6,613	0	0
10,599	9,810	-17,980	-16,489	901,431	1,030,086
0	0	-7,251	-4,631	533,622	649,966
524	-217	0	0	77,024	78,331
76	59	0	0	35,390	29,222
448	-276	0	0	41,634	49,109
73,023	61,064	-50,151	-50,794	376,417	348,625
82,431	71,971	-140,903	-95,276	535,661	582,394
155,454	133,035	-191,054	-146,070	912,078	931,019
81,749	64,442	-38,199	-38,148	223,326	200,830
73,705	68,593	-152,855	-107,922	688,752	730,189
155,454	133,035	-191,054	-146,070	912,078	931,019
90	25	0	0	30,701	29,222

- OHB Sweden AB, Stockholm, Sweden; Chairman of the Board of Directors
- Antwerp Space N.V., Antwerp, Belgium; Chairman of the Board of Directors
- LuxSpace Sàrl, Betzdorf, Luxembourg; Chairman of the Board of Directors

Non-group mandates:

- SV Werder Bremen GmbH & Co. KGaA., Bremen; Deputy Chairman of the Supervisory Board
- ZARM Technik AG, Bremen; Chairman of the Supervisory Board
- Jacobs University Bremen gGmbH, Bremen; Member of the Supervisory Board (until April 14, 2020)
- Dr. Lutz Bertling
 - OHB Italia S.p.A., Milan, Italy; Member of the Board of Directors (from January 1, 2020 on, Group mandate)
 - OHB Sweden AB, Stockholm, Sweden; Member of the Board of Directors (from January 1, 2020 on, Group mandate)

- Mrs. Christa Fuchs
 - ORBCOMM Deutschland Satalitenkommunikation AG, Bremen; Chairwoman of the Supervisory Board (Group mandate)
 - Cosmos Space Systems AG, Bremen; Chairwoman of the Supervisory Board (Group mandate)
 - OHB System AG, Bremen; Chairwoman of the Supervisory Board (Group mandate)
- Mr. Ingo Kramer
 - Lenze SE, Aerzen; Member of the Supervisory Board

SECURITIES HELD BY MEMBERS OF THE COMPANY'S MANAGEMENT BOARD AND SUPERVISORY BOARD

as of December 31, 2020	Shares	Changes 2019/2020
Christa Fuchs, member of the Supervisory Board	1,401,940	-
Prof. Heinz Stoewer, member of the Supervisory Board	1,000	-
Marco Fuchs, Chairman of the Management Board	6,046,610	-
Dr. Lutz Bertling, member of the Management Board	38,360	23,860

DISCLOSURE AND EXEMPTION FROM THE DUTY TO DISCLOSE THE FINANCIAL STATEMENTS OF THE GROUP COMPANIES

The consolidated financial statements have been submitted to Bundesanzeiger for publication.

At their meeting of March 17, 2020, the shareholders of OHB System AG passed a resolution to adopt the exemption provisions in Section 264 (3) of the German Commercial Code with respect to disclosure of the annual financial statements.

RELATED PARTIES DISCLOSURES

Related parties as defined in IAS 24 comprise Christa Fuchs, Romana Fuchs Mayrhofer, Marco Fuchs, Kurt Melching, Dr. Lutz Bertling, Klaus Hofmann, Prof. Heinz Stoewer, Ingo Kramer and Robert Wethmar. The following companies are related parties:

- OHB Grundstücksgesellschaft, Achterstraße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft, Kitzbühler Straße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft, Universitätsallee GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft, Karl-Ferdinand-Braun-Straße GmbH & Co. KG, Bremen
- OHB Grundstücksgesellschaft Lise Meitner Straße mbH & Co. KG, Bremen
- VOLPAIA Beteiligungs-GmbH, Bremen
- Apollo Capital Partners GmbH, Munich
- Immobiliare Gallarate 150 S.r.l., Milan
- KT Grundstücksverwaltungs GmbH & Co. KG, Munich
- Castel Annenberg GmbH, Latsch, Italy
- Aerotech Peissenberg GmbH & Co. KG, Peissenberg
- ORBCOMM Inc., Rochelle Park. NJ, United States
- SV Werder Bremen GmbH & Co. KGaA., Bremen
- ZARM Technik AG, Bremen

- Jacobs University Bremen gGmbH, Bremen
- Gut Landruhe GmbH & Co. KG, Bremen

Business transactions with related parties are conducted on arm's length terms. In the year under review, sales and other income of EUR 141 thousand (previous year: EUR 18 thousand) arose from transactions with related parties, while expenditure on goods and services purchased (mainly rentals) came to around EUR 8.042 million (previous year: EUR 7.419 million) at subsidiaries. As of the reporting date, there were receivables of EUR 2.026 million (previous year: EUR 0 million) against related parties.

Real estate leases are in force with other related companies, for which right-of-use assets with respect to land and buildings and lease liabilities of a matching amount have been recognized as a result of the application of IFRS 16. Lease liabilities were valued at EUR 35.609 million (previous year: EUR 32.725 million) as of December 31, 2020.

Under this lease agreement the Group has made repayments of EUR 7.175 million (previous year: EUR 6.361 million) and interest payments of EUR 0.794 million (previous year: EUR 1.015 million).

Under a contract with the law firm Taylor Wessing, of which Robert Wethmar is a partner, fees of a total of EUR 0.228 million were paid in consideration of advisory services provided for the benefit of Group companies. Liabilities outstanding as of December 31, 2020 are valued at EUR 0 thousand (previous year: EUR 11 thousand).

There were pension obligations towards related parties of EUR 0.175 million (previous year: EUR 0.183 million) as of the reporting date. No contributions were made to the plan. Benefits for surviving dependants of EUR 22 thousand (previous year: EUR 22 thousand) were paid.

Sales of EUR 5.805 million (previous year: EUR 2.828 million) were generated with associates in the year under review. The resultant receivables outstanding as of the reporting date stood at EUR 3.452 million (previous year: EUR 3.505 million). Prepayments of EUR 9.366 million were made for construction contracts. There were outstanding liabilities in the amount of EUR 0.106 million (previous year: EUR 0 million) and services in the amount of EUR 3.305 million (previous year: EUR 0 million) were received.

There are non-current loans to associates with a carrying amount of EUR 31.302 million (previous year: EUR 28.707 million) subject to a subordination agreement with banks. The loans are subject to a fixed interest rate of 3–5% and are automatically renewed unless terminated before the expiry date. Interest of EUR 0.810 million (previous year: EUR 0.810 million) was collected and capitalized in full. All

loans expire within one year. As the Group does not expect any short-term repayment, the total amount has been classified as non-current. The outstanding loan amount is payable in a single amount upon termination. No collateral has been provided for the loans.

DECLARATION OF CONFORMITY WITH THE CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT

The Management Board and the Supervisory Board have published the declaration required pursuant to Section 161 of the German Stock Corporation Act confirming that save for a few small exceptions the Group already conforms to the German Corporate Governance Code and will continue to do so in the future. The declaration of conformity is available on the Internet at:

<https://www.ohb.de/en/investor-relations/corporate-governance/declaration-of-conformity/>

ALLOCATION OF EARNINGS

OHB SE exercises the function of an active holding company. Its main assets comprise investments which were carried at a value of EUR 67.450 million as of the reporting date. OHB SE's equity stood at EUR 76.456 million on December 31, 2020. The Company's single-entity financial statements carry cash and cash equivalents of EUR 0.933 million. Income of EUR 20.063 million under profit transfer agreements particularly made a contribution to the net profit of EUR 11.430 million for 2020. The single-entity financial statements prepared by OHB SE pursuant to German GAAP (HGB) for the year ending December 31, 2020 carry an unappropriated surplus of EUR 35,833,007.75. The Management Board will be asking the shareholders to pass a resolution providing for the allocation of the Company's unappropriated surplus of EUR 35.833 million for 2020 as specified in the table entitled "Allocation of unappropriated surplus". The figures stated for the total dividend and the amount to be carried forward are based on the number of dividend-entitled shares as of the date of the Management Board's allocation proposal. In accordance with Section 71b of the German Stock Corporation Act, the Company's treasury stock (42,996 shares) as of the reporting date is not dividend-entitled. If the number of shares held as treasury stock on the date on which the shareholders pass a resolution adopting the proposal for the allocation of the Company's unappropriated surplus is greater or smaller than on the balance sheet date, the amount payable to the shareholders will be increased or, as the case may be, decreased by the amount attributable to the difference in the number of shares. The amount to be carried forward will be adjusted accordingly. However, there will be no change in the distributable dividend per dividend-entitled share. If necessary, the shareholders will be presented with a correspondingly modified proposal for the allocation of the Company's

unappropriated surplus. For the 2019 financial year, the dividend distribution amounted to EUR 0.00 on each no-par value share entitled to dividend (17,400,100 no-par value shares), and an amount of EUR 24,403,256.38 was carried forward to new account. The unappropriated surplus came to EUR 24,403,256.38 in 2019.

Allocation of unappropriated surplus

in EUR	2020
Unappropriated surplus	35,833,007.75
Distribution of a dividend of EUR 0.43 for each dividend entitled share (17,425,100 shares)	7,492,793.00
Amount to be carried forward	28,340,214.75

REMUNERATION

The remuneration paid to the members of the Management Board comprises fixed and variable components. Share-based compensation components or compensation components with a long-term incentive have been granted to Dr. Lutz Bertling. In the event of the death of a Management Board member, his surviving dependents are entitled to receive continued payment of that member's fixed remuneration for a further period of six months. The principles of the compensation system as well as the individualized compensation paid to the Management Board are described in detail in the remuneration report, which forms part of the management report (page 68). The total remuneration to the members of the Management Board for 2020 came to EUR 2.340 million (previous year: EUR 2.922 million). This includes variable remuneration of EUR 1.061 million (previous year expected: EUR 1.660 million; actually paid: EUR 1.166 million), fixed remuneration components of EUR 1.279 million (previous year: EUR 1.262 million) including benefits such as advances towards health- and pension insurance and the use of a company.

Christa Fuchs received surviving-dependents benefits of EUR 22 thousand from OHB System AG for the Management Board member Prof. Manfred Fuchs, who had passed away in 2014.

The total compensation paid to members of the Supervisory Board for 2020 came to EUR 95 thousand (previous year: EUR 89 thousand). Of this, the chairman of the Supervisory Board received EUR 30 thousand (previous year: EUR 29 thousand) and the other members of the Supervisory Board a total of EUR 65 thousand (previous year: EUR 60 thousand). Variable compensation components were dispensed with. Under a contract with the law firm Taylor Wessing, of which Robert Wethmar is a partner, fees of a total of EUR 0.228 million (previous year: EUR 0.288 million) were paid in consideration of advisory services provided for the benefit of Group companies.

Share-based payments

In 2018, 12,500 OHB SE shares were granted to a member of the Management Board for the years 2018 to 2021 as of April 1 of each year as part of his compensation. These shares were not tied to a specific price. If the Management Board member concerned resigns before the respective due date, he forfeits the right to receive the shares. The shares have a minimum holding period of two years after allocation. In the year under review, 25,000 shares were withdrawn from treasury stock. For the shares to be transferred in subsequent years, EUR 0.448 million (previous year: EUR 0.316 million) will be recognized in personnel expenses in the current year.

AUDITOR FEES AND SERVICES

In the period under review, the OHB Group recorded the following fees paid to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, the auditors of its financial statements:

- Audit of the consolidated and annual financial statements: EUR 0.292 million (previous year: EUR 0.261 million)
- Other services: EUR 10 thousand (previous year: EUR 75 thousand)
- Tax consulting services: EUR 36 thousand (previous year: EUR 0 thousand)

The tax consulting services relate to services in connection with the Transfer Pricing Directive.

EVENTS AFTER THE BALANCE SHEET DATE

None.

The consolidated financial statements were approved by the Management Board for publication following the Supervisory Board's meeting of March 16, 2021.

The Management Board

Bremen, March 16, 2021



Marco Fuchs



Klaus Hofmann



Kurt Melching



Dr. Lutz Bertling

RESPONSIBILITY STATEMENT

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

Bremen, March 16, 2021

The Management Board

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

INDEPENDENT AUDITOR'S REPORT

TO OHB SE, BREMEN

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

AUDIT OPINIONS

We have audited the consolidated financial statements of OHB SE, Bremen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of OHB SE which is combined with the management report of the Company for the financial year from January 1 to December 31, 2020. We have not audited the content of those parts of the Group management report listed in the "Other Information" section of our auditor's report in accordance with the German legal requirements.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not cover the content of those parts of the Group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- [1] Accounting of sales for construction contracts
- [2] Recoverability of goodwill and internally generated intangible assets with a definite useful life

Our presentation of these key audit matters has been structured in each case as follows:

- [1] Matter and issue
- [2] Audit approach and findings
- [3] Reference to further information

Hereinafter we present the key audit matters:

[1] Accounting of sales from construction contracts

[1] The revenues reported in OHB SE's consolidated financial statements as of December 31, 2020 are attributable in an amount of EUR 775.1 million to construction contracts for satellites and other development contracts, which are recognized over time in accordance with IFRS 15.

They are measured according to the percentage of completion on the reporting date. For this purpose, the percentage of completion is estimated by comparing the production costs that have arisen as of the reporting date with the total budgeted production costs. The underlying cost estimates and allocation of the costs incurred in orders to the revenues reported in the consolidated financial statements are based on discretionary judgments and assumptions made by the executive directors of the parent company.

Against this backdrop and in view of the underlying scope for discretionary judgments and estimates by the executive directors and the complexity involved in accounting for construction and development contracts this matter was of particular importance in our audit.

[2] In our audit, we assessed the processes and checks implemented by the Group for recording revenues from construction contracts for satellites and other development contracts in the light of the percentage of completion, taking due account of the fact that the complexity and the scope for discretionary judgments and assessments result in a heightened risk of accounting misstatements. We have also reviewed customer contracts, tracked the identification of independent service obligations, and assessed whether those services should be recognized over time or at a point in time.

Moreover, we examined the methods for calculating budgeted and actual costs. We also traced the consistency and continuity of the methods applied to calculate the costs incurred.

As well as this, we issued appropriate instructions to the auditors of subsidiaries of the Group to ensure sufficient, appropriate and consistent auditing activities in order to reasonably address the inherent risk in the audit of these matters.

We were duly satisfied that the executive directors' discretionary judgments and estimates underlying the recognition and measurement of revenues on the basis of the percentage of completion were documented adequately and justified in order to ensure proper recognition of sales revenues in accordance with IFRS 15.

[3] The Company's disclosures pertaining to the revenues from construction contracts for satellites and other development contracts can be found in Note 1 "Sales" of the consolidated financial statements.

[2] Recoverability of goodwill and internally generated intangible assets with a definite useful life

[1] In the consolidated financial statements of the Company a total amount of EUR 121.8 million (13,4% of consolidated total assets or 54.7% of equity) in goodwill and internally generated assets is reported under the balance sheet line item "Goodwill" and "Other intangible assets".

Goodwill is tested for impairment by the Company on an annual basis or if there are indications that goodwill may be impaired, and internally generated intangible assets with a definite useful life if there are indications that they may be impaired in order to determine a potential impairment loss.

The impairment test is performed on the level of those groups of cash-generating units, represented by the subsidiaries, to which the respective goodwill or the internally generated intangible assets is allocated.

As part of the impairment test, the carrying amount of the respective cash-generating units including goodwill or the internally generated intangible assets is compared against the corresponding recoverable amount.

In general, the recoverable amount is calculated on the basis of the value in use.

The basis for this calculation is usually the present value of future cash flows of the respective group of cash-generating units.

The present values are calculated using discounted cash flow models. Thereby, the approved medium-term planning of the Group serves as a starting point which is extrapolated on the basis of assumption about longterm growth rates. In doing so, expectations of future market

development and assumptions regarding the development of macroeconomic factors are considered. The discount rate used is the weighted average costs of capital for the respective group of cash-generating units. Impairments were not necessary in 2020.

The result of this measurement depends to a large extent on management's assessment of future cash inflows of the respective group of cash-generating units, the discount rate and growth rate applied as well as further management assumptions. Therefore it is subject to considerable uncertainty. Against this background and due to the complexity of the measurement, this matter was of particular importance during our audit.

[2] In the course of our audit, we, among other things, assessed the method used for performing the impairment test. After comparing the future cash inflows used in the calculation with the approved medium-term planning of the Group, we evaluated the appropriateness of the calculation especially through reconciliation with general and industry-specific market expectations. Supplementary adjustments to the medium-term planning for the purpose of the impairment test were assessed and discussed by us with the responsible employees of the Company. Furthermore, we also evaluated that the costs for Group functions were considered properly. With the knowledge that even relatively small changes in the discount rate applied can have material effects on the corporate value calculated in this way, we also focused our testing on the parameters used to determine the discount rate applied, and evaluated the measurement model. In order to take into account the forecast uncertainties, we assessed the sensitivity analyses performed by the Company.

Taking into consideration the information available, we found that the respective carrying amount of the cash-generating units including goodwill was sufficiently covered by discounted future cash flows.

We consider the measurement parameters and assumptions used by management to be in line with our expectations and to lie also within a range that we consider reasonable.

[3] The Company's disclosures pertaining to the impairment test as well as goodwill and internally generated intangible assets are contained in Note 12 "Goodwill and other intangible assets" of the consolidated financial statements.

OTHER INFORMATION

The legal representatives are responsible for other information. Other information includes the corporate governance statement in accordance with § 289f HGB and § 315d HGB, which we obtained prior to the date of this audit opinion.

The Other Information also includes the other parts of the Annual Report obtained by us prior to the date of this audit opinion – without further cross-references to external information – with the exception of the audited consolidated financial statements, the audited Group management report and our audit opinion.

The separate non-financial Group report pursuant to § 315b Abs. 3 HGB is expected to be made available to us after the date of the auditor's report.

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

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

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

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The Executive Directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the Executive Directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

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

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

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Executive Directors and the reasonableness of estimates made by the Executive Directors and related disclosures.
- Conclude on the appropriateness of the Executive Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to §315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Executive Directors in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also 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, the related safeguards.

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

REASONABLE ASSURANCE CONCLUSION

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the Group management report (hereinafter the "ESEF documents") contained in the attached electronic file OHB_SE_KA+LB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the Group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying Group management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

BASIS FOR THE REASONABLE ASSURANCE CONCLUSION

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the Group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b

HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE ADVISORY BOARD FOR THE ESEF DOCUMENTS

The Executive Directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the Group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the Executive Directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The Executive Directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's 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 [Bundesanzeiger].

The advisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited Group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as Group auditor by the annual general meeting on May 26, 2020. We were engaged by the Supervisory Board on September 22, 2020. We have been the Group auditor of the OHB SE, Bremen, without interruption since the financial year 2016.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation [long-form audit report].

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Thomas Ull.

Bremen, March 16, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

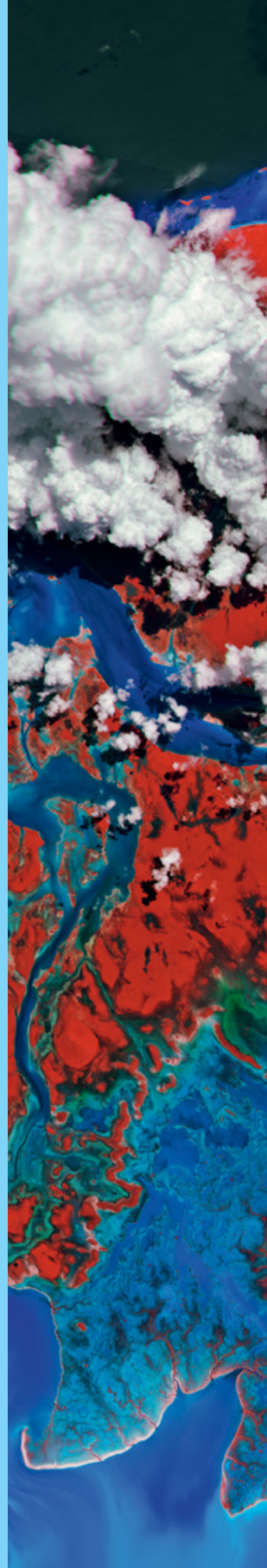
Dr. Thomas Ull
Wirtschaftsprüfer
(German Public Auditor)

ppa. Holger Schreiber
Wirtschaftsprüfer
(German Public Auditor)

SERVICE

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Andros Island (Bahamas): This picture was taken a few days after Hurricane Dorian passed over the Bahamas. The vegetation is highlighted in bright red. In response to the hurricane, the Copernicus Emergency Mapping Service was activated. The service uses observations from several Earth observation satellites, such as Copernicus Sentinel-1 and -2, to produce flood, risk and recovery maps.



GLOSSARY

AMC

Amortized Costs

ARIANE

Series of European launch vehicles for space launch use, developed on behalf of the European Space Agency ESA. Ariane 5 is currently used, Ariane 6 will be the follow-up from 2022 on.

ARTES

Advanced Research in Telecommunications Systems; Technology program initiated by ESA to support research and development in the area of telecommunication.

ARTES-21

ESA initiative that contributes to the space-based automatic identification system, or SAT-AIS. AIS is a short-range positioning system currently used on ships.

ASI

Agenzia Spaziale Italiana, national Italian Space Agency

AWI

Alfred-Wegener-Institut Helmholtz-Zentrum für Polar- und Meeresforschung is a research institute in Bremerhaven that studies the Arctic and Antarctic as well as the coasts and seas of temperate latitudes.

BAAINBW

Federal Office of Bundeswehr (German federal armed forces) Equipment, Information Technology and In-Service Support (formerly BWB German Federal Office of Defense Technology and Procurement)

COPERNICUS

An Earth observation program jointly established in 1998 by the European Commission and the European Space Agency ESA to create a powerful infrastructure for Earth observation and geo-information services.

COVENANT

Undertaking given by a borrower to the lending bank.

DAX

German bluechip share index, tracking the performance of the 30 largest shares listed on the Frankfurt stock exchange.

DLR

Deutsches Zentrum für Luft- und Raumfahrt e.V., national German Aerospace Center

EBIT

Earnings Before Interest and Taxes

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization

EBT

Earnings Before Taxes

EC

European Commission

EDRS

European Data Relay Satellite System; European data relay satellite system for the implementation of a space data network by means of optical satellite communication

EDRS-C

Dedicated satellite for the European Data Relay Satellite System

ELECTRA

Fully electrically powered satellite based on the SmallGEO platform

ENMAP

Environmental Mapping and Analysis Program; satellite for Earth observation in the hyperspectral range. This report has been prepared on behalf of the Space Administration unit of Deutsches Zentrum für Luft- und Raumfahrt e.V. (German Aerospace Center – DLR RFM) with funding from the German Federal Ministry of Economic Affairs and Energy (BMWi) under the code 50 EP 0801. The task was specified by DLR RFM. DLR RFM has not influenced the result of this report; the contractor bears sole responsibility for it.

EPS

Earnings Per Share

ESA

European Space Agency

EU

European Union

EUMETSAT

European organization for the use of meteorological satellites based in Darmstadt, Germany, which operates the Meteosat and MetOp weather satellites. It is an intergovernmental organization with currently 30 European member states

EXOMARS

Scientific mission by ESA and the Russian space agency Roscosmos to explore Mars – the goal is to search for former or even current life on the planet

EXOPLANETS

Planets are objects that are subject to the gravitational pull of a star and thus orbit it. Exoplanets or extrasolar planets are located outside our solar system and are thus not subject to the sun's gravitational pull.

FLAC

Financial Liabilities Measured at Amortized Cost

FOC *

The Full Operational Capability phase of the Galileo program is managed and fully funded by the European Union. The Commission and ESA have signed a delegation agreement by which ESA acts as design and procurement agent on behalf of the Commission. The views expressed here can in no way be taken to reflect the official opinion of the European Union and/or ESA. "Galileo" is a trademark subject to OHIM application number 002742237 by EU and ESA.

FVOCI

Fair Value through Other Comprehensive Income

FVPL

Fair Value through Profit or Loss

GALILEO

European global satellite-based navigation system

GEO

Geostationary orbit; circular orbit 35,786 kilometer (22,236 miles) above the Earth's equator and following the direction of the Earth's rotation

HEINRICH HERTZ

SmallGEO-based satellite mission to study new communication technologies in space

HGB

German Commercial Code

HISPASAT 36W-1

Formerly Hispasat Advanced Generation 1; communications satellite for the Spanish satellite operator Hispasat

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

ISS

International Space Station; it is a cooperation project of different space nations and serves the exploration of the Earth and the space, in addition, the international understanding. The ISS has been permanently inhabited since November 2, 2000.

MTG

Meteosat Third Generation; program for the development, construction and launch of third-generation European weather satellites.

NASA

National Aeronautics and Space Administration; national space agency of the United States of America

NSIDC

National Snow and Ice Data Center; United States information and advisory center in support of polar and cryospheric research

PAYLOAD

The payload is the mass transported on the satellite that is necessary to achieve the actual mission objective.

PERCENTAGE OF COMPLETION METHOD

Accounting method under which revenues are allocated to a specific reporting period on the basis of the progress made on the completion of the contract in question.

R+D

Research and development

ROI

Return on Investment; the profit from an activity for a particular period compared with the amount invested in it.

SAR-LUPE

Synthetic Aperture Radar-Lupe; System of small satellites with a method for increasing the quality of radar images.

SENTINEL

Name of the satellites of the Copernicus program of ESA and the European Commission.

SMALLGEO

Versatile geostationary satellite platform developed by OHB System AG as part of ESA's ARTES (Advanced Research in Telecommunications Systems) program, which can be tailored to various mission objectives such as telecommunications, Earth observation and technology testing.

TECDAX

German stock index, that tracks the performance of the 30 largest German companies from the technology sector in terms of order book turnover and market capitalization.

USD

US Dollar

VEGA

European four-stage launch vehicle for small satellites, developed on behalf of the European Space Agency ESA since 1998; it successfully completed its maiden flight in 2012. It is the smallest European launcher and will launch 1.5 tonnes into circular polar orbit.

IMPRINT

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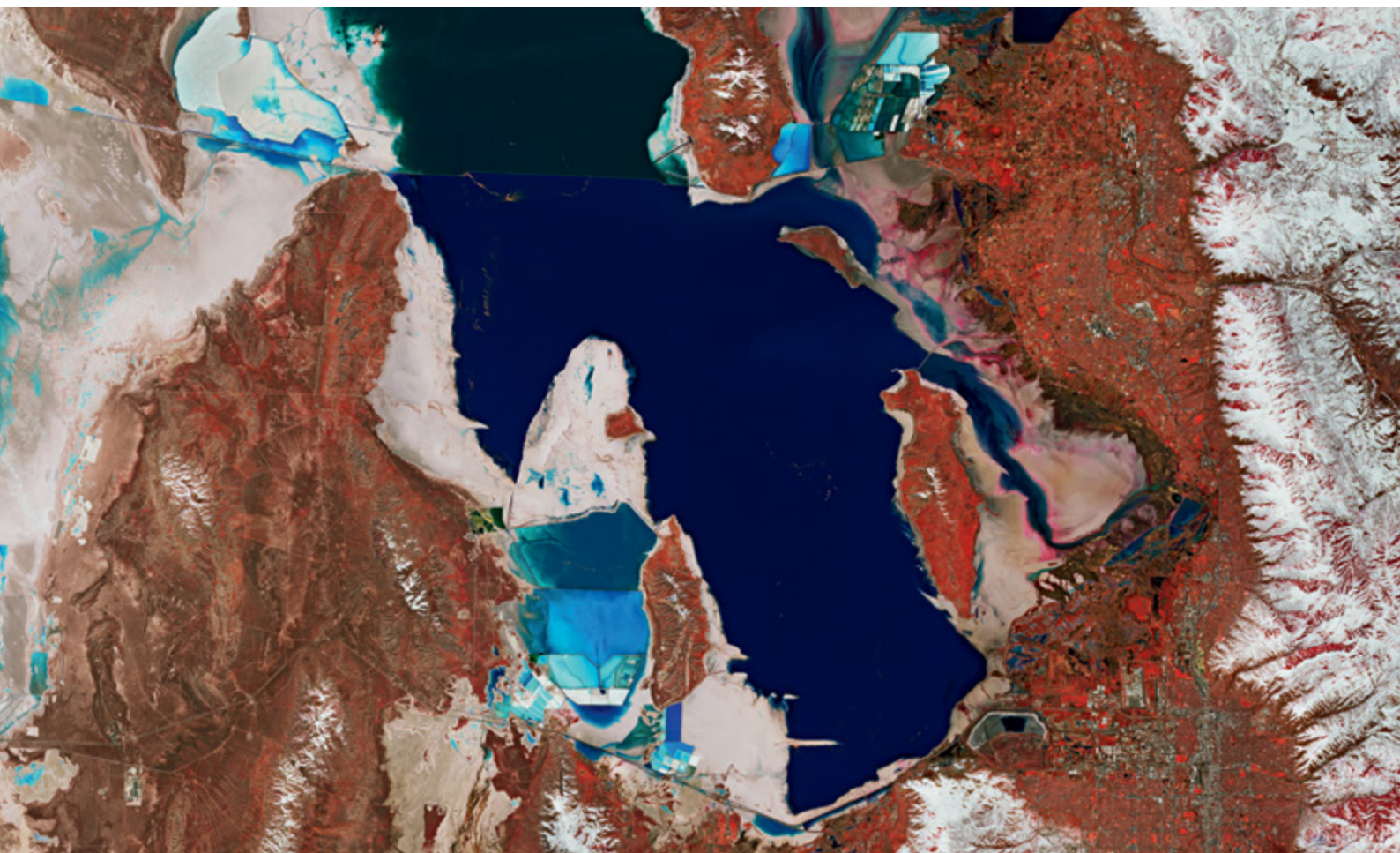
Back cover: Tromsø (Norway) is shown on this Copernicus Sentinel-2 image in the upper part of the picture. The city is located on the island Tromsøya. From here, the German research icebreaker Polarstern set off on the Arctic MOSAiC (Multidisciplinary Drifting Observatory for the Study of Arctic Climate) expedition in September 2019, to study the Arctic as the epicenter of global warming and to gain fundamental understanding of global climate change.


FINANCIAL CALENDAR 2021

**(EVENTS ARE PLANNED IN VIRTUAL FORM,
UNLESS OTHERWISE INDICATED)**

Consolidated financial statements 2020, press conference and DVFA analysts' conference	March 17, 2021
3-months report/webcast with analysts	May 11, 2021
Annual general meeting	May 26, 2021
6-months report/webcast with analysts	August 11, 2021
Commerzbank conference, Frankfurt/Main	September 1–2, 2021
9-months report/webcast with analysts	November 10, 2021
German Equity Forum	November 22–24, 2021

This image from a Sentinel-2 mission shows the Great Salt Lake in Utah (USA) and was processed using the near-infrared channel, which makes the vegetation appear in red, rocks and soil in brown. The size of the lake varies greatly, the northern and southern halves are separated by a dam. The mission's frequent overflights of the same area and high spatial resolution allow to observe changes in inland waters in detail.





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