DEUFOL

REMOVING LIMITS.

ANNUAL REPORT 2021

Overview of the Deufol Group

Figures in € m	2021	2020	± (%)
Results of operations			
Total sales	243.0	213.9	13.6 %
Germany	163.3	140.3	16.4 %
Rest of the World	79.7	73.6	8.2 %
Ratio of foreign sales (%)	32.8 %	34.4 %	−4.8 %
EBITDA	27.5	29.0	−5.2 %
EBIT(A)	6.3	6.3	0.0 %
EBT	2.9	3.3	−12.1 %
Income tax income (expenses)	−1.0	−2.4	−58.3 %
Result for the period	1.9	0.9	111.1 %
thereof noncontrolling interests	0.6	−0.2	−400.0 %
thereof shareholders of the parent company	1.3	1.1	18.2 %
Earnings per share – EPS (€)	0.030	0.026	15.4 %
Assets structure			
Noncurrent assets	195.3	192.7	1.3 %
Current assets	65.1	74.2	−12.3 %
Balance sheet total	260.4	266.9	−2.4 %
Equity	115.8	113.3	2.2 %
Liabilities	144.6	153.6	−5.9 %
Equity ratio (%)	44.5 %	42.4 %	5.0 %
Net financial liabilities	80.6	71.3	13.0 %
Cash flow/investments			
Cash flow from operating activities	12.5	25.4	−50.8 %
Cash flow from investing activities	−7.4	−5.7	29.8 %
Cash flow from financing activities	−22.9	−19.2	19.3 %
Investments in property, plant and equipment	30.4	32.4	−6.2 %
Employees			
Employees (average)	2,021	2,029	−0.4 %
Personnel costs	−85.5	−80.1	6.7 %

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WE ENABLE PEOPLE TO GIVE OF THEIR VERY BEST.

As supply chain experts, we ensure full integration so that supply chains function seamlessly – from packaging solutions via services to infrastructure. The common element is people working closely together. That is why we enable our more than 2,000 employees worldwide to give of their very best every single day – from the shop floor to our management. Their diversity, their desire for change and their shared values are sources of strength for us. We think long-term and we benefit from trusting regular communication with one another and mutual respect. Every day, our customers rely on our clearly defined areas of responsibility and our rapid decision-making.

Over 2,000
MOTIVATED
EMPLOYEES

Further information
is available here!

Foreword by the Managing Directors

Global Sustainability: Deufol Surpasses Itself

Dear shareholders and business partners,
Dear colleagues,

Our strategy is based on four core competences and places our customers at the heart of everything we do. Our sales activities and our entire organizational structure are tailored to their needs. Each individual customer thus benefits from added value, innovation and sustainability. Our goal is to increase our sales by 5 % every year by means of organic growth within the market which we focus on. We thus also intend to already compensate in 2022 for the loss of sales as a result of the business areas which we sold off for strategic reasons in 2021, and to substantially strengthen our income.

Our core segments which we established in 2020 are performing strongly, in line with expectations. From the point of view of growth, in 2022 we will continue to rely on these four areas of expertise which pool our know-how in a targeted fashion.

- **Continuously improved packaging and logistics services:** tailored packaging and service solutions for industrial customers are our key competence.
- **Sustainable packaging solutions:** we design, optimize, standardize and produce packaging solutions – crates, bottoms, pallets as well as alternative packaging materials – and sell these.
- **Integrated IT platform and services:** we support our customers throughout their supply chains thanks to efficient, proprietary IT tools, services and data transparency.
- **Infrastructure and hub network:** strategic infrastructure at bi- or tri-modal transport hubs ensures efficient consolidation.

> "Our customers benefit from the optimization and consolidation of international flows of goods."

Income at Same Level as in Previous Year – Thanks to Optimization and Standardization

We were faced with a challenging economic environment in 2021. Industry recovered slightly, but was not yet able to reach the level seen in 2019. Exports picked up somewhat worldwide, but the COVID-19 pandemic continued to influence the global economy, with its integrated flows of goods. All of this had an adverse impact on planning security and day-to-day business operations. As an industrial and export-oriented economy, Germany, our home market, was, and is, particularly strongly affected by the disruptions to global supply chains.

We were also faced with a raw materials crisis, and this crisis is still with us: prices of wood – an important packaging material – have picked up strongly. The fluctuating level of availability of raw materials and the rising inflation trend are challenges which we contend with every day: the expenses associated with raw materials and other materials increased strongly in 2021. This influenced our stock management and also resulted in a significant increase in our working capital.

Despite all of this, in this difficult environment we nonetheless almost matched our pre-crisis sales volume. We have embarked upon a long-term sales campaign in order to get back on track for growth: we have placed our sales organization on a broader footing in our various markets. We have also expanded our core competences: packaging and related services for industry, the ongoing development of our digital services and our hub strategy as well as solutions to make our customers' supply chains more competitive and also more sustainable.

Our acquisition of a terminal at the port of Hamburg in 2021 and its integration in our hub infrastructure network is a good example of our location optimization activities. Our customers' acceptance of this new Deufol seaport hub has surpassed our expectations, and so too has the added value which it provides. This also reflects the fact that we completed the process of integrating this hub faster than we had planned. We would therefore like to expressly thank all of our Deufol employees in Hamburg and, above all, the tremendous work done by the former Wallmann workforce, who are already part of our Deufol family.

Thanks to the continuous optimization and standardization of our packaging designs and the related decrease in the volume of raw materials required for packaging solutions, we were able to hold in check raw materials prices which had in some cases increased strongly – this benefited our customers as well as the profitability of the Deufol Group.

Despite the raw materials crisis, we maintained the same level of income as in the previous year – thanks to the optimization and standardization of our business activities which we had already initiated.

"

The strategy which we have adopted is increasingly paying off."

In 2022, We Will Benefit from Our Focus on Core Competences

The tense economic environment has improved slightly, despite the continuing COVID-19 pandemic. However, it continues to fall short of expectations and is weaker than its pre-crisis level. This is attributable to supply bottlenecks and inflation as well as supply chains disrupted by fresh mutations of the virus and new waves of infection. Rising raw materials prices and inflation risks also make it difficult to provide reliable predictions.

Russia's tragic invasion of Ukraine, in violation of international law, will also have an impact on the world economy. Already high gas prices will continue to rise and will further fuel inflation. In addition, the trade sanctions which have already been imposed and those yet to come are likely to dampen the economic outlook and thus have a significant effect on the global availability of raw materials and also on exports.

Despite this difficult environment, we aim to achieve a sales volume of between € 220 million and € 250 million in 2022. Growth will thus enable us to make up for the sales losses resulting from our strategic selloff of business areas outside our core area of competence. In the future, we aim to achieve annual sales growth in our core markets of 5 %. We expect to achieve an EBIT figure for the current year of between € 7 million and € 11 million and thus envisage an improvement on 2021. **The outlook for the future: our adopted sales strategy is increasingly paying off – and we are now aiming to achieve scalable growth through our chosen focus.**

We also have an optimistic view of the future on account of the new customers who we have gained in the USA in the field of component manufacturing for electric vehicles. Thanks to strategic partners and major customers, we have generated additional business which we will likewise benefit from in 2022. We have safeguarded long-term business relationships by means of long-term contracts.

We aim to secure further market shares by further strengthening and expanding our sales-oriented regional market organizations. We will thus increase the real net output ratio for our strategic partners.

"Our goal is scalable growth and sustainable profitability."

On Track for Sustainable Growth

We are encouraged by our performance in the past fiscal year 2021. Thanks to its rigorously pursued strategy, the Deufol Group is well prepared to face future challenges. It has now completed its phase of "Focusing on core business activities". **2022 will be the first year in which the entire management team is able to devote its attention to expanding and growing Deufol's core business.**

Our solutions provide increased added value and promote sustainability. From packaging via services to IT tools and digitally integrated infrastructure: we offer our clients competitive advantages which we are continuously consolidating together with our strategic partners and major customers.

We have a clear vision of our goals: organic, scalable growth and a long-term increase in our profitability. In terms of our sales strategy, we are continuing to focus on a broad-based expansion of our sales organization, in order to set out on a sustainable and long-term growth trajectory. This strategy includes the close involvement of our entire workforce.

In summary: Deufol is on the right track. However, this is only possible thanks to the outstanding performance of the entire Deufol organization and its employees who give of their very best every single day. We would like to extend our heartfelt thanks to them and also to our shareholders, customers and business partners.






(From left to right:) Dennis Hübner (CEO), Ebrahem Al Kadari, Jürgen Hillen, Detlef W. Hübner, Marc Hübner, Jürgen Schmid

Yours sincerely,

The Managing Directors
Dennis Hübner, Ebrahem Al Kadari, Jürgen Hillen, Detlef W. Hübner, Marc Hübner, Jürgen Schmid

Report of the Administrative Board

In the following report, the Administrative Board provides notice of its key activities in fiscal year 2021. Deufol SE is managed by its Administrative Board ("one-tier system"), which determines the basic profile of its activities and monitors their implementation by the managing directors. The key areas of the Administrative Board's management, supervisory and advisory activities, the audit of the annual and consolidated financial statements, relationships with associates and changes to the executive bodies are commented on below.

The Administrative Board has performed the duties assigned to it by law as well as the Articles of Association and the by-laws. It has managed the Company, determined the basic profile of its activities and monitored their implementation by the managing directors. The Administrative Board was directly involved in all decisions of fundamental importance for the Company. This is based in particular on a detailed catalog of transactions requiring the prior approval of the Administrative Board, which is contained in the by-laws for the managing directors.

During the reporting period, the managing directors informed the Administrative Board, both verbally and in writing, of all relevant issues concerning the Company's position and material business transactions. The Administrative Board received a monthly report consisting of a current income statement, balance sheet and cash flow statement for the Group as well as overviews of the development of sales, operating results and other indicators for the individual subsidiaries together with target/actual comparisons and corresponding prior-period figures. The Administrative Board regularly submitted questions to the managing directors on the basis of these data, which the managing directors then answered accordingly.

The Administrative Board received up-to-date reports on the course of business and any particularly noteworthy matters. There was frequently a comprehensive exchange of opinions between the Administrative Board and the managing directors on these issues. In addition, the members of the Administrative Board maintain regular verbal and written contact with the managing directors.

Meetings of the Administrative Board

The Administrative Board considered the reports of the managing directors and other decision papers in a total of five meetings and also in frequent electronic and telephone conversations and discussed them in detail with the managing directors. At its June meeting, the Administrative Board reconstituted itself on the basis of a corresponding resolution passed by the Annual General Meeting. All of the elected members accepted their election. They elected Mr. Detlef W. Hübner as the chairman of the Administrative Board and Mr. Helmut Olivier as the deputy chairman of the Administrative Board.

In 41 cases, resolutions were adopted outside meetings. These urgent decisions, that could not be delayed until a regular Administrative Board meeting, were preceded by an in-depth exchange of information by e-mail and/or by telephone. At one out of the five meetings held, one Administrative Board member excused himself from attending. Otherwise, all of the members of the Administrative Board attended all of its meetings.

Key Topics of Discussion

In the period under review, Deufol's current sales and results of operations in its individual business segments were a strategic priority for the Administrative Board's discussions with the managing directors, with a particular focus on Deufol's business activities in Germany, Hungary, Austria and the Czech Republic as well as its business development in these countries. Discussions focused on the restructuring and optimization of the Group's Austrian and Czech subsidiaries in particular. The Administrative Board also regularly discussed the acquisition, financing and integration of the Wallmann Group. The disposal of the Group's logistics business and the integration of its Italian industrial packaging segment in Deufol Süd GmbH were also regularly discussed in detail. The Administrative Board also regularly discussed how to respond to the rising raw materials prices, the optimization of the Group's working capital and the development of its financing structure and possible changes to it.

As in previous years, the Administrative Board also discussed the action for damages against the Company's former Executive Board members Andreas Bargende and Tammo Fey as well as other persons.

Audit of the Single-Entity and Consolidated Financial Statements

In accordance with the resolution passed by the Annual General Meeting on June 29, 2021 and the subsequent audit engagement issued by the Administrative Board, the annual financial statements for the fiscal year from January 1 to December 31, 2021 prepared by the managing directors in accordance with the German Commercial Code (HGB) and the management report of Deufol SE were audited by Votum AG, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The auditor issued an unqualified audit opinion.

The consolidated financial statements of Deufol SE were prepared in accordance with the International Financial Reporting Standards as stipulated by section 315 e of the German Commercial Code. The auditor issued the consolidated financial statements and the Group management report with an unqualified audit opinion.

All documents relating to the annual financial statements, including the management report and Group management report, the managing directors' proposal for the appropriation of net profit and the audit reports issued by the auditor, were presented to the Administrative Board. The Administrative Board examined these documents and discussed them in the presence of the auditors. The Administrative Board concurred with the results of the audit and, based on the results of its own examination, did not raise any objections. On April 28, 2022, the Administrative Board endorsed the annual financial statements of Deufol SE for 2021 and the consolidated financial statements. The annual financial statements have thus been approved. The Administrative Board also approved the managing directors' proposal for the appropriation of net profit.

The managing directors have also compiled a report regarding the Company’s relationships with associates and presented this to the Administrative Board together with the audit report produced by the auditor. The auditor has issued the following audit opinion for the report:
“In accordance with our due audit and assessment, we confirm that
1. the factual information in the report is correct,
2. for the legal transactions stated in the report the Company’s performance was not inappropriately high or disadvantages were balanced out,
3. in respect of the measures stated in the report, there are no factors suggesting an assessment significantly different from that of the managing directors.”

Within the framework of its own audits of the report regarding the Company’s relationships with associates, the Administrative Board has determined that no objections are applicable and agrees with the auditors’ findings.

Administrative Board

Pursuant to the resolution passed by the Annual General Meeting held on June 29, 2021, the Administrative Board was appointed for a two-year term. All of the current Administrative Board members were reappointed. The members of the Administrative Board subsequently elected Mr. Detlef W. Hübner as the chairman and Mr. Helmut Olivier as the deputy chairman of the Administrative Board. The by-laws of the Administrative Board remain applicable as before.

Hofheim, April 28, 2022

For the Administrative Board
Detlef W. Hübner
Chairman

SUSTAINABLE PRODUCTS SET INDUSTRY STAN-DARDS.

The demands made of sustainable packaging solutions are ever more stringent from one year to the next. We are continuously optimizing our product standards – through carbon-neutral materials, by reducing the volume of materials we use and by means of reusable systems. We are committed to wood, a renewable resource. Ultimately, our efficiency and innovative capacity also reflect our decades of industrial goods experience. Our goal is to avoid waste, but without any loss of functionality, design or quality. We thus help our customers to achieve a greater level of sustainability in their value chains.

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YEARS OF VALUABLE **EXPERIENCE**

Further information is available here!

Operational Principles of the Group

Organizational Structure and Business Fields

Structure of the Deufol Group

The Deufol Group (together with its key subsidiaries and investments) is a global premium service provider in the field of packaging and related services. Deufol SE is the Group's parent company and is seated in Hofheim am Taunus. It has direct or indirect interests in key Group companies which handle operating business in the individual countries. Overall, on the balance sheet date 45 direct and indirect subsidiaries were included in the consolidated group of Deufol SE. Of these companies, 19 were seated in Germany and 26 were domiciled in other countries. Please see the "Facts & Figures" chapter on page ▶ 118 for a summary of our operationally active investments and their corporate structure.

Organization and Management

Deufol SE operates as a European company (Societas Europaea, SE). Deufol SE has a one-tier management system and its Administrative Board acts as a uniform management body. The Company's managing directors handle its business in accordance with prevailing law, the Articles of Association, the by-laws for the managing directors and the guidance of the Administrative Board, by fulfilling the basic tasks and instructions specified by the Administrative Board.

As a management holding company, Deufol SE does not have any client business and instead mainly handles management and control tasks. These include defining and developing strategic business fields, acquiring strategic customers and partners, appointments to management positions and control of the flow of capital and liquidity within the Group.

The managing directors and site managers are responsible for on-site management of operational processes, with due consideration of regional specifics. Management is in the form of annual budget planning based on individual target agreements in line with the Company's strategic orientation as well as regular discussions and monthly performance meetings. In addition, internal corporate governance guidelines specify consent requirements for specific types of transactions, e.g. investment schemes exceeding a specific volume.

As a globally oriented premium service provider in the field of packaging and related services, Deufol offers its clients who operate worldwide holistic solutions which support their service portfolios. Deufol is constantly expanding its portfolio of services to include additional services as well as proprietary software solutions which embed the packaging process within an intelligent package of services. Our services are divided up in terms of the following four service areas:

- Packaging and Logistics
- Production
- IT Services
- Real Estate

Packaging and Logistics

The Packaging and Logistics service area remains our core area of competence and thus encompasses all industrial and export goods packaging activities. Our expertise includes all materials and options for the construction of individual packaging for unique products. We also offer specialist logistics advice and analyze and optimize our customers' processes, so that potential time, materials and cost savings can be identified and utilized. In addition, we offer warehousing services and are expanding into in-house logistics and on-site material management for our customers. Our offering is rounded off with adjacent services such as goods storage, disassembly and reassembly of industrial facilities and large-scale machinery as well as project orders. We thus provide our customers with an all-round service in relation to the packaging and logistics process: planning, implementation and follow-up – individually coordinated, integrated and optimized.

Production

In our Production service area, we also draw upon the long-term know-how which we have established through our core business for the manufacturing and distribution of optimized packaging materials. Our experience covers a wide range of packaging designs, prototype construction and assembly as well as the automated production of packaging. As well as the ongoing development of individual packaging solutions, we also develop packaging standards which help to reduce costs and improve product sustainability. We utilize individual and series production in this service area, in order to achieve optimum results for our customers within the scope of the packaging process and for sales to third parties. Ultimately, we thus pursue three different objectives: seamless processes, reduced unit and process costs and the sustainable use of raw materials, while conserving resources.

IT Services

Complex supply chains require careful planning and continuous monitoring. We are familiar with the challenges associated with the supply chain and develop the most efficient and most secure solution for our customers. Proprietary IT tools enable us to analyze complex customer processes and to eliminate any waste. Environmental data are monitored by means of our connected pack control tracker, to ensure that packaged merchandise remains in good condition throughout the transportation process. We also make use of IT solutions such as our high-quality CAD crate design system in order to realize potential cost savings within the scope of the packaging process. We thus optimize the entire value chain – from the packaging solution to the merchandise's destination.

Real Estate

Our success hinges on proximity to our industrial customers and their products, since packaging solutions are required directly on site. Our Real Estate service area enables optimal use of our locations and properties. By pooling complex Company-specific real estate activities, we ensure cost advantages and optimal utilization of our locations within the scope of our real estate portfolio. By maintaining our own real estate at strategic locations such as ports and other logistics hubs as well as central production locations, we ensure the long-term optimization of logistics routes as well as investments in modern production plants.

Locations of the Deufol Group

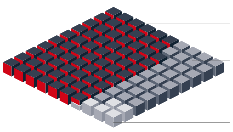
Globally Positioned with Locations in Fourteen Countries

In connection with the business activities of the Deufol Group, the terms “location” and “sales market” are more or less synonymous. As a service provider, we mainly provide our services on a customer- and project-specific basis; as a rule, sales occur where the service is provided.

In Germany, as of December 31, 2021 we had 48 locations which account for a total of 67.2 % of Group sales. The Rest of Europe – which represents around 27.1 % of the Group’s business – comprises 30 operational facilities in Belgium, France, Italy, Austria, the Czech Republic, Slovakia, Hungary and Poland. We also offer our services in the Netherlands, thanks to a partnership. We expanded our activities in Poland in 2021. In late 2021, we sold off our warehousing activities in Italy, in order to focus on our industrial goods services.

External sales by region

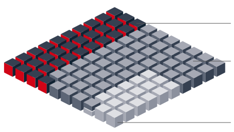
Figures in € m



163.3	Germany
65.8	Rest of Europe
13.9	USA/Rest of the World

Assets by region

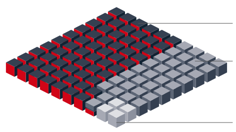
Figures in € m



79.9	Germany
134.6	Rest of Europe
46.0	USA/Rest of the World

Employees by region

Deufol Group as of the reporting date



1,255	Germany
674	Rest of Europe
80	USA/Rest of the World

However, we continue to offer packaging and related services in Italy and are now operating there via the branch of a German subsidiary. With this focus in Italy, we are now seeking to expand our core business in Italy.

We have a total of seven locations in the USA/Rest of the World, which contribute approx. 5.7 % of sales. Our business in the USA spans a total of four locations. In Asia, we are present in Singapore as the Deufol Group and also offer services in the People's Republic of China, through a joint venture partner in Yantai and a franchise solution in Suzhou. Please see below for further information on the Deufol Group's geographical presence.

Europe

Number of locations

Germany	48
Rest of Europe	30
USA/Rest of the World	7

Region-Oriented Segment Structure Notes 39, 40

The management and reporting structure of Deufol SE is based on the following geographical regions which are summarized for management purposes:

- Germany
- Rest of Europe
- USA/Rest of the World

Competitive Situation

High Level of Customer Loyalty, Varying Levels of Competition

The Deufol Group provides its services in a range of different competitive scenarios through its presence in various regions. In 2021, the competitive environment was also shaped in a range of different ways by the coronavirus pandemic as well as the upheavals affecting the (key) raw materials markets, together with customers' supply chains and those for raw materials.

In the field of packaging, the Deufol Group has clearly benefited from its strong market position in Germany and Europe as well as our high level of customer loyalty. We exploited economies of scale in order to retain customers in the fragmented market. We were also able to maintain long-term supplier relationships and thus safeguard our supply of raw materials in a context of general supply bottlenecks on the market. The Deufol Group was also able to exploit its market position in order to slightly curb the substantial increases in raw materials prices and thus establish a differentiating factor on the market for its customers, in terms of the necessary materials price increases and also the security of supply. What was a difficult economic situation for the packaging industry in this context clearly left its mark on Deufol's competitors.

For warehouse logistics, in particular, the intensity of competition varies since in-house outsourcing divisions are generally subject to a lower degree of competition due to their close relationship with customers. Where warehouse logistics is provided in so-called "multi-user structures", i.e. with multiple customers at a single warehouse, the Deufol Group does business in a highly competitive environment. Customer-specific additional services are offered to ensure the Group's future success in this area.

Research and Development

No Conventional Research Expenditure

A service provider such as the Deufol Group does not have any conventional R&D expenditure. Instead, we constantly develop new products, innovative services and IT solutions for increased process efficiency, while preparing new projects or through close cooperation with our customers. For instance, in previous years we successfully introduced to the market our new standard pallet and standard crate system "Deufol ConPAL/DS-BOX". This system provides our customers with increased flexibility and a faster supply system. In 2021, we further optimized our crate designs and devoted a great deal of energy to increasing the proportion of our range accounted for by standard products, by expanding our offering of such solutions.

Increased Sustainability Thanks to Optimization of Deufol's Range of Products and Services

Sustainability is a key element of our business activities. For this reason, for many years now as part of our "Go Green" initiative we have been fine-tuning our service and product portfolio in order to improve the packaging materials used from this point of view. We are thus continuing to expand the use of the solutions which we have developed, to enable packaging components to be used multiple times, and we are reducing the frequency of pest infestation in wood packaging by developing packaging designs based on modern composite materials with an increased non-wood proportion. With this goal in mind, we are also continuously seeking out further areas of use for this packaging. At the same time, we are optimizing our production processes, so that we will be able to continuously reduce the volume of resources required in order to manufacture these new packaging designs. Finally, we are also seeking alternative materials for use in the packaging process, to protect the packaged products and their lashings. For this purpose, particularly in the area of product protection we developed solutions involving the use of alternative foils in 2021. We are also continuously optimizing our packaging designs, in order to reduce the quantity of packaging material used, minimize the waste arising during the packaging production process and increase the sustainable recycling of this waste.

Report on the Economic Environment

Economic Outline Conditions

The Continuing Coronavirus Pandemic Dampens the Economic Recovery

Following the huge downturn in the previous year, in 2021 the world economy continued to be strongly shaped by the ongoing global pandemic. While the recovery which unfolded over the course of the year was less pronounced than had been hoped for, 2021 clearly marked a move away from the all-time lows seen in the previous year, 2020.

According to the International Monetary Fund (IMF), global gross domestic product (GDP) increased by 5.9 % in the past fiscal year relative to 2020. This trend was attributable to the developing countries China and India especially, each of which achieved a growth rate in excess of 8.0 %. However, the 5.0 % growth rate registered by the Group of Seven (G7) industrialized nations also represented a strong increase in relative terms, compared to the decline of –4.5 % in the previous year.

Despite the progress made with vaccination campaigns and the related global efforts to enable a return to normal public life, broad waves of infection once again occurred at various times during the second half of the year especially. In addition, further economic disruptions resulted on account of new pandemic-related restrictions, due to risks associated with new variants of the virus, hesitant consumer behavior and supply bottlenecks affecting international supply chains, together with significant fluctuations in raw materials and energy prices.

These pandemic symptoms caused global inflationary pressure to pick up. This is compelling the central banks to reassess their package of measures designed to buoy economic activity through loose monetary policy and instead focus on combating the financial risks posed by inflation. Accordingly, the first central banks announced a cautious reduction of their bond purchasing programs and a move away from their zero interest-rate policies. Toward the end of 2021, inflation rose in the G7 group of countries – mainly due to energy components – and reached 4.8 %, its highest level in several decades.

The Pandemic and Raw Materials Prices Curb the Eurozone's Recovery

While in the previous year the European economy was probably the worst affected by the pandemic in international terms, it embarked upon a recovery in 2021. However, the global challenges associated with the waves of the pandemic and the raw materials and supply chain crises had a significant impact here and curbed this recovery. Over the year 2021 as a whole, the European economy achieved a recovery characterized by a 5.3 % increase in GDP by comparison with the crisis-dominated previous year. Europe's key economies registered solid growth rates, with the exception of Germany (2.9 %). France registered the strongest level of growth (7.0 %), ahead of Italy (6.6 %) and Belgium (6.1 %).

Despite the pandemic-related restrictions which remained in place over the year, unemployment in the Eurozone rose slightly, by 0.3 percentage points to 7.7 %. Italy was an exceptional case among Europe's major economies, with a slight rise of 0.3 percentage points to 9.6 %. As in the previous year, Spain and Greece had the highest rates of unemployment (14.8 %).

Germany: Recovery Falters in the Second Half of the Year

The German economy likewise recovered in 2021 from its unprecedented downturn in the previous year. The year started out with lockdown restrictions which continued up to Easter. The pandemic situation subsequently eased due to lower infection rates, thanks to the warmer temperatures and the start of the country's vaccination campaign. The increasingly buoyant level of economic activity over the summer initially pointed to a strong recovery. However, this trend once again slowed in the fall. Gross domestic product thus rose by 2.6 % in the year under review. This represents an improvement of 4.6 percentage points relative to the unprecedented decline in the previous year.

The past year posed a wide range of challenges at a macroeconomic level. In the first half of the year, industry already suffered from supply chain problems and supply bottlenecks. Manufacturing industry suffered extensive production problems on account of basic primary products. It was particularly badly affected by the lack of electronic components which are mainly imported from the Far East. In addition, prices of key raw materials and construction materials (such as wood and steel) and energy prices picked up very strongly and thus generated additional pressure for an already tense world market situation. Over the course of the year, these trends resulted in restrictive corporate investments as well as a significant rise in inflation. In Germany, in the final quarter of the year this reached the peak levels last seen during the country's reunification boom.

A stabilization trend also materialized on the labor market in 2021. According to the German Federal Statistical Office, the services sector in particular is responsible for the consolidation on the labor market, while the employment rate in industry (and in the manufacturing sector especially) continued to decline.

Tax revenues in the year under review exceeded their pre-crisis level. This is attributable to the return to the original tax rates for value-added tax as well as the improvement in opportunities for consumption. In addition, revenues from tax on profits picked up strongly. This represents a direct response to the 2008–2009 economic and financial crisis. Since government spending remained higher than normal due to the financial assistance and subsidies provided, the overall fiscal balance amounted to – € 132.5 billion.

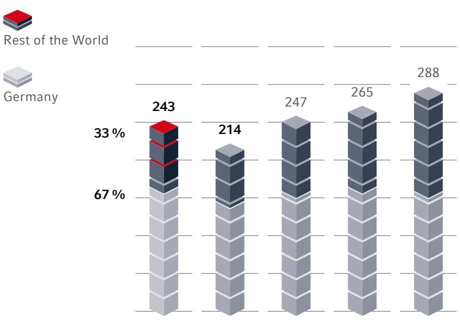
Results of Operations

Increase in Sales Notes 01, 41, 42

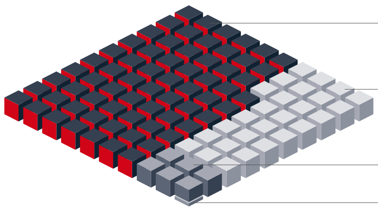
In the macroeconomic environment outlined above, which was mainly characterized by pandemic-related supply bottlenecks together with rising raw materials prices, sales amounted to € 243.0 million in the period under review and thus rose by 13.6 % (previous year: € 213.9 million). This sales growth is attributable to factors including the price rises on raw materials markets as well as the related increase in prices for Deufol's customers.

Sales

Figures in € m | 2021 | 2020 | 2019 | 2018 | 2017



Consolidated sales by segment



Figures in € m		2021	2020
67.1 %	Germany	163.1	140.1
27.1 %	Rest of Europe	65.8	57.5
5.7 %	USA/Rest of the World	13.9	16.1
0.1 %	Holding	0.2	0.1
100.0 %	Total	**243.0**	213.9

We have thus exceeded our planning targets published in our Annual Financial Report 2020, which had envisaged sales in a range of between € 200 million and € 230 million.

Adjusted for the changes to the consolidated group which resulted in sales of € 7.0 million in 2021, Group sales have risen by 10.3 %. Adjusted for the depreciation of the US dollar against the euro by an average of around 3.6 %, which resulted in a € 0.5 million decrease in sales, the volume of sales adjusted for currency effects has increased by 13.8 %. Deufol's overall operating performance amounted to € 250.6 million (previous year: € 227.7 million).

Consolidated sales by service

Figures in € m	2021	2020
Packaging and Logistics	227.0	198.9
Share (%)	93.4	93.0
Production	13.9	12.0
Share (%)	5.7	5.7
IT Services	0.2	0.0
Share (%)	0.1	0.0
Real Estate	1.9	2.0
Share (%)	0.8	1.0
Holding	0.0	1.0
Share (%)	0.0	0.3
Total	**243.0**	213.9

Germany Maintains Growing Importance for Deufol's Business Note 40

In the past year, Germany reinforced its role as the Deufol Group's most important sales market. With a sales volume of € 163.1 million (previous year: € 140.1 million) in the past fiscal year, it contributed 67.1 % (previous year: 65.5 %) to Group sales. The absolute increase in sales in this segment reflects the recovery following the pandemic year 2020 as well as the passed-on price increases on the raw materials markets.

The Rest of Europe segment provided 27.1 % (previous year: 26.9 %) of Group sales, with a sales volume of € 65.8 million (previous year: € 57.5 million) in the reporting period. The absolute increase in sales in this segment reflects the recovery, following the previous year which had been affected by the pandemic.

In the USA/Rest of the World segment, sales fell to € 13.9 million (previous year: € 16.1 million). This means that this region now represents around 5.7 % (previous year: 7.5 %) of Group activities. This decrease has resulted from the reduction in the scope of the business relationship with a customer in the automotive segment.

Increase in Packaging and Logistics' Share of Sales Note 41

With a share of sales of approx. 93.4 % (previous year: 93.0 %), the Packaging and Logistics service area is by far the Group's most important business segment. At 5.7 %, sales realized in the Production service area are at the same level as in the previous year. The contribution provided by Real Estate decreased from 1.0 % to 0.8 %. Despite its focus in internal projects, the IT Services service area has generated its first external sales and accounts for 0.1 % of sales.

Operating Costs Ratio Higher on Balance Notes 03–05

At 39.0 % (previous year: 34.9 %), the ratio of the cost of materials to Deufol's overall operating performance deteriorated significantly. The share accounted for by raw materials, consumables and supplies and purchased merchandise has increased by 4.2 percentage points to 23.1 % (previous year: 18.9 %). These changes reflect the drastic increases in materials prices. The share of purchased services has fallen from 16.1 % in the previous year to 15.9 %. Overall, the cost of materials is above the range seen in the past few years.

At € 85.5 million, personnel costs were significantly higher than the previous year's figure of € 80.1 million. However, at 34.1 % of Deufol's overall operating performance they were lower than in the previous year. The absolute increase in personnel costs is mainly attributable to short-time working, salary cuts and reduced bonuses in the previous year. In the past fiscal year, the Deufol Group had 2,021 employees (previous year: 2,029).

At € 21.1 million, the depreciation, amortization and impairment figure is slightly lower than the previous year's figure of € 22.7 million. This item does not include any impairment (and nor did it do so in the previous year).

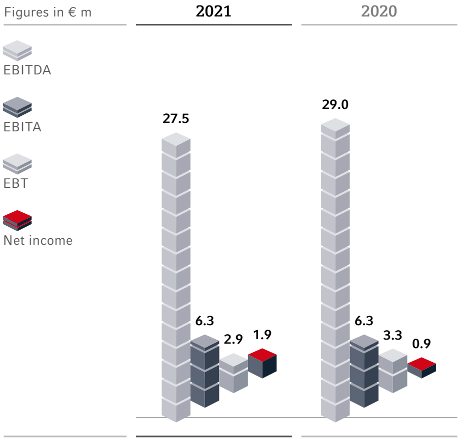
The total volume of other operating expenses has increased (+€ 0.9 million to € 39.9 million). However, in relative terms the cost/income ratio has decreased as a result of the increase in sales, from 17.1 % to 15.9 %.

Overall, the costs ratio has increased slightly to 97.5 % (previous year: 97.2 %) of Deufol's overall operating performance. This corresponds to a decrease in the EBITA margin from 2.8 % to 2.5 %.

Cost development

Figures in € m	2021	2020
Cost of materials	97.8	79.5
as % of overall operating performance	39.0	34.9
Personnel costs	85.5	80.1
as % of overall operating performance	34.1	35.2
Depreciation, amortization and impairment	21.1	22.7
as % of overall operating performance	8.4	10.0
Other operating expenses	39.9	39.0
as % of overall operating performance	15.9	17.1
Total	244.3	221.4
as % of overall operating performance	97.5	97.2

Income development



Margin development

Figures as % of sales	2021	2020
EBITDA margin	11.0	12.7
EBIT(A) margin	2.5	2.8
EBT margin	1.2	1.5
Net income margin	0.8	0.4

Operating Result

Earnings before interest, taxes, depreciation and amortization (EBITDA) were € 27.5 million, compared to € 29.0 million in the previous year. The EBITDA margin was 11.0 % (previous year: 12.7 %). At € 19.3 million, depreciation of property, plant and equipment was lower than in the previous year (€ 20.8 million). Amortization of other intangible assets decreased slightly to € 1.8 million (previous year: € 1.9 million). No impairment has been recognized in the year under review or in the previous year.

The operating result before goodwill amortization (EBITA) amounted to € 6.3 million in the reporting period (previous year: € 6.3 million). The EBITA margin amounted to 2.5 % in 2021 (previous year: 2.8 %).

Financial Result Note 06

The negative financial result increased from – € 3.0 million to – € 3.4 million. Interest income remained unchanged at € 0.2 million. The profit from investments included in the financial result amounted to € 0.1 million (previous year: € 0.1 million). Interest expense totals € 3.7 million, compared to € 3.2 million in the previous year. This increase has mainly resulted from the financing costs for the adjustment of the repayment structure for selected loans.

Net Income Notes 07 – 09

Earnings before taxes (EBT) in the past year were € 2.9 million (previous year: € 3.3 million). Overall tax expenditure in the past fiscal year amounted to € 1.0 million, compared to € 2.4 million in the previous year. Current tax expenditure for taxes on income increased slightly and amounted to € 0.9 million (previous year: € 0.7 million). In regard to deferred taxes, the positive and negative effects offset one another, thus resulting in a figure of € 0.0 million (previous year: € 1.8 million).

This means a result for the period of € 1.9 million (previous year: € 0.9 million). The share accounted for by noncontrolling interests is € 0.6 million (previous year: – € 0.2 million).

Earnings attributable to the shareholders of Deufol SE amounted to € 1.3 million in the period under review, compared to € 1.1 million in the same period in the previous year. Earnings per share were € 0.030 in 2021 (previous year: € 0.026).

Comprehensive Income

Comprehensive income after taxes was € 2.6 million in the past year (previous year: € 0.0 million). The change by comparison with the previous year is due to the higher result for the period and the stronger other comprehensive income figure. The income from currency translation directly offset against equity amounted to + € 0.8 million (previous year: – € 1.0 million).

Financial Position

Financing of the Deufol Group Notes 25, 38

Several different financing groups exist within the Deufol Group, which operate largely independently of one another. In Europe, the Group's central syndicated financing arrangement was renegotiated in 2019. It offers sufficient financial scope until May 2024 so as to be able to act on any strategic opportunities which arise alongside day-to-day business operations. The Group also has other financing groups in the USA, the Czech Republic, Belgium, Hungary and Austria, some of which are independent and some of which are directly or indirectly integrated within its central syndicated financing arrangement.

Credit lines of € 38.6 million are available to the Group at various banks (previous year: € 41.0 million). As of December 31, 2021, € 22.8 million (previous year: € 27.5 million) of this had been utilized. The variable-interest loans shown in the balance sheet are subject to standard market interest rate risks. In fiscal year 2021, the average weighted interest rate for short-term loans was 3.54 % (previous year: 2.29 %). The payable credit margins are partially dependent on complying with certain financial ratios (covenants).

In the opinion of the managing directors, the Deufol Group's financial resources are sufficient to meet payment obligations at any time.

Development of Financial Indebtedness Notes 18, 25

The financial liabilities of the Deufol Group amounted to € 95.2 million as of the reporting date (previous year: € 103.0 million).

Net financial liabilities – defined as total financial liabilities less financial receivables and cash – increased by € 9.3 million, from € 71.3 million on December 31, 2020 to € 80.6 million at the end of the period under review. The volume of cash held decreased (– € 17.2 million), while financial receivables were unchanged. The balance of liabilities to banks and call deposits at banks is – € 50.0 million, compared to – € 37.1 million in the previous year. This increase has largely resulted from the financing of our acquisition in Hamburg.

Financial liabilities

Figures in € m	2021	2020
Amounts due to banks	64.2	68.5
thereof current	16.2	16.7
thereof noncurrent	48.0	51.8
Finance leasing	31.0	34.6
Other	0.0	0.0
Total	95.2	103.0

Investments Lower Than in Previous Year Notes 10–13

In the past fiscal year, at € 6.4 million the volume of investment was significantly lower than the previous year's level of € 14.5 million. Additions associated with the first-time consolidation of companies amounted to € 19.7 million in the year under review (previous year: € 0.0 million).

Due to the restructuring of the Group's real-estate holdings, since 2018 real estate has been reported in the "Investment property" balance sheet item. A property exclusively used by a major customer for its production operations was reported at its current fair value. Its fair value has increased by € 0.2 million by comparison with the previous year.

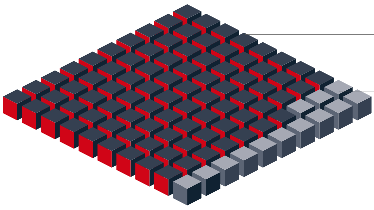
In the past fiscal year, investments in property, plant and equipment amounted to € 5.5 million (previous year: € 13.4 million). The investment ratio – i.e. the ratio of capital expenditure to sales – was 2.3 % in 2021 (previous year: 6.3 %).

Operating and office equipment (€ 2.9 million) is the largest capital expenditure item. This is followed by advance payments made and assets under construction (€ 1.3 million) as well as technical equipment and machinery (€ 0.7 million) and land and buildings (€ 0.7 million).

Investments by segment

Figures in € m	2021	2020
Germany	3.7	1.3
Rest of Europe	1.9	12.4
USA / Rest of the World	0.1	0.4
Holding	0.7	0.4
Total	**6.4**	14.5

Investments

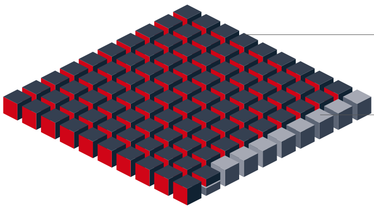


Figures in € m		2021	2020
87.1 %	Property, plant and equipment	5.5	13.4
12.9 %	Intangible assets	0.9	1.1
0.0 %	Investment property	0.0	0.0
100.0 %	Total	**6.4**	14.5

Depreciation, amortization and impairment by segment

Figures in € m	2021	2020
Germany	11.8	12.6
Rest of Europe	6.0	6.2
USA / Rest of the World	2.0	2.3
Holding	1.3	1.6
Total	**21.1**	22.7

Depreciation, amortization and impairment



Figures in € m		2021	2020
91.6 %	Property, plant and equipment	19.3	20.8
8.4 %	Intangible assets	1.8	1.9
100.0 %	Total	**21.1**	22.7

Depreciation, Amortization and Impairment Lower Than in Previous Year

Notes 11, 12

Depreciation of property, plant and equipment and amortization of intangible assets decreased slightly by comparison with the previous year (€ 21.1 million, compared to € 22.7 million in the previous year). Depreciation of property, plant and equipment amounted to € 19.3 million, compared to € 20.8 million in the previous year. Of this amount, € 13.6 million (€ 16.2 million in the previous year) relates to the depreciation of leased assets (IFRS 16). Amortization of other intangible assets amounted to € 1.8 million (previous year: € 1.9 million). No impairment has been recognized in the year under review or in the previous year.

Cash Flow Notes 30 – 34

The operating cash flow amounted to € 12.5 million in the period under review and was thus significantly lower than in the previous year (€ 25.4 million). The decrease in the operating cash flow by comparison with the previous year is attributable, in particular, to the increased trade receivables (– € 5.7 million), increased inventories (– € 6.9 million) and the decline in trade payables (– € 3.0 million). This contrasts with lower other receivables and assets (+ € 2.5 million) and reduced other operating assets / liabilities (+ € 0.5 million).

The cash flow from investing activities was – € 7.4 million (previous year: – € 5.7 million). Cash-based fixed assets investments were € 6.4 million (previous year: € 14.5 million). Financial receivables remained unchanged. Inflows from the disposal of intangible assets and property, plant and equipment amounted to € 3.9 million in the year under review (previous year: € 8.7 million). Payments made from the acquisition of business units amounted to € 7.1 million (previous year: € 0.0 million). Inflows from the disposal of business units amounted to € 2.1 million (previous year: € 0.0 million).

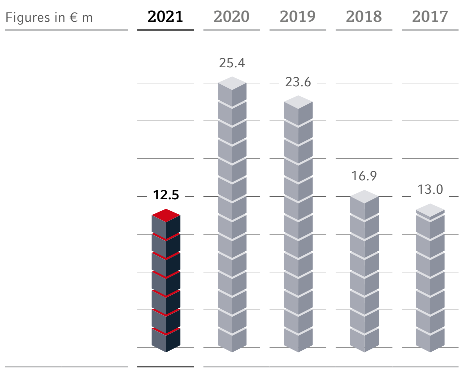
Accordingly, the free cash flow – which is made up of the cash flow from operating activities and the cash flow from investing activities – amounted to € 5.2 million (previous year: € 19.7 million).

The cash flow from financing activities was – € 22.9 million (previous year: – € 19.2 million). Amounts due to banks were repaid in a net amount of € 5.5 million, while other financial liabilities were repaid in a net amount of € 13.7 million, which was reflected in cash.

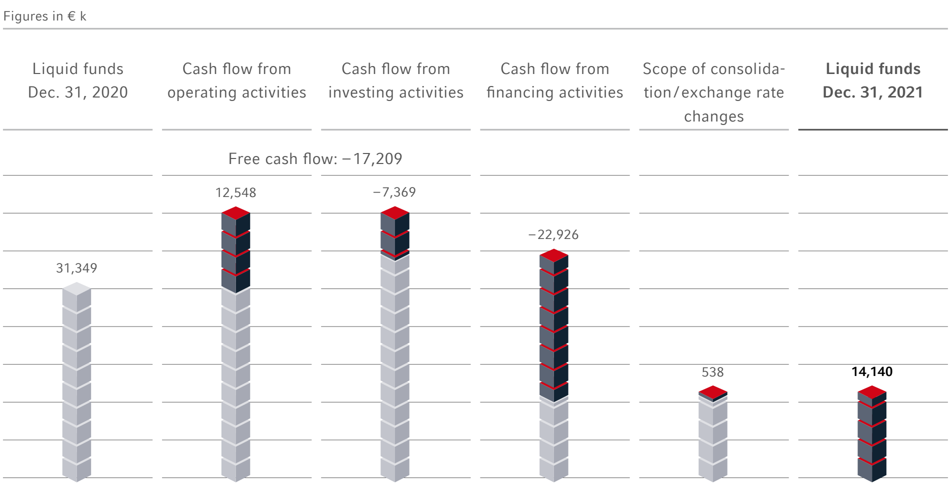
Significant additional outflows of funds resulted from interest paid in the amount of € 3.7 million.

Cash and cash equivalents decreased by € 17.2 million to € 14.1 million as of December 31, 2021.

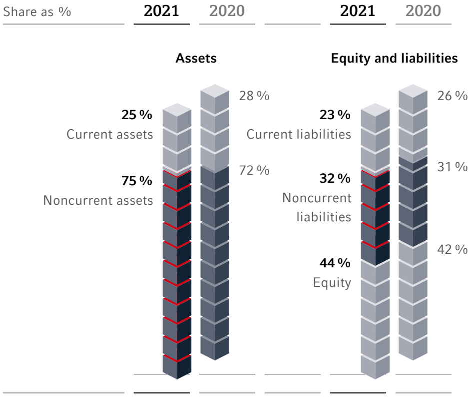
Cash flow from operating activities



Change in liquid funds



Balance sheet structure



Assets Position

Slight Decrease in Balance Sheet Total Notes 10 – 18

In 2021, the Deufol Group's balance sheet total decreased by 2.4 %, or € 6.5 million, to € 260.4 million. On the assets side of the balance sheet, noncurrent assets rose by 1.3 %, from € 192.7 million to € 195.3 million. Property, plant and equipment have increased from € 89.9 million to € 96.9 million, due to Deufol's acquisition in Hamburg. The asset depreciation ratio (ratio of accumulated depreciation to historical cost) decreased by 0.5 percentage points on the previous year to 46.0 %, while the property, plant and equipment ratio (i.e. the ratio of property, plant and equipment to the balance sheet total) rose from 33.7 % to 37.2 %. The carrying amount of the real estate reported as investment property for the first time in 2018 has increased by € 0.2 million. This is due to the restatement of the carrying amount in line with the current fair value. Goodwill has decreased by € 2.1 million to € 68.9 million, due to the sale of our subsidiary in Italy. Investments in associates remained unchanged at € 1.5 million. In respect of the other noncurrent assets, other receivables have decreased by € 1.2 million, while other intangible assets have declined by € 1.1 million and deferred tax assets by € 0.5 million. There were no other significant changes.

At € 65.1 million, current assets have decreased (previous year: € 74.2 million). Inventories have increased by € 7.1 million to € 16.3 million. Trade receivables have also increased (by € 2.8 million to € 28.5 million). This is mainly due to the increase in sales. On the other hand, financial receivables and other receivables and assets decreased by € 1.4 million to € 4.9 million. Cash has likewise decreased (– € 17.2 million to € 14.1 million). Other current assets have declined by € 0.3 million to € 1.2 million.

Working capital – the difference between current assets and current non-interest-yielding liabilities – decreased from € 34.6 million to € 32.0 million.

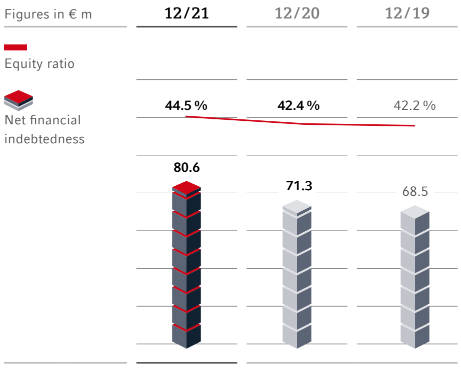
Increased Equity Notes 19 – 29

At the end of fiscal year 2021, the Deufol Group's equity amounted to € 115.8 million (previous year: € 113.3 million). The equity ratio is 44.5 % (previous year: 42.4 %). Equity mainly increased due to the result for the period (€ 1.9 million). Other comprehensive income – which principally consists of currency effects – also contributed to the increase in the volume of equity (€ 0.7 million).

Noncurrent liabilities rose by € 0.8 million to € 84.5 million. This is attributable to the increase in other provisions (+ € 4.4 million to € 4.4 million). This increase has resulted due to the first-time consolidation of the Wallmann Group and includes the obligation to dismantle properties at the port of Hamburg. Noncurrent financial liabilities have decreased by € 4.4 million to € 68.3 million, due to the regular loan repayments. There were no other significant changes.

Current liabilities have declined by € 9.9 million to € 60.0 million. On balance, current financial liabilities fell by € 3.4 million to € 26.9 million. This is mainly due to the ongoing repayment of short-term loans as well as the decrease in lease liabilities. Trade payables (– € 6.4 million to € 17.7 million) and other current liabilities (– € 0.5 million to € 13.3 million) have also decreased. Tax liabilities have increased slightly, by € 0.3 million to € 1.1 million. There were no other significant changes.

Net financial indebtedness and equity ratio



Employees

Slight Decrease in Number of Employees Note 04

The Deufol Group had 2,021 employees on average over the course of the year. This represents a decrease of 8 employees or 0.4 % on the previous year. On average, the Group had 1,267 employees in Germany (62.7 %) and 754 employees (37.3 %) elsewhere.

On average, with 1,185 employees at the Group's operating locations in Germany its workforce declined by 41 employees on the previous year. In the Rest of Europe, the average number of employees increased by 34 to 676. In the USA/Rest of the World, the average workforce over the year as a whole has decreased by 6 to 78. The holding's workforce has increased slightly on the previous year. It now has 82 employees (previous year: 78).

Personnel costs rose in the reporting period by 6.7 % to € 85.5 million. The personnel cost ratio as a ratio of personnel costs to Deufol's overall operating performance has decreased slightly to 34.1 % (previous year: 35.2 %).

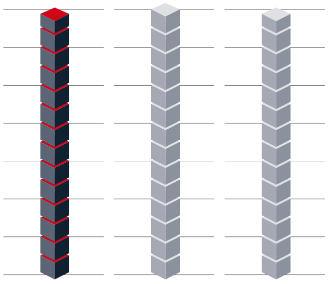
Our employees' particularly strong level of expertise and their productivity underpin the quality of Deufol's services. The rate of fluctuation in our workforce was not any higher than usual over the past few fiscal years.

Overview of employees

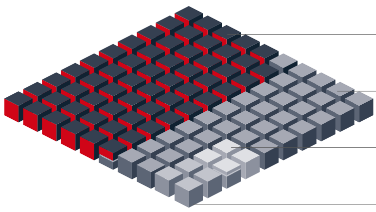
Deufol Group	2021	2020
Germany	1,267	1,303
Rest of the World	754	726
Female	374	365
Male	1,647	1,664
Total	**2,021**	2,029
As of: Dec. 31	2,009	2,008

Personnel expense ratio

Figures in %	2021	2020	2019
	34.1	35.2	34.7



Employees by segment



Deufol Group		2021	2020
58.6 %	Germany	1,185	1,225
33.4 %	Rest of Europe	676	642
3.9 %	USA/Rest of the World	78	84
4.1 %	Holding	82	78
100.0 %	Total	**2,021**	**2,029**

Thanks for Commitment

The managing directors would like to thank all the Company's employees for the dedication and flexibility which they displayed in fiscal year 2021.

Development in the Segments

Germany Notes 39, 40

At € 163.1 million, consolidated sales in Germany in 2021 were higher than sales in the previous year, when they amounted to € 140.1 million. The material changes to the consolidated group mainly relate to the acquisition of the Wallmann Group. This sales growth has resulted from the economic recovery following the pandemic year 2020 as well as the higher materials prices passed on to customers over the course of 2021.

In the reporting period, EBITA for this segment amounted to € 8.9 million (previous year: € 5.1 million). The EBITA margin increased from 3.2 % in the previous year to 4.7 %.

Germany

Figures in € m	2021	2020
Sales	189.9	160.0
Consolidated sales	163.1	140.1
EBITA = EBIT	8.9	5.1
EBITA margin (%)	4.7	3.2
EBT	6.6	3.6

Rest of Europe Notes 39, 40

In the Rest of Europe, we realized consolidated sales of € 65.8 million, which is also higher than in the previous year (€ 57.5 million). This trend reflects the same factors as in Germany, i.e. the post-COVID-19 recovery and the raw materials price trend.

In the past year, this segment achieved an operating result (EBITA) of € 5.2 million, compared to € 7.3 million in the previous year. This decrease in spite of the higher sales volume is attributable to the disposal of a property in Belgium at a book profit in the previous year. In the year under review, the remeasurement of investment properties at their current fair value caused the EBITA figure to increase by € 0.2 million.

Rest of Europe

Figures in € m	2021	2020
Sales	97.2	83.6
Consolidated sales	65.8	57.5
EBITA = EBIT	5.2	7.3
EBITA margin (%)	5.4	8.7
EBT	4.2	6.1

USA / Rest of the World Notes 39, 40

In the USA / Rest of the World segment, at € 13.9 million consolidated sales were lower than in the previous year (€ 16.1 million). This decrease is attributable to a significant reduction in sales to a customer in the automotive segment. The depreciation of the US dollar against the euro by an average of 3.6 % has reduced the volume of sales in this segment by € 0.5 million by comparison with the previous year.

EBITA in this segment amounted to – € 0.7 million (previous year: – € 0.2 million). The EBITA margin decreased accordingly from – 1.2 % to – 4.9 %. The management has developed an extensive action plan to remedy this negative earnings situation, and has already initiated this plan in 2022.

USA / Rest of the World

Figures in € m	2021	2020
Sales	14.1	16.2
Consolidated sales	13.9	16.1
EBITA = EBIT	−0.7	−0.2
EBITA margin (%)	−4.9	−1.2
EBT	−1.0	−0.6

Holding Notes 39, 40

The EBITA figure in the Holding segment amounted to – € 10.4 million in the past fiscal year, compared to – € 3.9 million in the previous year. The lower operating earnings figure has resulted from the one-off effect associated with the sale of the Group's business activities in Italy.

Group figures

Figures in € m	2021
Sales	243.0
EBITDA	27.5
EBITA	6.3
Net financial liabilities	80.6

Goal achievement 2021

Figures in € m	Sales	EBIT
Planning	200–230	2–5
Actual figures	243.0	6.3

Overall Summary of Business Performance

Sales and EBIT Targets Exceeded

With our annual sales volume of € 243.0 million, we have exceeded our sales target published in our Annual Financial Report 2020, which had envisaged sales in a range of between € 200 million and € 230 million. We exceeded this target, above all, thanks to the stronger pace of the recovery in the areas of industrial production and trade as well as the higher materials prices which we passed on to our customers.

Earnings before interest and taxes (EBIT) amounted to € 6.3 million and thus matched the previous year's level, which was shaped by a positive one-off effect of around € 4 million. Deufol's operating EBIT figure thus increased in spite of the COVID-19 turbulence and the strong rise in raw materials prices. The large number of measures consistently implemented in order to improve earnings, both in the past and in the fiscal year under review, had a positive effect.

At the time of the preparation of these consolidated financial statements, the Deufol Group's economic position is stable. However, the economic environment is mixed. On the one hand, a post-pandemic phase is now beginning as coronavirus measures are eased. On the other hand, Russia's invasion of Ukraine is triggering huge uncertainty on the raw materials and energy markets in particular as well as related price trends which may have a serious economic impact.

In this environment, we aim to maintain supply security, to cope with the raw materials price trend together with our customers and to expand our portfolio of services. Moreover, in 2022 we will continue to benefit from the strategic realignment which we implemented in 2020. It will enable us to operate successfully on the market in the medium and long term especially and to strengthen our market shares.

All of Deufol's markets and regions developed positively in the first quarter of 2022. There is growing uncertainty, in particular in relation to the war in Ukraine and thus also inflation, the supply of raw materials and the supply chain issue. Nonetheless, with solid business partners in the areas of purchasing and sales and its professional and motivated management team, the Deufol Group is well placed and thus has an optimistic earnings outlook.

Our financial and assets position remains very solid.

Single-Entity Financial Statements of Deufol SE

Sales and Results of Operations

In fiscal year 2021, Deufol SE realized sales of € 9,246 thousand (previous year: € 10,193 thousand) and other operating income of € 6,524 thousand (previous year: € 6,351 thousand).

These sales mainly resulted from amounts billed to affiliated companies for purchasing services provided, other services, license income from brand name rights and from rents. Outside Germany, sales amounted to € 1,031 thousand (previous year: € 1,486 thousand).

Other operating income mainly consists of income from the release of provisions in the amount of € 341 thousand (previous year: € 2,235 thousand) and from passed-on expenses in the amount of € 4,528 thousand (previous year: € 3,271 thousand).

The cost of materials in the amount of € 683 thousand (previous year: € 1,262 thousand) is due to central goods purchasing and is passed on in the same amount.

Other operating expenses (€ 17,448 thousand, compared to € 11,418 thousand in the previous year) comprise legal fees and consulting expenses in the amount of € 4,338 thousand (previous year: € 2,657 thousand), insurance costs in the amount of € 1,583 thousand (previous year: € 1,939 thousand), IT and communications costs in the amount of € 843 thousand (previous year: € 979 thousand), rental and lease expenses in the amount of € 937 thousand (previous year: € 969 thousand), vehicle fleet costs in the amount of € 802 thousand (previous year: € 682 thousand), losses from the disposal of fixed assets (which are mainly attributable to the sale of the investment in Deufol Italia S.p.A., in the amount of € 4,753 thousand) totaling € 4,804 thousand (previous year: € 16 thousand), bad debt charges/closing-out of receivables in the amount of € 2,084 thousand (previous year: € 875 thousand) as well as exchange losses in the amount of € 5 thousand (previous year: € 955 thousand). Expenses unrelated to the accounting period totaled € 395 thousand (previous year: € 313 thousand).

In the past year, the financial result was positive and amounted to € 7,799 thousand, compared to € 6,731 thousand in the previous year. Net interest income has improved from € 97 thousand to € 218 thousand. Moreover, income from profit transfer agreements has improved from € 4,641 thousand to € 6,921 thousand. In the past fiscal year, investment income was recognized in the amount of € 849 thousand (previous year: € 2,000 thousand). Impairment of financial assets in the past fiscal year totaled € 189 thousand (previous year: € 7 thousand). This relates to the shares held in a subsidiary and was necessary due to the revaluation of this company.

Taxes amounted to € 10 thousand (previous year: € 266 thousand). The net loss in the year under review amounted to € 3,714 thousand (previous year: net profit for the year of € 2,266 thousand).

Income statement of Deufol SE

Figures in € k	2021	2020
Sales	9,246	10,193
Other operating income	6,524	6,351
Cost of materials	(683)	(1,262)
Personnel costs	(7,990)	(6,898)
Depreciation, amortization and impairment	(1,173)	(1,165)
Other operating expenses	(17,448)	(11,418)
Financial result	7,799	6,731
Taxes	10	(266)
Annual net profit	**(3,714)**	2,266

Assets and Financial Position

The balance sheet total of Deufol SE decreased moderately on the previous year, by € 15 million to € 163.4 million (previous year: € 178.4 million). Fixed assets amount to € 121.4 million, compared to € 128.1 million in the previous year. At € 42.0 million, the current assets item including deferred expenses and accrued income is significantly lower than in the previous year (previous year: € 50.3 million). Depreciation of property, plant and equipment and amortization of intangible assets amounted to € 1,173 thousand (previous year: € 1,165 thousand), amortization of financial assets to € 189 thousand (previous year: € 7 thousand). Investments in property, plant and equipment and intangible assets amounted to € 677 thousand (previous year: € 650 thousand). Investments in financial assets amounted to € 3,792 thousand (previous year: € 11,723 thousand) and mainly consist of long-term loans granted to subsidiaries.

Balance sheet of Deufol SE

Figures in € k	2021	2020
Fixed assets	121,428	128,109
thereof financial assets	113,818	119,929
Current assets and accrued and deferred items	42,011	50,304
Balance sheet total	**163,439**	178,412
Equity	95,428	99,142
Provisions	2,044	1,604
Liabilities	65,967	77,666
thereof amounts due to banks	31,315	31,904
Balance sheet total	**163,439**	178,412

On the liabilities side, equity has decreased from € 99.1 million to € 95.4 million, due to the net loss for the year in the amount of € 3,714 thousand. The equity ratio of 58.4 % as of December 31, 2021 increased by comparison with the previous year (55.5 %), due to the lower balance sheet total. Reference is made to the disclosures made in the notes to the annual financial statements of Deufol SE under section 160 (1) no. 2 of the German Stock Corporation Act (AktG). At € 2.0 million, provisions have increased slightly by comparison with the previous year (€ 1.6 million). Liabilities have decreased significantly, from € 77.7 million to € 66.0 million. Liabilities to banks have declined slightly, by € 0.6 million to € 31.3 million. Liabilities to affiliated companies declined from € 40.2 million to € 31.7 million.

The following cash flow statement shows the financial position of Deufol SE:

Cash flow statement of Deufol SE

Figures in € k	2021	2020
Annual net profit	−3,714	2,266
Depreciation/(appreciation)	1,173	1,165
Increase/(decrease) in provisions	439	−2,808
Other noncash expenses/(revenue)	3,194	1,325
Noncash valuation adjustments on financial assets	189	7
Net changes in working capital assets	−7,363	13,032
Net changes in working capital liabilities	−11,065	9,827
(Gain)/loss from disposal of fixed assets	4,784	−42
Interest income / interest expense	−218	−97
Income from investments and profit transfer	−7,770	−6,641
Noncash income tax expense	−44	237
Income tax refunds / payments	10	−513
Cash flow from operating activities	**−20,385**	17,758
Payments made for investments in intangible assets	−632	−573
Proceeds from the sale of intangible assets	0	17
Payments made for investments in property, plant and equipment	−45	−77
Proceeds from the sale of property, plant and equipment	44	500
Payments made for investments in financial assets	−3,627	−11,723
Proceeds from the sale of financial assets	4,646	3,303
Interest received	1,902	1,790
Income received from investments and profit transfer	7,770	6,641
Cash flow from investing activities	**10,058**	−122
Proceeds from borrowings	2,943	500
Repayment of borrowings	−3,526	−11,716
Interest paid	−1,684	−1,693
Cash flow from financing activities	**−2,267**	−12,909
Change in cash	−12,594	4,727
Cash at the beginning of the period	13,711	8,984
Cash at the end of the period	1,117	13,711

Risk Report

Risk Policy

The role of Deufol SE is to act as a management holding company for subsidiaries which provide industrial services in Germany and elsewhere, focusing on packaging. As part of its holding tasks, Deufol SE provides the resources required for risk management and monitors implementation of risk-policy and risk-management procedures on an ongoing basis. Corporate management, corporate governance, the by-laws and the risk policy are coordinated within the Deufol Group.

Exposure to risks is unavoidable in our efforts to achieve long-term success by taking advantage of opportunities in our services divisions and regions in an environment of constantly changing requirements and challenges. These are carefully examined and assessed on the basis of a risk/opportunity calculation. Our corporate and business strategy is to concentrate operational activities and the risks associated with them within separate legal entities in order to insulate the rest of the Group from possible negative influences.

Appropriate measures are developed in order to counter the core risks, which are continuously identified and monitored. The core risks comprise, in particular, those associated with the Company's current and future business situation. Risks include potential losses of customers due to the relocation of packaging-related production locations or insufficiently rigorous development of market leadership in Deufol's core business fields. Noncore and residual risks are accepted provided they can be specifically identified and mapped. Certain noncore risks are externalized by taking out insurance policies (force majeure, liability to third parties for loss or damage, etc.). In particular, corporate governance guidelines (incl. the Deufol SE by-laws) and the active monitoring of subsidiaries as the parent company ensure that the deliberate acceptance of risks proceeds in a transparent and controlled fashion.

The managing directors of Deufol SE consider a highly developed awareness of risk in all business divisions to be indispensable for the success of the Company's risk policy. Awareness of existing and potential risks is an important element of business management. Due to the various risk areas and the different ways in which risks are applicable within the individual subsidiaries, this increased awareness is vital for the successful implementation of risk policy.

All activities of subsidiary companies are supported by an integrated risk management system without exception. The purpose of risk management activities is, firstly, to ensure that statutory requirements are complied with and, secondly, to promote value-oriented management of individual companies and thus of the Deufol Group as a whole.

Risk Controlling

Risks are identified by division managers or managing directors on the basis of the following nine risk categories:

- Strategy/planning/corporate management
- Market/sales/customers
- Procurement/suppliers
- Service provision
- Finance
- Personnel
- IT
- Contracts/legal
- Other

The responsible managers review and document the risks identified in "risk maps" on a semi-annual basis. By means of the resulting aggregation at Group level and its reporting to the managing directors, the scope of relevant risks is thus kept up-to-date and monitored at all times.

Risk measurement is standardized throughout the Group. The companies' local or site managers assess the risks identified in risk maps in terms of the probability of occurrence and the potential loss amount, in the context of the gross risk level. Individual risks are assigned quantitative values and require risk-limiting measures upon reaching specific thresholds. The resulting net risk is subsequently assessed following the implementation of these measures.

Risk controlling reviews the suitability of measures and supervises their implementation at a local level. The managing directors and regional managers also perform their risk monitoring functions in the course of regular visits to the individual subsidiaries. As a result of the restrictions associated with the coronavirus pandemic, Deufol has stepped up its risk monitoring activities by means of intensified data analysis and video conferences and with the involvement of independent experts. However, it also continues to have the option of carrying out visits as part of these monitoring activities.

Specific Risks

Environment Risks

In line with expectations, in 2021 the coronavirus pandemic once again had a major impact on the world economy. Hopes of largely curbing the pandemic thanks to the vaccinations now available were only borne out to a limited extent. According to experts, vaccinated persons are protected against serious disease in particular, but infection remains possible. Moreover, new virus mutations are an additional factor which is aggravating the situation. Accordingly, even after more than two years of the pandemic it is not yet possible to arrive at a clear assessment of its duration or its future scope. In addition, new and more contagious variants mean an increased risk of individual teams or even entire departments being affected by quarantine rules or disease. This risk is particularly applicable for the Company's operations staff as well as its customers, and the realization of this risk would trigger serious disruptions to the production process. In this respect, it should be noted that government intervention in the form of assistance packages provided stability in the past year and that the progress of vaccination campaigns made it possible to make do without stringent lockdown measures in Europe. It is not currently possible to assess to what extent further assistance measures will be required in future or will be forthcoming.

The fiscal year was shaped, above all, by the disruption of global supply chains. The lack of important primary products for manufacturing industry (such as microchips) resulted in what were in some cases drastic production cutbacks. This shortage was triggered by factors including the closure of ports in China due to the country's "zero-Covid" policy, the accident which the "Ever Given" cargo vessel suffered in the Suez Canal at the start of the year and the resulting congestion of goods and containers. While these challenges mainly affected the customers of the Deufol Group, in the period from the spring up to halfway through the year prices of raw materials and other construction materials shot up enormously due to factors including a construction boom in the USA. The price of wood rose very considerably in this context. At times, it was three times its level in the previous year. Since wood is the main material used in industrial packaging and thus the principal cost factor for our business activities, this development had a substantial impact on the business activities and result of the Deufol Group. As well as these higher costs, security of supply in particular was a core topic. The Deufol Group was able to emerge strengthened from this crisis thanks to a comprehensive exchange of information at the global management level as well as an active strategic supplier management approach in conjunction with price adjustments implemented in relation to our customers. The latter was associated with Deufol's strengthening the price adjustment mechanisms for its services in line with raw materials prices.

New risks for society as large are emerging alongside the pandemic-related risks which continue to apply and which have made themselves felt in many different ways over the past few years. These risks were realized over the winter months especially, with a significant rise in inflation which is set to force the central banks to curb their expansionary monetary policy and thus raise their key interest rates.

At the start of the new year, Russia's invasion of Ukraine represented the worst-case scenario for geopolitical risks within Europe. As well as the resulting humanitarian catastrophe and the momentous diplomatic upheavals, this war is also having a huge economic impact. Drastic rises in energy prices are putting pressure on industry. Extensive sanctions as well as further possible disruptions to global supply chains are having a particularly strong impact on the export-oriented mechanical and plant engineering sectors and thus either directly or indirectly on the Deufol Group. It is not currently possible to predict how this military conflict will play out or the diplomatic outcomes.

Acquisition and Investment Risks

Acquisition and investment decisions intrinsically entail complex risks, since they tie up substantial capital on a long-term basis. Such decisions can only be made on the basis of specific, predefined terms governing responsibilities and approval requirements. The described environment risks, in particular, are currently hampering both acquisitions and investments.

Performance-Related Risks

Sales and earnings of the subsidiaries are largely dependent on a relatively small number of business relationships with larger customers. This therefore means a relatively high level of risk in terms of dependence on these customers. Risk is mitigated in that customers come from a variety of industries (such as plant engineering, mechanical engineering or vehicle construction) and different, unrelated services are provided for one and the same customer at different locations and for different plants. This makes it possible to reduce individual risk factors which arise in different areas.

The objective is to strengthen customers' loyalty to the Deufol Group. This is achieved by means such as joint process and efficiency improvement projects etc. with our customers as well as a strong customer focus and a high level of flexibility. The acquisition of an increased number of smaller and medium-sized customers is also important, in order to broaden our customer base.

The contract drafting process may also give rise to risks. For instance, this includes a failure to take quantitative or qualitative changes into account. Inadequate price adjustment clauses might mean that Deufol alone bears price risks resulting from unexpected increases in purchase prices, e.g. for raw materials such as wood. Performance meetings are regularly held with the Group's subsidiaries in all of its regions, in order to identify negative trends for the Company early on. Declines in sales volumes or negative cost trends can be identified at an early stage and appropriate countermeasures initiated.

Personnel Risks

The skills, qualifications and motivation of the Deufol Group's employees and managerial staff play a key role in its business success. For this reason, they undergo permanent training in order to live up to our quality and service commitments to our customers. Increased awareness on the part of our employees in risk-relevant areas at every level of the Company safeguards implementation of our Company-wide risk policy. This includes the use of appropriate variable, performance-related salary components for our managers.

Thanks to the use of external service providers at the operational level, busy periods and lulls in business activity can be handled without having to make any changes to the Company's trained workforce.

Our subsidiaries are run by managers with close ties to Deufol and an entrepreneurial attitude. The risk of a loss of know-how due to the departure of key personnel is limited through the documentation of relevant know-how in a structured manner and its decentralized allocation to multiple employees.

IT Risks

IT risks cover, in general, risks affecting the in-house network as well as the falsification or, in an extreme scenario, the destruction of data due to operating and/or programming errors. The IT infrastructure is decentralized, in line with the Group's structure. This means that risks apply in isolation for the respective entities, with only marginal Group-wide interfaces. Other elements of the Group's IT infrastructure have been centralized or outsourced. Extensive and comprehensive protection measures tailored to the specific requirements of the Deufol Group – such as virus protection concepts, firewalls, emergency and recovery plans as well as backup solutions with redundant servers – are used to minimize risk.

Financial Risks

Several different financing groups exist within the Deufol Group, which operate largely independently of one another. In Europe, the Group's central syndicated financing arrangement was renegotiated in 2019. It offers sufficient financial scope until May 2024 so as to be able to act on any strategic opportunities which arise alongside day-to-day business operations. The Group also has other financing groups in the USA, the Czech Republic, Belgium, Hungary and Austria, some of which are independent and some of which are directly or indirectly integrated within its central syndicated financing arrangement.

Within the Group, credit agreements are mainly tied to compliance with financial ratios ("financial covenants"). In principle, a violation of the financial covenants provides the banks with a right to terminate an agreement but does not trigger an immediate repayment obligation. In addition, the agreed credit margin and thus the Group's financing costs may be increased in case of a deterioration in the ratios. Due to the problem of noncompliance with these financial covenants which is associated with the coronavirus crisis and was unforeseeable, negotiations with the relevant banks already commenced at the start of 2020. This resulted in the adjustment of the syndicate agreement in line with the current economic situation in the first quarter of 2021. While this increased flexibility in terms of financing does mean additional financing costs, on the other hand it ensures a reliable supply of liquidity even in less certain times.

Interest rate risks mainly relate to the variable interest rates for the financial instruments used for the Group's short-term financing. Property, plant and equipment are largely financed on a long-term basis by means of fixed-rate amortization loans, in order to benefit from the attractive current low-interest-rate environment over the medium and long term. A mixture of fixed and floating interest rates is used. The trend on the interest rate markets is continuously monitored. If necessary, further measures to adjust interest rate agreements will be initiated and implemented.

The risks resulting from volatile exchange rates which fluctuate strongly mainly apply within the scope of consolidation as a result of the conversion of the annual financial statements of the Group's subsidiaries which are situated outside the euro currency zone. Exchange rates have a fairly minor effect on operating business. In the single-entity financial statements, currency risks are limited to transactions with subsidiaries outside the euro currency zone. A growing proportion of business in the Czech Republic is handled in euros. The previous currency hedge was thus gradually phased out and it expired entirely in early 2021. The expansion of our business in Hungary is likewise mainly being carried out in euros, and the euro is the functional currency of our Hungarian companies. This approach minimizes exchange-rate risks in relation to the Hungarian forint. Business in the USA is mainly characterized by income and expenses in US dollars. The currency risk here is thus likewise limited. Accordingly, Deufol has not currently entered into any currency hedging transactions. However, it continuously monitors and analyzes developments on the currency markets, due to the start of a turnaround in interest rates in some countries and for some currencies, so as to once again enter into currency hedge transactions in the future, where this is necessary, and to safeguard the current interest rate level by means of appropriate measures.

Please see the "Financial Risk Management" section (Note 38 on pages 095 ff.) for further information on financial risks.

The Group has recognized goodwill in consequence of its expansion strategy. Impairment testing pursuant to IAS 36 may give rise to goodwill impairment. The impairment testing implemented in 2021 did not identify any impairment requirement.

Legal Risks

The legal risks for the Deufol Group relate to the general legal risk resulting from its business activities as well as tax issues. It is not possible to state with any certainty the outcome of currently pending or future proceedings, so that expenses may result due to judicial or official rulings or settlements such as are not covered or are not fully covered by insurance benefits and which may significantly affect our business operations and earnings.

Please see the "Contingencies and Contingent Liabilities" section (Note 35 on page ▶094) for further information on legal risks.

Overall Group Risk Position

In summary, the Deufol Group continues to face environment risks which may have a substantial impact from an operational or financial point of view. On the one hand, the pandemic is not yet over. On the other, it is giving rise to new risk factors for Deufol's business operations. As well as rising inflation, in particular the supply chain problem and the related fluctuations in the prices of raw materials – which already shaped the picture in 2021 – are a key factor for Deufol. However, it is clear that the Deufol Group has been able to reduce its level of risk exposure thanks to hedging measures implemented early on. While the situation remains uncertain, this proactive approach – in the form of appropriate stock management and price adjustments – is helping to stabilize the Group's risk position in 2022.

The geopolitical situation and the consequences of the Ukraine war will have further effects on the global economy. On the one hand, this concerns raw materials and, above all, energy costs. On the other, it also bears upon our customers' sales markets. While Deufol mainly packages industrial goods for overseas transport and is less involved in packaging and other services for overland transport, effects on Deufol's customers cannot be ruled out. However, it is not currently possible to assess the scope of these effects. In addition, the war in Ukraine means that transport routes have once again been impacted and supply chains affected. In overall terms, this has therefore resulted in a further increase in the level of uncertainty affecting business.

The Deufol Group's holding structure – comprising a large number of operating units, together with a broad portfolio of services in various sectors and regions – has proven effective from a risk standpoint. Operating risks for individual subsidiaries are covered through appropriate insurance protection as far as possible. Deufol's risk management system is being continually upgraded and enhanced, to allow risks to be identified at an early stage and appropriate countermeasures to be initiated.

Report on Dependence

Since there is no control agreement with the majority shareholder, pursuant to section 312 of the German Stock Corporation Act (AktG) the managing directors of Deufol SE were obliged to prepare a report on Deufol SE's relationships with associates. This report covers the relationships with Lion's Place GmbH and its majority shareholders (who are members of the Hübner family) as well as the companies of the Deufol Group. The managing directors declare pursuant to section 312 (3) AktG: "With regard to the legal transactions listed in the report on Deufol SE's relationships with associates, for each such transaction our Company has received an appropriate consideration in accordance with the known circumstances at the time of its execution. No disadvantageous events for the Company occurred during the fiscal year such as are subject to a reporting obligation."

Report on Opportunities and Expected Developments

Planned Orientation and Strategic Opportunities for the Group

Over the past few years, further steps were already successfully implemented to improve Deufol's operational effectiveness and to strengthen its corporate culture. For example, this includes improved integration of Deufol's company locations, with targeted tools and an increased exchange of information. At the same time, Deufol's innovative applications are being permanently fine-tuned. These applications offer our customers transparency as well as added value throughout their value chains. This enables Deufol as a corporate group to differentiate itself from competitors in the export and industrial packaging sector.

The structure of the Deufol Group – with Deufol SE as the ultimate parent and management holding company and around 45 operating companies in the relevant markets – will be maintained for risk limitation purposes. In addition, this differentiation safeguards flexibility at a local level and enables Deufol to satisfy the different requirements of its various markets and regions. In particular, among the strategic opportunities which this offers the Group is the fact that we are able to exploit the advantages of our size as a significant market player. As a globally oriented premium service provider in the field of packaging and related services, we offer our globally active clients holistic solutions by way of long-term support for their business operations. We are constantly expanding our business segments to include additional packaging-related services, as well as proprietary software solutions which embed the packaging process within an intelligent package of services. In order to increase our level of flexibility, to respond to market trends and customer requirements and to move forward with innovative solutions, having already laid the key foundations for this in the period since 2020, in 2022 we will continue to pursue the structuring of our business activities in terms of four different service areas:

1. Packaging and Logistics: While maintaining industrial and export goods packaging as our core area of competence, we offer our customers an all-round service covering individual packaging solutions and adjacent services.
2. Production: We standardize and automate the manufacturing and distribution of packaging materials.

3. IT Services: We provide support for our customers in the form of helpful services and proprietary tools across their complex supply chains.
4. Real Estate: We optimize the usage and management of our global locations in order to ensure ideal connections for our customers.

With this orientation, we aim to offer our customers sustainable, innovative and comprehensive services as well as top quality. We will thus meet our customers' continuously growing demands. At the same time, we are consolidating our position, as our customers increasingly focus on just a few core service providers.

Our outstanding qualities as a packaging services provider include our international presence. Many of our clients have a "global footprint", which means that it is essential for us to develop and provide our services with our customary standard of quality, at an international level.

Economic Outline Conditions

World Economic Growth Curbed by the Pandemic

In 2022, the COVID-19 pandemic remains a key factor shaping the world economy. However, in view of the progress made with vaccination campaigns and the growing prevalence of infection a slow return to normality can be expected over the course of 2022 especially. Nonetheless, at the start of the year in particular new waves of infection and the effects of the Omicron variant are likely to initially cause the economic recovery to falter.

What is more, further effects of the pandemic – such as supply bottlenecks, huge government debt and high inflation – are the main obstacles to economic recovery. While 2021 was strongly affected by supply problems, in 2022 the pandemic-related impacts on supply chains are likely to wane. Instead, production capacities will undergo a progressive adjustment in line with the level of demand. Nonetheless, this adjustment will only occur over the course of the year. In addition, the hard lockdown measures in China and in Shanghai especially at the end of the first quarter and the start of the second quarter of 2022 will likely have a substantial impact on supply chains, container and shipping availability levels and thus ultimately on various aspects of global production and world trade. Moreover, the rise in the rate of inflation already seen in the past year should not be underestimated. This impediment will remain in place in 2022: prices are expected to rise by 3.9 % on average in the industrialized nations and by around 5.9 % in the developing countries and the emerging markets. At a global level, for 2022 the IMF therefore predicts a relatively low growth level of 4.4 % in the context of the envisaged inflation picture. This reflects a significantly weaker economic upturn by comparison with the growth rate in 2021.

Eurozone: Recovery, Inflation and War in Eastern Europe

Russia's invasion of Ukraine has given rise to what is an unprecedented situation in the 21st century, with unforeseeable consequences. The threats to the supply of energy, the strong rises in energy prices and the wide-ranging sanctions have the potential to shake the entire European economy, alongside the effects of coronavirus, and thus also directly affect the Deufol Group.

While output in the Eurozone had almost reached its pre-pandemic level by the fall of 2021, thanks to strong growth in the first two quarters of the year, the recovery faltered toward the end of 2021 due to the measures implemented to contain the Omicron variant. These more stringent measures are continuing to affect Europe's economy in the first quarter of the new year. Strict hygiene rules (referred to in Germany as the "2G" and "2G+" rules) are reducing the number of customers in the consumer goods sector in particular, since unvaccinated or untested consumers are subject to restrictions on entering stores. The easing of coronavirus measures – or even their removal – which can be expected in a growing number of countries by the start of the second quarter should have a positive impact. Nonetheless, it must be noted here that the return to normality remains fragile and will be strongly dependent on new COVID-19 variants and the associated risk of infection.

Moreover, industry will also continue to be impaired in the first quarter of 2022. Supply chain problems and related supply bottlenecks are reducing industrial value creation as well as output. At the same time, the strong inflation trend also remains intact in the Eurozone and is having a particularly pronounced impact on prices of industrial goods in 2022. The war-related rise in energy prices is likely to result in a further acceleration of this trend. A further rise in consumer prices of 5.2 % in 2022 and of 2.8 % in 2023 can be expected. Central banks are likely to raise their key interest rates in response, which will mean higher financing costs. In general, in view of all of the factors shaping the economic situation the Kiel Institute for the World Economy (IfW) expects the Eurozone's gross domestic product to rise by 2.8 % in 2022, compared to 5.3 % in the previous year.

The Ukraine War and the Coronavirus Measures Will Continue to Shape Growth in Germany

Despite the disruptions to supply chains which are having a particularly severe impact on the export-oriented German economy, the German economy showed signs of recovery in 2021, although these then weakened over the winter as a result of the more stringent coronavirus rules introduced due to Omicron.

The spring of 2022 is characterized by a series of highly contradictory factors bearing upon the economy. On the one hand, there are hopes of the start of a post-pandemic period as summer begins and coronavirus measures are eased. This would enable a recovery of the service sectors which rely on a high level of contact and subsequently relieve the disruptions to global supply chains. On the other hand, quite apart from the humanitarian disaster in Europe Russia's invasion of Ukraine is triggering huge uncertainty on the raw materials markets in particular and price trends which reflect that uncertainty. As a main supplier of energy commodities, Russia plays a key role for Europe's economy. While trade with Russia had already significantly declined following its annexation of Crimea in 2014, virtually all other trade and business relationships are likely to grind to a halt as a result of the West's sanctions policy. For Germany, the supply of gas from Russia is of critical significance, since no short-term replacements are available. The huge price increases will directly affect consumers' purchasing power as well as industry's cost positions. However, it is not only the rising prices which will put pressure on the economic recovery. There are also concerns over supply bottlenecks arising or even the supply of gas being curtailed entirely.

The raw materials trend will further reinforce inflation as a consequence of the pandemic. The Kiel Institute envisages exceptionally high inflation over an extended period. On average in 2022, it expects to see a sizable rate of 5.8 %. This would be the highest level since German reunification. Due to these difficult outline conditions, in its spring forecast the Kiel Institute has now lowered its outlook for gross domestic product growth to 2.1 %, compared to 4 % in its winter forecast. This notwithstanding, the labor market will in all likelihood continue to recover, and in the spring of 2022 unemployment will at 4.9 % be below its pre-crisis level of 5.0 %. While the war-related pressures will be mitigated by the volume of hours worked and labor productivity, this solid trend is attributable above all to the labor shortage. On the other hand, at 2.5 % of economic output the government's budget deficit will remain high. This is due to additional spending to support low-income households, rising defense expenditure and further steps implemented toward the goal of decarbonization.

Company-Specific Outlook

Predicted Sales and Results of Operations

The Deufol Group is well placed to face these economic challenges. The continuing coronavirus pandemic, highly volatile raw materials prices, the variable availability of raw materials, disrupted supply chains and the uncertainty associated with the conflict in eastern Europe mean that it is difficult to provide a reliable sales and earnings forecast for the current fiscal year 2022. The predicted sales and results of operations are therefore subject to considerable margins of fluctuation.

Despite this, however, in 2021 Deufol was not only able to stabilize its sales volume but even increased this. Deufol surpassed expectations, partly by passing on the higher raw materials prices to its customers. Together with its continuously refined cost-optimization and cost-cutting measures, Deufol also exceeded its EBIT target for 2021 and ended the year with a profit.

In the current year, we expect that the successful implementation of our strategy alongside our increased range of HUB services at North Sea seaports (Antwerp, Bremerhaven and Hamburg) and at our new location close to the Baltic Sea in Poland will provide further profit contributions. Together with our well-placed inland locations and our targeted range of products and services serving a wide range of industries, we expect to steadily increase our market share.

However, from the point of view of the sales outlook it should also be noted that Deufol made changes to its portfolio of investments in 2021. As part of this strategy, in 2021 among other measures the Group sold off two companies which were not included in its core business activities, but which did provide a sales contribution of significantly more than € 10 million. However, we assume that the above-mentioned profit factors will largely compensate for the related decline in sales. The Company's global presence, its size and its continuous investment in standardized and digital processes are particularly helpful here. In addition, Deufol continues to focus on our employees – as our most valuable resource – as well as the sustainability of our products and of the raw materials which we purchase.

This notwithstanding, Deufol is continuing to operate in a demanding macroeconomic environment. While a normalization of global supply chains is expected as a result of the easing of the pandemic situation, on the other hand the war in Ukraine has triggered a new series of highly disruptive factors. Raw materials rose considerably at the start of the year due to fears over delivery shortfalls. This significantly increased the risks in terms of what was already a tense price stability situation and likewise in relation to international trade. Nonetheless, the global economy and, to a lesser extent, the Eurozone are expected to stage a recovery over the course of the year. This should thus make a positive contribution to the Deufol Group's sales trend.

Due to the interplay between the above-mentioned pressures in a volatile market environment and the decline in sales as a result of the adjustment of Deufol's portfolio, on the one hand, and cost optimization and growing market shares, on the other, taking into consideration a slight decline in the price level for 2022 we expect sales in a range of between approx. € 220 million to € 250 million and an EBIT figure of between € 7.0 million and € 11.0 million. As a result of this substantial operating result, we envisage a moderately positive performance in 2022.

Expected Financial Position

As things currently stand, there will not be any need for additional and unplanned financing measures to support our business activities, even in case of a conservative course of business. The positive course of business in the year under review has also affected the Company's liquidity. On the basis of the envisaged sales and earnings trend for 2022, Deufol's current financial resources can be expected to cover its existing liquidity requirements. The Group's central syndicated financing arrangement in Europe is secure up to the end of May 2024 and has been aligned with the Group's corporate and business strategy.

In the current year, investments in fixed assets are planned with a volume of around € 10 million, which is significantly lower than the level in 2021 (€ 19.9 million). Overall, no significant investment activities are planned. Investment management is continuously adjusted in detail, subject to careful consideration of the Company's earnings trend.

Managing Directors' Overall Summary of the Group's Expected Development

Over the next few years, the Deufol Group intends to continue to develop its profile as a packaging services provider. For this purpose, it will also strengthen its distribution of packaging materials for industrial packaging – without the related packing service – as well as its distribution of IT services for logistics and, in particular, for project business in relation to large-scale industrial plants. In an environment characterized by post-pandemic recovery, on the one hand, and inflation risks, on the other, following a successful year 2021 our broad customer base and long-term business relationships, our specific know-how and our financial resources enable us to maintain a confident outlook regarding the Group's development in fiscal year 2022.

Hofheim am Taunus, April 20, 2022

The Managing Directors

Dennis Hübner	Ebrahem Al Kadari	Jürgen Hillen
Detlef W. Hübner	Marc Hübner	Jürgen Schmid

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GLOBALLY INTEGRATED **LOCATIONS**

OUR PROCESSES: EFFICIENCY RIGHT UP TO THE VERY LAST DETAIL.

Global supply chains require stringent schedules. We are continuously streamlining our processes so that they can agilely adjust to constantly evolving challenges. We standardize and digitalize our systems, we avoid waste, we eliminate duplications and we accelerate throughput times. Our strengths are consolidating goods at strategically important hubs and professional container stowing thanks to complex IT systems. All of this promotes sustainability: a streamlined process optimizes filling levels, reduces freight frequencies, perfects flows of goods and avoids unnecessary shipments.


Further information
is available here!

Consolidated Financial Statements

as of December 31, 2021

Consolidated Income Statement

Figures in € k	2021	2020	Note/Page
Sales	**243,049**	**213,854**	01/070
Other own work capitalized	982	944	
Inventory changes	408	–343	
Other operating income	6,179	13,198	02/070
Overall operating performance	**250,618**	**227,653**	
Cost of materials	–97,833	–79,542	03/070
Personnel costs	–85,455	–80,121	04/070
Depreciation, amortization and impairment	–21,135	–22,711	11/076
Other operating expenses	–39,855	–38,978	05/071
Income (loss) from operating activities (EBIT)	**6,340**	**6,301**	
Financial income	170	156	06/072
Finance costs	–3,701	–3,158	06/072
Income (loss) from investments accounted for using the equity method	83	134	14/079
Other financial result	14	–132	
Profit (loss) before taxes (EBT)	**2,906**	**3,301**	
Income taxes	–973	–2,446	07/072
Result for the period	**1,933**	**855**	
thereof share of profits held by noncontrolling interests	652	–242	08/074
thereof share of profits held by shareholders in the parent company	**1,281**	**1,097**	

Earnings per share

Figures in €			
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.030	0.026	09/074

Consolidated Statement of Comprehensive Income

Figures in € k	2021	2020	Note/Page
Result for the period	**1,933**	**855**	
Other comprehensive income	**700**	**–839**	
Items which may be reclassified to the income statement in future			
Income (loss) from currency translation, after taxes	789	–966	
Cash flow hedges before taxes	2	92	
Deferred taxes on cash flow hedges	–1	–22	
Cash flow hedges after taxes	1	70	38/095
Items which will not be reclassified to the income statement in future			
Actuarial income/loss (–) from pensions, after taxes	–90	57	26/088
Comprehensive income after taxes	**2,633**	**16**	
thereof noncontrolling interests	652	–242	
thereof shareholders in the parent company	1,981	258	

Consolidated Balance Sheet

Assets

Figures in € k	Dec. 31, 2021	Dec. 31, 2020	Note/Page
Noncurrent assets	**195,314**	**192,747**	
Property, plant and equipment	96,947	89,911	11/076
Goodwill	68,855	71,011	12/077
Other intangible assets	5,410	6,506	12/077
Investment property	14,697	14,490	13/078
Investments accounted for using the equity method	1,545	1,462	14/079
Financial receivables	78	100	
Other financial assets	273	8	
Other receivables and other assets	91	1,300	15/079
Deferred tax assets	7,418	7,959	07/072
Current assets	**65,087**	**74,160**	
Inventories	16,288	9,164	16/084
Trade receivables	28,508	25,706	17/084
Other receivables and other assets	4,554	6,027	15/079
Tax receivables	1,247	1,593	
Financial receivables	350	321	
Cash and cash equivalents	14,140	31,349	18/085
Total assets	**260,401**	**266,907**	

Equity and liabilities

Figures in € k	Dec. 31, 2021	Dec. 31, 2020	Note/Page
Equity	**115,843**	**113,262**	
Equity attributable to the shareholders of Deufol SE	114,322	112,341	
Subscribed Capital	43,774	43,774	19/086
Capital reserves	107,329	107,329	20/086
Retained earnings	12,825	12,825	21/086
Profit brought forward	−49,250	−50,531	
Other comprehensive income	119	−581	
Treasury stock at cost	−475	−475	22/086
Noncontrolling equity interests	1,521	921	23/086
Noncurrent liabilities	**84,535**	**83,736**	
Financial liabilities	68,260	72,693	25/087
Provisions for pensions	3,995	3,170	26/088
Other provisions	4,355	0	27/091
Other liabilities	18	31	28/091
Deferred tax liabilities	7,907	7,842	07/072
Current liabilities	**60,023**	**69,909**	
Trade payables	17,723	24,170	29/091
Financial liabilities	26,915	30,349	25/087
Other liabilities	13,347	13,841	28/091
Tax liabilities	1,149	825	
Other provisions	889	724	27/091
Total equity and liabilities	**260,401**	**266,907**	

Consolidated Cash Flow Statement

Figures in € k	2021	2020	Note/Page
Income (loss) from operating activities (EBIT)	6,340	6,301	
Adjustments to reconcile net income (loss) to cash flow from operating activities			
Depreciation, amortization and impairment	21,135	22,810	10–12/075 ff.
(Gain) loss from disposal of fixed assets	−800	−3,914	02, 05/070, 071
Taxes paid	−236	−977	
Restatement of the fair value of investment property	−207	−144	02/070
Other noncash expenses/revenue	−430	−291	
Changes in assets and liabilities from operating activities			
Decrease (increase) in trade accounts receivable	−5,724	2,713	
Decrease (increase) in inventories	−6,937	852	
Decrease (increase) in other receivables and other assets	2,508	1,060	
Increase (decrease) in trade accounts payable	−2,973	−1,693	
Increase (decrease) in other liabilities	−464	−55	
Increase (decrease) in provisions	−201	−1,968	
Decrease (increase) in other operating assets/liabilities	537	743	
Cash flow from operating activities	**12,548**	**25,437**	30/092
Payments made for investments in intangible assets and property, plant and equipment	−6,361	−14,494	11, 12/076, 077
Proceeds from the sale of intangible assets and property, plant and equipment	3,854	8,686	
Acquisitions of business units less acquired cash	−7,127	0	
Disposal of business units less cash disposed of	2,099	−49	
Net change in financial receivables	−5	−8	
Interest received	171	156	
Cash flow from investing activities	**−7,369**	**−5,709**	32/092
Addition (extinction) of amounts due to banks	−5,499	911	
Addition (extinction) of other financial liabilities	−13,699	−16,985	
Proceeds from capital increase	17	17	
Interest paid	−3,701	−3,158	
Dividend paid to noncontrolling interests	−44	−2	
Cash flow from financing activities	**−22,926**	**−19,217**	33/092
Exchange rate- and scope of consolidation-related changes in financial resources	538	−789	
Change in cash and cash equivalents	**−17,209**	**−278**	34/093
Cash and cash equivalents at the beginning of the period	31,349	31,627	
Cash and cash equivalents at the end of the period	14,140	31,349	

Consolidated Statement of Changes in Equity*

Figures in € k	Subscribed Capital	Capital reserves	Retained earnings	Profit brought forward	Treasury stock at cost	Accumulated other comprehensive income: Cumulative translation adjustment	Accumulated other comprehensive income: Cash flow hedges and provisions for pensions	Equity attributable to the shareholders of Deufol SE	Noncontrolling equity interests	**Total equity**
Balance at Jan. 1, 2020	**43,774**	**107,329**	**11,609**	**−50,628**	**−475**	**436**	**−178**	**111,867**	**1,148**	**113,015**
Result for the period				1,097				1,097	−242	855
Other comprehensive income						−966	127	−839		−839
Comprehensive income				1,097		−966	127	258	−242	16
Addition to retained earnings			1,000	−1,000				0		0
Dividends								0	−2	−2
Capital transactions not resulting in change to shareholding interest								0	17	17
Other changes			216					216		216
Balance at Dec. 31, 2020	**43,774**	**107,329**	**12,825**	**−50,531**	**−475**	**−530**	**−51**	**112,341**	**921**	**113,262**
Result for the period				1,281				1,281	652	1,933
Other comprehensive income						789	−89	700		700
Comprehensive income				1,281		789	−89	1,981	652	2,633
Dividends								0	−44	−44
Capital transactions not resulting in change to shareholding interest								0	17	17
Disposal of business units								0	−25	−25
Balance at Dec. 31, 2021	**43,774**	**107,329**	**12,825**	**−49,250**	**−475**	**259**	**−140**	**114,322**	**1,521**	**115,843**

* Cf. Notes (19) to (23)

Notes to the Consolidated Financial Statements

for the fiscal year from January 1, 2021 to December 31, 2021

General Information

Deufol SE is domiciled in Hofheim am Taunus and has been entered in the Frankfurt am Main commercial register under the number HRB 95470.

Deufol is a global premium service provider in the field of packaging and supplementary services. Please see the disclosures in the segment reporting for further details.

The address of the Company's registered office is Johannes-Gutenberg-Strasse 3–5, 65719 Hofheim am Taunus, Germany. Lion's Place GmbH is the parent company which prepares the consolidated balance sheet for the largest group of companies. These documents are published in the electronic version of the German Federal Gazette.

The Company's managing directors approved the IFRS consolidated financial statements on April 20, 2022, so that they could then be forwarded to the Administrative Board.

Basis of Preparation

Deufol SE prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as mandatorily applicable in the European Union. In addition, the provisions of section 315e of the German Commercial Code were complied with and applied in the preparation of the consolidated financial statements. All IFRS (IFRS, IAS, IFRIC, SIC) as adopted by the European Union and mandatorily applicable as of the balance sheet date were applied.

In principle, the consolidated financial statements are prepared using the historical-cost concept. This excludes derivative financial instruments as well as investment property, which are measured at fair value.

Consolidation

All subsidiaries over which Deufol SE has legal or effective control are included in the consolidated financial statements. In addition to Deufol SE, the consolidated financial statements include 19 (previous year: 18) fully consolidated subsidiaries in Germany and 26 (previous year: 28) in other countries (hereinafter referred to as the "Deufol Group" or the "Group").

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (incl. goodwill), liabilities, noncontrolling interests and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Joint ventures are included in the consolidated financial statements using the equity method in accordance with IFRS 11 in conjunction with IAS 28. Other significant equity investments are accounted for using the equity method if the Deufol Group does not hold a controlling interest, but is able to exert a significant influence on the operating and financial policies of the investee. This is always the case if it holds between 20 % and 50 % of the voting rights ("associates").

On acquisition of an equity investment accounted for using the equity method, the difference between cost and proportionate equity is initially allocated to the assets and liabilities of this investment by making certain adjustments to the fair values. Any remaining excess of cost of acquisition over net assets acquired is recognized as goodwill, and is not amortized.

If the recoverable amount of an investment in an associate (the higher of its value in use and its fair value less costs to sell) falls below the carrying amount this will lead to a corresponding impairment. The impairment loss will be recognized in the income statement.

The annual financial statements of consolidated companies are prepared as of the reporting date of the consolidated financial statements.

Acquisition accounting is performed in accordance with the purchase method, whereby the cost of the acquired interests is eliminated against the parent's share of the revalued equity at the date of acquisition. Any resulting difference is allocated to the corresponding assets and liabilities of the subsidiary insofar as it is due to hidden reserves or hidden liabilities. Any remaining excess of cost of acquisition over net assets acquired is recognized as goodwill. In accordance with IFRS 3 (Business Combinations) in conjunction with IAS 36 (Impairment of Assets), goodwill is not amortized over the expected useful life, but instead tested at least annually to establish whether there is any need to recognize impairment losses.

Noncontrolling interests represent the share of net profit/loss and net assets that is not attributable to the Group. They are reported separately in the consolidated income statement and the consolidated balance sheet. They are reported on the face of the consolidated balance sheet as a separate component of equity from the equity attributable to the shareholders of the parent company.

Intercompany receivables and liabilities, revenue, expenses, income and profits are eliminated as part of consolidation.

Currency Translation

The consolidated financial statements are prepared in euros, the functional and presentation currency of the Deufol Group. Unless indicated otherwise, all amounts are given in thousands of euros.

Each company within the Deufol Group determines its own functional currency. In accordance with IAS 21, the annual financial statements of the foreign subsidiaries included in the consolidated financial statements whose functional currency is not the euro were converted into the Group currency euro on the balance sheet cut-off date on the basis of the functional-currency concept. Financial statements are translated using the modified closing-rate method, i.e. assets and liabilities are translated from the functional currency to the reporting currency at the ECB's reference rates on the balance sheet date, while income statements are translated at the average rates for the year. Equity is translated at historical rates.

Differences resulting from the translation of assets and liabilities compared with the translation of the previous year and translation differences between the income statement and the balance sheet are taken directly to equity and are reported under "Other recognized income and expense". When a foreign operation is disposed of, the cumulative amount recognized in equity for this foreign operation is reversed to the income statement.

Foreign-currency transactions are translated at the spot rate of the foreign currency to the functional currency prevailing at the transaction date. Foreign-currency monetary assets and liabilities are translated at the rate on the balance sheet date. The resulting foreign exchange differences are recognized in profit or loss for the period, with the exception of foreign exchange differences resulting from foreign-currency loans insofar as the loans are used to hedge a net investment in a foreign operation. These are recognized directly in equity until the net investment is disposed of and only recognized in profit or loss on the date of disposal.

The exchange rates for the translation of key currencies that are not part of the European Monetary Union changed as follows:

Foreign currency	ECB reference rate as of the balance sheet date		Average rate for the year	
per €	2021	2020	2021	2020
US dollar	1.1326	1.2271	1.1835	1.1413
Renminbi	7.1947	8.0225	7.6340	7.8704
Singapore dollar	1.5279	1.6218	1.5897	1.5736
Forint	369.19	363.89	358.46	351.20
Zloty	4.5969	—	4.5640	—
Czech crown	24.858	26.242	25.647	26.455

Sales Recognition

Deufol applies the standard IFRS 15. This standard prescribes the amount and timing of revenue recognition and envisages a uniform, five-step revenue realization model. In principle, this must be applied for all customer contracts.

Sales are primarily generated from services, products and rental agreements. Revenue from contracts with customers will be recognized where the power of disposal over these goods or services is transferred to the customer. Revenue is recognized in line with the value of the consideration which the entity is expected to receive in exchange for these goods or services. Sales are recognized net of purchase price reductions such as cash and sales discounts and rebates.

A contract with a customer within the scope of IFRS 15 must be recognized in the balance sheet subject to the cumulative fulfillment of the following criteria:

- The parties have agreed to the contract and undertaken to fulfill their contractual obligations.
- The entity is able to determine for each party which rights this has in relation to the goods or services which are to be transferred.
- The entity is able to determine the payment terms for the goods or services which are to be transferred.
- The contract has economic substance.
- The entity is likely to receive the consideration to which it is entitled in return for the goods or services which are to be transferred to the customer.

Earnings per Share

Earnings per share (EPS) are calculated in accordance with IAS 33. Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to the holders of common shares of the parent company by the weighted average number of common shares in circulation. Shares newly issued or repurchased during a period are included pro rata for the time they are in circulation. Diluted earnings per share are calculated by dividing the adjusted net profit/loss for the period attributable to the holders of common shares of the parent company by the weighted average number of common shares in circulation and the weighted average number of common shares that would be issued following the conversion of all potential common shares with a dilutive effect into common shares.

Intangible Assets and Goodwill

Purchased intangible assets with finite useful lives are recognized at cost and amortized on a straight-line basis over their economic lives. Proprietary software is capitalized at cost and undergoes straight-line amortization over its economic life. Capitalized software licenses and customer relationships are amortized on a straight-line basis over their expected useful life or over the term of the relevant agreement. The amortization recognized is allocated to the relevant functions in the income statement based on the asset's use. If there are indications of impairment and the recoverable amount is less than amortized cost, impairment losses are recognized on the intangible assets. If the reasons for impairment cease to apply, the impairment losses are reversed accordingly, up to the amortized cost. This does not apply to capitalized goodwill.

Goodwill is recognized in accordance with IFRS 3 “Business Combinations” in conjunction with IAS 36 “Impairment of Assets”. These standards require goodwill to be tested annually for impairment rather than amortized.

The accounting principles for intangible assets are as follows:

	Customer relationships	Licenses and software
Amortization method used	Straight-line	Straight-line
Useful life	5 – 11 years	3 – 8 years
Remaining useful life	up to 7 years	up to 7 years

Property, Plant and Equipment

Property, plant and equipment are carried at cost less straight-line depreciation recognized over the economic life of the respective item.

Assets are removed from the balance sheet on disposal or scrapping; any disposal gains or losses are recognized in income.

The following useful lives are used for depreciation:

Useful lives of property, plant and equipment

Factory and office buildings	10 – 50 years
Operating and office equipment	3 – 10 years
Machinery and equipment	6 – 20 years
Vehicle fleet	5 – 7 years

If there are indications of impairment and the recoverable amount is less than amortized cost, impairment losses are recognized on the items of property, plant and equipment. If the reasons for impairment cease to apply, the impairment losses are reversed accordingly, up to the amortized cost. More complex items of property, plant and equipment consisting of clearly separable components with different useful lives are split into these components for the purposes of calculating depreciation. Depreciation is calculated using the useful lives of the individual components.

Investment Property

Investment properties as defined in IAS 40 are measured initially at cost, including transaction costs. Within the scope of subsequent measurement, IAS 40 offers the option of measurement at amortized cost or fair value as of the balance sheet date. Deufol exercises this option in relation to a measurement according to the fair-value model. Fair value reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized through profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined through regular valuations in accordance with IAS 40.

Investment properties are derecognized either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized through profit or loss in the period of derecognition. The amount of consideration to be included in the income statement in case of the derecognition of investment property is calculated in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent measurement is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated in the “property, plant and equipment” section up to the date of change in use.

Leases

The standard IFRS 16 has applied in regard to the accounting rules for leases since January 1, 2019. It has replaced the previous standard IAS 17 as well as the related interpretations.

The central goal of IFRS 16 is balance-sheet recognition of all leases. In principle, lessees must recognize a right of use and a lease liability in their balance sheet for all leases. The lease liability is measured in the Deufol Group at the present value of the outstanding lease payments, while the right of use is measured at the amount of the lease liability plus direct costs. During the term of the lease, the right of use must be depreciated and the lease liability subsequently measured using the effective-interest-rate method, while taking the lease payments into consideration.

IFRS 16 permits practical expedients for short-term and low-value leases. Deufol has applied these practical expedients for short-term leases. Accordingly, no right of use and no liability are recognized for such leases. The related lease payments will continue to be recognized as expense in the income statement.

As of first-time adoption, existing agreements have not been reassessed in terms of whether or not these constitute a lease on the basis of the IFRS 16 criteria. Instead, agreements which were already classified as a lease under IAS 17 continued to be classified as a lease as of first-time adoption and were treated as such.

Joint Ventures and Associates

Investments in joint ventures and associates are accounted for using the equity method. The cost of investments accounted for using the equity method is increased or decreased annually by changes in equity insofar as these are attributable to the Deufol Group.

Nonderivative Financial Assets

IFRS 9 prescribes a uniform model for the categorization of financial assets, which classifies financial assets in terms of three different categories as of their initial recognition:

- financial assets measured at amortized cost,
- financial assets measured at fair value through other comprehensive income, and
- financial assets measured at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them. The Company's management classifies financial assets on acquisition and checks their classification at each balance sheet date. All standard market purchases and sales of financial assets are recorded in the balance sheet on the transaction date, i.e. the date on which the Company entered into the obligation to purchase the asset.

For purposes of subsequent measurement, financial assets are classified in terms of four categories:

- financial assets measured at amortized cost (debt instruments),
- financial assets measured at fair value through OCI with reclassification of cumulative gains and losses (debt instruments),
- financial assets measured at fair value through OCI with no reclassification of cumulative gains and losses upon derecognition (equity instruments), and
- financial assets measured at fair value through profit or loss.

A financial asset (or a portion of a financial asset or a portion of a group of similar financial assets) will mainly be closed out subject to one of the following conditions:

- The contractual rights to receive cash flows resulting from the financial asset have expired.
- The Group has transferred to third parties its contractual rights to receive cash flows resulting from the financial asset or else entered into a contractual obligation to pay over the cash flow to a third party immediately, within the scope of a so-called "pass-through arrangement", thereby either (a) substantially transferring all risks and opportunities associated with ownership of the financial asset or (b) not having substantially transferred or retained all risks and opportunities associated with ownership of the financial asset, but having transferred the power of control over the asset.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not measured at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For financial instruments for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is recognized in the amount of the expected credit losses that result from default events that are possible within the next twelve months (12-month ECL). For financial instruments for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized in the amount of the credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience and has been adjusted for forward-looking factors specific to its debtors and the economic outline conditions. The need to recognize impairment will be reviewed in terms of ECLs on each balance sheet date and will be adjusted where necessary. The impairment rates will be determined on the basis of the level of delinquency for receivables.

In case of objective indications for trade receivables that amounts due will not all be received in accordance with the originally agreed invoice terms (e.g. the probability of an insolvency or significant financial difficulties for the debtor), an impairment will be recognized with use of a valuation account. Receivables are closed out once they are classified as uncollectible.

Derivative Financial Instruments

As a rule, derivative financial instruments are exclusively used by the Group to hedge currency risks. Derivatives which have not been included in hedge accounting, as hedging instruments, are reported in income as financial assets measured at fair value. In these cases, profits or losses from these financial assets are recognized in income.

Insofar as the hedge accounting rules pursuant to IFRS 9 are applied, the effective portion of the profit or loss resulting from a cash flow hedge is recorded directly in equity as a portion of the accumulated changes recognized directly in equity, including deferred taxes, while the ineffective portion is immediately recognized through profit or loss.

Derivatives are measured according to recognized methods and in consideration of current market parameters. The financial instruments in their entirety are explained in Note (38).

Cash Flow Hedges

The amounts recognized in equity will be reclassified to the income statement in the period in which the hedged transaction affects the period result, e.g. if hedged financial income or expenses are recognized or if an expected sale is executed.

Where a hedge leads to the reporting of a nonfinancial asset or a nonfinancial liability, the amounts recognized in equity will form part of the costs of acquisition at the time of the addition of the nonfinancial asset or nonfinancial liability.

Where the stipulated transaction or fixed obligation is no longer expected to be realized, the amounts previously recognized in equity will be reclassified to the income statement. In case of the expiry or sale, termination or exercise of the hedging tool without a replacement or the rollover of the hedging tool into another hedging tool, the amounts previously recognized in equity will remain a separate equity item until the envisaged transaction or fixed obligation has been realized.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation covers the identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (incl. the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash and Cash Equivalents

Cash and cash equivalents on the face of the balance sheet comprise cash on hand, checks, bank balances and short-term deposits with an original maturity of up to three months.

Inventories

Inventories are carried at the lower of cost and net realizable value. As a rule, carrying amounts are calculated using the weighted-average-cost method; for certain inventories, the FIFO method is used. Cost comprises all production-related costs, calculated on the basis of normal employment. As well as direct costs (such as direct material and manufacturing costs), it also includes fixed and variable material and manufacturing overheads relating to the production process and appropriate portions of depreciation of manufacturing equipment.

Deferred Taxes

Deferred taxes are calculated using the balance sheet liability method in accordance with IAS 12. This standard requires deferred taxes to be recognized for all temporary differences between the tax bases of the individual companies and the carrying amounts according to IFRS, and on consolidation adjustments. Deferred tax assets are also recognized for future benefits expected to arise from tax loss carryforwards. However, deferred tax assets have only been recognized for accounting differences and for tax loss carryforwards to the extent that it is probable that the asset will be realized. Deferred tax assets are measured at the applicable national rates of income tax. In Germany, deferred tax assets were calculated using a tax rate of 28.65 % (previous year: 28.62 %). This includes corporate income tax at 15 %, the solidarity surcharge of 5.5 % on the corporate income tax and the average rate of trade tax within the Group.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when an asset is realized or a liability is settled. Deferred taxes for items recognized directly in equity will also be recognized directly in equity. Deferred tax liabilities are not recognized in case of taxable temporary differences associated with investments in subsidiaries and associates where the timeframe for the reversal of the temporary differences may be controlled and a reversal of the temporary differences is not probable in the foreseeable future.

Other Recognized Income and Expense

Items taken directly to equity are reported under this item, unless they result from capital transactions with shareholders, such as capital increases or dividend payments. This item includes the cumulative translation adjustment and unrealized gains or losses from the fair-value measurement of financial instruments, and derivative financial instruments used in cash flow hedges as well as actuarial gains and losses in connection with pension commitments. They are recognized including deferred taxes, where applicable.

Provisions for Pensions and Similar Obligations

The actuarial valuation of pension provisions for defined-benefit plans is based on the "projected-unit-credit method" prescribed in IAS 19. The interest element of pension expenses is shown as a finance cost. Actuarial gains and losses are recognized directly in other comprehensive income. The provisions for pensions result from the pension obligations less the market values of the plan assets.

In the case of defined-contribution pension plans (e.g. direct insurance schemes), the contributions payable are recognized immediately as an expense. Provisions are not recognized for defined-contribution plans, as in these cases, the Group has no other obligation above and beyond its obligation to pay premiums.

Other Provisions

Other provisions are recognized where a present obligation exists to third parties as a result of a past event, an outflow of resources is expected and the amount can be reliably measured. They are uncertain obligations that are recognized in the amount of the best estimate. Provisions with a remaining maturity of more than one year are discounted at market interest rates reflecting the risk specific to the liability and the period of time until the settlement date.

Nonderivative Financial Liabilities and Other Liabilities

Initial Recognition and Measurement

Financial liabilities are classified as follows as of their initial recognition according to IFRS 9:

- financial liabilities measured at amortized cost,
- financial liabilities measured at fair value through profit or loss.

Subsequent Measurement

In principle, financial liabilities will be carried at amortized cost. This excludes financial liabilities which were allocated to the category "financial liabilities measured at fair value through profit or loss" as of their initial recognition. Differences between historical cost and the repayment amount and transaction costs are accounted for using the effective-interest method. Other liabilities are carried at their nominal value or the repayment amount. Noncurrent other liabilities bearing no interest are accounted for at their present value.

Where an existing financial liability is replaced by another financial liability of the same lender subject to substantially different contract terms or where the terms of an existing liability are subject to substantial change, this replacement or change will be treated as a closing-out of the original liability and a valuation for a new liability. The difference between the respective carrying amounts will be recognized in income.

Derecognition

A financial liability will be closed out in case of the fulfillment, cancellation or expiry of the underlying obligation. Where an existing financial liability is replaced by another financial liability of the same lender subject to substantially different contract terms or where the terms of an existing liability are subject to substantial change, this replacement or change will be treated as a closing-out of the original liability and a valuation for a new liability. The difference between the respective carrying amounts will be recognized in income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Treasury Stock

Where the Group acquires treasury stock, this is recognized at cost on acquisition and deducted from equity. The purchase, sale, issue or withdrawal of treasury stock is recognized directly in equity, in the reserves.

Cash Flow Statement

The cash flow statement is prepared in accordance with the provisions of IAS 7 and shows the changes in the Group's cash and cash equivalents over the course of the year under review as a result of cash inflows and outflows. A distinction is made between cash flows from operating activities, investing activities and financing activities. Cash flows from operating activities are presented using the indirect method.

Segment Reporting

Segment reporting is performed in accordance with IFRS 8 (Operating Segments). The segments correspond to those of the internal reporting structure. Segmentation aims to make transparent the assets and financial position and results of operations of the Group's individual activities and its various regions.

Borrowing Costs

All borrowing costs are expensed in the period in which they are incurred. The Group does not have any qualified assets requiring mandatory inclusion of borrowing costs in their historical costs.

Government Grants

Deufol has received government grants relating to its investment projects.

Pursuant to IAS 20, these grants may either be recognized as deferred income and amortized to income over the respective depreciation period (gross method) or, as applied by Deufol, they may be deducted from the carrying amount of the respective asset and recognized as income over the asset's useful life by means of a reduced depreciation amount (net method). IAS 20 also offers an option for performance-related grants to be recognized as other income in the income statement or to be deducted from the relevant expenses. Deufol applies the second option.

Government grants are recognized if there is reasonable assurance that the grants will be received and the Company meets the conditions attached to the grants.

Management Judgments and Key Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in accordance with IFRS sometimes requires the managing directors to make estimates or assumptions that can affect the reported amounts of assets, liabilities and financial liabilities as of the balance sheet date, and the income and expenses for the reporting period. Actual amounts and changes may differ from these estimates and assumptions.

The significant judgments and estimates applied are described in the following section:
A significant portion of the valuation adjustment for doubtful accounts receivable relates to assessments and judgments regarding individual receivables which are based on the credit worthiness of the relevant customer, current economic trends and an analysis of historical losses of receivables outstanding on a portfolio basis.

Recognition and valuation of other provisions are based on an estimate of the probability of the future outflow of benefits, supplemented by past experience and the circumstances known at the balance sheet date. As such, the actual outflow of benefits may differ from the amount recognized under other provisions. Please see Note (27) for further disclosures.

Deferred tax assets from tax loss carryforwards are recognized on the basis of an estimate of the future recoverability of the corresponding tax benefits, i.e. if there is expected to be sufficient taxable income or reduced tax expense in future. The next five years is assumed as the assessment timeframe for this. The actual taxable income situation in future periods, and hence the extent to which tax loss carryforwards can actually be utilized, may differ from the estimate performed at the date on which the deferred taxes are recognized. Please see Note (07) for further disclosures.

Significant forward-looking estimates and assumptions are made in the context of the impairment tests performed on goodwill, because the discounted-cash-flow method used for these tests requires the calculation of future cash flows, an appropriate rate of interest and long-term future growth rates. Any change in these factors may affect the results of such impairment tests. Please see Note (12) for further disclosures.

The determination of the fair value of investment property includes future-oriented estimates regarding the trend for index-based rents in the contractually agreed tenancy period as well as the rents subsequently achievable on the market. Assumptions must also be made regarding the amount of the operating costs which cannot be apportioned to the tenant(s) as well as the disposal costs. The discounted-cash-flow method used for measurement also requires the application of an adequate interest rate. Please see Note (13) for further disclosures.

Valuation of property, plant and equipment and intangible assets with a limited useful life requires the use of estimates for calculation of the fair value at the time of acquisition, particularly for assets acquired in connection with a business combination. In addition, these assets' expected useful life is to be determined. Calculation of the fair values of the assets and their useful life and the impairment testing in case of indications of impairment are based on judgments made by the management. Please see Notes (11) and (12) for further disclosures.

Where an agreement regarding a business combination stipulates an adjustment of the costs of acquisition for the combination such as is dependent on future events, the amount of this adjustment will be incorporated in the costs of acquisition for the combination at the time of acquisition if the adjustment is probable and can be reliably measured.

Further judgments may apply in regard to the specification of the necessary parameters for balance-sheet recognition of leases under IFRS 16; in particular, this relates to the determination of the interest rates used for discounting. We refer to the "New Accounting Standards" section in this chapter as well as Note (10).

Judgments and estimates made by the management may affect the measurement of assets and liabilities and related disclosures as well as the income and expenses reported for the period under review. Due to the continuing global effects of the COVID-19 pandemic, these judgments and estimates on the part of the management are subject to an increased level of uncertainty. The actual amounts may differ from the management's judgments and estimates. Changes to these judgments and estimates may have a significant impact on the consolidated financial statements. All of the information available on the expected economic trends and country-specific government countermeasures has been taken into consideration within the scope of updates made to the management's judgments and estimates. This information has also been factored into the analysis of the fair value and recoverability of assets and receivables. We have therefore based our underlying estimates and assumptions on our existing knowledge and the best sources of information available to us. We will continue to analyze potential future effects on the measurement of individual assets and liabilities.

Changed Accounting and Valuation Methods

In principle, the accounting and valuation methods used are the same as those used in the previous year.

New Accounting Standards

IFRS Published and Applied for the First Time in the Past Fiscal Year

The IASB has revised or newly approved the following standards which must be applied in consolidated financial statements as of December 31, 2021: IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2". These amendments relate to financial reporting issues for leases, hedges and other financial instruments as a result of the replacement of existing interest rate benchmarks with alternative, risk-free interest rate benchmarks.

The amendments offer practical expedients in case of changes to financial instruments and leases or hedges which are unwound due to the replacement of a benchmark interest rate in an agreement with a new alternative benchmark interest rate.

First-time adoption did not have any effect on Deufol's net assets, financial position or results of operations.

IFRS Published and Not Yet Applied

The IASB has approved or revised the following new standards. However, since application of these standards is not yet mandatory and they have not yet been endorsed by the EU, they have not been applied in Deufol's consolidated financial statements as of December 31, 2021. Deufol does not expect any of these amendments to have a significant effect on its net assets, financial position or results of operations.

Standard / amendments		Date of application (EU)	Date of endorsement (EU)
IFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021	Apr. 1, 2022	Aug. 30, 2021
IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	Jan. 1, 2022	Jun. 28, 2021
IFRS 3	Reference to the Conceptual Framework	Jan. 1, 2022	Jun. 28, 2021
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Jan. 1, 2022	Jun. 28, 2021
	Annual Improvements Cycle 2018–2020	Jan. 1, 2022	Jun. 28, 2021
IFRS 17	IFRS 17 and Amendments to IFRS 17 Insurance Contracts	Jan. 1, 2023	Nov. 23, 2021
IAS 1	Classification of Liabilities as Current or Non-current – Deferral of Effective Date	Jan. 1, 2023	Outstanding
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Jan. 1, 2023	Outstanding
IAS 8	Amendments to IAS 8: Definition of Accounting Estimates	Jan. 1, 2023	Outstanding
IAS 12	Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023	Outstanding

Scope of Consolidation

Consolidated Companies

In addition to Deufol SE, the group of fully consolidated companies includes all major subsidiaries and subgroups over which Deufol SE has legal or effective control.

	Dec. 31, 2020	Additions	Disposals	Dec. 31, 2021
Consolidated subsidiaries	46	4	5	45
thereof in Germany	18	3	2	19
thereof abroad	28	1	3	26
Companies valued using the equity method	5	0	0	5
thereof in Germany	3	0	0	3
thereof abroad	2	0	0	2
Total	**51**	**4**	**5**	**50**

The following table shows the companies fully consolidated as of December 31, 2021:

Companies fully consolidated as of Dec. 31, 2021

	Country	Equity interest (%)
Deufol Services & IT GmbH, Hofheim am Taunus	Germany	100.0
Deufol time solutions GmbH, Hofheim am Taunus	Germany	100.0
Deufol Industrieverpackungsmittel GmbH, Hofheim am Taunus (incl. subsidiaries)	Germany	100.0
Deufol Packmittelvertriebsgesellschaft mbH, Hofheim am Taunus	Germany	100.0
Deufol CZ Production s. r. o., Cheb	Czech Republic	100.0
Deufol Real Estate GmbH, Hofheim am Taunus (incl. subsidiaries)	Germany	100.0
Deufol Hungary Real Estate Kft, Debrecen	Hungary	100.0
Deufol Immobilien CZ s. r. o., Brno	Czech Republic	100.0
Manamer NV, Lier (incl. subsidiaries)	Belgium	100.0
Deufol Belgium Real Estate NV, Lier	Belgium	100.0
Wallmann & Co. (GmbH & Co. KG), Hamburg	Germany	100.0
Deufol Nürnberg GmbH, Nuremberg, (incl. subsidiaries)	Germany	100.0
Deufol Südwest GmbH, Frankenthal	Germany	100.0
Deufol Frankfurt GmbH, Frankfurt am Main	Germany	100.0
Deufol West GmbH, Mülheim an der Ruhr	Germany	100.0
Deufol Nord GmbH, Peine	Germany	100.0
Deufol Supply Chain Solutions GmbH, Mülheim an der Ruhr	Germany	100.0
Deufol Süd GmbH, Neutraubling	Germany	100.0
DTG Verpackungslogistik GmbH, Fellbach	Germany	51.0
Deufol Remscheid GmbH, Remscheid	Germany	100.0
Deufol Rheinland GmbH, Troisdorf	Germany	100.0
Deufol Berlin GmbH, Berlin	Germany	100.0
Deufol Hamburg GmbH, Hamburg	Germany	100.0
Wallmann & Co. Hamburg GmbH, Hamburg	Germany	100.0

Companies fully consolidated as of Dec. 31, 2021	Country	Equity interest (%)
Deufol Austria Management GmbH, Ramsau (incl. subsidiaries)	Austria	70.0
Rieder Kistenproduktion Gesellschaft m. b. H., Ramsau nr. Hainfeld	Austria	69.3
Deufol Austria Pack Center Solutions GmbH, St. Pölten	Austria	70.0
Deufol Česká republika s. r. o., Brno	Czech Republic	100.0
Deufol Slovensko s. r. o., Krušovce	Slovak Republic	100.0
Deufol North America Inc., Richmond, Indiana (incl. subsidiaries)	USA	100.0
Deufol Sunman LLC., Richmond, Indiana	USA	100.0
Deufol Charlotte LLC., Richmond, Indiana	USA	100.0
Deufol Worldwide Packaging Inc., Richmond, Indiana	USA	100.0
Deufol België NV, Lier (incl. subsidiaries)	Belgium	100.0
Deufol Technics NV, Houthalen	Belgium	100.0
Deufol Waremme S. A., Waremme	Belgium	100.0
Deufol Waremme Operations S. A., Waremme	Belgium	100.0
Deufol Lier NV, Lier	Belgium	100.0
Deufol Port of Antwerp NV, Antwerp	Belgium	100.0
Deufol Paris SAS, Mitry Mory	France	100.0
Deufol St. Nabord SAS, Saint Nabord (incl. subsidiary)	France	70.0
SCI Immo DLS, Saint Nabord	France	70.0
Deufol Polska sp. z. o. o., Warsaw	Poland	100.0
Deufol Hungary Kft, Debrecen	Hungary	100.0
Deufol South East Asia PTE. LTD., Singapore	Singapore	100.0

Investments Accounted for Using the Equity Method

The following companies were included in the consolidated financial statements using the equity method:

Companies accounted for using the equity method as of Dec. 31, 2021	Country	Equity interest (%)*
SIV Siegerländer Industrieverpackungs GmbH, Kreuztal	Germany	50.0
Deutsche Tailleur Bielefeld GmbH & Co. KG, Bielefeld	Germany	30.0
Mantel Industrieverpackung GmbH i. L., Stockstadt	Germany	50.0
Deufol Meilink Asia Pacific PTE. LTD., Singapore	Singapore	50.0
Deufol Meilink (Yantai) Packaging Co. LTD, Yantai	China	50.0

* Attributable to the relevant parent

Information in Accordance with Section 313 (2) No. 4 of the German Commercial Code

Deufol SE holds at least 20 % of the shares in the following companies:

Company's name and registered office	Country	Equity interest (%)	Equity in € k	Result for the fiscal year in € k
Deutsche Tailleur Bielefeld Beteiligungs GmbH, Bielefeld	Germany	30.00	33	2

Acquisitions and Newly Established Companies

Deufol Nürnberg GmbH acquired all of the shares in Elly Suhl Speditionsgesellschaft m. b. H., Hamburg, with effect as of January 1, 2021.

The company's share capital amounts to € 26 thousand. The purpose of the company is the equity investment which it holds in Wallmann & Co. (GmbH & Co. KG) as a general partner and the management of its own assets. An amount of € 26 thousand was agreed as the purchase price and this was paid in full in fiscal year 2021.

Elly Suhl Speditionsgesellschaft m. b. H. is the sole general partner of Wallmann & Co. (GmbH & Co. KG), Hamburg, and has provided a capital contribution of € 250.00.

The company's name was changed from Elly Suhl Speditionsgesellschaft m. b. H. to Wallmann & Co. Hamburg GmbH by virtue of the shareholders' resolution of April 1, 2021 and the entry made in the commercial register on April 9, 2021.

Also with effect as of January 1, 2021, Manamer N. V. acquired all of the limited partner's shares in Wallmann & Co. (GmbH & Co. KG), Hamburg. The overall liable contribution for the company entered in the commercial register amounts to € 133,750.00; of this amount, € 250.00 relates to the mandatory capital contribution required of the general partner Wallmann & Co. Hamburg GmbH (previously: Elly Suhl Speditionsgesellschaft m. b. H.) under corporate law. The remaining amount of € 133,500.00 is the limited partners' capital contribution.

The purpose of this company is the operation of a universal terminal at the port of Hamburg which specializes in the handling and storage of all types of general cargo, the provision of logistics services including contract logistics, the operation of a shipping business and all related business activities. In addition, as of the date of acquisition Wallmann & Co. (GmbH & Co. KG) held all of the shares in Motorschiff Gesellschaft mit beschränkter Haftung, Hamburg, which did not pursue any business activities.

The purchase price for the acquisition of the limited partner's shares amounted to € 8,974 thousand and was paid in full in 2021.

The three above-mentioned companies, Wallmann & Co. Hamburg GmbH, Wallmann & Co. (GmbH & Co. KG) and Motorschiff Gesellschaft mit beschränkter Haftung, were included in Deufol's consolidated financial statements for the first time as of January 1, 2021 within the scope of their full consolidation and have been allocated to its Germany segment. Wallmann & Co. Hamburg GmbH did not realize any sales in fiscal year 2021; its loss for the year amounted to – € 7 thousand. Wallmann & Co. (GmbH & Co. KG) generated sales of € 8,939 thousand in the year under review, with a net profit for the year of € 782 thousand. We refer to our comments on page ▶ 066 on sales in the past fiscal year in regard to Motorschiff Gesellschaft mit beschränkter Haftung.

The Wallmann Group was acquired for the strategic purpose of the vertical integration of the supply chain and in order to secure and expand this important location at the port of Hamburg.

The purchase price allocation has been completed. The following overview shows the fair values as of the date of consolidation which were allocated to the assets and liabilities of the above-mentioned companies consolidated for the first time. Wallmann & Co. (GmbH & Co. KG) accounts for the major portion of the figures reported; on the other hand, Wallmann & Co. Hamburg GmbH and Motorschiff Gesellschaft mit beschränkter Haftung did not have any significant assets or liabilities.

Figures in € k	Fair values as of date of consolidation
Intangible assets	19
Property, plant and equipment	19,691
Other financial assets	265
Inventories	289
Trade receivables	881
Other receivables and other assets	373
Deferred tax assets	164
Cash and cash equivalents	1,875
Total assets	**23,557**
Provisions	5,743
Financial liabilities	7,398
Trade payables	192
Other liabilities	589
Deferred tax liabilities	305
Total liabilities	**14,227**
Acquired net assets	9,330
Purchase price	9,000
Profit resulting from acquisition at a price below market value	330

The following cash outflow resulted due to the acquisition of these companies:

Figures in € k	
Purchase price	9,000
Less acquired cash and cash equivalents	−1,875
Cash outflow from the acquisition of the Wallmann Group	7,125

However, since the acquired net assets of the Wallmann Group exceeded the purchase price, its first-time consolidation resulted in income of € 330 thousand. In particular, this reflects a purchase price discount which resulted due to the terminal's level of utilization at the time of the negotiations and was intended to reflect the uncertainty regarding the future economic trend, above all due to the coronavirus pandemic and the associated disruptions to global supply chains and shipping and container availability levels.

With effect as of January 11, 2021, Deufol SE acquired all of the shares in Fredda sp. z. o. o., Warsaw/Poland, a shell company with subscribed capital of 5 thousand Polish zloty (PLN). The purchase price amounted to PLN 121,816.90 (approx. € 27 thousand) and was paid in full in fiscal year 2021.

As of the date of acquisition, this company held cash in the amount of € 25 thousand and did not pursue any business activities; the transaction did not result in any goodwill.

The company was renamed Deufol Polska sp. z. o. o. through the entry made in the commercial register on July 22, 2021; the company's purpose is the provision of packaging and related services.

The company commenced its business activities during 2021 and has been fully consolidated since January 2021; it realized sales of € 560 thousand in the year under review and a loss for the year of – € 142 thousand.

Through Deufol Polska sp. z. o. o. – which is allocated to the Rest of Europe segment – the Deufol Group is seeking to expand its presence in the eastern European market, and the Polish market especially, for new and existing customers in the field of industrial packaging in particular.

Mergers

With effect as of January 1, 2021, Packing Center Terminal Graz Süd GmbH, Werndorf/Austria, and Deufol Austria Supply Chain Solutions GmbH, St. Pölten/Austria, were merged with Deufol Austria Pack Center Solutions GmbH. The entries in the company registers for all three of these companies were made at the same time on August 20, 2021. These transactions did not have any impact in relation to the Group.

Sales

With effect as of August 31, 2021, Wallmann & Co. (GmbH & Co. KG) sold all of the shares in Motorschiff Gesellschaft mit beschränkter Haftung to a non-Group purchaser, for a purchase price of € 29 thousand which was paid in full in fiscal year 2021.

The company was deconsolidated as of August 31, 2021; control passed to the purchaser on this date. Overall, this sale and deconsolidation resulted in a net disposal gain of € 2 thousand, with net assets of the company amounting to € 26 thousand. These exclusively consisted of bank balances.

In fiscal year 2021, up to the date of disposal the company did not pursue any business activities and did not realize any sales; its earnings for the first eight months of the year amounted to € 1 thousand.

With effect as of July 1, 2021, Deufol Italia S. p. A. sold its industrial packaging business at its Roverbella location to Deufol Süd GmbH within the scope of an intra-Group asset deal. This transaction did not have any impact in relation to the Group.

Subsequently, and with effect as of November 30, 2021, Deufol SE sold all of its shares in Deufol Italia S. p. A. to a non-Group purchaser.

Control passed to the purchaser on this date. The company was deconsolidated on November 30, 2021.

€ 2,960 thousand was initially agreed as the purchase price. An amount of € 2,560 thousand was then paid as the purchase price in fiscal year 2021. The outstanding part amount of € 400 thousand was paid over to a trust account, in order to cover possible claims made by the purchaser within the scope of obligations and guarantees. Deufol does not currently expect any such claims to be asserted. The amount held on the trust account will fall due for payment during fiscal year 2023. In addition, a purchase price adjustment clause was agreed in the share purchase and transfer agreement which resulted in a subsequent increase in the purchase price in the amount of € 192 thousand, for the benefit of Deufol SE, in accordance with the calculation made at the start of 2022 and as agreed between the parties. Payment is due in 2022.

Overall, this sale and deconsolidation resulted in a net disposal gain of € 16 thousand.

In the period from January to November 2021, Deufol Italia S. p. A. realized sales in the amount of € 10.9 million and a result of € 0.3 million.

The deconsolidated assets and liabilities of Deufol Italia S.p.A. are shown in the following table:

Figures in € k	Nov. 30, 2021
Intangible assets	864
Property, plant and equipment	1,737
Inventories	39
Trade receivables	3,993
Other receivables and other assets	451
Deferred tax assets	804
Cash and cash equivalents	668
Total assets	**8,556**
Provisions	388
Financial liabilities	1,801
Trade payables	3,691
Other liabilities	640
Deferred tax liabilities	252
Total liabilities	**6,772**
Net assets	1,784
Disposal of allocated goodwill	1,352
Proceeds from sale of shares	3,152
Net gain on disposal of shares	16

The following cash outflow resulted due to the disposal of this company:

Figures in € k	Nov. 30, 2021
Proceeds from sale of shares	3,152
Less the portion of the sales proceeds not due in the year under review	−592
Less disposal of cash and cash equivalents	−668
Cash inflow	1,892

A non-Group third party acquired all of the shares in Deufol Airport Services GmbH with effect as of December 31, 2021. Control passed to the purchaser on this date. The company – in which Deufol SE held an 88 % stake, with non-Group minority shareholders holding the remaining 12 % of the shares – was deconsolidated as of December 31, 2021.

An amount of € 366 thousand was agreed as the purchase price for all of the shares – 88 % of which, or € 322 thousand, was attributable to Deufol – and the purchaser paid this in full in fiscal year 2021. In addition, a purchase price adjustment clause was agreed in accordance with the development of specific assets and liabilities of Deufol Airport Services GmbH up to the date of deconsolidation. Deufol expects to thus benefit from a minor adjustment of the purchase price in its favor; the parties are currently still in the process of agreeing on the final valuations of individual items. For these reasons, the purchase price adjustment was not included in the balance sheet for the year under review.

Overall, this sale and deconsolidation resulted in a net disposal gain of € 142 thousand.

In the year 2021 as a whole, the company achieved sales of € 535 thousand and a result of – € 81 thousand.

The deconsolidated assets and liabilities of Deufol Airport Services GmbH are shown in the following table:

Figures in € k	Dec. 31, 2021
Intangible assets	45
Property, plant and equipment	85
Inventories	204
Trade receivables	70
Other receivables and other assets	125
Deferred tax assets	17
Cash and cash equivalents	134
Total assets	**680**
Financial liabilities	365
Trade payables	85
Other liabilities	25
Total liabilities	**475**
Net assets	205
Less noncontrolling equity interests	–25
Pro rata proceeds from sale of shares	322
Pro rata proceeds from disposal of shares	142

The following cash outflow resulted due to the disposal of this company:

Figures in € k	Dec. 31, 2021
Pro rata proceeds from sale of shares	322
Less pro rata disposal of cash and cash equivalents	–118
Cash inflow	204

Consolidated Income Statement Disclosures

01 Sales

Sales mainly result from the provision of services and, to a lesser extent, from rents. Sales include rental income from investment properties in the amount of € 999 thousand (previous year: € 992 thousand). We refer to the segment reporting on pages ▶ 101 ff. for further information on sales.

02 Other Operating Income

The following table shows the breakdown of other operating income:

Figures in € k	2021	2020
Release of provisions and liabilities	1,679	2,702
Release of valuation adjustments on receivables	326	580
Income from the fair-value adjustment of investment property	207	145
Insurance compensation and other indemnification	356	1,878
Income from disposal of fixed assets	961	4,179
Income from first-time consolidation	330	0
Income from deconsolidation	160	219
Exchange-rate gains	701	964
Other	1,459	2,531
Total	**6,179**	**13,198**

The income from the disposal of fixed assets mainly comprises the sale of a property in Hamburg.

We refer to the comments on the consolidated group on pages ▶ 064 ff. in respect of the income resulting from first-time consolidation and deconsolidation.

03 Cost of Materials

The cost of materials includes the following expenses:

Figures in € k	2021	2020
Expenses for raw materials, consumables and supplies	57,891	42,966
Cost of purchased services	39,942	36,576
Total	**97,833**	**79,542**

04 Personnel Costs

The personnel costs include the following expenses:

Figures in € k	2021	2020
Wages and salaries	66,540	62,501
Social security contributions and employee benefits	18,915	17,620
Total	**85,455**	**80,121**

Number of employees by region:

Number of employees by region	2021	2020
Germany	1,267	1,303
Rest of Europe	676	642
USA/Rest of the World	78	106
Group employees	**2,021**	**2,029**

On average, the Group had 2,021 employees in 2021, of whom 642 were office employees and 1,379 industrial employees. The holding had 82 employees on average (previous year: 78). As of the reporting date, December 31, 2021, the Group had 2,009 employees (previous year: 2,008).

05 Other Operating Expenses

The following table shows the breakdown of other operating expenses:

Figures in € k	2021	2020
Rental and lease expenses	5,154	5,132
Space costs	6,206	5,524
Maintenance costs	3,000	2,963
Legal and consulting costs	6,305	5,228
Insurance premiums	2,610	2,793
IT and communications costs	1,959	1,669
Vehicle fleet costs	3,454	3,269
Expenses for loss or damage incurred	1,988	2,130
Expenses for tools and fuel	445	378
Personnel expenses	830	844
Travel expenses and advertising costs	1,158	1,108
Losses on disposal of fixed assets	161	265
Currency losses	270	1,679
Valuation adjustments and losses on receivables	1,996	818
Other	4,319	5,178
Total	**39,855**	**38,978**

In fiscal year 2021, government grants in the amount of € 101 thousand (previous year: € 21 thousand) received in connection with the establishment of our new plant in Hungary were deducted from depreciation. No government grants were received in the current year under review to cover expenses incurred (previous year: € 55 thousand).

The Group auditor's overall fees for the fiscal year amounted to € 251 thousand (previous year: € 234 thousand) for financial statements audit services provided in the year under review, € 109 thousand (previous year: € 110 thousand) for tax consulting services and € 38 thousand (previous year: € 13 thousand) for other services.

06 Financial Result

The financial result can be broken down as follows:

Figures in € k	2021	2020
Financial income	**170**	**156**
Other interest and similar income	170	156
Finance costs	−3,701	**−3,158**
from financial liabilities	−2,280	−1,904
from finance leases	−949	−1,029
Accumulation of liabilities and provisions	−392	−210
Other interest and similar expenses	−80	−15
Shares of profits of companies accounted for using the equity method	**83**	**134**
Other financial result	14	**−132**
Total	−3,434	**−3,000**

07 Tax Proceeds/ Expenses

The Group’s income taxes can be broken down as follows:

Figures in € k	2021	2020
Effective income tax expense	**941**	**673**
Germany	256	328
Rest of the World	685	345
Deferred income taxes due to the occurrence or reversal of temporary differences	**32**	**1,773**
Germany	−16	300
Rest of the World	48	1,473
Total	**973**	**2,446**

Deferred tax expenses/proceeds are as follows:

Figures in € k	2021	2020
- Recognition of/+ write-down on loss carryforwards	198	1,034
Valuation of property, plant and equipment	276	−844
Valuation of financial instruments	0	−39
Valuation of clientele	−191	−192
Finance leasing	31	67
Tax-free reserves	−25	1,701
Other	−257	46
Total	**32**	**1,773**

The deferred taxes on tax-free reserves are associated with the sale of real estate in Belgium in the previous year. Under Belgian tax law, in the case of corporations disposal gains on fixed assets may be transferred to a tax-free investment reserve provided that they are then promptly reinvested.

As of December 31, 2021, deferred taxes were calculated for German companies with an overall tax rate of 28.65 % (previous year: 28.62 %). The relevant national tax rate applies for the deferred taxes of companies outside Germany.

The following table shows the reconciliation between the expected and reported income tax expense for the Group, subject to the 28.65 % (previous year: 28.62 %) income tax rate for Deufol SE:

Figures in € k	2021	2020
Earnings before taxes	2,906	3,301
Income tax rate of the Deufol Group as %	28.65	28.62
Expected tax expense	**833**	**945**
Effect of different tax rates	−23	−13
Use of previously unconsidered tax losses	−357	−88
Write-down on loss carryforwards recognized to date	453	1,463
Effect of tax-exempt income	−24	−114
Effect of expenses not deductible for tax purposes	93	234
Prior-period tax effects	−160	54
Other	158	−35
Effects of tax-rate changes	0	0
Income taxes	**973**	**2,446**
Effective tax rate (%)	**33.48**	**74.10**

Deferred tax assets can be broken down as follows:

Figures in € k	2021	2020
Tax loss carryforwards	5,867	6,288
Supplementary capital for tax purposes	5	15
Clientele	324	283
Property, plant and equipment	762	688
Provisions for pensions	204	95
Other	256	590
Deferred tax assets	**7,418**	**7,959**
Offset against deferred tax liabilities	0	0
Total	**7,418**	**7,959**

Of the deferred tax assets, € 4,753 thousand (previous year: € 4,463 thousand) relates to domestic Group companies. Domestic tax loss carryforwards may be carried forward for an unlimited duration, but domestic earnings are subject to a minimum level of taxation. As of December 31, 2021, corporate income tax loss carryforwards amounted to € 49.9 million (previous year: € 46.8 million). Of this amount, € 46.7 million (previous year: € 46.8 million) may be carried forward for an unlimited duration. The trade tax loss carryforwards of German Group companies amount to € 31.0 million (previous year: € 29.3 million). Temporary differences relating to shares in subsidiaries for which no deferred taxes have been shown in the balance sheet total € 30.8 million (previous year: € 29.4 million).

Deferred tax liabilities can be broken down as follows:

Figures in € k	2021	2020
Property, plant and equipment	4,648	4,240
Leases	974	941
Clientele	465	638
Tax-free reserves	1,676	1,701
Other	144	322
Deferred tax liabilities	**7,907**	**7,842**
Offset against deferred tax assets	0	0
Total	**7,907**	**7,842**

08 Profit/Loss Attributable to Noncontrolling Interests

The consolidated net profit attributable to noncontrolling interests primarily consists of profit shares attributable to companies in the Deufol Nürnberg Group as well as the Deufol België Group.

09 Earnings per Share

Income Figures in € k	2021	2020
Result attributable to the holders of Deufol SE common stock	1,281	1,097
Shares in circulation Figures in units		
Weighted average number of shares	43,104,480	43,104,480
Earnings per share Figures in €		
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.030	0.026

Consolidated Balance Sheet Disclosures

10 Leases

The Deufol Group accounts for leases in accordance with the IFRS 16 requirements. The lease liability must be recognized at the present value of the outstanding lease payments. The present value calculation is based on incremental borrowing rates from 2021. The average interest rate here in the Deufol Group was 2.01 % or 2.29 % for real estate – depending on the maturity – and 2.50 % for movables.

As a lessee, Deufol has mainly entered into agreements for warehouse and office space, vehicles and operating and office equipment. Leases are individually negotiated and their provisions vary in relation to extension, termination or purchase options, etc. In addition, in several cases price-adjustment clauses apply which are based on standard indexes.

Leases of land and buildings have an average term of ten years. As of the balance sheet date, their average remaining term is slightly less than three years. On the whole, leases for assets other than land and buildings have an average term of four years.

The following rights of use for leasing assets have been reported in property, plant and equipment:

Figures in € k	Dec. 31, 2021	Dec. 31, 2020
Land, land rights and buildings	26,821	30,089
Technical equipment and machinery	205	300
Operating and office equipment	2,613	2,780
Total	**29,639**	33,169

In fiscal year 2021, additions of rights of use for leasing assets were recognized in the amount of € 11,346 thousand (previous year: € 19,001 thousand).

Depreciation of rights of use for leasing assets in fiscal year 2021 relates to the following groups of assets:

Figures in € k	2021	2020
Land, land rights and buildings	11,271	12,865
Technical equipment and machinery	95	99
Operating and office equipment	2,186	3,273
Total	**13,552**	16,237

Moreover, the following items were recognized in the income statement in fiscal year 2021 in connection with leases for which Deufol is a lessee:

Figures in € k	Dec. 31, 2021	Dec. 31, 2020
Interest expenses for leases	−949	−1,029
Expenses for short-term leases with a term of more than one month and not more than 12 months	−5,154	−5,132
Expenses for leases of low-value assets (excl. short-term leases)	0	0
Expenses for variable lease payments not included in the measurement of the lease liability	0	−154
Income from subleasing of rights of use for leasing assets	131	60
Gains and losses from sale and lease-back transactions	0	0
Total	−5,972	−6,255

Cash outflows associated with Deufol's activities as a lessee amounted to € 19,501 thousand in 2021 (previous year: € 21,895 thousand).

As of December 31, 2021, obligations not reported in the balance sheet for short-term leases which had not yet begun as of the balance sheet date were of minor numerical significance. The same is true of leases already entered into as of the balance sheet date which will begin after December 31, 2021 and are not short-term leases.

The outstanding lease payments reported under current and noncurrent financial liabilities have the following maturities:

	2021				2020			
		thereof with a remaining maturity of				thereof with a remaining maturity of		
Figures in € k	Total	up to 1 year	1 to 5 years	over 5 years	Total	up to 1 year	1 to 5 years	over 5 years
Liabilities under financial leases	31,015	10,741	15,005	5,269	34,575	13,686	17,103	3,786

As of December 31, 2021, the future (non-discounted) minimum payments under non-terminable rental agreements and leases amounted to a total of € 36,708 thousand, of which € 11,979 thousand with a remaining term of one year, € 18,300 thousand with a remaining term of between one and five years and € 6,429 thousand with a remaining term of more than five years.

11 Property, Plant and Equipment

In respect of the leased assets included in property, plant and equipment, we refer to the previous section 10 "Leases".

In the past fiscal year, as in the previous year no impairment was recognized on property, plant and equipment.

In fiscal year 2021, Deufol received government grants of approx. € 665 thousand (previous year: € 3,002 thousand) in connection with the establishment of our new plant in Hungary, which related to land and buildings, technical equipment and machinery as well as assets under construction. The respective amounts were deducted from the costs of acquisition.

12 Intangible Assets

Intangible assets primarily consist of the goodwill recognized on consolidating acquirees as well as acquired customer relationships.

The following table shows the breakdown of goodwill by segment:

Figures in € k	Germany	Rest of Europe	USA/Rest of the World	**Total**
Carrying amount as of Jan. 1, 2021	**52,571**	**18,440**	**0**	**71,011**
Additions	0	0	0	0
Disposals	0	−2,156	0	−2,156
Impairments	0	0	0	0
Currency translation adjustments	0	0	0	0
Carrying amount as of Dec. 31, 2021	**52,571**	**16,284**	**0**	**68,855**

In accordance with IAS 36 "Impairment of Assets", goodwill should be tested for impairment at least once a year. In the course of impairment testing, the carrying amount of a cash-generating unit (CGU) is compared with its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

In principle, the lowest level within the Group at which goodwill is monitored for internal management purposes is the level for operating segments as defined by IFRS 8. Accordingly, goodwill is allocated to the operating segments Germany, Rest of Europe and USA/Rest of the World. A full valuation adjustment has been implemented on the goodwill allocated to the USA/Rest of the World segment. In the Rest of Europe segment, the management monitors goodwill by distinguishing between three regionally classified cash-generating units. The recoverable amount corresponds to the value in use and was calculated as the present value of future cash flows.

Future cash flows are determined on the basis of the multiple-year financial plans of the companies included in the scope of consolidation. The concrete planning period in each case is three years. The forecasts contained therein are based on past experience and the expected future segment and market development.

The discount rates before taxes are calculated on the basis of market data. For the Group's individual CGUs, they are between 6.08 % and 6.89 % (previous year: 5.09 % to 5.80 %). The terminal growth rate (1.0 %, previous year: 1.0 %) does not exceed the long-term growth rates for the industry and region in which the cash-generating units operate.

Impairment testing did not identify the need to recognize impairment losses for the CGUs defined above. A modification of the basic assumptions regarding an increase in the discount interest rate by 1.0 percentage points while maintaining the long-term growth rate of 1.0 % would not lead to any need to recognize impairment losses.

The disposal made in the year under review related to Deufol Italia S.p.A. which was deconsolidated due to its sale on November 30, 2021; please see our comments on pages ▶ 066 f. for further information. The overall amount includes goodwill in the amount of € 804 thousand reported in the single-entity financial statements of Deufol Italia S.p.A.

13 Investment Property

The “Investment Property” item includes existing properties which are neither owner-occupied nor held for sale and are instead held in order to generate rental income as well as increases in value.

Real estate which is classified in this category is subsequently measured at fair value. Changes in relation to the current carrying amount before subsequent measurement (previous year’s fair value plus subsequent/additional costs less subsequent purchase price reductions) have been recognized through profit or loss in other operating income.

The balance sheet item for the Group’s investment property relates to a commercial property in the Eurozone. The measurement made in the year under review resulted in a restatement of the fair value in the amount of € 0.2 million (previous year: € 0.1 million) which has been reported under other operating income.

Figures in € k	2021	2020
As at Jan. 1	**14,490**	**14,345**
Additions through acquisition	0	0
Ongoing production, subsequent purchase costs	0	0
Write-ups due to subsequent measurement at fair value	207	145
As at Dec. 31	**14,697**	**14,490**

The Group is not subject to any restrictions in terms of the disposability of investment properties or any contractual obligations to purchase, produce or develop investment properties.

The Group has done its own calculation of the fair value of this property as of December 31, 2021. The internationally recognized discounted-cash-flow method was applied, i.e. anticipation of the future cash flows, discounted to their present value on the balance sheet date. The fair value was determined on the basis of key non-observable input factors (Level 3). The cash flows were calculated according to the rent agreed with the tenant in the contract for the non-terminable basic tenancy period. Since this rent is subject to an index-based annual adjustment, the future development of the relevant index was estimated on the basis of the historical trend. An opinion prepared by an independent real estate expert was referred to in respect of the market rent achievable following this period. The disposal costs deductible from the total present values were also obtained from this opinion. The interest rate of 6.84 % which was required in order to determine the present values of the cash flows was derived from the prime yield indicated in a study of the Belgian real estate market published in 2021, to which a risk premium was added. In regard to the calculation of the operating costs for the property which are not allocable to the tenant, the cost ratio has been determined on the basis of the expenses which have actually arisen and which were ultimately borne by the landlord over the past few fiscal years, since these data are also considered to be representative of future years.

14 Investments Accounted for Using the Equity Method

As of December 31, 2021, the carrying amount of the investments in associates accounted for using the equity method amounts to € 1,545 thousand (previous year: € 1,462 thousand).

The following table provides summary information for the companies accounted for using the equity method. The figures are for the Group's share in the associates:

Assets Figures in € k	Dec. 31, 2021	Dec. 31, 2020
Current assets	1,239	1,165
Noncurrent assets	632	661
Total assets	**1,871**	**1,826**
Equity and liabilities Figures in € k		
Debt	1,447	1,381
Equity	424	445
Total equity and liabilities	**1,871**	**1,826**
Total sales	4,353	4,758
Total expenses	−4,270	−4,605
Income	**83**	**153**

Unrecognized losses amount to € 21 thousand (previous year: € 36 thousand); cumulative unrecognized losses total € 187 thousand (previous year: € 166 thousand). In the year under review, a valuation adjustment in the amount of € 9 thousand was recognized on an associate accounted for using the equity method.

15 Other Receivables and Other Assets

The following table shows the breakdown of the "Other receivables and other assets" item:

	2021		2020	
Figures in € k	Total	Current	Total	Current
Value-added tax and other taxes receivable	58	58	192	192
Deferred expenses	1,903	1,903	1,629	1,629
Guarantees	307	307	235	235
Receivables from related parties	303	303	383	383
Compensation	0	0	981	0
Insurance refunds	591	591	1,568	1,568
Receivables from employees/social security authorities	74	74	144	144
Other	1,409	1,318	2,195	1,876
Total	**4,645**	**4,554**	7,327	6,027

Consolidated Statement of Changes in Assets in 2021

Figures in € k	Jan. 1, 2021	Currency differences	Additions	Additions through business combinations	Disposals	Disposals due to company sales	Adjustment of the fair value	Reclassifications	Dec. 31, 2021
	Acquisition and production costs								
Property, plant and equipment									
Land, land rights and buildings	67,919	381	682	8,941	−3,720	−156	0	1,783	75,830
Technical equipment and machinery	15,314	303	654	3,322	−579	−5,463	0	425	13,976
Operating and office equipment	27,121	32	2,922	1,215	−1,863	−2,318	0	−4	27,105
Assets under construction	2,139	5	1,287	0	−48	0	0	−2,099	1,284
Leased assets	68,278	681	5,133	6,213	−205	−6,129	0	−105	73,866
Investment Property	14,490	0	0	0	0	0	207	0	14,697
Total	**195,261**	**1,402**	**10,678**	**19,691**	**−6,415**	**−14,066**	**207**	**0**	**206,758**
Intangible assets									
Patents, licenses, trademarks and similar rights and assets	16,326	228	84	19	−40	−1,965	0	0	14,652
Internally generated intangible assets	5,965	0	733	0	−51	0	0	0	6,647
Goodwill	70,825	1,430	0	0	0	−2,794	0	0	69,461
Total	93,116	1,658	817	19	−91	−4,759	0	0	90,760
Sum total	**288,377**	**3,060**	**11,495**	**19,710**	**−6,506**	**−18,825**	**207**	**0**	**297,518**

	Depreciation, amortization and impairment								Net amounts	
	Jan. 1, 2021	Currency differences	Additions	Disposals	Disposals due to company sales	Reversals of impairment losses	Reclassifications	**Dec. 31, 2021**	Dec. 31, 2020	**Dec. 31, 2021**
	19,872	109	3,113	−1,390	−106	0	9	21,607	48,047	54,223
	11,810	240	1,219	−471	−5,385	0	259	7,672	3,504	6,304
	24,069	30	1,443	−1,549	−2,247	0	−179	21,567	3,052	5,538
	0	0	41	0	0	0	0	41	2,139	1,243
	35,109	366	13,552	−205	−4,506	0	−89	44,227	33,169	29,639
	0	0	0	0	0	0	0	0	14,490	14,697
	90,860	**745**	**19,368**	**−3,615**	**−12,244**	**0**	**0**	**95,114**	**104,401**	**111,644**
	12,643	197	1,013	0	−1,860	0	0	11,993	3,683	2,659
	3,142	0	754	0	0	0	0	3,896	2,823	2,751
	−186	1,430	0	0	−638	0	0	606	71,011	68,855
	15,599	1,627	1,767	0	−2,498	0	0	16,495	77,517	74,265
	106,459	**2,372**	**21,135**	**−3,615**	**−14,742**	**0**	**0**	**111,609**	**181,918**	**185,909**

Consolidated Statement of Changes in Assets in 2020

	Acquisition and production costs								
Figures in € k	**Jan. 1, 2020**	Currency differences	Additions	Additions through business combinations	Disposals	Disposals due to company sales	Adjustment of the fair value	Reclassifications	**Dec. 31, 2020**
Property, plant and equipment									
Land, land rights and buildings	52,982	−276	9,642	0	−318	−15	0	5,904	67,919
Technical equipment and machinery	15,307	−257	1,173	0	−1,115	−78	0	284	15,314
Operating and office equipment	27,251	−27	1,087	0	−1,179	−30	0	19	27,121
Assets under construction	7,290	−4	1,489	0	−18	0	0	−6,618	2,139
Leased assets	49,751	−552	19,001	0	−254	−79	0	411	68,278
Investment property	14,345	0	0	0	0	0	145	0	14,490
Total	**166,926**	**−1,116**	**32,392**	**0**	**−2,884**	**−202**	**145**	**0**	**195,261**
Intangible assets									
Patents, licenses, trademarks and similar rights and assets	16,546	−239	126	0	−82	−25	0	0	16,326
Internally generated intangible assets	5,231	0	977	0	−243	0	0	0	5,965
Goodwill	72,408	−1,583	0	0	0	0	0	0	70,825
Total	**94,185**	**−1,822**	**1,103**	**0**	**−325**	**−25**	**0**	**0**	**93,116**
Sum total	**261,111**	**−2,938**	**33,495**	**0**	**−3,209**	**−227**	**145**	**0**	**288,377**

Depreciation, amortization and impairment								Net amounts	
Jan. 1, 2020	Currency differences	Additions	Disposals	Disposals due to company sales	Reversals of impairment losses	Reclassifications	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**
18,005	−89	2,148	−192	0	0	0	19,872	34,977	48,047
11,779	−190	1,094	−893	−39	0	59	11,810	3,528	3,504
23,743	−23	1,338	−962	−27	0	0	24,069	3,508	3,052
0	0	0	0	0	0	0	0	7,290	2,139
19,443	−243	16,237	−189	−80	0	−59	35,109	30,308	33,169
0	0	0	0	0	0	0	0	14,345	14,490
72,970	**−545**	**20,817**	**−2,236**	**−146**	**0**	**0**	**90,860**	**93,956**	**104,401**
11,797	−188	1,124	−82	−8	0	0	12,643	4,749	3,683
2,560	0	770	−188	0	0	0	3,142	2,671	2,823
1,397	−1,583	0	0	0	0	0	−186	71,011	71,011
15,754	**−1,771**	**1,894**	**−270**	**−8**	**0**	**0**	**15,599**	**78,431**	**77,517**
88,724	**−2,316**	**22,711**	**−2,506**	**−154**	**0**	**0**	**106,459**	**172,387**	**181,918**

16 Inventories

The following table shows the breakdown of inventories:

Figures in € k	2021	2020
Raw materials, consumables and supplies	14,391	7,898
Work in progress	1,793	1,176
Finished products and merchandise	104	90
Total	**16,288**	**9,164**

17 Trade Receivables

Trade receivables are as follows:

Figures in € k	2021	2020
Trade receivables	30,574	29,177
Valuation adjustments	−2,066	−3,471
Trade receivables, net	**28,508**	**25,706**

There were no trade receivables from related parties as of the current reporting date (previous year: € 25 thousand).

As of December 31, 2021, the age structure of the trade receivables was as follows:

			Overdue but not value-impaired				
Figures in € k	**Total**	Neither overdue nor value-impaired	< 30 days	30 – 60 days	61 – 90 days	91 – 180 days	> 180 days
2021	**28,508**	**20,468**	**4,168**	**970**	**1,069**	**701**	**1,132**
2020	25,706	17,954	4,303	1,164	904	389	992

The breakdown by impairment rates is as follows:

		Receivables not subject to specific valuation allowance, overdue						
Figures in € k	Not subject to specific valuation allowance, not overdue	< 30 days	30 – 60 days	61 – 90 days	91 – 180 days	> 180 days	Receivables subject to specific valuation allowance	**Total 2021**
Gross carrying amount	20,652	3,917	911	1,004	658	1,063	2,369	**30,574**
Expected loss ratios	0–1 %	0–1 %	1–2 %	1–2 %	2–5 %	5–10 %	—	
Loss allowance	184	20	9	10	13	53	1,777	**2,066**

Figures in € k	Not subject to specific valuation allowance, not overdue	Receivables not subject to specific valuation allowance, overdue < 30 days	30 – 60 days	61 – 90 days	91 – 180 days	> 180 days	Receivables subject to specific valuation allowance	**Total 2020**
Gross carrying amount	17,502	4,195	1,135	881	379	967	4,118	**29,177**
Expected loss ratios	0–1 %	0–1 %	1–2 %	1–2 %	2–5 %	5–10 %	—	
Loss allowance	175	42	23	18	19	97	3,097	**3,471**

In respect of the receivables which are neither value-impaired nor overdue, as of the reporting date there are no indications that the debtors will be unable to meet their payment obligations.

The following table shows the development of valuation adjustments on trade receivables:

Figures in € k	2021	2020
Valuation adjustments at start of period	**3,471**	**2,891**
Currency differences	23	10
Changes to scope of consolidation	−222	0
Addition	545	2,186
Utilization	−1,425	−1,036
Reversal	−326	−580
Valuation adjustments at end of period	**2,066**	**3,471**

18 Cash and Cash Equivalents

The following table shows the breakdown of cash and cash equivalents:

Figures in € k	2021	2020
Cash on hand	49	43
Bank balances	14,091	31,306
Total	**14,140**	**31,349**

There are no restrictions on the amounts reported as cash.

19 Subscribed Capital

As of December 31, 2021, the Subscribed Capital is € 43,773,655 (previous year: € 43,773,655) and is divided up into the same number of no-par-value registered shares.

An amount of € 20,000,000 remained unchanged as Approved Capital as of December 31, 2021 for the issuance of new shares in return for cash contributions or contributions in kind (end of previous year: € 20,000,000). This is based upon the resolution passed by the Annual General Meeting on June 28, 2019 which authorizes the Company to increase the Company's share capital by up to € 20,000,000 in the period up to June 27, 2024.

In accordance with the resolution passed by the Annual General Meeting on June 28, 2017, the Company has been authorized to purchase up to 4,377,365 of its own shares in the period from June 28, 2017 to June 27, 2022; this corresponds to 10 % of the current share capital. This resolution replaced the resolution passed on June 30, 2016.

20 Capital Reserves

The capital reserves, which mainly consist of the premium resulting from the issue of shares plus payments by the shareholders, continued to amount to € 107,329 thousand as of the end of 2021.

21 Retained Earnings

At the end of 2021, retained earnings continued to amount to € 12,825 thousand.

22 Treasury Stock

Pursuant to the resolution passed by the Annual General Meeting on June 30, 2016, in accordance with section 71 (1) no. 8 AktG Deufol purchased 812,775 treasury shares in fiscal year 2016. This treasury stock was repurchased for € 536 thousand, amounting to an average cost of € 0.66 per share.

Moreover, in fiscal year 2019 120,000 treasury shares were purchased in accordance with section 71 (1) no. 2 AktG. This treasury stock was repurchased for a total of € 126 thousand, amounting to an average cost of € 1.05 per share.

Within the scope of the acquisition of an equity investment by Deufol SE in December 2019, the purchase price was settled in the form of 263,600 treasury shares whose weighted average price amounted to € 0.71 per share.

23 Noncontrolling Equity Interests

The noncontrolling equity interests primarily consist of shares held by external third parties in Deufol Nürnberg Group and Deufol België Group companies. The development of these shares is outlined in detail in the statement of changes in equity.

24 Appropriation of Net Profit

A proposal will be made to the Annual General Meeting that the remaining net income of Deufol SE for fiscal year 2021 in the amount of € 11,309 thousand (calculated in accordance with the principles of the German Commercial Code – HGB) be carried forward to new account.

25 Financial Liabilities

The following table summarizes the financial liabilities of the Deufol Group:

	2021				2020			
		thereof with a remaining maturity of				thereof with a remaining maturity of		
Figures in € k	Total	up to 1 year	1 to 5 years	over 5 years	Total	up to 1 year	1 to 5 years	over 5 years
Amounts due to banks	64,160	16,174	27,847	20,139	68,467	16,663	24,686	27,118
Liabilities under financial leases	31,015	10,741	15,005	5,269	34,575	13,686	17,103	3,786
Other financial liabilities	0	0	0	0	0	0	0	0
Financial liabilities	**95,175**	**26,915**	**42,852**	**25,408**	**103,042**	**30,349**	**41,789**	**30,904**

Property, plant and equipment in the amount of € 59.9 million (previous year: € 47.7 million) and fully consolidated interests in the amount of € 5.0 million (previous year: € 5.0 million) serve as collateral to secure liabilities to banks and other financial liabilities.

Liabilities to Banks

Short-term and medium-term credit lines of € 38.6 million are available to the Group at various banks (previous year: € 41.0 million). As of December 31, 2021, € 22.8 million (previous year: € 27.5 million) of this had been utilized. The variable-interest loans shown in the balance sheet are subject to standard market interest rate risks. In fiscal year 2021, the average weighted interest rate for short-term loans was 3.54 % (previous year: 2.29 %). The payable credit margins are partially dependent on complying with certain financial ratios (covenants).

The following table shows the Group's material short-, medium- and long-term liabilities to banks:

	2021				2020			
	Currency	Net carrying amount (€ k)	Remain-ing maturity (years)	Effective interest rate (%)	Currency	Net carrying amount (€ k)	Remain-ing maturity (years)	Effective interest rate (%)
Loans	€	1,498	3	2.62	€	1,945	4	2.62
Loans	€	3,850	2	variable[1]	€	4,710	3	variable[1]
Loans	€	603	3	3.05	€	814	4	3.05
Loans	€	766	3	2.41	€	1,024	4	2.41
Loans	€	11,745	9	1.55	€	12,855	5	1.8
Loans	€	2,349	5	1.30	€	3,000	6	1.30
Loans	€	1,050	6	1.38	€	1,050	7	1.38
Loans	€	2,915	7	1.95	€	3,369	8	1.95
Loans	€	2,875	5	variable[2]	€	2,850	6	variable[2]
Loans	€	3,225	4	variable[3]	€	4,125	2	variable[3]
Loans	€	5,000	10	variable[4]	€	5,000	11	variable[4]
Loans	€	717	11	2.13	€	778	10	3.25
Loans	€	333	2	1.3	€	500	3	3.95
Loans	€	4,250	2	variable[1]	—	—	—	—
Loans	€	228	11	2.13	—	—	—	—
Loans	€	768	3	1.65	—	—	—	—

1) 3-month EURIBOR zero-floored +3.70 % (previous year: 3-month EURIBOR zero-floored +2.35 %)
2) 3-month EURIBOR zero-floored +1.80 %
3) 3-month EURIBOR zero-floored +1.50 %
4) 3-month EURIBOR zero-floored +2.20 %

There are also further noncurrent amounts due to banks for financing of property, plant and equipment, particularly technical equipment and machinery, in the amount of € 0.6 million (previous year: € 1.6 million).

Liabilities under Financial Leases

We refer to the summarized information regarding leases provided in section 10 of this chapter.

26 Provisions for Pensions

The Deufol Group has both defined-contribution and defined-benefit pension schemes in place. The defined-benefit pension plans include pension obligations as well as noncurrent-benefit entitlements (provisions for other post-employment benefits).

Noncurrent-benefit entitlements are recognized in the balance sheet at the Group's German subsidiaries (for 2021 only), Italian subsidiaries (for 2020 only) and Austrian subsidiaries.

Due to the first-time consolidation of the Wallmann Group as of January 1, 2021, further defined-benefit pension obligations were added in Germany in the year under review. These obligations comprise those under pensions already in payment as well as expectancies for pensions payable in the future. They are partially covered by an occupational pension scheme whose assets are partially classifiable as plan assets in accordance with IAS 19.

Within the scope of its acquisition of the operation at the Group's Roverbella location as of July 1, 2021, Deufol Süd GmbH assumed the benefit entitlements of the employees at this location; these obligations continue to be presented in the "Italy" column in the following tables.

The corresponding provisions made for benefit entitlements were transferred out of the corporate group through the sale of Deufol Italia S.p.A. and the deconsolidation of this company as of November 30, 2021.

Pension obligations are measured in accordance with the provisions of IAS 19. The recognized provisions can be broken down as follows:

Figures in € k	2021	2020
Provisions for pensions and other post-employment benefits	1,585	792
Liabilities to pension fund	2,410	2,378
Total	**3,995**	**3,170**

The pension obligations (actuarial present value of benefit entitlements or defined benefit obligation) were calculated using actuarial methods. The calculations were based on the following parameters:

	Germany		Austria		Italy	
Figures in %	2021	2020	2021	2020	2021	2020
Discount rate	0.9	1.0	1.0	1.0	0.0	0.0
Turnover rate*	0.0	0.0	0.0	0.0	0.0	0.0
Index-linked salary increase	0.0	—	2.0	2.0	0.8	0.8
Index-linked pension increase	2.0	2.0	2.0	2.0	2.1	2.1

* No turnover is assumed, since all benefits are vested.

The Heubeck mortality tables (RT) 2018 G were applied for the pension obligations applicable in Germany.

The following table indicates the changes in the present value of the total obligation and the net pension commitment shown in the balance sheet:

Figures in € k	2021	2020
Present value of the obligation at Jan. 1	792	844
Current service cost	17	9
Interest cost	15	7
Pension payments	−96	−66
Actuarial losses	90	−57
Change in the market value of the plan assets	1	−66
Business combinations and disposals	763	0
Other	3	121
Present value of the obligation / net pension commitment at Dec. 31	**1,585**	**792**

The market value of the plan assets which relates to German pension obligations increased in the reporting year to € 519 thousand (previous year: € 386 thousand), due to additions in the amount of € 117 thousand associated with the scope of consolidation, actuarial gains in the amount of € 17 thousand and a – € 1 thousand change in their market value over the course of the year. Of the fair value of the plan assets as of the balance sheet date, € 208 thousand (previous year: € 66 thousand) comprises cash and cash equivalents and € 311 thousand (previous year: € 320 thousand) claims under employer's pension liability insurance in the form of endowment insurance. The valuations of the plan assets are exclusively based on publicly quoted market prices.

Pension expense in the fiscal year can be broken down as follows:

Figures in € k	2021	2020
Current service cost	17	9
Interest cost	15	7
Total pension expense	**32**	**16**

The expected pension expense for 2022 is € 42 thousand.

In the case of defined-contribution plans, the Deufol Group does not enter into any obligations above and beyond its obligation to pay contributions. In addition, contributions were paid to state pension insurance agencies in the amount of € 3,565 thousand (previous year: € 3,544 thousand).

The Company has carried as a liability in relation to a pension fund an amount of € 2,410 thousand (previous year: € 2,378 thousand) in connection with the closure of its carton business in the USA. No calculations in accordance with IAS 19 are required for this obligation, but it requires repayment over a period of 20 years.

In general, pension payments depend on the period of employment and / or the remuneration paid to the eligible persons as of the occurrence of the covered event.

The pension obligations and the investments within the scope of the plan assets are subject to various risks which may have negative effects on provisions and equity in particular. These are mainly demographic / biometric risks as well as interest rate and investment risks.

Sensitivity Analysis

An increase or decrease in the key actuarial assumptions by 0.25 percentage points would have the following effects on the pension obligations as of December 31, 2021:

	Increase of 0.25 percentage points	Decrease of 0.25 percentage points
Interest rate	–75	80
Index-linked salary increase	5	–5
Index-linked pension increase	**65**	**–62**

The sensitivity calculations are based on the average period of the pension obligations calculated on December 31, 2021. For the German obligations, this weighted average period amounts to 15.0 years (previous year: 16.5 years). The weighted average term of the provisions made for benefit entitlements in Austria is 11.6 years (previous year: 11.3 years). The calculations have been made in isolation for the actuarial parameters classified as significant, in order to separately report the effects on the present value of the pension obligations calculated as of December 31, 2021. The sensitivity analysis does not include the obligations to a pension fund in the USA, since these have been frozen and the changes in the actuarial assumptions will not therefore have any effect on the pension obligation.

27 Other Provisions

The following table shows the changes in other provisions:

Figures in € k	Jan. 1, 2021	Utilization	Reversal	Addition	Changes in scope of consolidation	Dec. 31, 2021
Litigation risk	300	−50	−6	110	0	354
Dismantling obligations	0	0	0	202	4,153	4,355
Other risks	424	−417	−434	535	427	535
Total	**724**	**−467**	**−440**	**847**	**4,580**	**5,244**

The provisions for legal disputes were made for anticipated claims due to ongoing legal disputes.

The provision made for dismantling obligations relates to the buildings on leased areas in the port of Hamburg which were added through the acquisition of the Wallmann Group. The allocation of € 202 thousand which was made in the year under review resulted due to the interest rollup on this provision.

The provisions recognized by the Deufol Group are current and noncurrent provisions. More specifically, the outflows are structured as follows, based on when they are expected to be settled:

	Current		Noncurrent		Total	
Figures in € k	2021	2020	2021	2020	2021	2020
Litigation risk	354	300	0	0	354	300
Dismantling obligations	0	0	4,355	0	4,355	0
Other risks	535	424	0	0	535	424
Total	**889**	**724**	**4,355**	**0**	**5,244**	**724**

28 Other Liabilities

Other liabilities can be broken down as follows:

	2021		2020	
Figures in € k	Total	Current	Total	Current
Value-added tax and other taxes payable	3,500	3,500	4,073	4,073
Social security liabilities	2,202	2,202	1,629	1,629
Liabilities to employees relating to wages and salaries	6,070	6,070	5,511	5,511
Deferred income	324	324	372	372
Other	1,269	1,251	2,287	2,256
Total	**13,365**	**13,347**	**13,872**	**13,841**

29 Trade Payables

Trade payables amount to € 17,723 thousand (previous year: € 24,170 thousand) and all have a remaining term of less than one year. This includes liabilities for trade payables that have not yet been invoiced in the amount of € 4,769 thousand (previous year: € 5,098 thousand).

Consolidated Cash Flow Statement Disclosures

The consolidated cash flow statement is prepared in accordance with IAS 7. It shows the origin and appropriation of the money flows in fiscal years 2021 and 2020. It is thus of key significance for an assessment of the financial position of the Deufol Group. The cash flow statement distinguishes between cash flows from operating activities, investing activities and financing activities.

The cash and cash equivalents reported in the cash flow statement correspond to the "Cash and cash equivalents" item in the balance sheet and comprise cash on hand, checks and immediately available bank balances with an original maturity of up to three months. Please see Note (18) for the breakdown of cash and cash equivalents.

The cash flow from investing activities and the cash flow from financing activities are both calculated directly. In contrast, the cash flow from operating activities is derived using the indirect method.

31 Cash Flow From Operating Activities

In fiscal year 2021, operating activities provided net cash of € 12.5 million (previous year: € 25.4 million).

31 Acquisitions and Sales

We refer to pages 064 ff. in relation to acquisitions, formations and sales.

32 Cash Flow From Investing Activities

In the past fiscal year, a € 7.4 million (previous year: € 5.7 million) outflow of funds from investing activities resulted. Investments in intangible assets and property, plant and equipment amounted to € 6.4 million, while an inflow of funds in the amount of € 3.9 million resulted from the disposal of intangible assets and property, plant and equipment. The acquisition of business units resulted in an outflow of funds in the amount of € 7.1 million in the year under review; the Deufol Group received € 2.1 million from sales of subsidiaries. The interest received amounted to € 0.2 million.

33 Cash Flow From Financing Activities

In the past fiscal year, a € 22.9 million (previous year: € 19.2 million) outflow of funds from financing activities resulted. Cash outflows due to the extinction of other financial liabilities amounted to € 13.7 million (previous year: € 17.0 million); the interest paid totaled € 3.7 million (previous year: € 3.1 million). In addition, cash decreased due to the extinction of amounts due to banks in the amount of € 5.5 million (previous year: inflow of € 0.9 million due to bank borrowings).

The adjustments to reconcile financial liabilities to the cash flow from financing activities in fiscal year 2021 are shown below:

Figures in € k	Dec. 31, 2020	Cash-effective	Noncash-effective					Dec. 31, 2021
			Changes in the scope of consolidation	Currency translation adjustments	IFRS 16	Other	Changes in fair value	
Noncurrent financial liabilities	72,693	–4,699	27	643	–404	0	0	68,260
Current financial liabilities	30,349	–14,499	–1,007	322	11,750	0	0	26,915

34 Change in Cash and Cash Equivalents

The cash and cash equivalents balance decreased by € 17.2 million, from € 31.3 million to € 14.1 million. Net financial indebtedness – defined as financial liabilities less the Group's financial receivables and cash and cash equivalents – increased by € 9.3 million to € 80.6 million.

Other Disclosures

35 Contingencies and Contingent Liabilities

Within the Group, guarantees have only been granted to third parties for obligations reported in the balance sheet or for reciprocal rental payment guarantees. As in previous years, the Group has not issued any guarantees in relation to associates.

We examine legal disputes and administrative procedures on an individual basis. We evaluate the possible outcomes of such legal disputes on the basis of the information we have received and in consultation with our lawyers and tax advisers. Where we are of the opinion that an obligation will probably lead to future fund outflows, we carry as a liability the present value of the expected fund outflows where these are deemed to be reliably measurable. Legal disputes and tax affairs present complex issues and are associated with a large number of uncertainties and difficulties, including the facts and circumstances of the individual case and the authority involved.

In Hungary, in the period from 2019 to 2021 Deufol made extensive investments in land and buildings, technical equipment and machinery and operating and office equipment especially. This was in connection with the construction of a new plant. These investments are partially supported through government subsidies under a funding agreement. During the monitoring phase which will now run from 2022 to 2027, certain conditions must be fulfilled on an annual basis or else cumulatively at the end of the monitoring phase. If these conditions are not met or are not met in full, the return of the subsidy may be required either in whole or in part. Deufol SE has provided the Hungarian government with a guarantee covering the possibility of (partial) repayment of this funding.

36 Contingent Assets

There were no contingent assets in the year under review such as might have a significant financial impact on the Deufol Group.

37 Capital Management Disclosures

In principle, Deufol’s goal is to secure its equity capital base on a long-term basis. A Group equity ratio in excess of 40 % is aimed for. As of December 31, 2021, the Group’s equity ratio was 44.5 % (previous year: 42.4 %). The equity ratio thereby functions merely as a passive management criterion, with sales and the operating result (EBIT) being used as active management variables.

In some cases within the Group, credit agreements are tied to compliance with financial ratios. In these cases, the development of the relevant financial ratios forms a fixed component of the reporting of the affected companies, for early recognition and rectification of undesirable trends and negotiations with the relevant lenders. All financial ratios were complied with in the past fiscal year.

38 Financial Risk Management

The Deufol Group is exposed to various financial risks in its normal business activities. These include, in particular, market risks (currency risk, interest risk and goods price risk), the risk of nonpayment and the liquidity risk. The Deufol Group uses a standardized, Group-wide risk management system to manage these risks. The aim is to establish an operating routine based on actions, and therefore on constant risk minimization. Within the Deufol Group, derivative financial instruments are used exclusively for risk reduction purposes.

Currency Risks

The currency risk is the risk of the fair value or future cash flows of a financial instrument being subject to change due to exchange-rate fluctuations. Overall, the risks resulting from the change in exchange rates are of minor significance for the operating activities of the Deufol Group. The main effect on the Group's assets position resulted from the translation of the American companies' US-dollar-denominated financial statements into the reporting currency euro. If the euro were 10 % stronger (weaker) against the US dollar, the earnings of the Group would have been € 63 thousand higher (lower) and in the previous year € 36 thousand higher (lower). The balancing item in equity would have been € 3 thousand lower (higher) and in the previous year € 3 thousand higher (lower).

Further currency risks result from the consolidation of the Hungarian and Czech companies as well as the Polish company.

Up to and including February 2021, the Deufol Group used forward exchange transactions to hedge currency risks (Czech crown). These transactions were recognized in its balance sheet as cash flow hedges. Since this time, the Group has not entered into any new forward exchange transactions.

Derivatives not designated as hedging instruments reflect the negative change in the fair value of the forward exchange contracts which are not included in a hedging relationship but are nonetheless used in order to reduce the currency risk resulting from expected purchases and sales. The forward exchange contracts were designated as hedging instruments, in order to hedge cash flows from expected sales in Czech crowns which were highly probable.

An economic relationship existed between the hedged item and the hedging instrument, since the conditions for the forward exchange contracts matched those of the highly probable future transactions (this was the case for the nominal amount and for the envisaged payment due date). The underlying risk for the forward exchange contracts was identical to that of the hedged risk components. The Group had therefore specified a hedge ratio of 1:1 for these hedges.

The Group had the following forward exchange contracts as of the previous year's reporting date:

	2021			2020		
	Maturity			Maturity		
Figures in € k	up to 1 year	over 1 year	Total	up to 1 year	over 1 year	Total
Forward exchange contracts	0	0	0	−2	0	−2
Notional amount	0	0	0	650	0	650
Average forward rate EUR/CZK	0	0	0	26.1727	0	26.1727

In the previous year, the hedging instruments used had the following effects on the balance sheet:

Carrying amounts/fair values of the hedging instruments used for hedge accounting Figures in € k	Dec. 31, 2021	Dec. 31, 2020
Noncurrent financial assets	0	1
Current financial assets	0	0
Noncurrent financial liabilities	0	0
Current financial liabilities	0	2

Within the scope of the accounting for cash flow hedges, the designated effective portions of a hedge are to be reported through OCI. Any additional changes in the market value of the designated component will be recognized through profit or loss, as ineffective. All cash flow hedges were considered to be fully effective.

The following table is a reconciliation of the reserve for the cash flow hedges:

Figures in € k	2021	2020
Balance at Jan. 1	1	72
Profits or losses (after taxes) from effective hedges recognized in equity	−1	40
Reclassifications due to the realization of the hedged item	0	−111
Balance at Dec. 31	**0**	**1**

Interest Rate Risk

The interest rate risk is the risk of the fair value or future cash flows of a financial instrument being subject to fluctuation due to changes in the market interest rate. Businesses may be exposed to this risk through variable-interest and fixed-interest financial instruments.

The Deufol Group holds both fixed-interest and variable-interest financial instruments. If the interest rate level as of December 31, 2021 for variable-interest liabilities had been an average of 100 basis points higher (lower), this would have had an effect on the Group's interest expense in the approx. amount of €266 thousand (previous year: €245 thousand).

In view of the current interest rate trends, Deufol is considering making use of interest rate hedging instruments in the future.

Goods Price Risk

The Group's key requirements include packaging materials such as wood, foils, screws and cardboard. The purchasing prices for these products may fluctuate, depending on the market situation. It is not always possible to directly pass on fluctuating prices to customers. A goods price risk therefore applies which may influence the Group's earnings, equity and cash flow situation. To minimize risks outline delivery agreements have been concluded with various suppliers. In addition, some agreements include a stipulation that the cost of materials will be passed on directly, so that no material goods price risk applies in the case of these agreements. We also adjust our inventory levels in order to cushion price movements and to ensure the availability of our inventories in line with the market situation.

Credit Risk (Nonpayment Risk)

The Group only enters into business with creditworthy third parties. In almost all cases, customers of the Deufol Group are major industrial companies with good or very good credit standing. In addition, the Group's receivables are continuously monitored so that the Group is not exposed to any significant default risk. The maximum default risk for trade receivables is limited to their carrying amount. Please see Note (17) for further disclosures.

In case of other financial assets of the Group such as cash and cash equivalents, receivables under finance leases and other assets, the maximum credit risk in the event of the counterparty's default is the carrying amount of these instruments.

Liquidity Risks

The liquidity risk is the risk of a company experiencing difficulties in meeting its payment obligations for its financial instruments.

The Deufol Group is financed through various regional financing groups. Most financing is provided by means of syndicated borrowing facilities and bilateral bank loans. Local management continuously monitors the liquidity status of consolidated foreign Group companies and regularly notifies the Group's management of this; the Group's management handles daily liquidity monitoring and control centrally for the German companies.

The following table shows all the contractually agreed payments for interest and repayment for financial liabilities shown in the balance sheet:

Figures in € k	2022	2023 to 2026	After 2026
At December 31, 2021			
Amounts due to banks	16,174	27,847	20,139
Liabilities under financial leases	10,741	15,005	5,269
Trade payables	17,723	0	0
Other liabilities (excl. tax liabilities)	9,847	18	0

Figures in € k	2021	2022 to 2025	After 2025
At December 31, 2020			
Amounts due to banks	17,410	26,155	27,439
Liabilities under financial leases	13,840	17,956	13,844
Trade payables	24,170	0	0
Other liabilities (excl. tax liabilities)	9,768	0	0

Further Financial Instruments Disclosures

The net result for the financial instruments in terms of valuation categories is as follows:

		From subsequent valuation					
Figures in € k	From interest	At fair value	Currency translation	Valuation adjustment	From disposal	2021	2020
Financial assets measured at amortized cost	171	0	−144	−1,553	−117	−1,643	−899
Financial liabilities measured at amortized cost	−3,230	0	−287	0	0	−3,517	−3,409

Valuation of financial instruments

Cash and cash equivalents, trade receivables and other receivables normally have short residual maturities. Accordingly, on the reporting date their carrying amounts approximately correspond to the fair value.

Trade payables and other liabilities generally have short residual maturities. The figures shown in the balance sheet therefore approximately correspond to the fair values.

The fair values of interest-bearing loans and borrowings and lease liabilities are calculated as the present value of the payments associated with the liabilities, with use of market interest rates.

Financial instruments measured at fair value through other comprehensive income related to derivative currency hedging contracts which had been included in hedge accounting. For the measurement of forward exchange transactions, the cash flows from the forward exchange transaction are discounted to the valuation date, subject to the discount factors currently applicable for the remaining term. The resulting foreign-currency amounts are then translated into euros at the spot rate on the valuation date. The market value is thus determined on the basis of parameters for which quoted prices derived either directly or indirectly are available on an active market (Level 2 of the measurement hierarchy according to IFRS 13).

The fair-value hierarchy levels in accordance with IFRS 7 in conjunction with IFRS 13 are as follows:

Level 1: quoted market prices for identical assets and liabilities in active markets,

Level 2: information other than quoted market prices which is observable directly (e.g. prices) or indirectly (e.g. derived from prices) and

Level 3: information for assets and liabilities which is not based on observable market data.

The carrying amounts for the financial instruments in terms of valuation categories and fair-value hierarchy levels are as follows:

	Balance sheet valuation (IFRS 9)							
				Fair value through OCI				
Figures in € k	Fair-value hierarchy	**Carrying**	Amortized cost	Incl. recycling*	Excl. recycling**	Fair value through profit or loss	Valuation according to IFRS 16	**Fair value as of Dec. 31, 2021**
Financial assets								
Cash and cash equivalents	1	14,140	14,140	—	—	—	—	14,140
Trade receivables	2	28,508	28,508	—	—	—	—	28,508
Other receivables	2	5,073	5,073	—	—	—	—	5,073
Other financial assets	3	273	273	—	—	—	—	273
Financial liabilities								
Amounts due to banks	2	64,160	64,160	—	—	—	—	64,160
Trade payables	2	17,723	17,723	—	—	—	—	17,723
Liabilities under financial leases	2	31,015	—	—	—	—	31,015	31,015
Other liabilities	2	13,365	13,365	—	—	—	—	13,365
Derivatives used for hedging purposes	2	0	—		—	—	—	0

* Incl. recycling = items which may be reclassified to the income statement in future
** Excl. recycling = items which will not be reclassified to the income statement in future

Figures in € k	Fair-value hierar-chy	**Carry-ing**	Amor-tized cost	Fair value through OCI: Incl. recy-cling*	Fair value through OCI: Excl. recy-cling**	Fair value through profit or loss	Valu-ation acc. IAS 17	**Fair value as of Dec. 31, 2020**
		Balance sheet valuation (IFRS 9)						
Financial assets								
Cash and cash equivalents	1	31,349	31,349	—	—	—	—	31,349
Trade receivables	2	25,706	25,706	—	—	—	—	25,706
Other receivables	2	7,748	7,748	—	—	—	—	7,748
Other financial assets	3	8	8	—	—	—	—	8
Derivatives used for hedging purposes	2	0	—	—	—	—	—	0
Financial liabilities								
Amounts due to banks	2	68,467	68,467	—	—	—	—	68,467
Trade payables	2	24,170	24,170	—	—	—	—	24,170
Liabilities under financial leases	2	34,575	—	—	—	—	34,575	34,575
Other liabilities	2	13,870	13,870	—	—	—	—	13,870
Derivatives used for hedging purposes	2	2	—	2	—	—	—	2

* Incl. recycling = items which may be reclassified to the income statement in future
** Excl. recycling = items which will not be reclassified to the income statement in future

Segment Information by Region and Services

39 Segment Reporting

The segment reporting is prepared in accordance with the provisions of IFRS 8 (Operating Segments).

Its primary reporting format is based on geographical regions which have been grouped for the purpose of corporate management. As the segment result – used for assessment of the business success of the respective segments – the management has calculated the result for the period before taxes, financial income, financial expenses, shares of profits of companies accounted for using the equity method and amortization/impairment of goodwill (EBITA).

The Deufol Group has the following segments for which reporting requirements apply:

- Germany
- Rest of Europe
- USA/Rest of the World

The Holding segment covers the Group's administrative activities and, in addition to Group management functions, includes support functions such as key account management and corporate communications.

The operating result (EBITA) for the business units is separately monitored by the management in order to make decisions on the allocation of resources and to determine the units' performance. The segments' development is mainly measured with reference to the operating result. As the Deufol Group has a decentralized organizational structure, financial expenses and income and income taxes can be allocated to the individual business segments.

The prices charged between the business segments are determined on the basis of the arm's length principle.

Segment Information by Region and Services

40 Segment Information by Region

Figures in € k	Germany	Rest of Europe	USA/Rest of the World	Holding	Elimination	Group
2021						
External sales	163,112	65,818	13,915	204	0	243,049
Internal sales	26,783	31,415	152	8,395	−66,745	0
Total sales	**189,895**	**97,233**	**14,067**	**8,599**	**−66,745**	**243,049**
EBITA	8,855	5,222	−688	−10,430	3,381	6,340
Financial income	280	472	111	1,902	−2,595	170
Finance costs	−2,640	−1,535	−414	−1,707	2,595	−3,701
Income (loss) from associates and other equity investments	97	0	0	0	0	97
Other financial result	0	0	0	0	0	0
EBT	6,592	4,159	−991	−10,235	3,381	2,906
Taxes	−420	−1,041	294	180	14	−973
Result for the period	**6,172**	**3,118**	**−697**	**−10,055**	**3,395**	**1,933**
Assets	143,743	134,569	45,950	271,891	−335,752	260,401
thereof investments accounted for using the equity method	1,545	0	0	0	0	1,545
Non-allocated assets	0	0	0	0	0	0
Total assets	**143,743**	**134,569**	**45,950**	**271,891**	**−335,752**	**260,401**
Financial liabilities	55,848	50,249	7,454	63,061	−81,437	95,175
Other debt	44,783	29,067	14,841	9,796	−49,104	49,383
Non-allocated debt	0	0	0	0	0	0
Total liabilities	**100,631**	**79,316**	**22,295**	**72,858**	**−130,542**	**144,558**
Depreciation, amortization and impairment	12,037	5,996	2,043	1,282	−223	21,135
Investments	17,080	14,052	1,910	246	−2,083	31,205
2020						
External sales	140,106	57,494	16,106	148	0	213,854
Internal sales	19,911	26,097	45	9,115	−55,168	0
Total sales	**160,017**	**83,591**	**16,151**	**9,263**	**−55,168**	**213,854**
EBITA	5,116	7,259	−196	−3,875	−2,003	6,301
Financial income	249	359	9	1,790	−2,251	156
Finance costs	−1,916	−1,351	−434	−1,708	2,251	−3,158
Income (loss) from associates and other equity investments	163	0	31	−60	0	134
Other financial result	0	−132	0	0	0	−132
EBT	3,612	6,135	−591	−3,853	−2,002	3,301
Taxes						−2,446
Result for the period						**855**
Assets	120,525	145,398	42,418	285,740	−327,174	266,907
thereof investments accounted for using the equity method	1,453	0	0	9	0	1,462
Non-allocated assets						
Total assets	**120,525**	**145,398**	**42,418**	**285,740**	**−327,174**	**266,907**
Financial liabilities	48,729	56,308	7,568	71,488	−81,051	103,042
Other debt	37,926	35,509	11,158	13,190	−47,180	50,603
Non-allocated debt						
Total liabilities	**86,655**	**91,817**	**18,726**	**84,678**	**−128,231**	**153,645**
Depreciation, amortization and impairment	12,609	6,172	2,327	1,693	−90	22,711
Investments	13,798	15,628	3,791	1,295	−1,017	33,495

Information on Key Customers

The Deufol Group has two major customers in the Packaging and Logistics service area. In the past fiscal year, the Deufol Group realized € 39.3 million (previous year: € 54.8 million) and € 20.3 million (previous year: 30.2 %) – or approx. 16.2 % and 8.4 %, respectively, (previous year: 25.6 % and 14.1 %) – of its total sales with these customers. These customers relate mainly to the Germany segment but are also included in the Rest of Europe and USA / Rest of the World segments.

Further Information on the Segment Reporting

No impairment has been recognized in the current fiscal year.

The Group measures an investment property at fair value. This resulted in a revaluation gain in the amount of € 207 thousand (previous year: € 144 thousand), which is included in the EBIT figure for the Rest of Europe segment.

41 Information on Services

The following table shows the sales trend by service:

Figures in € k	Packaging and Logistics	Production	IT Services	Real Estate	Holding	Elimination	Group
2021							
External sales	227,100	13,880	180	1,887	2	0	243,049
Internal sales	16,270	32,602	4,695	4,496	8,682	–66,745	0
Internal billing	686	11,343	0	14	0	–12,043	0
Total sales	**244,056**	**57,825**	**4,875**	**6,397**	**8,684**	**–78,788**	**243,049**
2020							
External sales	198,917	12,193	0	2,205	539	0	213,854
Internal sales	13,485	24,935	6,167	3,119	7,462	–55,168	0
Internal billing	440	9,213	0	0	0	–9,653	0
Total sales	**212,842**	**46,341**	**6,167**	**5,324**	**8,001**	**–64,821**	**213,854**

42 Events after the Balance Sheet Date

No significant events have occurred since the balance sheet date which have directly affected the consolidated financial statements for the year 2021. However, on February 24, 2022 Russia began a war in Ukraine whose impact on the global economy, and thus at least indirectly on the Deufol Group, it is not currently possible to assess. The coronavirus pandemic is also still ongoing and continuing to affect the world economy and the business operations of the Deufol Group. In particular, the effects of the Chinese government's lockdown measures are likely to indirectly impact the Group's business activities. Here too, it is currently not possible to provide an assessment of the effects on the Group for fiscal year 2022 and thereafter.

Supplementary Disclosures

Disclosures Concerning the Executive Bodies

The Administrative Board – which comprised five non-executive directors and three managing directors as of the end of 2021 – had the following members in the reporting period:

Name and position	
Detlef W. Hübner (Chairman) Appointed until the 2023 AGM	Managing Director of Deufol SE
Helmut Olivier (Deputy Chairman) Appointed until the 2023 AGM	Senior Advisor at Balder Capital, London/England
Dennis Hübner Appointed until the 2023 AGM	Managing Director of Deufol SE
Marc Hübner Appointed until the 2023 AGM	Managing Director of Deufol SE
Holger Bürskens Appointed until the 2023 AGM	Lawyer and Partner at ARNECKE SIBETH DABELSTEIN Rechtsanwälte Steuerberater Partnerschaftsgesellschaft mbB, Frankfurt am Main
Ewald Kaiser Appointed until the 2023 AGM	Managing Partner of Corporate Navigator GmbH & Co. KG and Digital Navigators GmbH, Hamburg
Axel Wöltjen Appointed until the 2023 AGM	Managing Director of A. Wöltjen Consulting GmbH, Wendelstein
Prof. Dr. Rüdiger Grube Appointed until the 2023 AGM	Chairman Investment Banking Germany at Lazard Ltd. and Managing Partner of Rüdiger Grube International Business Leadership GmbH, Hamburg

No loans or advances were granted to the members of the Administrative Board. Nor were any contingent liabilities assumed in favor of the members of the Administrative Board.

In 2021, Administrative Board compensation totaled € 140 thousand (previous year: € 142 thousand).

The Company had the following managing directors in the reporting period:

Name	Departments
Jürgen Hillen	Finance, Treasury, Legal & Compliance, Investor Relations & Communications, Property & Administration, Purchasing, South-East European Expansion
Dennis Hübner (CEO)	Global Supply Chain, Direct Sales, Digital Sales & IT, KAIZEN Services, Human Relations, Procurement, Project Management, International Markets Rest of the World
Detlef W. Hübner	Strategy, Audit
Jürgen Schmid	Strategic Key Account Management – Bottling and Brewery Industry
Marc Hübner **since October 1, 2021**	Business Development
Ebrahem Al Kadari **since October 1, 2021**	Operations Germany, Global Crate Production

The total remuneration of the managing directors can be broken down as follows:

Figures in € k	2021	2020
Fixed remuneration	1,678	1,431
Variable remuneration	199	78
Other remuneration	82	33
Total	**1,959**	**1,542**

The managing directors' total remuneration constitutes short-term benefits.

Information in Accordance with Section 264 (3) of the German Commercial Code

The consolidated financial statements of Deufol SE have a discharging effect for the preparation and disclosure of the annual financial statements of the consolidated corporations pursuant to section 264 (3) HGB once the preconditions laid down in these provisions have been fulfilled. The following consolidated companies make use of the exemption provisions:

- Deufol Nürnberg GmbH, Nuremberg
- Deufol West GmbH, Mülheim an der Ruhr
- Deufol Süd GmbH, Neutraubling
- Deufol Remscheid GmbH, Remscheid
- Deufol Berlin GmbH, Berlin

Relationships with Related Parties

As well as the companies included in the consolidated financial statements, Deufol SE also has direct or indirect relations with nonconsolidated subsidiaries, associates and joint ventures in the course of its normal business; these relations are indicated in the list of shareholdings. Business relationships with these companies are entered into on an arm's-length basis.

A. Wöltjen Consulting GmbH, Wendelstein, qualifies as a related party since its managing director has been a member of the Administrative Board of Deufol SE since July 2, 2013. No expenses arose in fiscal year 2021 (previous year: € 3 thousand). As of December 31, 2021, as in the previous year there were no receivables from or liabilities to A. Wöltjen Consulting GmbH.

ARNECKE SIBETH DABELSTEIN Rechtsanwälte Steuerberater Partnerschaftsgesellschaft mbB, Frankfurt am Main, qualifies as a related party, since a partner has been a member of the Administrative Board of Deufol SE since June 30, 2016. In fiscal year 2021, expenses amounted to € 1,008 thousand (previous year: € 566 thousand). On December 31, 2021, the Company had liabilities in relation to ARNECKE SIBETH DABELSTEIN Rechtsanwälte Steuerberater Partnerschaftsgesellschaft mbB in the amount of € 390 thousand (previous year: € 97 thousand).

Hofgut Liederbach GmbH & Co. KG, Frankfurt am Main, qualifies as a related party, since its two shareholders are members of the Administrative Board of Deufol SE. In fiscal year 2021, expenses amounted to € 389 thousand (previous year: € 417 thousand). On December 31, 2021, the Company had liabilities to Hofgut Liederbach GmbH & Co. KG in the amount of € 0 thousand (previous year: € 2 thousand).

Timmerhell GmbH, Hofheim am Taunus, qualifies as a related party, since its two shareholders are members of the Administrative Board of Deufol SE. In fiscal year 2021, expenses amounted to € 302 thousand (previous year: € 330 thousand). On December 31, 2021, the Company had liabilities to Timmerhell GmbH in the amount of € 14 thousand (previous year: € 0 thousand).

Rüdiger Grube International Business Leadership GmbH, Hamburg, qualifies as a related party since its managing partner has been a member of the Administrative Board of Deufol SE since June 29, 2018. In fiscal year 2021, expenses amounted to € 13 thousand (previous year: € 35 thousand). On December 31, 2021, the Company had liabilities to Rüdiger Grube International Business Leadership GmbH in the amount of € 0 thousand (previous year: € 15 thousand).

Corporate Navigator GmbH & Co. KG, Hamburg, qualifies as a related party since its managing partner has been a member of the Administrative Board of Deufol SE since June 26, 2020. In fiscal year 2021, expenses amounted to € 19 thousand (previous year: € 4 thousand). On December 31, 2021, the Company had receivables from Corporate Navigator GmbH & Co. KG in the amount of € 6 thousand (previous year: liabilities in the amount of € 5 thousand).

The transactions with other related parties also include relationships with companies in which Mr. Detlef W. Hübner holds a majority interest. These transactions did not result in any revenue (previous year: € 0 thousand) or expenses (previous year: € 0 thousand) in fiscal year 2021. As of December 31, 2021, there were not any liabilities to these companies (previous year: € 0 thousand) and nor were there any receivables from these companies (previous year: € 25 thousand).

The following table shows the services performed by the Group for related parties and for the Group by related parties in the past fiscal year:

Figures in € k	Associates and other equity investments	Other related parties
2021		
Sales and other income	351	0
Expenses	391	1,728
Receivables	99	6
Liabilities	78	410
2020		
Sales and other income	1,032	0
Expenses	37	1,355
Receivables	422	25
Liabilities	7	118

Hofheim am Taunus, April 20, 2022

The Managing Directors

Dennis Hübner   Ebrahem Al Kadari   Jürgen Hillen

Detlef W. Hübner   Marc Hübner   Jürgen Schmid

Independent Auditor's Report

Audit Opinions

We have audited the consolidated financial statements of Deufol SE, Hofheim am Taunus, comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements, including the accounting and valuation methods for the fiscal year from January 1, 2021 to December 31, 2021. We have also audited the Group management report which has been combined with the management report of Deufol SE, Hofheim am Taunus, for the fiscal year from January 1, 2021 to December 31, 2021.

The inclusion of the accounts in the audit in accordance with section 317 (1) clause 1 HGB and the audit of the combined management report and Group management report in accordance with section 317 (2) HGB represent additional statutory requirements which exceed those laid down in the International Standards on Auditing (ISA).

Our audit conducted in accordance with section 317 HGB has not led to any reservations.

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 IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315 e (3) HGB and, in accordance with these requirements, give a true and fair view of the assets and financial position of the Group as of December 31, 2021 as well as its results of operations for the fiscal year from January 1, 2021 to December 31, 2021,
- the accompanying combined management report and Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report and Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the Audit Opinions

We have conducted our audit of the consolidated financial statements and the combined management report and Group management report in accordance with section 317 HGB, while complying with the International Standards on Auditing (ISA). Our responsibility under those requirements and standards is further described in the "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and of the Combined Management Report and 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. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report and Group management report.

Other Information

The parent company's management is responsible for the other information. The other information comprises:

- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and the combined management report and Group management report and our auditor's report.

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

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

Responsibility of the Management and the Administrative Board for the Consolidated Financial Statements and the Combined Management Report and Group Management Report

Management is 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 section 315 e (3) HGB and for the consolidated financial statements, in compliance with these requirements, giving a true and fair view of the net assets, financial position and results of operations of the Group. In addition, management is responsible for such internal control as they have determined to be 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, management is responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going-concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the combined management report and 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, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report and 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 combined management report and Group management report.

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements and of the Combined Management Report and 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 combined management report and 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 combined management report and Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB while complying with the International Standards on Auditing (ISA) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report and Group management report.

Within the scope of our audit in compliance with the ISA, we exercise professional judgment and maintain professional skepticism.

We also
- identify and assess the risks of material misstatement in the consolidated financial statements and in the combined management report and 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 combined management report and 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 of the Company.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- draw conclusions regarding the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, as to 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. 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 such that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315 e (3) HGB.
- evaluate the consistency of the combined management report and 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 management in the combined management report and Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information or on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We discuss with those charged with governance, 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.

Hofheim am Taunus, April 21, 2022

VOTUM AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Leoff
Certified auditor

Lehnert
Certified auditor

4

HIGH-GROWTH CORE SEGMENTS
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HUB INFRASTRUCTURE

Further information is available here!

WE ARE GROWING SUSTAINABLY – WORLDWIDE.

We aim to strike a balance between sustainability and growth. Our customers increasingly require sustainable solutions for their globally integrated supply chains. They benefit from the interplay of our core areas of expertise – from products and services via IT solutions to infrastructure with our hub network. This means waste-free supply chains and efficient consolidation of flows of goods. We thus remove limits – along our own value chain as well as those of our customers. Their needs are at the heart of everything we do.

Information on Deufol SE

Income Statement of Deufol SE

Figures in € k	2021	2020
1. Sales	**9,246**	**10,193**
2. Other operating income thereof income from currency translation: € 544 k (previous year: € 103 k)	6,524	6,351
3. Cost of materials Expenses for raw materials, consumables and supplies and for purchased merchandise	−683	−1,262
4. Personnel costs		
a) Wages and salaries	−7,163	−6,174
b) Social security contributions thereof for old-age provision: € 15 k (previous year: € 7 k)	−827	−724
5. Amortization of intangible assets and depreciation of property, plant and equipment	−1,173	−1,165
6. Other operating expenses thereof expenses for currency translation: € 5 k (previous year: € 955 k)	−17,448	−11,418
7. Income from investments thereof from affiliated companies: € 849 k (previous year: € 2,000 k)	849	2,000
8. Income due to profit transfer agreements thereof from affiliated companies: € 6,921 k (previous year: € 4,641 k)	6,921	4,641
9. Other interest and similar income thereof from affiliated companies: € 1,886 k (previous year: € 1,700 k)	1,902	1,790
10. Write-downs of financial assets	−189	−7
11. Interest and similar expenses thereof for affiliated companies: € 409 k (previous year: € 465 k)	−1,684	−1,693
12. Income taxes	44	−237
13. Earnings after taxes	**−3,681**	**2,295**
14. Other taxes	−34	−29
15. Net profit for the year	**−3,714**	**2,266**
16. Allocation to retained earnings a) Other revenue reserves	0	−1,000
17. Retained profits brought forward	15,023	13,757
18. Net income for the year	**11,309**	**15,023**

Balance Sheet of Deufol SE

Assets Figures in € k	Dec. 31, 2021	Dec. 31, 2020
A. Fixed assets	**121,428**	**128,109**
I. Intangible assets	2,406	2,567
1. Purchased licenses, trademarks and similar rights and assets as well as licenses for such rights and assets	1,419	1,827
2. Advance payments made	987	740
II. Property, plant and equipment	5,204	5,613
1. Land, land rights and buildings incl. buildings on third-party land	4,576	4,719
2. Technical equipment and machinery	83	138
3. Other equipment, operating and office equipment	545	756
4. Advance payments made and assets under construction	0	0
III. Financial assets	113,818	119,929
1. Shares in affiliated companies	92,557	99,823
2. Loans to affiliated companies	21,158	19,792
3. Investments	0	189
4. Other loans	103	125
B. Current assets	**41,565**	**50,069**
I. Receivables and other assets	40,448	36,358
1. Trade receivables	114	323
2. Receivables from affiliated companies	38,827	35,119
3. Receivables from companies in which a participating interest is held	72	97
4. Other assets	1,435	819
II. Cash in hand, bank balances	1,117	13,711
C. Deferred expenses and accrued income	**446**	**234**
Total assets	**163,439**	**178,412**

Equity and liabilities Figures in € k		Dec. 31, 2021	Dec. 31, 2020
A. Equity		**95,428**	**99,142**
I. Subscribed Capital less nominal amount of treasury stock	43,773 −669	43,104	43,104
II. Capital reserves		28,198	28,198
III. Retained earnings		12,817	12,817
1. Legal reserves		46	46
2. Other revenue reserves		12,771	12,771
IV. Net income for the year thereof retained profits brought forward: € 15,023 k (previous year: € 13,757 k)		11,309	15,023
B. Provisions		**2,044**	**1,605**
1. Tax provisions		366	400
2. Other provisions		1,678	1,205
C. Liabilities		**65,967**	**77,665**
1. Liabilities to banks		31,315	31,904
2. Trade payables		859	766
3. Liabilities to affiliated companies		31,660	40,192
4. Liabilities to companies in which a participating interest is held		3	30
5. Other liabilities thereof taxes: € 1,684 k (previous year: € 3,292 k) thereof relating to social security: € 5 k (previous year: € 7 k)		2,130	4,773
Total equity and liabilities		**163,439**	**178,412**

Significant Equity Investments of Deufol SE

	Equity interest (%)*	Shareholders' equity (€ k)	Sales (€ k)	Employees
Germany				
Deufol Berlin GmbH, Berlin	100.00	256	8,317	91
Deufol Supply Chain Solutions GmbH, Mülheim an der Ruhr	100.00	303	2,663	33
Deufol Hamburg GmbH, Hamburg	100.00	1,707	19,540	81
Deufol Real Estate GmbH, Hofheim am Taunus	100.00	5,817	9,577	63
Deufol Nord GmbH, Peine	100.00	−1,277	6,992	66
Deufol Nürnberg GmbH, Nuremberg	100.00	17,048	498	0
Deufol Remscheid GmbH, Remscheid	100.00	330	6,067	17
Deufol Süd GmbH, Neutraubling	100.00	138	57,557	301
Deufol Südwest GmbH, Frankenthal	100.00	1,928	18,312	124
Deufol West GmbH, Mülheim an der Ruhr	100.00	2,177	30,203	199
Deufol Rheinland GmbH,Troisdorf	100.00	−387	7,904	44
DTG Verpackungslogistik GmbH, Fellbach	51.02	610	6,142	23
Deufol Industrieverpackungsmittel GmbH, Hofheim am Taunus	100.00	1,645	0	0
Wallmann & Co. (GmbH & Co. KG), Hamburg	100.00	1,434	8,719	54
Rest of Europe				
Deufol Austria Management GmbH, Ramsau nr. Hainfeld, Austria	70.00	3,724	1,815	11
Deufol Austria Pack Center Solutions GmbH, St. Pölten, Austria	70.00	475	12,562	68
Rieder Kistenproduktiongesellschaft m. b. H., Ramsau nr. Hainfeld, Austria	69.30	1,064	12,994	64
Deufol België NV, Lier, Belgium	100.00	12,257	993	8
Deufol Waremme S. A., Waremme, Belgium	100.00	6,510	2,480	0
Deufol Waremme Operations S. A., Waremme, Belgium	100.00	2,036	8,439	81
Manamer NV, Antwerp, Belgium	100.00	4,908	697	0
Deufol Lier NV, Lier, Belgium	100.00	525	8,355	51
Deufol Port of Antwerp NV, Antwerp, Belgium	100.00	236	2,423	11
Deufol Česká republika s. r. o., Brno, Czech Republic	100.00	−37	6,591	83
Deufol CZ Production s. r. o., Cheb, Czech Republic	100.00	132	12,252	82
Deufol Immobilien CZ s. r. o., Brno, Czech Republic	100.00	953	986	0
Deufol Polska Sp. z o. o., Warsaw, Poland	100.00	−116	560	14
Deufol Slovensko s. r. o., Krušovce, Slovakia	100.00	1,674	1,546	25
Deufol Hungary Kft., Debrecen, Hungary	100.00	1,069	6,444	88
Deufol Hungary Real Estate Kft., Debrecen, Hungary	100.00	895	1,545	0
USA / Rest of the World				
Deufol Sunman Inc., Richmond, Indiana (USA)	100.00	968	2,566	16

* Attributable to the relevant parent

Glossary

Acid test (%)
Ratio of cash and cash equivalents plus current receivables and inventories to current liabilities

Asset cover ratio I
Ratio of equity to noncurrent assets

Asset cover ratio II
Ratio of equity plus noncurrent liabilities to noncurrent assets

Asset depreciation ratio
Ratio of the accumulated depreciation of property, plant and equipment to the historical cost

Capital employed
Operating capital that is tied up in the operation of a company. It is the total of working capital, the net carrying amount of property, plant and equipment and other noncurrent assets (offset against other noncurrent, non-interest-bearing liabilities)

Cash ratio (%)
Ratio of cash and cash equivalents to current liabilities

Current ratio (%)
Ratio of cash and cash equivalents plus current receivables to current liabilities

Days payables outstanding
Ratio of trade payables to revenue

Days sales outstanding
Ratio of trade accounts receivable to revenue

Dividend yield (%)
Dividend paid for the fiscal year as a ratio of the year-end stock exchange price

EBIT
Earnings before interest and taxes

EBITA
Earnings before interest, taxes and amortization/impairment of goodwill

EBITDA
Earnings before interest, taxes, depreciation and amortization/impairment of goodwill

EBT
Earnings before taxes

EBTA
Earnings before taxes and amortization/impairment of goodwill

Enterprise value
The enterprise value is the value (price) of a company if it were to be purchased and subsequently freed of debt (incl. the sale of non-operating assets such as financial assets). It is calculated as the sum of the company's market capitalization and net liabilities

Free cash flow
The net amount of cash flow from ordinary operating activities and cash flow from investing activities

Interest cover
The total of EBITA and interest income divided by interest expense

Investment ratio
Ratio of capital expenditure to sales

Net carrying amount per share
Ratio of equity adjusted for deferred tax assets to the number of shares in circulation

Net financial liabilities
Financial liabilities less financial receivables and cash and cash equivalents

Operating cash flow
Cash flow from operating activities

Personnel expense ratio
Ratio of personnel expenses to revenue

Price earnings ratio
Ratio of share price to earnings per share

Property, plant and equipment ratio
Ratio of property, plant and equipment to total assets

Receivables turnover
Ratio of revenue to trade accounts receivable

Working capital
Working capital is the difference between current assets and current non-interest-bearing liabilities

Consolidated Key Figures – Five-Year Overview

Results of operations	2021	2020	2019	2018	2017
Sales (€ k)	243,049	213,854	247,061	265,109	287,728
Change on previous year (%)	13.7	−13.4	−6.8	−7.9	−15.6
EBITDA (€ k)	27,475	29,012	28,148	18,842	18,937
Margin (%)	11.3	13.6	11.4	7.1	6.6
EBITA (€ k)	6,378	6,339	6,158	9,849	9,334
Margin (%)	2.6	3.0	2.5	3.7	3.2
EBT (€ k)	2,906	3,301	3,937	8,103	7,903
Margin (%)	1.2	1.5	1.6	3.1	2.7
Income (loss) from continuing operations (€ k)	1,933	855	2,986	3,760	5,633
Margin (%)	0.8	0.4	1.2	1.4	2.0
Net income (€ k)	1,281	1,097	2,922	4,025	5,215
Margin (%)	0.5	0.5	1.2	1.5	1.8
Operating cash flow (€ k)	12,548	29,015	23,625	16,860	12,905
Margin (%)	5.2	13.6	9.6	6.4	4.5
Free cash flow (€ k)	5,178	19,728	14,931	16,034	8,932
Margin (%)	2.1	9.2	6.0	6.0	3.1

Assets position	2021	2020	2019	2018	2017
Current assets (€ k)	65,087	74,160	82,940	80,630	80,608
as % of total assets	25.0	27.8	31.0	34.5	35.0
Noncurrent assets (€ k)	195,314	192,747	184,972	152,850	149,757
as % of total assets	75.0	72.2	69.0	65.5	65.0
Balance sheet total (€ k)	260,401	266,907	267,912	233,480	230,365
Change on previous year (%)	−2.4	−0.4	15.5	1.4	−3.4
Liabilities (€ k)	144,558	153,645	154,897	119,882	118,216
as % of total assets	55.5	57.6	57.8	51.3	51.3
Shareholders' equity (€ k)	115,843	113,262	113,015	113,599	112,149
as % of total assets	44.5	42.4	42.2	48.7	48.7
Working capital (€ k)	31,979	34,600	40,326	35,220	33,305
as % of total assets	12.3	13.0	15.1	15.1	14.5
Capital employed (€ k)	198,498	203,515	201,503	168,339	178,160
as % of total assets	76.2	76.2	75.2	72.1	77.3
Noncurrent/current assets	3.00	2.60	2.23	1.90	1.86
Shareholders' equity/liabilities	0.80	0.74	0.73	0.95	0.95
Property, plant and equipment ratio	0.37	0.34	0.30	0.22	0.24
Asset depreciation ratio (%)	49.6	50.3	47.9	60.0	62.7
Inventories/sales (%)	6.7	4.3	4.1	5.0	4.3
Receivables turnover	8.5	8.3	8.5	8.1	7.0
Days sales outstanding	42.8	43.9	43.2	44.8	52.4
Days payables outstanding	26.6	41.3	38.4	39.5	36.6

Financial and liquidity ratios	2021	2020	2019	2018	2017
Capital employed/sales (%)	81.7	95.2	81.6	63.5	61.9
Investment ratio (%)	9.3	9.8	8.4	2.4	2.7
Operating cash flow/investments (%)	197.3	200.2	224.1	172.6	137.3
Asset cover ratio I (%)	66.9	67.1	70.9	86.1	80.7
Asset cover ratio II (%)	115.8	116.6	118.3	107.6	117.6
Interest cover	1.8	2.1	2.3	5.0	4.2
Cash ratio (%)	23.6	44.8	39.8	32.2	26.1
Acid test (%)	81.3	93.0	86.6	73.5	102.2
Current ratio (%)	108.4	106.1	104.5	88.0	120.5
Financial liabilities/equity (%)	81.8	91.1	90.5	57.3	59.1
Financial liabilities/capital employed (%)	47.9	50.6	49.9	37.9	35.7
Net financial liabilities/EBITDA	0.68	0.78	1.09	1.81	2.81
Net financial liabilities/market capitalization (%)	207.8	199.2	151.4	76.3	90.2

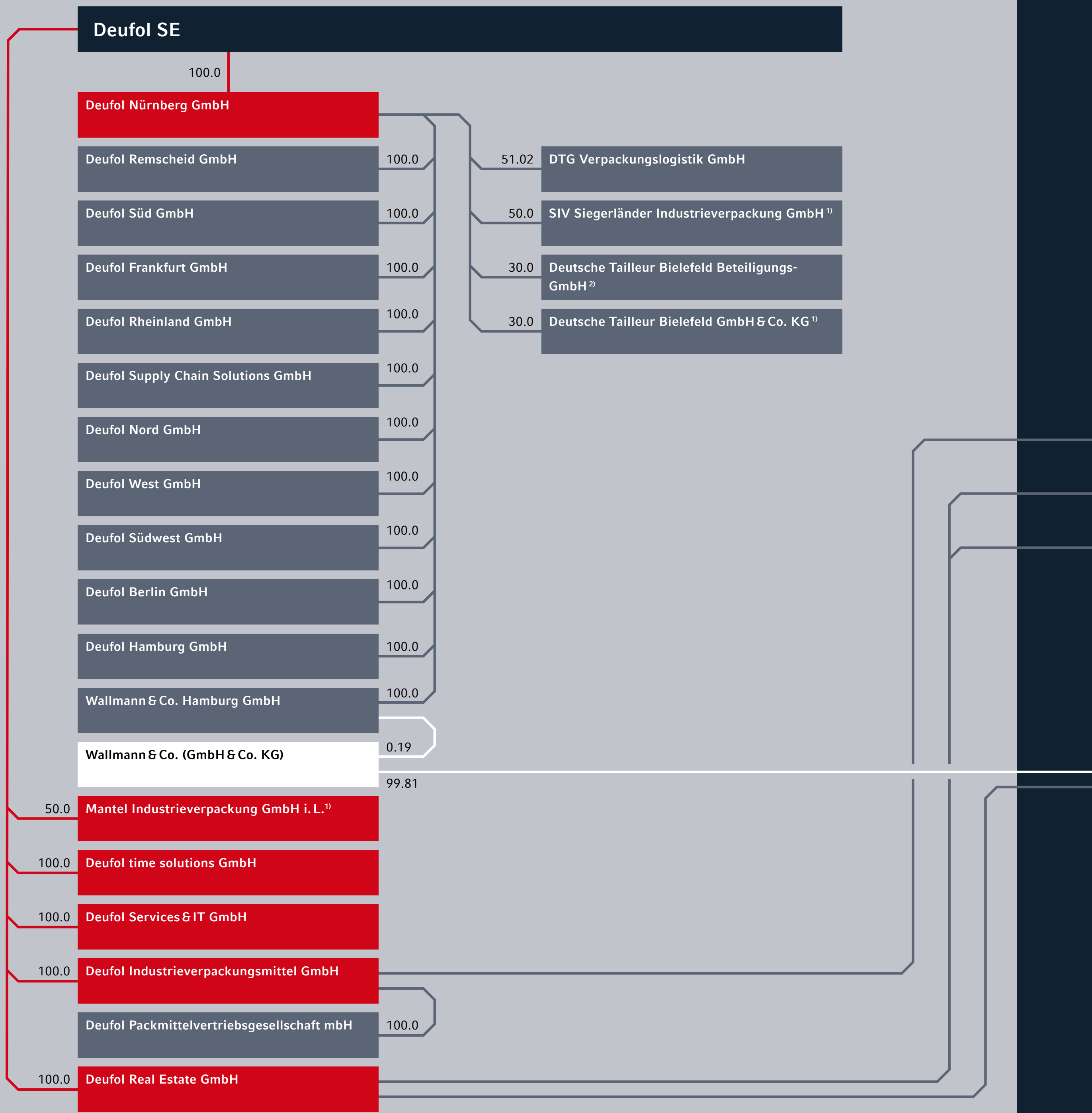
Productivity ratios	2021	2020	2019	2018	2017
Sales per employee (€)	120,247	105,405	108,839	112,957	114,768
EBITDA per employee (€)	13,593	14,299	12,400	8,028	7,553
EBITA per employee (€)	3,155	3,124	2,713	4,180	3,723
Operating cash flow per employee (€)	6,208	14,301	10,408	7,184	5,147
Personnel costs per employee (€)	42,278	39,490	39,860	41,900	43,072
Personnel cost ratio (%)	35.2	37.0	37.0	37.1	37.5

Per-share ratios	2021	2020	2019	2018	2017
Earnings per share from continuing operations (€)	0.030	0.026	0.069	0.090	0.120
Earnings per share – EPS (€)	0.030	0.026	0.069	0.090	0.120
Price earnings ratio (PER)	30.0	31.9	15.2	11.6	9.5
Dividend per share (€)	0.00	0.00	0.00	0.06	0.06
Book value per share (€)	2.70	2.62	2.58	2.59	2.51
Price/book value	0.33	0.32	0.41	0.40	0.45
Book value per share less goodwill (€)	1.10	0.98	0.93	0.94	0.85
Price/book value less goodwill	0.8	0.9	1.1	1.2	1.3

Investment ratios	2021	2020	2019	2018	2017
Market capitalization/sales	0.16	0.17	0.18	0.17	0.17
Enterprise value/sales	0.50	0.51	0.47	0.31	0.34
Enterprise value/EBITDA	4.4	3.8	4.1	4.3	5.1
Enterprise value/EBIT	19.2	17.3	19.0	8.3	10.5
Enterprise value/operating cash flow	9.7	3.8	4.9	4.5	7.6
Enterprise value/free cash flow	23.6	5.5	7.8	5.0	10.9

Operational Investments of Deufol SE*

Germany

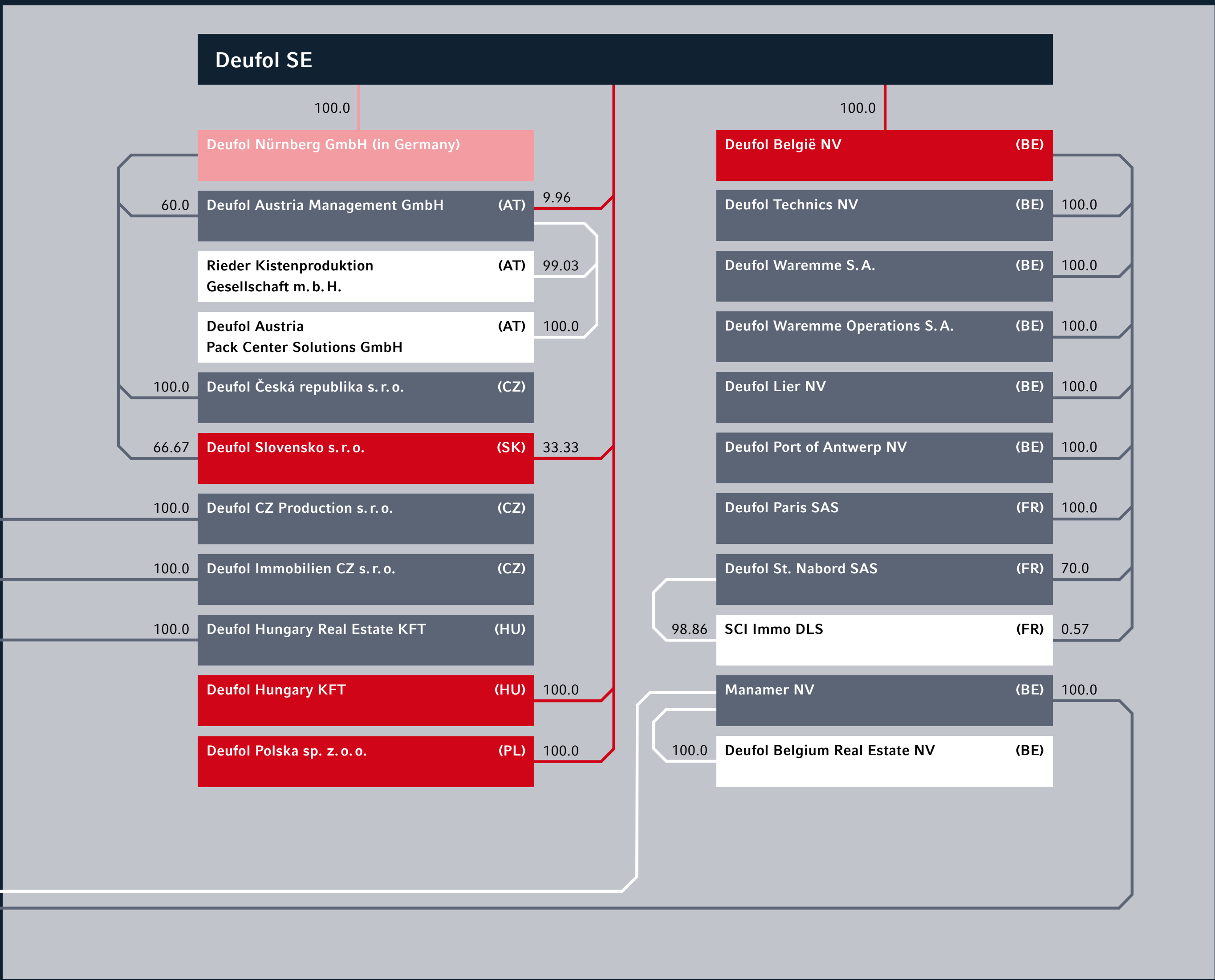


- Tier 1 investment
- Tier 2 investment
- Tier 3/4 investment

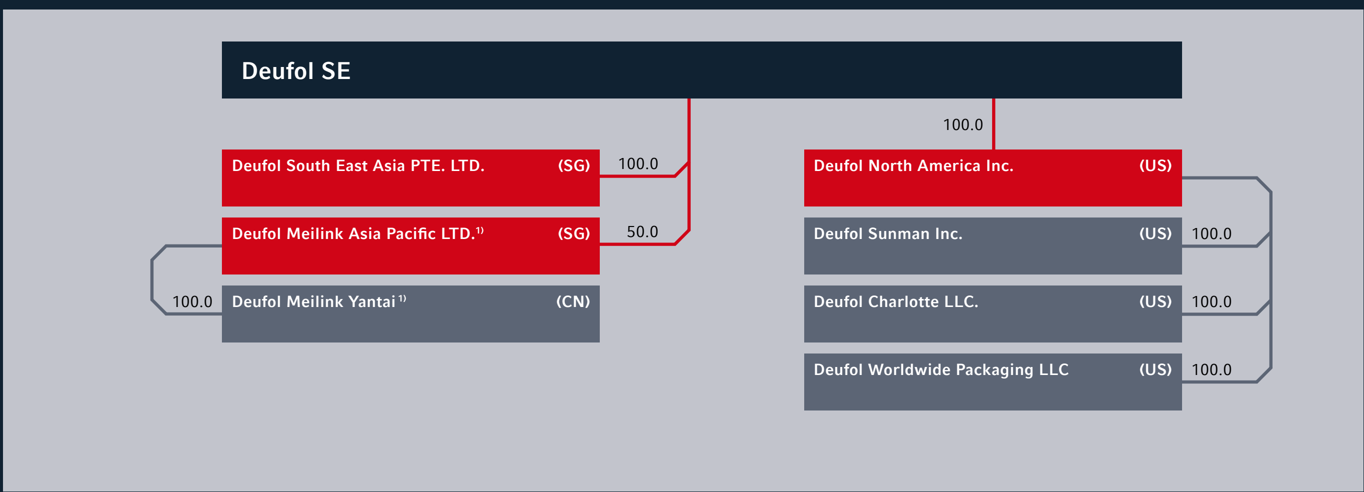
1) Consolidated at equity
2) Unconsolidated

* As at December 31, 2021; figures in %

Europe



Rest of the World



Financial Calendar

April	29, 2022	Annual Financial Report 2021
June	29, 2022	Annual General Meeting 2022, virtual annual general meeting
August	29, 2022	Semi-Annual Financial Report 2022

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Key to Symbols

Basis of Preparation

Scope of Consolidation

Income Statement Disclosures

Consolidated Balance Sheet Disclosures

Consolidated Cash Flow Statement Disclosures

Other Disclosures

Segment Information

Supplementary Disclosures

This report is available in German and English. Both versions are available on the Internet at www.deufol.com.