DEUFOL

REMOVING LIMITS.

ANNUAL REPORT 2022

Overview of the Deufol Group

Figures in € m	2022	2021	± (%)
Results of operations			
Total sales	271.6	243.0	11.8 %
Germany	184.7	163.3	13.1 %
Rest of the World	86.9	79.7	9.0 %
Ratio of foreign sales (%)	32.0 %	32.8 %	−2.5 %
EBITDA	34.0	27.5	23.6 %
EBIT(A)	13.2	6.3	109.5 %
EBT	10.4	2.9	258.6 %
Income tax expenses	−3.4	−1.0	240.0 %
Result for the period	7.0	1.9	268.4 %
thereof noncontrolling interests	0.5	0.6	−16.7 %
thereof shareholders of the parent company	6.5	1.3	400.0 %
Earnings per share – EPS (€)	0.150	0.030	400.0 %
Assets structure			
Noncurrent assets	197.2	195.3	1.0 %
Current assets	72.4	65.1	11.2 %
Balance sheet total	269.6	260.4	3.5 %
Equity	123.9	115.8	7.0 %
Liabilities	145.7	144.6	0.8 %
Equity ratio (%)	46.0 %	44.5 %	3.3 %
Net financial liabilities	71.0	80.6	−11.9 %
Cash flow/investments			
Cash flow from operating activities	35.1	12.5	180.8 %
Cash flow from investing activities	−5.6	−7.4	−24.3 %
Cash flow from financing activities	−26.4	−22.9	15.3 %
Investments in fixed assets	−6.4	30.4	−121.1 %
Employees			
Employees (average)	2,079	2,021	2.9 %
Personnel costs	−91.8	−85.5	7.4 %

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WHY IS DEUFOL SO SUCCESSFUL?
BECAUSE WE ENCOURAGE OUR EMPLOYEES TO UNDERGO TRAINING.

Over **2,000**
of our employees have completed training courses

Further information is available here!

We rely on our employees – and it is for that reason that we invest in them. We strongly emphasize their **personal progress**. Our aim is for our employees to fully realize their potential and to develop professionally. In future, our **Dortmund Deufol Academy** will offer practical training alongside our e-learning platform. Only if our employees undergo continuous further training will they be able to play an active part in our Company's development – which is in turn a key factor in our combined success.

Foreword by the Managing Directors

Teamwork – Working Together to Ensure Innovation and Sustainability

Dear shareholders and business partners,
Dear colleagues,

Challenging and turbulent times such as those experienced in 2022 require a great deal of resilience in order to succeed as a business. **We can look back on a successful financial year thanks to our flexibility and the commitment of our team of employees all over the world.**

We are very proud of these achievements, which are also reflected in our result:

- **11.8 % sales increase to € 271.6 million**
- **109.5 % EBIT increase to € 13.2 million**
- **26.2 % reduction in net financial indebtedness (excluding IFRS 16) to € 36.6 million**

The Right Strategy and a Culture of Feedback as a Recipe for Success

Our teamwork has paid off in 2022. However, as a medium-sized enterprise – with roots in the heart of Germany and as a logistics specialist in a major exporting nation – we are also mindful of **our social responsibility** towards our more than 2,400 employees and all of our stakeholders.

Together with our employees, we launched our go-to-market strategy and put in place an organizational structure to match in the year under review. Our goal is to continuously improve the value chains of our customers and industry partners**, making them more innovative, more digital, more efficient and more sustainable thanks to our end-to-end solutions for heavy cargo as well as mechanical and plant engineering**.

We have drawn up our motivational mission statement together with various teams of employees and while incorporating their feedback. We have subsequently communicated this mission statement, including by means of illustrative videos which showcase to our workforce and also outside our corporate group the hallmarks of Deufol and why we are so successful.

"Deufol and you" is the slogan for our mission statement. We have established a **Company-wide culture of feedback in line with our corporate values**. A readiness to undergo change and to "serve as a role model" are at the heart of this.

And since we actively respond to this feedback at Deufol and take this seriously and identify genuine measures in response, this is generating a steady improvement in working conditions, which in turn continuously enhances the attractiveness of the work environment at Deufol.

"Our mission statement defines the values which Deufol thrives on."

To take the best example of this: **in the past fiscal year, we have jointly improved and optimized the standard of packaging at Deufol.** This means that we are now able to save many truckloads of valuable raw materials for the crate production process. This helps us and our partners to achieve socially desirable sustainability goals and to reduce our volume of waste. A common approach to efficiency and, in the same vein, sparing use of resources demonstrate to us that we are on the right track.

Logistics Software as a Co-Pilot

Companies throughout the world rely on Deufol for the management of their supply chains. We provide them with an IT-based logistics hub through our **Deufol Supply Chain Solution** (or D-SCS for short). This latest-generation all-in-one management system digitalizes processes from start to finish: it covers the entire value chain – from goods manufacturing via the packaging process up to the point of delivery. This software provides all key data, reports and indicators and thus delivers all-round transparency. The possibility of obtaining a live status report for individual items is the best example of this. Project phases can be managed on a holistic basis and potential savings immediately identified. D-SCS can be scaled up to cover an unlimited number of locations, zones and storage areas. It fits seamlessly with customers' own systems. It thus ensures **greater efficiency, sustainability and data security along the supply chain.** With our ISO-27001 certification, we guarantee the highest level of data protection. Our additional end-to-end solutions with tailored supply chain optimization provide synergy effects.

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Companies worldwide rely on Deufol for the management of their supply chains."

An International Team, Global Cooperation

At Deufol, we see ourselves as an international team that is active in markets all over the world. Our relationships with our workforce in the Czech Republic, Austria, Belgium, Hungary, France, the Slovak Republic, Italy, Poland, China and the USA transcend borders. **Together, we are gradually expanding our international hub network for the large number of companies which rely on us for their shipping processes.** For instance, excellent teamwork enabled us to expand our hub network in North America to include our location in Houston, Texas, in the year under review.

"

Independent decision-making promotes a capacity for innovation."

Digitalization Supports Independent Decision-Making

We also achieved important milestones in the past fiscal year in terms of the continuous improvement and digitalization of our internal processes.

The consistent use (and improvement) of our **7R operational score cards** and indicators **enables our workforce to make decisions on an autonomous basis.** This freedom in turn generates additional energy, enables us to come up with new ideas and boosts our capacity for innovation.

Despite global crises and the unpredictability of day-to-day business, we are able to rely on one thing: clear rules and regular dialogue provide us with the necessary structured approach, while enormous flexibility underpins our continuous development and improvement as a business.

Ready to Face the Future, Even in a Difficult Market Environment

While the COVID-19 pandemic is now fading away and is likely to have only limited further direct effects, the global economy has suffered a clear downturn. Above all, this is attributable to the tragic war in Ukraine, the related sanctions and the upheavals on the energy markets. This is reflected in continuing disruptions to supply chains, a significant increase in inflation, a substantial rise in interest rate levels and persistent uncertainty on the markets. This is combined with a high level of volatility in terms of prices and the availability of materials, together with fluctuating demand for industrial services. On the costs side, personnel costs especially are likely to pick up considerably and fixed costs in general to rise disproportionately strongly. In this environment, it remains challenging to provide a forecast for the Company's economic development.

While we would thus like to somewhat dampen expectations for 2023, at the same time we wish to emphasize the fact that we have done our homework: all of the necessary measures are in place in order to ensure an **optimal future for Deufol**.

We therefore expect to achieve another strong sales figure and possibly even a further increase in our volume of sales in 2023. Taking the global economic uncertainty and political developments into account, we aim to achieve sales figures between € 270 and 295 million. We envisage an operating business EBIT figure between € 10 and 15 million.

We are confident in the light of our structurally sound and solid planning, our sophisticated strategy, the projects which we have already initiated or completed and the positive effects on our earnings of the measures implemented to date: we are continuing to forge ahead and successfully generating progress for the Deufol Group in a spirit of great optimism. We aim to ensure the positive development of our business as well as the viability of further investments. We are thus laying the foundations for a sustainable future dividend policy.

With the strategy which we have adopted and our organizational structure, Deufol is very well placed to achieve further steady growth in the medium and long term and to successfully market our services.

As the Company's managing directors, we would like to expressly say thanks here. It is the daily commitment shown by our employees as well as the confidence which our partner companies and shareholders place in us that make Deufol what it is: a highly successful company in the global logistics sector. We are convinced that, thanks to the contribution of each and every one of us, we will continue to achieve great things together.

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

The Managing Directors
Dennis Hübner (CEO), 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 2022. 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 at a total of five meetings and also in frequent electronic and telephone conversations and discussed them in detail with the managing directors.

In 15 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, the USA and Austria as well as its business development in these countries. The Administrative Board moreover regularly discussed the impact on the Group of the high level of inflation in Europe and the USA, and the measures implemented by the Group in response.

The issue of finance and, above all, the Group's strategic positioning in relation to its refinancing were consistently discussed in great depth. The Administrative Board also regularly discussed how to respond to the rising purchasing prices, the optimization of the Group's working capital and changes to its organizational structure (go-to-market structure).

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. The topic of mediation was discussed in particular depth at the meetings of the Administrative Board.

Audit of the Single-Entity and Consolidated Financial Statements

In accordance with the resolution passed by the Annual General Meeting on June 29, 2022 and the subsequent audit engagement issued by the Administrative Board, the annual financial statements for the fiscal year from January 1 to December 31, 2022 prepared by the managing directors in accordance with the German Commercial Code (HGB) and the combined management report and Group 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 combined management report and Group management report with an unqualified audit opinion.

All documents relating to the annual financial statements, including the combined 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 26, 2023, the Administrative Board endorsed the annual financial statements of Deufol SE for 2022 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, 2022, Mr. Gerard van Kesteren was appointed as a member of the Administrative Board for a one-year term of office.

Hofheim, April 26, 2023

For the Administrative Board
Detlef W. Hübner
Chairman

Over

1,250

tonnes of packaging materials avoided

WHY IS DEUFOL INNOVATIVE? BECAUSE WE ACT SUSTAINABLY.

Further information is available here!

We must make optimal use of our planet's limited resources and conserve them wherever possible. We are therefore drawing on our **capacity for innovation** in order to develop sustainable solutions. To reduce our consumption of materials, we are continuously improving our use of materials on a data-driven basis and designing **sustainable packaging.** We also emphasize the importance of recycling. We use our digital solutions to optimize the traffic flows required for the transportation process, thus reducing carbon emissions. These are all important steps in order to achieve our sustainability goals – and they also help our customers to achieve greater sustainability in their activities.

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 industrial services and, above all, industrial packaging, inbound and outbound logistics for the manufacturing industry, commissioning, optimization of transportation and storage of goods as well as related services and thus offers integrated digital solutions. 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 and regions. 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 ▶ 122 for a summary of our operationally active investments and their corporate structure.

Organization and Management

Deufol SE operates in the legal form of a European company (Societas Europaea, SE), using a one-tier management system with the Administrative Board acting 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. Instead, apart from administrative support services it mainly handles management and control tasks. These include defining and developing strategic business fields, acquiring and retaining strategic customers and partners throughout the business and managing business relationships with them, appointments to management positions and control of the flow of capital and liquidity within the Group. Deufol SE is also responsible for the development of the "Deufol" brand and develops Group-wide standards and tools and, above all, digital solutions for processing of transactions.

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 target agreements in line with the Company's strategic orientation as well as regular discussion of results within the Deufol Group's extended management team, represented by its regional and central management as well as the leadership of its regional management bodies. In addition, internal corporate governance guidelines specify consent requirements for specific types of transactions, e.g. investment schemes exceeding a specific financial volume.

As a globally oriented premium service provider in the field of packaging and related services, Deufol offers its globally operating clients 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 cover the end-to-end logistics process far beyond the scope of the packaging process and embed this 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 and sustainable design. 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 re-assembly 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.

Our range of hub solutions is also increasingly relevant. In key port areas and at inland locations, we enable our customers to consolidate the different components required for their plant engineering and project business orders. At the same time, we thus help customers to organize the transportation of their equipment and components via optimized workflows and packaging and with a reduced volume of load carriers. Fewer resources are thus required, in line with a sustainable approach. We are continuing to expand our hub concept and further strengthening our network in Germany and other countries.

In 2022, we added outbound hubs to our portfolio. Our first step here was to establish a location in Houston (Texas). With outbound hubs, we offer storage and consolidation of components in the target region of the end customer for the equipment and projects in question, thus reducing the level of dependency on sea freight capacities and increasing our customers' flexibility in terms of the process of delivery to their end customers. This concept also enables further optimization of container backlogs and thus a reduction in the volume of cargo space required for overseas transport, while avoiding the need for air freight at short notice. We thus make a considerable contribution to enhanced sustainability in our customers' value chains and significantly reduce the carbon footprint for our customers' project logistics.

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. Besides the ongoing development of individual packaging solutions, we develop packaging standards which help to reduce the use of materials and thus contribute to product sustainability, counter an increase in costs and enable recycling of packaging. 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. To ensure that packaged goods remain in a sound condition throughout the transportation process, we use our own supply chain management software (D-SCS) in combination with our photo documentation app which is available on all common mobile devices via the app stores (Android and iOS). We also make use of IT solutions such as our high-quality CAD design system for packaging material in order to realize potential material and cost savings within the scope of the packaging process. Moreover, via our DSCS (Deufol Supply Chain Solution) application we enable end-to-end handling of logistics processes far above and beyond the packaging and transportation steps. 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

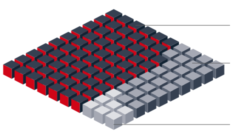
Globally Positioned with Locations in Fourteen Countries

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, 2022 we had 51 locations which account for a total of 68.0 % of Group sales. The Rest of Europe – which represents around 24.9 % of the Group’s business – comprises 32 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. In 2022, we further expanded the activities which we had initiated in 2019 in Hungary and in 2021 in Poland. In addition to the sale of our warehousing activities in Italy in 2021, we reorganized our industrial packaging in northern Italy in 2022.

External sales by region

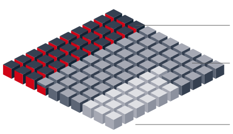
Figures in € m



184.7	Germany
67.5	Rest of Europe
19.4	USA / Rest of the World

Assets by region

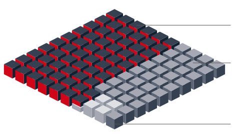
Figures in € m



82.7	Germany
135.4	Rest of Europe
51.4	USA / Rest of the World

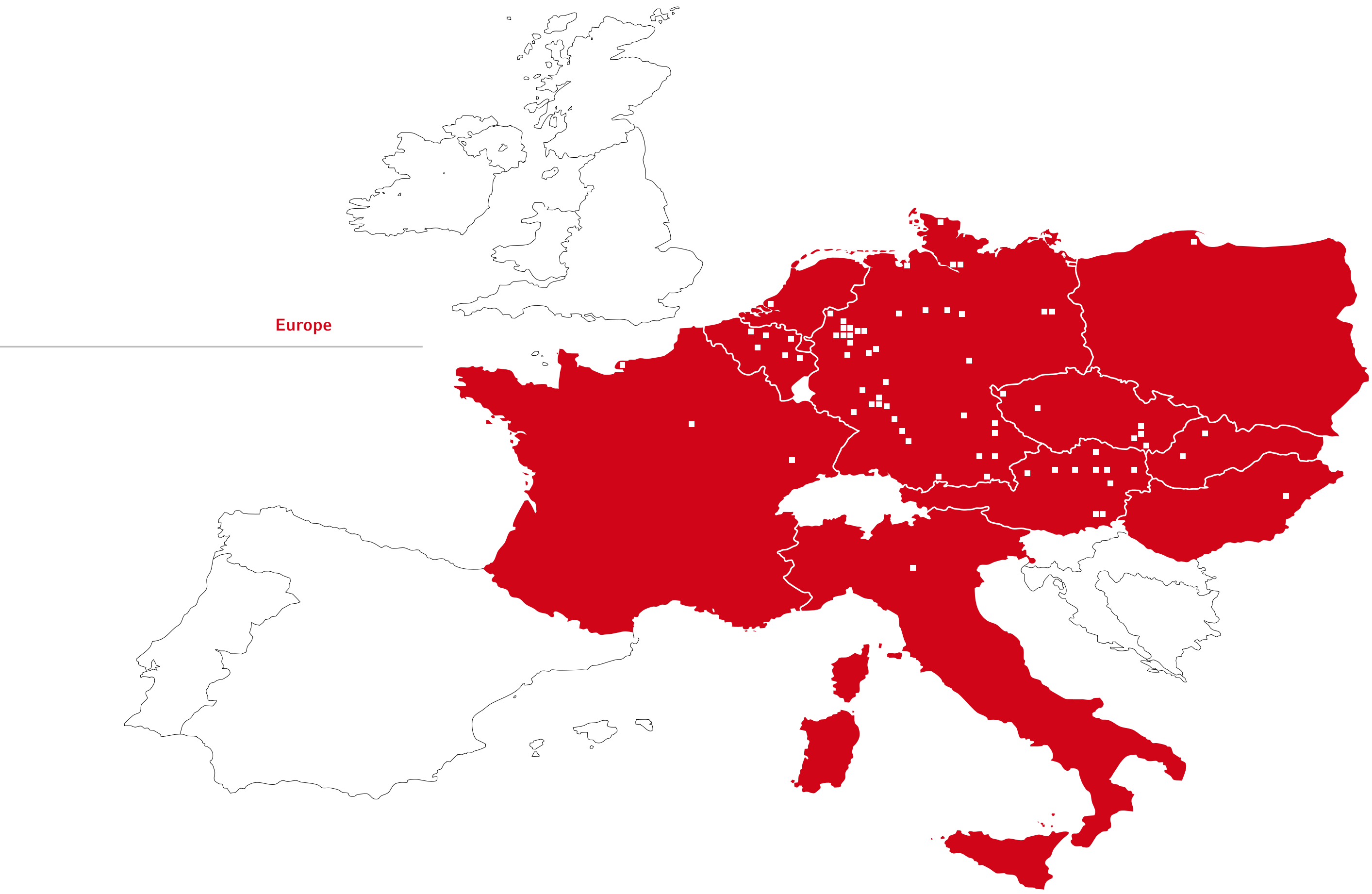
Employees by region

Deufol Group as of the reporting date



1,286	Germany
709	Rest of Europe
99	USA / Rest of the World

We have a total of eight locations in the USA/Rest of the World, which contribute approx. 7.1 % of sales. We have added an outbound hub in Houston, Texas, to our business in the USA and are now offering storage and consolidation of components in the USA, thus simplifying the process of supplying the American continent from Europe. This outbound hub solution means that customers are better able to plan their overseas transportation in the context of the changed environment for international freight traffic. They are able to place their goods in interim storage in the USA and then deliver them in line with their end customers' requirements, without the need for further maritime transport. With its new location,



Number of locations

Germany	51
Rest of Europe	32
USA/Rest of the World	8

Deufol thus now has a total of six locations in the USA. 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 the diagram on the previous page for further details of the Deufol Group's geographical presence.

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

Customer Loyalty Remains High, Varying Levels of Competition

The Deufol Group provides its services in a range of different competitive scenarios through its presence in various regions. The competitive environment continuously evolved in the face of various influences over the course of 2022 and was shaped by a range of different factors.

The coronavirus pandemic and its development in 2022, the war in Ukraine, inflation and rising interest rates and the related substantial change in the economic environment over the course of the year had a significant impact on the logistics industry. While the issues of the availability of raw materials together with high and volatile raw material prices slowly became less prominent from around halfway through the year and prices of wood and related materials in particular dropped significantly, energy prices and the availability of energy, a considerable rise in personnel costs and rising rates for overland transportation shaped the competitive environment in the second half of the year. Competition has therefore shifted away from the question of the availability of packaging materials to a stronger focus on price and the availability of personnel. The possibility of interim storage and consolidation of various components, so as to achieve an optimized shipment, remains another key competitive factor.

In the field of packaging, in 2022 the Deufol Group has once again 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 and also pick up new customers. We have maintained successful long-term supplier relationships and added new strategic partners. Thanks to its broad range of suppliers, Deufol was able to ensure a high-volume supply infrastructure and appropriately respond to price trends which are difficult to predict.

The continuous expansion of the products and services offered by Deufol, the widening of its range of services throughout the logistics chain and the addition of integrated digital solutions further strengthened Deufol's competitive position and established a unique selling point in some cases. The development and expansion of hub solutions in Europe and, since 2022, in the USA is further increasing the advantages for customers and reducing the number of interfaces and the use of resources. This is also having a positive impact with a view to a sustainable logistics chain. The high level of integration in customers' logistics processes strengthens existing customer relationships while also enabling Deufol to secure further market shares in a highly competitive environment. In order to further strengthen its competitive position here in the future, Deufol is continuously developing new, mainly digital solutions for the market as well as customer-specific additional services.

Research and Development

No Conventional Research Expenditure

A service provider such as the Deufol Group does not have any conventional research and development 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 standard pallet and standard crate system "Deufol ConPAL/DS-BOX". This system provides our customers with increased flexibility and a faster supply system. In 2022, we once again 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. 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. Our hub concept brings together the various components for a delivery before the final packaging step and thus enables optimized packaging of the individual parts, compact stowage of load carriers such as containers and thus a reduction in the number of load carriers and lashings in this context.

Report on the Economic Environment

Economic Outline Conditions

The War in Ukraine Transforms the Global Economic Picture

While in previous years the development of the world economy was shaped by the effects of the pandemic to a significant degree, in 2022 Russia's invasion of Ukraine represented an unprecedented situation in the 21st century, with far-reaching consequences for the global economy.

The coronavirus pandemic continued to affect international transportation and supply chains due to China's coronavirus policy, but the world economic situation significantly deteriorated during the year under review as a result of the war in Ukraine. The combination of strong rises in energy, food and raw materials prices caused inflation to shoot up to an extent unforeseen and forced the central banks to implement radical countermeasures. Emerging economies and developing countries which are reliant on foreign-currency loans were disproportionately affected by the tightening of monetary policy.

Over the course of the year, with an inflation rate of 7.2 % the G7 advanced economies found themselves in a situation without any precedent over the past 50 years. The central banks worldwide responded during the year by implementing unprecedently steep key interest rate hikes. In the USA, the Federal Funds Rate was recently raised to between 4.5 % and 4.75 %, thus matching the peak level reached during its previous period of restrictive fiscal policy in 2007.

This notwithstanding, factors buoying the economy such as the high order backlogs in industry and the amounts saved by consumers during the pandemic helped global gross domestic product to grow by 3.4 % in the past fiscal year by comparison with 2021. The advanced economies registered a disproportionately weak trend of 2.7 %. China was also comparatively weak – on account of the pandemic-related restrictions which remained in force – and achieved a relative growth rate of 3.0 %.

Following Signs of Recovery, Eurozone Now in Downturn

The signs of recovery seen in 2021 initially continued during the first six months of 2022, despite the war in Ukraine. However, the macroeconomic picture increasingly deteriorated over the course of the year as a result of the energy price shock, the related emergence of a recession and worsening consumer sentiment.

To a considerable degree, the crises were contained thanks to governments' huge fiscal efforts. In the third quarter of 2022 alone, companies and households received government support amounting to 1.2 % of the European Union's GDP. Nonetheless, over the year 2022 as a whole, in the context of these crises and countermeasures the Eurozone's GDP increased by 3.5 % on the previous year, even if this rise was flatter than in the previous year (previous year: 5.3 %). This trend is disproportionately weak in international terms.

Within Europe, the trend seen in the previous year largely continued in the major economies. At 1.9 %, Germany lagged behind its European partners. Spain registered the strongest level of growth in the Eurozone (5.2 %), ahead of Italy (3.9 %) and France (2.6 %).

Following the drastic falls in output at the peak of the coronavirus crisis, the rate of unemployment recovered by a further 1.1 percentage points and reached new record lows of 6.7 % in the Eurozone. Germany remains the leader among Europe's major economies (3.1 %) while, as in the previous year, Greece (12.5 %) and Spain (12.9 %) have the highest levels of unemployment ahead of Italy (8.1 %).

The wage trend in the Eurozone fell considerably short of inflation rates during the period under review. Due to the labor shortage, in the near future employees can be expected to make use of their bargaining power and secure substantial wage and salary increases.

The Energy Crisis is Having a Significant Impact on the German Economy

The German economy can look back on an extremely difficult year with enormous challenges. While the sluggish global economic environment provided not much, if any, positive economic momentum, the continuing supply chain problems for basic primary products for the manufacturing industry created challenges.

While in the previous year prices of key raw materials and construction materials such as wood and steel had already experienced strong fluctuations, the war in Ukraine gave rise to extremely pronounced upheavals in the energy sector. Despite these enduring crises, the German economy registered gross domestic product growth of 1.8 %. However, this trend is mainly attributable to catch-up effects in the service sector, while manufacturing industry continued to suffer in the context of the conditions described above.

The rapid rises in electricity and gas prices put pressure on manufacturing enterprises as well as depressing consumer sentiment. The price rises on the energy exchanges also caused consumer prices to reach record levels. Over the course of the year, the rate of inflation in some cases reached low double-digit territory and resulted in an average price increase of 6.9 % in 2022.

The government intervened in the particularly badly affected energy sector through its “electricity and gas price brake”. The Kiel Institute for the World Economy estimated that this would cost the public purse around € 87 billion in the following year. This measure was mainly funded by means of the debt brake exemption which was introduced as a result of Russia’s war of aggression and provides for additional borrowing of up to € 200 billion.

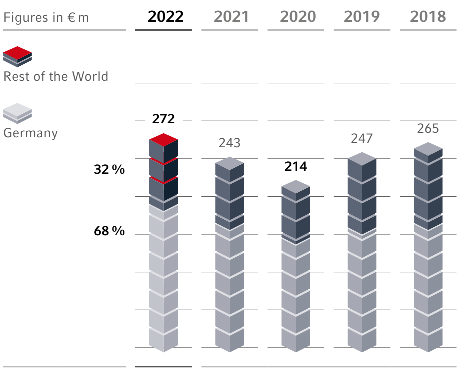
The ECB had already announced an initial series of monetary measures in the previous year, in view of the rising inflation trend. From July 2022, the ECB drastically raised its key interest rate in several steps, reaching 3.5 % in March 2023. It has signaled that it is prepared to implement further interest-rate hikes. This trend accordingly affected financing terms for corporate lending. In particular, according to the Deutsche Bundesbank, the short-term loans for funding of initial outlays and operating equipment which are in particularly strong demand are now more expensive.

Foreign trade underwent consolidation and reached a balanced level over the course of the year. The partial recovery of supply chains in particular helped the export-oriented German economy and, above all, the highly sensitive mechanical and plant engineering sector to work off foreign orders despite the continuing shortage of materials. The mechanical and plant engineering sector in Germany continues to have full order books.

Despite the economic slowdown, the labor market remained stable in view of the continuing lack of specialist staff. While unemployment decreased on average during the year in the service industries especially, it experienced significant temporary increases due to the inclusion of Ukrainian refugees in the figures. Employment nonetheless picked up considerably over the course of the year.

The financing deficit decreased by around 24.3 % to € 101.6 billion year-over-year. Public finances were improved by the end of the coronavirus measures. However, this effect was eclipsed by the relief packages implemented to contain the energy crisis and soften the impact of inflation.

Sales



Results of Operations

Increase in Sales Notes 01, 40, 41

In the macroeconomic environment outlined above, sales amounted to € 271.6 million in the period under review and thus rose by 11.8 % (previous year: € 243.0 million). We have thus exceeded our planning targets published in our Annual Financial Report 2021, which had envisaged sales in a range of € 220 million to € 250 million.

No changes have resulted in the scope of consolidation in the reporting year. The figure for the previous year included sales in the amount of € 11.4 million from fully consolidated subsidiaries which were sold off and deconsolidated towards the end of 2021; adjusted for the effect associated with the loss of these sales, sales increased by 17.3 % in the reporting year.

The appreciation of the US dollar against the euro by an average of around 11.0 % resulted in a € 2.1 million rise in sales, so that the volume of sales growth adjusted for currency effects amounts to 10.9 %.

Deufol's overall operating performance increased from € 250.6 million in the previous year to € 277.4 million in the year under review; this corresponds to an increase of € 26.8 million or 10.7 %.

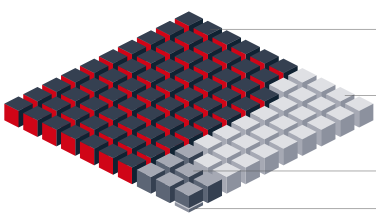
Germany Maintains Growing Importance for Deufol's Business Note 40

In the past year, Germany further strengthened its role as the Deufol Group's most important sales market. With a sales volume of € 184.6 million (previous year: € 163.1 million) in the past fiscal year, it contributed 68.0 % (previous year: 67.1 %) to Group sales.

With a sales volume of € 67.5 million (previous year: € 65.8 million), the Rest of Europe segment provided 24.9 % (previous year: 27.1 %) of overall Group sales in the reporting period. In a comparison with the previous year, it should be borne in mind that a subsidiary sold in 2021 contributed a sales volume of € 10.9 million in the previous year and that, adjusted for this share of revenue, sales in the Rest of Europe segment increased by € 12.6 million year-over-year in 2022.

In the USA/Rest of the World segment, sales rose to € 19.4 million (previous year: € 13.9 million). This means that this region now represents around 7.1 % (previous year: 5.7 %) of Group activities. Please also see the disclosures on page ▶ 107 for further information on the development of the segments.

Consolidated sales by segment



Figures in € m		2022	2021
68.0 %	Germany	184.6	163.1
24.9 %	Rest of Europe	67.5	65.8
7.1 %	USA/Rest of the World	19.4	13.9
0.0 %	Holding	0.1	0.2
100.0 %	Total	**271.6**	243.0

Increase in Production's Share of Sales Note 41

With a share of sales of approx. 93.2 % which was virtually unchanged on the previous year (previous year: 93.4 %), the Packaging and Logistics service area is by far the Group's most important business segment. The share of sales realized in the Production service area has increased slightly from 5.7 % in the previous year to 6.0 %. The contribution provided by the Real Estate service area was unchanged on the previous year at 0.8 %. The IT Services area is continuing to focus on internal projects for the time being. It did not therefore register any significant external sales in the year under review (previous year: 0.1 %).

Operating Costs Ratio Lower on Balance Notes 03 – 05

At 39.9 % (previous year: 39.0 %), the ratio of the cost of materials to Deufol's overall operating performance deteriorated slightly. The share accounted for by raw materials, consumables and supplies and purchased merchandise has increased by 1.6 percentage points to 24.7 % (previous year: 23.1 %). These changes reflect further increases in material prices. On the other hand, the share of purchased services has fallen slightly from 15.9 % in the previous year to 15.2 %. Overall, the cost of materials is above the range seen in the past few years.

Personnel costs were at € 91.8 million significantly above the previous year's figure of € 85.5 million. However, the personnel cost ratio in the context of Deufol's overall operating performance decreased by 1.0 percentage point from 34.1 % in the previous year to 33.1 %. The absolute increase in personnel costs reflects factors including a rise in the volume of business activity; at the same time, the average number of employees in the past fiscal year increased to 2,079 (previous year: 2,021). Besides the increase in performance-linked remuneration, special payments and the first wage and salary adjustments implemented in line with inflation contributed to this increase in personnel costs. The adjustments made to minimum wage levels likewise did so to a minor extent.

At € 20.8 million, the depreciation, amortization and impairment figure is slightly lower than the previous year's figure of € 21.1 million.

The total volume of other operating expenses has increased (+ € 1.0 million to € 40.9 million). However, in relative terms the cost/income ratio has significantly decreased as a result of the increase in sales, from 15.9 % to 14.7 %.

Overall, the costs ratio has declined to 95.2 % (previous year: 97.5 %) of Deufol's overall operating performance. This corresponds to an increase in the EBITA margin from 2.5 % to 4.8 %.

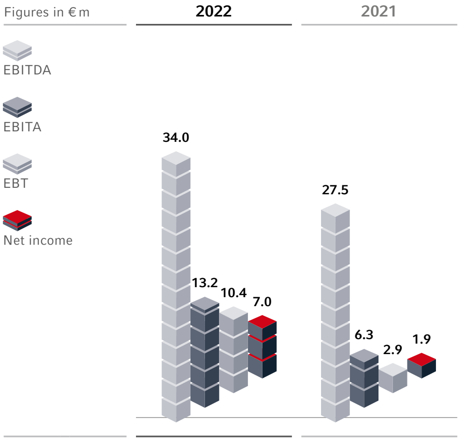
Consolidated sales by service

Figures in € m	2022	2021
Packaging and Logistics	253.1	227.0
Share (%)	93.2	93.4
Production	16.2	13.9
Share (%)	6.0	5.7
IT Services	0.1	0.2
Share (%)	0.0	0.1
Real Estate	2.1	1.9
Share (%)	0.8	0.8
Holding	0.1	0.0
Share (%)	0.0	0.0
Total	271.6	243.0

Cost development

Figures in € m	2022	2021
Cost of materials	110.6	97.8
as % of overall operating performance	39.9	39.0
Personnel costs	91.8	85.5
as % of overall operating performance	33.1	34.1
Depreciation, amortization and impairment	20.8	21.1
as % of overall operating performance	7.5	8.4
Other operating expenses	40.9	39.9
as % of overall operating performance	14.7	15.9
Total	264.1	244.3
as % of overall operating performance	95.2	97.5

Income development



Margin development

Figures as % of sales	2022	2021
EBITDA margin	12.3	11.0
EBIT(A) margin	4.8	2.5
EBT margin	3.7	1.2
Net income margin	2.5	0.8

Operating Result

Earnings before interest, taxes, depreciation and amortization (EBITDA) were € 34.0 million, compared to € 27.5 million in the previous year; the EBITDA margin amounted to 12.3 % (previous year: 11.0 %). At € 19.0 million, depreciation of property, plant and equipment was slightly lower than in the previous year (€ 19.3 million). Amortization of other intangible assets remained unchanged on the previous year at € 1.8 million.

The operating result before goodwill amortization (EBITA) increased significantly to € 13.2 million in the reporting period (previous year: € 6.3 million). The EBITA margin was 4.8 % (previous year: 2.5 %).

Financial Result Note 06

The negative financial result improved from – € 3.4 million to – € 2.8 million. Interest income decreased slightly from € 0.2 million to € 0.1 million. The profit from investments included in the financial result amounted to € 0.4 million (previous year: € 0.1 million). Interest expense totaled –€ 3.4 million, compared to – € 3.7 million in the previous year; this decrease primarily reflects the € 6.4 million reduction in financial liabilities, which more than made up for the rising interest burden associated with higher interest rates.

Net Income Notes 07 – 09

Earnings before taxes (EBT) in the year under review were € 10.4 million (previous year: € 2.9 million). Overall tax expenditure amounted to € 3.4 million, compared to € 1.0 million in the previous year. Current tax expenditure for taxes on income has roughly doubled to € 1.9 million (previous year: € 0.9 million). In the deferred taxes item, a loss of € 1.5 million (previous year: € 0.0 million) was incurred which is mainly attributable to effects relating to deferred tax assets on loss carryforwards. The other positive and negative effects of deferred taxes more or less offset one another.

This means a result for the period of € 7.0 million (previous year: € 1.9 million). Noncontrolling interests accounted for an amount of € 0.5 million (previous year: € 0.6 million). Earnings attributable to the shareholders of Deufol SE amounted to € 6.5 million in the period under review, compared to € 1.3 million in the same period in the previous year. Earnings per share were € 0.150 in 2022 (previous year: € 0.030).

Comprehensive Income

Comprehensive income after taxes was € 8.0 million in the past year (previous year: € 2.6 million). Apart from the significant increase in the result for the period, the change relative to the previous year is mainly attributable to actuarial gains from pension provisions (+ € 0.4 million; previous year: – € 0.1 million); in addition, the income from currency translation directly offset against equity amounted to + € 0.6 million (previous year: + € 0.8 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: € 38.6 million). As of December 31, 2022, € 18.6 million (previous year: € 22.8 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 2022, the average weighted interest rate for loans was 3.74 % (previous year: 3.54 %). 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 € 88.7 million as of the reporting date (previous year: € 95.2 million).

Net financial liabilities – defined as total financial liabilities less financial receivables and cash – decreased by € 9.6 million, from € 80.6 million on December 31, 2021 to € 71.0 million at the end of the period under review. The volume of cash held increased (+ € 3.4 million), while financial receivables decreased slightly. The balance of liabilities to banks and call deposits at banks was – € 36.8 million, compared to – € 50.0 million in the previous year. This decrease is largely attributable to the scheduled repayment of long-term loan liabilities.

Financial liabilities

Figures in € m	**2022**	2021
Amounts due to banks	**54.4**	64.2
thereof current	**12.7**	16.2
thereof noncurrent	**41.7**	48.0
Finance leasing	**34.3**	31.0
Other	**0.0**	0.0
Total	**88.7**	95.2

Investments at Same Level as in Previous Year Notes 10 – 13

The volume of investment (excluding leasing assets reported according to IFRS 16) in the previous year was at € 6.4 million in line with the previous year's figure. No additions occurred in connection with the first-time consolidation of companies in the reporting year (previous year: € 19.7 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 decreased by € 0.1 million in the reporting period by comparison with the previous year (previous year: fair value increase of € 0.2 million).

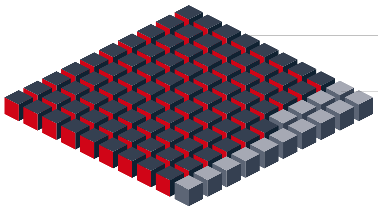
In the past fiscal year, as in the previous year, investments in property, plant and equipment amounted to € 5.5 million. The investment ratio – i.e. the ratio of capital expenditure to sales – amounted to 2.0 % (previous year: 2.3 %).

Land and buildings (€ 2.7 million) were the largest capital expenditure item. This is followed by operating and office equipment (€ 1.8 million) and technical equipment and machinery (€ 0.6 million). Investments in advance payments made and assets under construction amounted to € 0.4 million.

Investments by segment

Figures in € m	2022	2021
Germany	1.7	3.7
Rest of Europe	1.9	1.9
USA / Rest of the World	1.8	0.1
Holding	1.0	0.7
Total	**6.4**	6.4

Investments

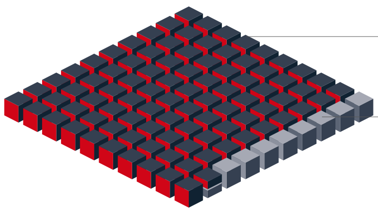


Figures in € m			2022	2021
	85.9 %	Property, plant and equipment	5.5	5.5
	14.1 %	Intangible assets	0.9	0.9
	0.0 %	Investment property	0.0	0.0
	100.0 %	Total	**6.4**	6.4

Depreciation, amortization and impairment by segment

Figures in € m	2022	2021
Germany	13.1	11.8
Rest of Europe	4.5	6.0
USA / Rest of the World	2.1	2.0
Holding	1.1	1.3
Total	**20.8**	21.1

Depreciation, amortization and impairment



Figures in € m			2022	2021
	91.3 %	Property, plant and equipment	19.0	19.3
	8.7 %	Intangible assets	1.8	1.8
	100.0 %	Total	**20.8**	21.1

Depreciation, Amortization and Impairment Slightly 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 (€ 20.8 million, compared to € 21.1 million in the previous year). Depreciation of property, plant and equipment amounted to € 19.0 million, compared to € 19.3 million in the previous year. Of this amount, € 13.3 million (€ 13.6 million in the previous year) related to the depreciation of leased assets (IFRS 16). As in the previous year, amortization of other intangible assets amounted to € 1.8 million. Impairment losses of € 0.1 million were recognized in the reporting year (previous year: € 0.0 million); these resulted from the write-down of the residual book value of a customer base purchased in the USA / Rest of World segment.

Cash Flow Notes 30 – 34

The operating cash flow amounted to € 35.1 million in the period under review and was thus significantly higher than in the previous year (€ 12.5 million). Apart from the significant increase in the annual net profit, this is above all attributable to the fact that the cash effects of the increase in trade receivables and payables more or less offset one another and resulted in a positive net effect of € 0.5 million (previous year: – € 8.7 million from the increase in trade receivables together with a simultaneous decline in trade payables). Moreover, in the year under review only a moderate cash effect resulted from the increase in inventories in the amount of – € 0.2 million (previous year: – € 6.9 million).

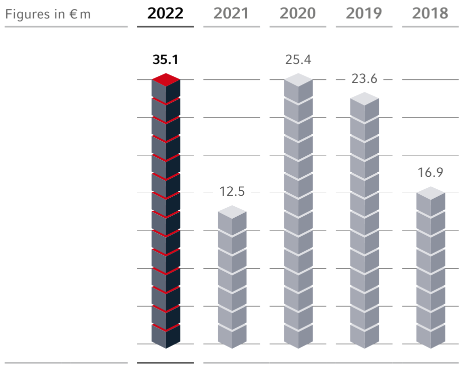
The cash flow from investing activities was – € 5.6 million (previous year: – € 7.4 million). As in the previous year, cash-based fixed assets investments were € 6.4 million. Inflows from the disposal of intangible assets and property, plant and equipment (previous year: € 3.9 million), cash changes in financial receivables (previous year: € 0.0 million), proceeds from interest and dividends received (previous year: € 0.2 million) and inflows from the disposal of business units (previous year: € 2.1 million) in each case amounted to € 0.2 million in the reporting year; the latter related to the scheduled payment of a purchase price instalment for a subsidiary sold in fiscal year 2021. No payments were made for the acquisition of business units in the reporting year (previous year: € 7.1 million).

Accordingly, the free cash flow – which is made up of the cash flow from operating activities and the cash flow from investing activities – increased substantially to € 29.5 million (previous year: € 5.2 million).

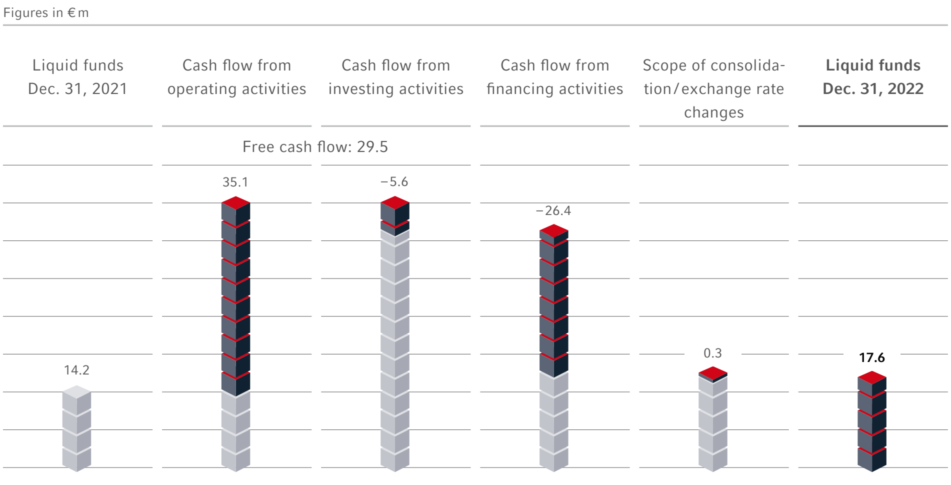
The cash flow from financing activities was – € 26.4 million (previous year: – € 22.9 million). Amounts due to banks were repaid in a net amount of € 9.8 million, while other financial liabilities were repaid in a net amount of € 13.4 million, which was reflected in cash. Significant additional outflows of funds resulted from interest paid in the amount of € 3.2 million.

Cash and cash equivalents increased by € 3.4 million to € 17.6 million as of December 31, 2022.

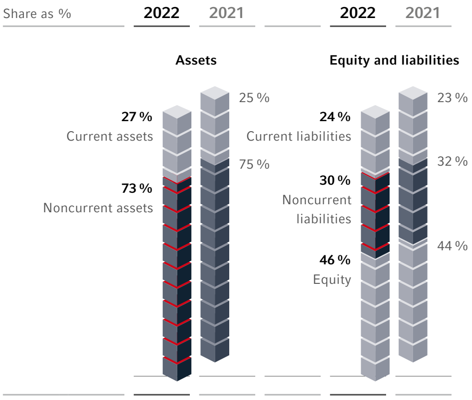
Cash flow from operating activities



Change in liquid funds



Balance sheet structure



Assets Position

Increased Balance Sheet Total Notes 10 – 18

In 2022, the balance sheet total of the Deufol Group increased by 3.5 %, or € 9.2 million, to € 269.6 million. On the assets side of the balance sheet, noncurrent assets rose by 1.0 %, from € 195.3 million to € 197.2 million. Property, plant and equipment increased from € 96.9 million to € 100.6 million. The asset depreciation ratio (ratio of accumulated depreciation to historical cost) increased by 3.3 percentage points on the previous year to 49.3 %, while the property, plant and equipment ratio (i.e. the ratio of property, plant and equipment to the balance sheet total) rose marginally from 37.2 % to 37.3 %. The carrying amount of the real estate reported as investment property for the first time in 2018 has decreased by € 0.1 million due to the restatement in line with its current fair value. Goodwill did not undergo any changes during the year under review. Investments in associates increased to € 1.9 million. In respect of the other noncurrent assets, other intangible assets have declined by € 0.9 million and deferred tax assets by € 1.2 million. There were no other significant changes.

Current assets have increased to € 72.4 million (previous year: € 65.1 million). Inventories have increased by € 0.4 million to € 16.7 million. Trade receivables have also increased (by € 5.1 million to € 33.6 million). This is mainly due to the increase in sales. Cash has likewise increased (+ € 3.4 million to € 17.6 million). The other current assets items have declined slightly overall, by € 1.6 million to € 4.5 million.

Working capital – the difference between current assets and current non-interest-yielding liabilities – remained almost unchanged at € 32.1 million (previous year: € 32.0 million).

Increased Equity and Equity Ratio

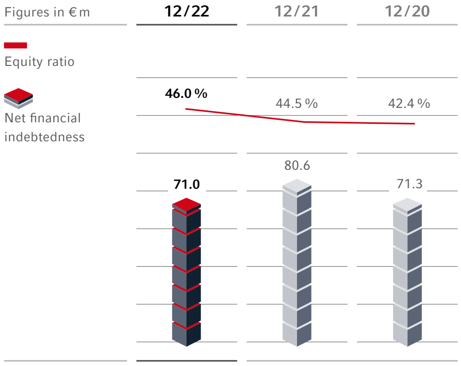
Notes 19 – 29

At the end of fiscal year 2022, the Deufol Group's equity amounted to € 123.9 million (previous year: € 115.8 million); its equity ratio rose to 46.0 % (previous year: 44.5 %). Equity mainly increased due to the result for the period (€ 7.0 million). Other comprehensive income mainly comprises currency effects as well as actuarial gains resulting from the pension provisions and at + € 1.0 million has likewise contributed to the increase in equity.

Noncurrent liabilities decreased by € 3.7 million to € 80.8 million. This is attributable to the decline in noncurrent financial liabilities, which have decreased by € 4.1 million to € 64.2 million due to the regular loan repayments. Pension provisions have dropped by € 0.6 million to € 3.4 million as a result of the strong increase in the interest rate level and the significant discounting effect associated with this. Other noncurrent provisions include the obligation to dismantle a property at the port of Hamburg and have increased by € 0.9 million to € 5.3 million due to cost increase and interest rollup effects. There were no other significant changes.

Current liabilities have increased by € 4.9 million to € 64.9 million. On balance, current financial liabilities have fallen by € 2.3 million to € 24.6 million. This is mainly due to the ongoing repayment of short-term loans as well as the decrease in lease liabilities. On the other hand, trade payables (+ € 5.5 million to € 23.2 million) and other current liabilities (+ € 2.1 million to € 15.4 million) have increased. The other items did not undergo any significant changes.

Net financial indebtedness and equity ratio



Overview of employees

Deufol Group	2022	2021
Germany	1,267	1,267
Rest of the World	812	754
Female	383	374
Male	1,697	1,647
Total	**2,079**	2,021
As of: Dec. 31	2,094	2,009

Employees

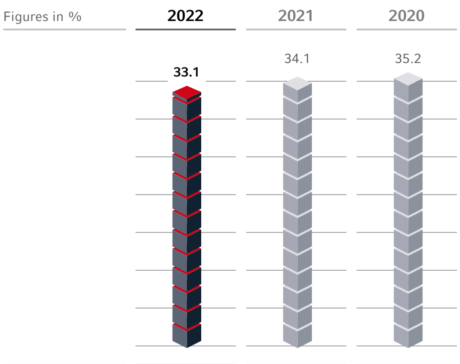
Increase in Number of Employees Note 04

The Deufol Group had 2,079 employees on average over the course of the year. This represents an increase of 58 employees or 2.9 % on the previous year.

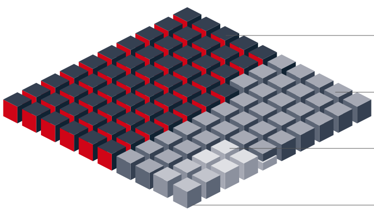
Since the average number of employees decreased by 57 due to the deconsolidation of two subsidiaries towards the end of 2021, the workforce thus increased by 115 employees or 5.9 % in the reporting period, adjusted for the changes to the scope of consolidation. On average, as in the previous year the Group had 1,267 employees in Germany (60.9 %) and 812 employees (39.1 %) elsewhere.

On average, with 1,184 employees at the Group's operating locations in Germany its workforce comprised one fewer employee by comparison with the previous year. In the Rest of Europe, the average number of employees increased by 47 to 723. In the USA/Rest of the World, the average workforce over the year as a whole rose by 11 to 89. The holding's workforce has increased on the previous year by one employee. It now has 83 employees (previous year: 82).

Personnel cost ratio



Employees by segment



Deufol Group		2022	2021
56.9 %	Germany	1,184	1,185
34.8 %	Rest of Europe	723	676
4.3 %	USA/Rest of the World	89	78
4.0 %	Holding	83	82
100.0 %	Total	**2,079**	**2,021**

Personnel costs rose by 7.4 % in the reporting period to € 91.8 million; at the same time, the personnel cost ratio as a ratio of personnel costs to Deufol's overall operating performance has decreased by one percentage point to 33.1 % (previous year: 34.1 %).

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.

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 2022.

Development of the Segments

Germany Notes 39, 40

At € 184.6 million, consolidated sales in Germany in 2022 were higher than sales in the previous year, when they amounted to € 163.1 million. On the one hand, the absolute increase in the volume of sales in this segment is attributable to the passing-on of price rises on the sales side. On the other, business with existing customers benefited particularly strongly from catch-up effects due to the removal of pandemic-related restrictions and the gradual recovery of supply chains.

In the reporting period, EBITA for this segment amounted to € 9.1 million (previous year: € 8.9 million). The EBITA margin amounted to 4.3 %, compared to 4.7 % in the previous year.

The disposal of a fully consolidated subsidiary at the end of 2021 had a minor impact in terms of the effects on sales and income in this segment.

Germany

Figures in € m	2022	2021
Sales	214.2	189.9
Consolidated sales	184.6	163.1
EBITA = EBIT	9.1	8.9
EBITA margin (%)	4.3	4.7
EBT	6.8	6.6

Rest of Europe Notes 39, 40

In the Rest of Europe, we realized consolidated sales of € 67.5 million, which is also higher than in the previous year (€ 65.8 million). The increase in sales in this segment in the year under review, which more than made up for the loss of the € 10.9 million of sales generated by a subsidiary which was deconsolidated in 2021, mainly resulted from the increase in business in all of Deufol's markets as well as inflation-related increases in sales prices.

In the past year, this segment achieved an operating result (EBITA) of € 7.7 million, compared to € 5.2 million in the previous year. The EBITA margin amounted to 7.5 %, compared to 5.4 % in the previous year. The effects relating to the scope of consolidation resulted in the loss of an EBITA contribution of € 0.3 million in the reporting year.

Rest of Europe

Figures in € m	2022	2021
Sales	102.4	97.2
Consolidated sales	67.5	65.8
EBITA = EBIT	7.7	5.2
EBITA margin (%)	7.5	5.4
EBT	7.1	4.2

USA / Rest of the World Notes 39, 40

In the USA / Rest of the World segment, at € 19.4 million consolidated sales were significantly higher than in the previous year (€ 13.9 million). Following a weak year 2021 due to the coronavirus in particular, business with new and existing customers in the USA picked up at all of Deufol's locations. The opening of a new location in Houston, Texas, in the second half of the year has already provided a significant contribution to sales growth. The appreciation of the US dollar has also contributed to an increase in sales in euro terms.

EBITA in this segment amounted to + € 0.7 million (previous year: – € 0.7 million). The EBITA margin rose accordingly from – 4.9 % to + 3.3 %. The comprehensive action plan drawn up by the management and implemented during the year under review in order to address the previously negative earnings situation is thus already paying off.

USA / Rest of the World

Figures in € m	2022	2021
Sales	20.1	14.1
Consolidated sales	19.4	13.9
EBITA = EBIT	0.7	– 0.7
EBITA margin (%)	3.3	– 4.9
EBT	0.4	– 1.0

Holding Notes 39, 40

The EBITA figure in the Holding segment amounted to – € 4.4 million in the past fiscal year, compared to – € 10.4 million in the previous year. The operating result in the previous year had been negatively affected by the one-off effect associated with the sale of Deufol's business activities in Italy. No significant one-off factors applied in the year under review.

Group figures

Figures in € m	2022
Sales	271.6
EBITDA	34.0
EBITA	13.2
Net financial liabilities	71.0

Goal achievement 2022

Figures in € m	Sales	EBIT
Planning	220–250	7–11
Actual figures	271.6	13.2

Overall Summary of Business Performance

Sales and EBIT Targets Exceeded

With our annual sales volume of € 271.6 million, we have significantly exceeded our sales target published in our Annual Financial Report 2021, which had envisaged sales in a range between € 220 million and € 250 million. The key reason for this positive trend was the continued recovery of industrial output due to the levelling-off of the coronavirus pandemic and the gradual recovery of supply chains. On the other hand, to date the economic effects of the war in Ukraine have had less of an impact on our customers' business activities and thus on us. In addition, procurement price rises have been passed on to Deufol's customers to a significant degree, business with existing customers has once again been expanded and business with new customers has been generated.

Earnings before interest and taxes (EBIT) amounted to € 13.2 million and were thus likewise significantly higher than in the previous year. Deufol's operating EBIT figure was thus substantially increased in spite of the strong economic turbulence and in some cases significantly higher purchase 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. At the same time, the economic environment remains challenging, above all due to the huge global economic upheaval triggered by the war in Ukraine. Prices, inflation rates and key interest rates should not be expected to return to the levels seen prior to the outbreak of the war any time soon. This is putting pressure on economic activity.

In this environment, we aim to cope with the various cost increases together with our customers and to expand our portfolio of services. Moreover, in 2023 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 2023. The above-mentioned macroeconomic challenges are likely to endure; 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 2022, Deufol SE realized sales of € 10,018 thousand (previous year: € 9,246 thousand) and other operating income of € 6,000 thousand (previous year: € 6,524 thousand).

These sales mainly resulted from amounts billed to affiliated companies for purchasing services provided, other services, rents and license income from brand name rights. Outside Germany, sales amounted to € 2,575 thousand (previous year: € 1,031 thousand).

Other operating income mainly consists of income from the release of provisions in the amount of € 333 thousand (previous year: € 341 thousand) and from passed-on expenses in the amount of € 4,765 thousand (previous year: € 4,528 thousand).

The cost of materials in the amount of € 388 thousand (previous year: € 683 thousand) is due to central goods purchasing and is passed on in the same amount.

Other operating expenses (€ 9,070 thousand, compared to € 17,448 thousand in the previous year) comprise legal fees and consulting expenses in the amount of € 2,465 thousand (previous year: € 4,338 thousand), insurance costs in the amount of € 1,382 thousand (previous year: € 1,583 thousand), IT and communications costs in the amount of € 1,162 thousand (previous year: € 843 thousand), rental and lease expenses in the amount of € 968 thousand (previous year: € 937 thousand), vehicle fleet costs in the amount of € 1,016 thousand (previous year: € 802 thousand), bad debt charges/closing-out of receivables in the amount of € 130 thousand (previous year: € 2,084 thousand) as well as exchange losses in the amount of € 148 thousand (previous year: € 5 thousand). Expenses unrelated to the accounting period totaled € 320 thousand (previous year: € 395 thousand). Moreover, in the previous year other operating expenses resulted from the disposal of the equity investment held in Deufol Italia S.p.A. in the amount of € 4,753 thousand.

In the past year, the financial result was positive and amounted to € 6,146 thousand, compared to € 7,799 thousand in the previous year. Net interest income has decreased from € 218 thousand to € 26 thousand. Income from profit transfer agreements has declined from € 6,921 thousand to € 4,953 thousand, and in the past fiscal year investment income was recognized in the amount of € 1,167 thousand (previous year: € 849 thousand). No impairment was recognized on financial assets in the past fiscal year (previous year: € 189 thousand).

Tax expenses amounted to € 207 thousand (previous year: proceeds of € 10 thousand). The net profit for the year under review amounted to € 1,900 thousand (previous year: net loss for the year of € 3,714 thousand).

Income Statement of Deufol SE

Figures in € k	2022	2021
Sales	10,018	9,246
Other operating income	6,000	6,524
Cost of materials	(388)	(683)
Personnel costs	(9,515)	(7,990)
Depreciation, amortization and impairment	1,084)	(1,173)
Other operating expenses	(9,070)	(17,448)
Financial result	6,146	7,799
Taxes	(207)	10
Annual net profit	**1,900**	(3,714)

Assets and Financial Position

The balance sheet total of Deufol SE decreased moderately on the previous year, by € 6.4 million to € 157.0 million (previous year: € 163.4 million). Fixed assets amount to € 122.9 million, compared to € 121.4 million in the previous year. At € 34.0 million, the current assets item including deferred expenses and accrued income is significantly lower than in the previous year (previous year: € 42.0 million). Depreciation of property, plant and equipment and amortization of intangible assets amounted to € 1,084 thousand (previous year: € 1,173 thousand). No amortization of financial assets was recognized in 2022 (previous year: € 189 thousand). Investments in property, plant and equipment and intangible assets amounted to € 983 thousand (previous year: € 677 thousand). Investments in financial assets amounted to € 3,306 thousand (previous year: € 3,792 thousand) and mainly consist of the injection of fresh capital for the Group's subsidiaries.

Balance Sheet of Deufol SE

Figures in € k	2022	2021
Fixed assets	122,916	121,428
thereof financial assets	115,407	113,818
Current assets and accrued and deferred items	34,041	42,011
Balance sheet total	**156,957**	163,439
Equity	97,328	95,428
Provisions	2,495	2,044
Liabilities	57,134	65,967
thereof amounts due to banks	25,135	31,315
Balance sheet total	**156,957**	163,439

On the liabilities side, equity has increased from € 95.4 million to € 97.3 million, due to the net profit for the year in the amount of € 1,900 thousand. The equity ratio of 62.0 % as of December 31, 2022 increased by comparison with the previous year (58.4 %), 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 € 2.5 million, provisions have increased relative to the previous year (€ 2.0 million). Liabilities have decreased significantly, from € 66.0 million to € 57.1 million. Liabilities to banks have likewise significantly declined by € 6.2 million to € 25.1 million. Liabilities to affiliated companies decreased from € 31.7 million to € 29.0 million.

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

Cash flow statement of Deufol SE

Figures in € k	2022	2021
Annual net profit	1,900	−3,714
Depreciation/(appreciation)	1,084	1,173
Increase (decrease) in provisions	450	439
Other noncash expenses/(revenue)	−148	3,194
Noncash valuation adjustments on financial assets	0	189
Net changes in working capital assets	10,332	−7,363
Net changes in working capital liabilities	−2,653	−11,065
(Gain) loss from disposal of fixed assets	−21	4,784
Interest income / interest expense	−26	−218
Income from investments and profit transfer	−6,120	−7,770
Noncash income tax expense	143	−44
Income tax refunds / payments	580	10
Cash flow from operating activities	**5,521**	−20,385
Payments made for investments in intangible assets	−857	−632
Payments made for investments in property, plant and equipment	−126	−45
Proceeds from the sale of property, plant and equipment	21	44
Payments made for investments in financial assets	−3,306	−3,627
Proceeds from the sale of financial assets	1,717	4,646
Interest received	1,798	1,902
Income received from investments and profit transfer	6,120	7,770
Cash flow from investing activities	**5,367**	10,058
Proceeds from borrowings	0	2,943
Repayment of borrowings	−6,180	−3,526
Interest paid	−1,772	−1,684
Cash flow from financing activities	**−7,952**	−2,267
Change in cash	2,936	−12,594
Cash at the beginning of the period	1,117	13,711
Cash at the end of the period	4,053	1,117

Risk Report

Risk Policy

Deufol SE is a management holding company whose subsidiaries in Germany and elsewhere provide industrial services, focusing on industrial packaging. As part of its holding tasks, among other activities Deufol SE provides the resources required for the Group's general 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 regions and services divisions 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 potential. 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 by-laws of Deufol SE and the subsidiaries) 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 dialogs with the management teams of the individual subsidiaries, through on-site visits at irregular intervals and intensive data analysis and by bringing on board independent experts.

Specific Risks

Environment Risks

The impact of the coronavirus pandemic on the world economy declined considerably in fiscal year 2022. Alongside the spread of more innocuous variants, the population was increasingly protected against serious illness thanks to vaccinations or previous infections. The number of deaths due to coronavirus infections thus decreased significantly worldwide, while safeguards and isolation measures were gradually reduced or even removed entirely. Accordingly, the risks of the illness-related absence of employees or entire teams and the related restrictions for the production process decreased considerably.

On the other hand, the core factor in 2022 was Russia's invasion of Ukraine at the start of the year and the resulting war in Ukraine which continues up to the present day. Apart from the humanitarian disaster, this represents the worst-case scenario for geopolitical risks in Europe and is having huge economic effects.

To be sure, the Deufol Group is not directly impacted by the economic effects of this war, since it does not have any direct business relationships with Russia or Belarus and is thus not affected by sanctions imposed on these countries. This is true of almost all of the customers of the Deufol Group, which likewise do not have any business relationships, or only comparatively limited business relationships, with these countries.

Nonetheless, especially due to the high volume of Russian gas exports, the war is leading to considerable uncertainty in relation to the supply of energy and gas in particular. In Germany, which previously sourced a considerable proportion of its gas from Russia, this resulted in an extremely strong rise in energy prices. While market prices have now settled down at a lower level, prices can be expected to remain at a substantially higher level. The Deufol Group is countering this trend by further stepping up its continuous process of improvement and systematically implementing efficiency measures, while also amplifying its sustainability efforts in a targeted fashion.

In addition, a large number of additional goods and services experienced strong price rises over the course of the year, prompting soaring inflation rates worldwide. Many central banks have thus already been compelled to respond with significant key interest rate hikes. This global economic market environment poses significant additional risks for the Deufol Group in the form of rising procurement costs for the raw materials and services which it purchases, increased wage demands and higher financing costs. Insofar as it is not possible to adequately absorb these by means of adjustments to sales prices and efficiency gains, they may have a substantial impact on the financial situation of the Deufol Group.

The close exchange of information at a global management level, which has proven itself as a tool in the past, together with active strategic supplier management and the implementation of more price-sensitive adjustment mechanisms in relation to our customers have to date enabled us to absorb the effects of the large number of price shocks and end the fiscal year with a positive result. This notwithstanding, our market environment remains extremely challenging given the ongoing high level of inflation and continuing geopolitical uncertainty.

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 persistently hampering both acquisitions and investments.

Performance-Related Risks

The sales and earnings of the Group's subsidiaries are partly influenced by a relatively small number of business relationships with larger customers. This therefore means a relatively high level of risk of dependence on these customers. However, conversely due to Deufol's specialized know-how and its high level of integration within its customers' processes, it is only possible to replace Deufol to a limited extent, and subject to an extended lead time. Risk is moreover mitigated in that customers are drawn from a variety of industries such as plant engineering, mechanical engineering, vehicle construction and manufacturing of medical products (healthcare); on the other hand, different services are provided for one and the same customer independently of one another and at different locations and for different plants, frequently on the basis of long-term framework agreements. This makes it possible to substantially reduce individual risk factors which arise in different areas, via offsetting or risk-limiting aspects.

The Deufol Group thus aims in general to ensure its customers' long-term loyalty and to strengthen this over time. As well as ensuring a high level of quality and continuously improved standards, this objective is achieved by means including joint process and efficiency improvement projects etc. with our customers as well as a strong customer focus, a high level of flexibility and expansion of the services provided throughout the supply chain over time. Further measures with the goal of stabilizing Deufol's customer base include the continuous development and expansion of long-term business relationships with small and medium-sized enterprises as well as the implementation of projects and provision of services at an individual level.

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, but also for personnel costs and in the event of a strong decline in an unbalanced indicator. Management discussions are regularly held with the Group's subsidiaries in all of its regions as well as within service areas and spanning multiple service areas, 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. The continuous and forward-looking development of price-adjustment mechanisms in framework agreements is a fundamental aspect of our risk management strategy, particularly in view of the current developments on various markets, e.g. for raw materials (wood and metal), energy and personnel. This is accompanied by a continuous dialogue with our customers, enabling us to respond individually in case of exceptional situations.

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 to provide services, 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.

The Deufol Group is addressing the challenges associated with the lack of specialist staff by means of a proactive human resources management strategy and a broad range of measures in order to underline its attractiveness as a (potential) employer for its workforce and for applicants.

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.

As well as meeting the technical requirements needed to ward off potential cyber attacks with the goal of theft or encryption of relevant data especially, the employees of the Deufol Group undergo awareness training relating to this type of IT risk on an ongoing basis.

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 and adjusted in 2021 in the context of the acquisition of the Wallmann Group. 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 agreements are mainly tied to compliance with financial ratios ("financial covenants"). In principle, a violation of the financial covenants grants the institutions providing financial support 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.

At the present time, interest rate risks exclusively relate to the variable interest rates for the financial instruments used for the Group's general financing. Property, plant and equipment are financed to a significant degree on a long-term basis by means of fixed-rate amortization loans. Due to the interest rate level prevailing when these transactions were entered into, they are financed at rates below the current interest rate level. In the first half of 2022 in particular, previously variable-interest, long-term loans were converted into fixed-rate loans or else the rate of interest was converted into a fixed interest rate by means of matching interest rate hedges. The trend on the interest rate markets is continuously monitored; if necessary, measures to adjust interest rate agreements will be initiated and implemented. The Deufol Group is thus able to respond at short notice to changes in interest rate levels.

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. To date, exchange rates have had a fairly minor effect on operating business. However, the EUR's exchange rates against the US dollar, the Czech crown and the Hungarian forint became increasingly significant in the fourth quarter in particular as a result of the war in Ukraine, the strong increase in inflation in 2022 and the significant rise in interest rates (the extent of which varied depending on the currency in question). In Deufol SE's single-entity financial statements, currency risks are almost entirely limited to transactions with subsidiaries outside the euro currency zone. For some years now, a substantial proportion of business in the Czech Republic has been handled in euros. The previous currency hedge was thus gradually phased out and it expired entirely in early 2021. Our business in Hungary is likewise mainly 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. This notwithstanding, personnel costs and taxes in particular arise in the national currency in both the Czech Republic and Hungary. Business in the USA is mainly characterized by income and expenses in US dollars. The currency risk is thus limited to the annual net profit. Deufol has not currently entered into any currency hedging transactions. Due to the start of a turnaround in interest rates in some countries and for some currencies as well as the growing fluctuations on the currency markets, the interest rate and currency markets are continuously analyzed so as to once again enter into currency hedge transactions in the future, where necessary, and in order to safeguard the current interest rate level (including in the short-term segment) by means of appropriate measures.

Please see the “Financial Risk Management” section (Note 38 on pages 099 ff.) for further information on financial risks.

The Group has recognized goodwill as a consequence of its expansion strategy. Impairment testing pursuant to IAS 36 may give rise to goodwill impairment. The impairment testing implemented in 2022 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 ▶098) 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. While the pandemic appears to be nearing its end and its immediate effects are thus continuing to decline, the war in Ukraine and the ongoing energy crisis pose significant environment risks. Although the significant rise in inflation currently appears to be leveling off, the markets for raw materials and energy remain as volatile as ever, both in terms of the level of availability and with regard to prices. Getting procurement right – with a mix of medium- and long-term supply hedges and short-term purchasing on the spot markets – represents a challenge. Deufol has continued to pursue the strategy which it has adopted in the past in order to secure supplies and hedge prices, while adjusting the intensity of this strategy for specific product groups in line with the current market situation. This will help to further stabilize the Group’s risk situation in 2023.

Wherever possible, measures to reduce energy consumption – which are in any case a priority from the point of view of sustainability – have been accelerated. Deufol is also planning to install photovoltaic systems, and these are set to be introduced at some locations in 2023.

It remains difficult to retain qualified personnel, and wages and salaries are currently strongly on the rise. Our risk management strategy therefore includes proactive human resources management.

The geopolitical situation and the consequences of the Ukraine war will have further effects on the global economy. In overall terms, this therefore resulted in a further rise in the level of uncertainty affecting business in 2022. This will remain a key factor shaping the industrialized nations' economic development in 2023.

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

Deufol is continuing to systematically implement the measures successfully pursued over the past few years to improve its operational effectiveness and to strengthen its corporate culture. Besides improved integration of our company locations, Deufol is focusing on stepping up the exchange of information at a cross-regional level. This includes the use of Deufol's internal hub structure. This enables the Deufol Group to serve customers in a holistic fashion throughout the value chain and to offer transparent processes via innovative Deufol applications. These links enable 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 principle, but optimized, where necessary, in line with the Group's continuous development. The current structure also reflects the Group's different business fields. 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 set 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, in 2023 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

The Global Economy: Between Inflation and Interest-Rate Rises

The ongoing effects of the COVID-19 pandemic, in particular the slowdown in economic growth in China due to the resurgence of the virus there in 2022 but also, above all, what remains an extremely tense situation in terms of the war in Ukraine will continue to have a defining impact on the world economy in 2023. In an environment of record levels of indebtedness, the strong rise in interest rate benchmarks in the context of the uncertain geopolitical situation is pushing up costs for debtors and risks for creditors. Government support measures are being further hampered by the high levels of debt and the more stringent global financing environment. The debt risk is on the rise for low-income countries especially. Emerging economies and developing countries which are particularly reliant on foreign-currency loans and external funding need to prepare for potential financial market problems as a result of the advanced economies' tighter monetary policy.

Nonetheless, a measure of calm will likely return in 2023 following the economic turbulence seen in 2022. While 2022 was strongly influenced by rising global inflation, which reached a level of 8.8 %, this will likely fall slightly to 6.6 % in 2023. By comparison with 2022, average annual inflation is thus predicted to drop by 2.7 percentage points in the industrialized nations and by around 1.8 percentage points in the developing countries and emerging markets. The projected decline in inflation partly reflects the easing of raw materials prices given the weaker-than-expected level of global demand. On the other hand, this also reflects the effects of global monetary policy. Nonetheless, inflation thus remains above its pre-pandemic average level of 4.9 %. In the Eurozone in particular, the rise in the ECB's key interest rate will not do much to counter the rate of inflation, but will put the brakes on economic growth. For 2023, the IMF therefore predicts that global growth will further level off, with a rate of 2.9 %, compared to a global growth rate of 3.4 % in 2022.

The Eurozone's Downturn Appears to Have Bottomed Out

One year after the start of Russia's war of aggression against Ukraine, the political and economic uncertainty in the EU and the Eurozone remains a key issue shaping the environment in 2023. While in the past fiscal year fears over a shortage of gas, rising energy prices and the first steps to tighten monetary policy resulted in a strong decrease in gross domestic product and a huge rise in inflation in the Eurozone, the European Commission expects the market to calm slightly in 2023.

Although following the first six months of 2022 there were some initial signs of a looming recession in the Eurozone in 2023, this appears to have been avoided thanks to developments in the final quarter of the year. Despite the high inflation rate of 8.4 %, there was hardly any fall in economic activity in the Eurozone in the second half of the year. The euro has also gained ground over the past few months, following a third-quarter low against key foreign currencies. Accordingly, overall for 2023 the European Commission expects to see a marginal increase of 0.9 % in the Eurozone's gross domestic product. In addition, inflation in the Eurozone will fall by around 2.8 percentage points to 5.6 %.

The EU will nonetheless continue to be shaped by the effects of this war of aggression. On the one hand, on the energy markets' gas prices have now fallen back below their pre-war level and other energy prices are also slightly on the decline. Yet it remains to be seen to what extent these lower prices will be promptly passed on to companies and end consumers. In addition, further price rises are likely when the wide range of government support measures for households are brought to an end. These are set to be phased out across Europe over the course of 2023, with the precise details varying according to the country in question. Moreover, the ECB and other European central banks can be expected to maintain higher key interest rates, thus curbing investments for the time being. This interest rate increase is already having a stronger-than-expected impact in sectors which are highly sensitive to interest rates. However, key interest rates are expected to fall from around the second half of 2024. Inverse yield curves have thus currently arisen on the market.

In a context of enormous change, the EU has proved to be a strong economic region over the past few months. Inflation would appear to have peaked, and the gap between price rises and wage and salary increases will likely narrow during fiscal year 2023. Nonetheless, in 2023 the economic environment in the Eurozone will continue to be shaped by uncertainty together with upheaval from the point of view of monetary policy.

The German Economy Remains in the Grip of the Economic Effects of the War in Ukraine

Following the inflation shock triggered by the war in Ukraine and the restrictive monetary parameters introduced by the ECB in response, with strongly rising interest rate curves, the German economy finds itself in a period of economic weakness shaped by global uncertainty.

Despite this highly complex baseline situation and the ongoing crisis, the economic outlook for the spring is set to improve slightly by comparison with the forecasts provided in previous quarters in the past fiscal year. In its spring forecast, the Kiel Institute for the World Economy predicts moderate growth of 0.5 % in 2023. The economic forecasts have improved due to the recovery of the energy price situation in particular. While the risk of a natural gas shortage appears to have been eliminated for the time being, with the arrival of spring and new procurement channels, the falling price trends on the wholesale markets and the government measures in the form of the "energy price brake" are also buoying the economy. This is strengthing industry and consumer demand alike. Nonetheless, inflation in particular remains a very strong factor. While the ECB has already followed up interest-rate hikes in 2022 with its next interest-rate increases of 50 basis points in February and March 2023 respectively, so that its key interest rate has now reached 3.5 %, further interest-rate rises can be expected over the course of the year.

In its spring 2023 forecast, the Kiel Institute for the World Economy predicts that, as a result of the measures implemented, the rate of inflation in 2023 will remain at a heightened level of 5.4 %, but will be lower than in the previous year. Even if price momentum in the fuel and energy sectors is less strong, price pressure remains high in overall terms at the upstream production levels of value chains and is increasingly shifting in the direction of downstream goods. This will inevitably be reflected in rising producer prices. Among other costs, food prices are set to further increase, above all due to the higher energy costs incurred during the manufacturing and transportation process. Inflation is also adversely affecting investment and (re-)financing terms.

Personnel costs which have shot up due to the lack of specialist staff are likewise having a negative impact on the core inflation rate. According to estimates from the Kiel Institute for the World Economy, gross wages and salaries can thus be expected to rise by around 6.4 % in 2023. This cost increase will inevitably also be reflected in end consumer prices.

In addition, due to the current labor shortage unemployment is not expected to rise during the forecast year, despite the crisis conditions. In spite of the decline in coronavirus assistance, government spending will rise considerably to more than half of economic output due to the € 200 billion package provided by way of protection against the crisis. Subsidies on products especially are set to rise rapidly and will play a key role in this increase, while investments made via the special funding for Germany's armed forces will only play a minor role for the time being.

Company-Specific Outlook

Predicted Sales and Results of Operations

Deufol's market environment can be expected to be characterized by continuing uncertainty in fiscal year 2023. While the restrictions associated with the coronavirus pandemic are on the decline, the Deufol Group is faced with economic challenges associated with the war in Ukraine, rising energy and personnel costs and the prevailing inflationary environment. Despite these challenges, the Deufol Group is well placed for the coming year and expects to achieve further sales and income growth.

Deufol once again expanded its business and thus defied expectations in the complex market environment in 2022 and successfully established its new location in Poland. The Group continues to pursue a strategy of geographical expansion. A new location was already opened in Houston, Texas, USA, in the final quarter of the past fiscal year. This location will be expanded during the current year. Deufol will also continue to focus on its Eastern Europe business in Hungary and Poland. Together with Deufol's established inland locations and the growing range of services provided by its hub system, the Group expects to continuously increase its market share.

Deufol will also use 2023 in order to strengthen its structure and to make further progress in the areas of standardization and digitalization. Indicator-based control instruments are being continuously expanded to this end; the definition and integration of sustainability indicators are another area of focus.

Naturally, the Deufol Group will not remain immune in the face of the demanding market conditions associated with rising energy and personnel costs. In order to counter these trends and achieve greater sustainability for our products and services, in our planning for 2023, measures have already been set out which will help to optimize energy use in the Group's regions and review the need for existing electrical loads and the potential for sustainability here. On the other hand, in the context of a shortage of specialist staff, Deufol is working on improving its attractiveness as an employer in order to retain existing personnel and attract new applicants. Deufol's management focuses on employees as the most valuable resource in our value chain.

Due to the interplay between what remains a difficult market situation, various measures implemented to strengthen and increase market shares, and investments made in sustainability and digitalization along its value chain, the Deufol Group expects to achieve another successful year in 2023. Sales are expected to range between approx. € 270 million and € 295 million in 2023, while an EBIT figure for operating business of between € 10.0 million and € 15.0 million is envisaged. As a result of this substantial operating result, we envisage a positive performance in 2023 which will roughly match the level achieved in the reporting year.

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 2023, Deufol's current financial resources can be expected to cover its existing liquidity requirements.

Deufol has funded some of its investments via long-term fixed-rate agreements. Some variable-interest investment financing arrangements were switched over to a fixed interest rate in 2022 or else a fixed interest rate was achieved by means of interest rate hedges. However, the rising market interest rates are affecting funding of working capital as well as replacement and expansion investments. Deufol has therefore continued to develop its liquidity management and adjust this in line with the changed interest-rate situation, in order to limit the effects of the rise in interest rates and preserve liquidity in a targeted fashion. Nonetheless, the changes in interest rates will mean a higher interest burden in 2023 and subsequent years and will result in a significantly worse financial result.

At the end of 2022, the management already took steps to secure liquidity on a long-term basis, in order to achieve optimized ongoing financing for the syndicated financing agreement which is set to expire in May 2024.

In the current year, investments in fixed assets (excluding leasing assets reportable according to IFRS 16) are planned with a volume of around €15 million, which is thus higher than the level in 2022 (€6.4 million). The envisaged investments are intended to improve the level of sustainability in terms of energy use and optimize Deufol's vehicle fleet and machinery, while also supporting its planned growth.

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

In the next few years, the Deufol Group intends to further strengthen its profile as a holistic end-to-end logistics services provider. In particular, we aim to make further progress in relation to the distribution and development of the innovative software solutions which we provide through our IT services. Sustainable solutions for packaging materials and optimized flows of goods are another core area of focus. In an environment characterized by strong geopolitical tensions and economic uncertainty, following a successful year 2022 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 2023.

Hofheim am Taunus, March 31, 2023

The Managing Directors

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

WHY IS DEUFOL EFFICIENT? BECAUSE WE ALL PULL TOGETHER.

Over **90** locations pulling together

Further information is available here!

Project logistics which operates around the globe requires clear digital mapping: accurate **information, indicators and targets** which can be accessed at all times ensure that everyone pulls together. We thus optimize the global supply chain for the mechanical and plant engineering sector and improve its sustainability. For us, **efficient operations** mean all of our employees making optimal use of their time and energy, while we achieve our goals via a teamwork approach. Individuals thus make a valuable contribution through their commitment.

Consolidated Financial Statements

as of December 31, 2022

Consolidated Income Statement

Figures in € k	2022	2021	Note/Page
Sales	**271,580**	**243,049**	01/074
Other own work capitalized	781	982	
Inventory changes	−43	408	
Other operating income	5,037	6,179	02/074
Overall operating performance	**277,355**	**250,618**	
Cost of materials	−110,644	−97,833	03/074
Personnel costs	−91,790	−85,455	04/074
Depreciation, amortization and impairment	−20,810	−21,135	11/080
Other operating expenses	−40,888	−39,855	05/075
Income (loss) from operating activities (EBIT)	**13,223**	**6,340**	
Financial income	134	170	06/076
Finance costs	−3,415	−3,701	06/076
Income (loss) from investments accounted for using the equity method	338	83	14/083
Other financial result	134	14	
Profit (loss) before taxes (EBT)	**10,414**	**2,906**	
Income taxes	−3,405	−973	07/076
Result for the period	**7,009**	**1,933**	
thereof share of profits held by noncontrolling interests	543	652	08/078
thereof share of profits held by shareholders in the parent company	**6,466**	**1,281**	

Earnings per share

Figures in €			
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.150	0.030	09/078

Consolidated Statement of Comprehensive Income

Figures in € k	2022	2021	Note/Page
Result for the period	**7,009**	**1,933**	
Other comprehensive income	**1,014**	**700**	
Items which may be reclassified to the income statement in future			
Income (loss) from currency translation, after taxes	560	789	
Cash flow hedges before taxes	1	2	
Deferred taxes on cash flow hedges	0	−1	
Cash flow hedges after taxes	1	1	38/099
Items which will not be reclassified to the income statement in future			
Actuarial gains/losses (–) from pensions, before taxes	559	−90	
Deferred taxes on actuarial gains/losses from pensions	−106	0	
Actuarial gains/losses (–) from pensions, after taxes	453	−90	26/092
Comprehensive income after taxes	**8,023**	**2,633**	
thereof noncontrolling interests	543	652	
thereof shareholders in the parent company	7,480	1,981	

Consolidated Balance Sheet

Assets Figures in €k	Dec. 31, 2022	Dec. 31, 2021	Note/Page
Noncurrent assets	**197,197**	**195,314**	
Property, plant and equipment	100,640	96,947	11/080
Goodwill	68,855	68,855	12/081
Other intangible assets	4,540	5,410	12/081
Investment property	14,605	14,697	13/082
Investments accounted for using the equity method	1,883	1,545	14/083
Financial receivables	75	78	
Other financial assets	273	273	
Other receivables and other assets	95	91	15/083
Deferred tax assets	6,231	7,418	07/076
Current assets	**72,370**	**65,087**	
Inventories	16,657	16,288	16/088
Trade receivables	33,589	28,508	17/088
Other receivables and other assets	3,771	4,554	15/083
Tax receivables	614	1,247	
Financial receivables	175	350	
Cash and cash equivalents	17,564	14,140	18/089
Total assets	**269,567**	**260,401**	

Equity and liabilities Figures in €k	Dec. 31, 2022	Dec. 31, 2021	Note/Page
Equity	**123,868**	**115,843**	
Equity attributable to the shareholders of Deufol SE	121,803	114,322	
Subscribed capital	43,774	43,774	19/090
Capital reserves	107,329	107,329	20/090
Retained earnings	12,881	12,825	21/090
Profit brought forward	−42,839	−49,250	
Other comprehensive income	1,133	119	
Treasury stock at cost	−475	−475	22/090
Noncontrolling equity interests	2,065	1,521	23/090
Noncurrent liabilities	**80,848**	**84,535**	
Financial liabilities	64,155	68,260	25/091
Provisions for pensions	3,370	3,995	26/092
Other provisions	5,286	4,355	27/095
Other liabilities	1	18	28/095
Deferred tax liabilities	8,036	7,907	07/076
Current liabilities	**64,851**	**60,023**	
Trade payables	23,179	17,723	29/095
Financial liabilities	24,570	26,915	25/091
Other liabilities	15,440	13,347	28/095
Tax liabilities	1,053	1,149	
Other provisions	609	889	27/095
Total equity and liabilities	**269,567**	**260,401**	

Consolidated Cash Flow Statement

Figures in € k	2022	2021	Note / Page
Income (loss) from operating activities (EBIT)	13,223	6,340	
Adjustments to reconcile net income (loss) to cash flow from operating activities			
Depreciation, amortization and impairment	20,810	21,135	10–12 / 079 ff.
(Gain) loss from disposal of fixed assets	133	−800	02, 05 / 074, 075
Taxes paid	−1,548	−236	
Restatement of the fair value of investment property	92	−207	02 / 074
Other noncash expenses / revenue	0	−430	
Changes in assets and liabilities from operating activities			
Decrease (increase) in trade accounts receivable	−4,881	−5,724	
Decrease (increase) in inventories	−248	−6,937	
Decrease (increase) in other receivables and other assets	840	2,508	
Increase (decrease) in trade accounts payable	5,372	−2,973	
Increase (decrease) in other liabilities	2,030	−464	
Increase (decrease) in provisions	−497	−201	
Decrease (increase) in other operating assets / liabilities (net)	−251	537	
Cash flow from operating activities	**35,075**	**12,548**	30 / 096
Payments made for investments in intangible assets and property, plant and equipment	−6,376	−6,361	11, 12 / 080, 081
Proceeds from the sale of intangible assets and property, plant and equipment	223	3,854	
Acquisitions of business units less acquired cash	0	−7,127	
Disposal of business units less cash disposed of	192	2,099	32 / 096
Net change in financial receivables	177	−5	
Interest and dividends received	180	171	
Cash flow from investing activities	**−5,604**	**−7,369**	32 / 096
Addition (extinction) of amounts due to banks	−9,826	−5,499	
Addition (extinction) of other financial liabilities	−13,360	−13,699	
Proceeds from capital increase	17	17	
Interest paid	−3,236	−3,701	
Dividend paid to noncontrolling interests	−16	−44	
Cash flow from financing activities	**−26,421**	**−22,926**	33 / 096
Exchange rate- and scope of consolidation-related changes in financial resources	374	538	
Change in cash and cash equivalents	**3,424**	**−17,209**	34 / 097
Cash and cash equivalents at the beginning of the period	14,140	31,349	
Cash and cash equivalents at the end of the period	17,564	14,140	

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, 2021	**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	0	0	0	1,281	0	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**
Result for the period				6,466				6,466	543	7,009
Other comprehensive income						560	454	1,014	0	1,014
Comprehensive income	0	0	0	6,466	0	560	454	7,480	543	8,023
Addition to retained earnings			56	−56				0	0	0
Dividends								0	−16	−16
Capital transactions not resulting in change to shareholding interest								0	17	17
Other changes				1				1	0	1
Balance at Dec. 31, 2022	**43,774**	**107,329**	**12,881**	**−42,839**	**−475**	**819**	**314**	**121,803**	**2,065**	**123,868**

* Cf. Notes (19) to (23).

Notes to the Consolidated Financial Statements

for the fiscal year from January 1, 2022 to December 31, 2022

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, Hofheim am Taunus, is the parent company which prepares the consolidated balance sheet for the largest group of companies. These documents are published in the German Company Register.

The Company's managing directors approved the IFRS consolidated financial statements on March 31, 2023, 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: 19) fully consolidated subsidiaries in Germany and 26 (previous year: 26) 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 €	**2022**	**2021**	**2022**	**2021**
US dollar	1.0666	1.1326	1.0539	1.1835
Renminbi	7.3582	7.1947	7.0801	7.6340
Singapore dollar	1.4300	1.5279	1.4520	1.5897
Forint	400.87	369.19	390.94	358.46
Zloty	4.6808	4.5969	4.6845	4.5640
Czech crown	24.116	24.858	24.560	25.647

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.

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.

Revenue is primarily generated from services, product and rental agreements and is recognized in income upon Deufol transferring to a customer the power of control over goods or services over time or at a point in time. Revenue from sales of products and service agreements is recognized when the power of control is transferred to the acquirer. Invoices will be issued on this date; the payment terms stipulate periods for payment in line with those customary in the industry. Revenue from rental agreements is recognized on a straight-line basis over a specific period.

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.

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 6 years	up to 6 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 IFRS 16 standard has applied in regard to the accounting rules for leases since January 1, 2019. Its central goal 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. According to IFRS 16, in principle lease payments must be discounted using the interest rate serving as the basis for the lease. Since this interest rate cannot generally be determined in the case of the leases entered into in the Deufol Group, as a rule discounting is implemented on the basis of the incremental borrowing rate.

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 interest rate and currency risks. Derivatives which have not been included in hedge accounting, as hedging instruments, are reported in income as financial assets or financial liabilities measured at fair value. In these cases, profits or losses from these financial assets or financial liabilities 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.

The fair value of derivative hedging instruments is classified in full as a noncurrent asset or liability if the remaining term of the hedged item exceeds 12 months. It will be classified as a current asset or liability if the remaining term of the hedged item is less than 12 months.

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 29.48 % (previous year: 28.65 %). 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, 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 for pension obligations 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 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 complex global economic situation above all as a result of the war in Ukraine and its knock-on effects, these judgments and estimates on the part of the management are subject to a heightened 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 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

Accounting Standards Applied for the First Time

Deufol has applied the following new or amended standards and interpretations for the first time in the current fiscal year:

Amendments to IFRS 3: Reference to the Conceptual Framework

As a result of the amendments to IFRS 3, the references relate to the current conceptual framework for financial reporting (2018). The amendments also include the requirement to apply IAS 37 in the case of obligations which fall under the scope of IAS 37. The amendments to IFRS 3 moreover clarify that an acquirer is not permitted to report in its balance sheet the contingent assets acquired through a business combination. These amendments have not had any effect on Deufol's consolidated financial statements.

Amendments to IAS 16: Proceeds Before Intended Use

The amendments to IAS 16 prohibit the deduction of potential net income from the cost of an item of property, plant and equipment. Insofar as goods are produced and an item of property, plant and equipment is not yet in working condition, the income from the sale of such goods and the cost of their production must be recognized in income in accordance with IFRS 15. The IAS 2 rules apply for the measurement of cost. These amendments have not had any effect on Deufol's consolidated financial statements, since the Group does not have any property, plant and equipment where goods are produced via test runs.

Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract

The amendment to IAS 37 stipulates that the cost of fulfilling a contract includes those costs directly allocable to the contract. This encompasses the additional costs arising in fulfillment of the contract (e.g. the cost of materials and personnel costs) as well as other costs directly allocable to the fulfillment of the contract. These amendments have not had any effect on Deufol's consolidated financial statements.

Annual Improvements to IFRS Standards (2018–2020 Cycle)

A series of standards have been amended within the scope of the IASB's annual improvements project (2018–2020 cycle). These amendments have not had any effect on Deufol's consolidated financial statements.

Accounting Standards Published and Not Yet Applied

The IASB has approved the following new or amended 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, 2022. The new standards and amendments to existing standards apply for fiscal years beginning on or after the respective date of entry into force. Deufol has not opted for early adoption, even though this is permitted by some standards. In principle, 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)
IFRS 17	IFRS 17 and Amendments to IFRS 17 Insurance Contracts	Jan. 1, 2023
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Jan. 1, 2023
IAS 8	Amendments to IAS 8: Definition of Accounting Estimates	Jan. 1, 2023
IAS 12	Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023
IAS 1	Classification of Liabilities as Current or Non-current – Deferral of Effective Date	Jan. 1, 2024
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	Jan. 1, 2024

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, 2021	Additions	Disposals	Dec. 31, 2022
Consolidated subsidiaries	45	0	0	45
thereof in Germany	19	0	0	19
thereof abroad	26	0	0	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	**50**	0	0	**50**

The following table shows the companies fully consolidated as of December 31, 2022:

Companies fully consolidated as of Dec. 31, 2022	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. subsidiary)	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 Consulting & Project Solutions GmbH (previously: Deufol Packmittelvertriebsgesellschaft mbH), Hofheim am Taunus	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, 2022	Country	Equity interest (%)
Deufol Austria Management GmbH, Ramsau nr. Hainfeld (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 Inc., Richmond, Indiana	USA	100.0
Deufol Charlotte LLC., Richmond, Indiana	USA	100.0
Deufol Worldwide Packaging LLC., 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., Chwaszczyno	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, 2022	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	34	2

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 property in the amount of € 1,051 thousand (previous year: € 999 thousand). We refer to the segment reporting on pages ▶ 105 ff. for further information on sales.

02 Other Operating Income

The following table shows the breakdown of other operating income:

Figures in € k	2022	2021
Release of provisions and liabilities	1,899	1,679
Release of valuation adjustments on receivables	365	326
Income from the fair-value adjustment of investment property	0	207
Insurance compensation and other indemnification	763	356
Income from disposal of fixed assets	19	961
Income from first-time consolidation	0	330
Income from deconsolidation	0	160
Exchange-rate gains	530	701
Other	1,461	1,459
Total	**5,037**	**6,179**

03 Cost of Materials

The cost of materials includes the following expenses:

Figures in € k	2022	2021
Expenses for raw materials, consumables and supplies	68,354	57,891
Cost of purchased services	42,290	39,942
Total	**110,644**	**97,833**

04 Personnel Costs

The personnel costs include the following expenses:

Figures in € k	2022	2021
Wages and salaries	72,115	66,540
Social security contributions and employee benefits	19,675	18,915
Total	**91,790**	**85,455**

Number of employees by region:

Number of employees by region	2022	2021
Germany	1,267	1,267
Rest of Europe	723	676
USA/Rest of the World	89	78
Group employees	**2,079**	**2,021**

On average, the Group had 2,079 employees in 2022, of whom 642 were office employees and 1,437 industrial employees. The holding had 83 employees on average (previous year: 82). As of the reporting date, December 31, 2022, the Group had 2,094 employees (previous year: 2,009).

05 Other Operating Expenses

The following table shows the breakdown of other operating expenses:

Figures in € k	2022	2021
Rental and lease expenses	5,811	5,154
Space costs	6,328	6,206
Maintenance costs	3,041	3,000
Legal and consulting costs	4,315	6,305
Insurance premiums	2,456	2,610
IT and communications costs	1,948	1,959
Vehicle fleet costs	4,113	3,454
Expenses for loss or damage incurred	2,869	1,988
Expenses for tools and fuel	586	445
Personnel costs	1,186	830
Travel expenses and advertising costs	1,848	1,158
Losses on disposal of fixed assets	152	161
Currency losses	391	270
Valuation adjustments and losses on receivables	1,181	1,996
Loss resulting from the restatement of fair value	92	0
Other	4,571	4,319
Total	**40,888**	**39,855**

The Group auditor’s overall fees for the fiscal year amounted to € 307 thousand (previous year: € 251 thousand) for financial statements audit services provided in the year under review, € 109 thousand (previous year: € 109 thousand) for tax consulting services and € 41 thousand (previous year: € 38 thousand) for other services.

The other operating expenses include direct operating expenses in the amount of € 207 thousand (previous year: € 168 thousand) which are directly allocable to investment property through which rental income has been realized during the fiscal year.

06 Financial Result

The financial result can be broken down as follows:

Figures in € k	2022	2021
Financial income	**134**	**170**
Other interest and similar income	134	170
Finance costs	**−3,415**	**−3,701**
from financial liabilities	−2,157	−2,280
from finance leases	−923	−949
Accumulation of liabilities and provisions	−197	−392
Other interest and similar expenses	−138	−80
Shares of profits of companies accounted for using the equity method	**338**	**83**
Other financial result	**134**	**14**
Total	**−2,809**	**−3,434**

07 Tax Proceeds/ Expenses

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

Figures in € k	2022	2021
Effective income tax expense	**1,911**	**941**
Germany	766	256
Rest of the World	1,145	685
Deferred income taxes due to the occurrence or reversal of temporary differences	**1,494**	**32**
Germany	1,401	−16
Rest of the World	93	48
Total	**3,405**	**973**

Deferred tax expenses/proceeds are as follows:

Figures in € k	2022	2021
– Recognition of/+ write-down on loss carryforwards	1,714	198
Valuation of property, plant and equipment	359	276
Valuation of clientele	−204	−191
Finance leasing	−6	31
Tax-free reserves	−49	−25
Other	−320	−257
Total	**1,494**	**32**

The deferred taxes on tax-free reserves are associated with the sale of real estate in Belgium in fiscal year 2020. 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, 2022, deferred taxes were calculated for German companies with an overall tax rate of 29.48 % (previous year: 28.65 %). 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 29.48 % (previous year: 28.65 %) income tax rate for Deufol SE:

Figures in € k	2022	2021
Earnings before taxes	10,414	2,906
Income tax rate of the Deufol Group as %	29.48	28.65
Expected tax expense	**3,070**	**833**
Effect of different tax rates	−644	−23
Unrecognized deferred tax assets on loss carryforwards	360	0
Use of previously unconsidered tax losses	−330	−357
Write-down on loss carryforwards recognized to date	1,003	453
Effect of tax-exempt income	−70	−24
Effect of expenses not deductible for tax purposes	91	93
Prior-period tax effects	127	−160
Other	−202	158
Effects of tax-rate changes	0	0
Income taxes	**3,405**	**973**
Effective tax rate (%)	**32.70**	**33.48**

Deferred tax assets can be broken down as follows:

Figures in € k	2022	2021
Tax loss carryforwards	4,156	5,867
Supplementary capital for tax purposes	0	5
Clientele	390	324
Property, plant and equipment	988	762
Provisions for pensions	147	204
Other	550	256
Deferred tax assets	**6,231**	**7,418**
Offset against deferred tax liabilities	0	0
Total	**6,231**	**7,418**

Of the deferred tax assets, € 3,160 thousand (previous year: € 4,753 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, 2022, corporate income tax loss carryforwards amounted to € 48.8 million (previous year: € 49.9 million). The trade tax loss carryforwards of German Group companies amount to € 32.2 million (previous year: € 31.0 million). The Group’s foreign subsidiaries’ tax loss carryforwards amounted to € 4.5 million (previous year: € 4.4 million). Of this amount, € 1.9 million (previous year: € 1.1 million) may be carried forward for an unlimited duration. Temporary differences relating to shares in subsidiaries for which no deferred taxes have been shown in the balance sheet total € 35.1 million (previous year: € 30.8 million).

Deferred tax liabilities can be broken down as follows:

Figures in € k	2022	2021
Property, plant and equipment	5,018	4,648
Leases	1,038	974
Clientele	308	465
Tax-free reserves	1,627	1,676
Other	45	144
Deferred tax liabilities	**8,036**	**7,907**
Offset against deferred tax assets	0	0
Total	**8,036**	**7,907**

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	2022	2021
Result attributable to the holders of Deufol SE common stock	6,466	1,281
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	0.150	0.030

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.

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

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

Figures in €k	Dec. 31, 2022	Dec. 31, 2021
Land, land rights and buildings	30,413	26,821
Technical equipment and machinery	379	205
Operating and office equipment	2,232	2,613
Total	**33,024**	29,639

In fiscal year 2022, additions of rights of use for leasing assets were recognized in the amount of €16,433 thousand (previous year: €11,346 thousand).

Depreciation of rights of use for leasing assets in fiscal year 2022 relates to the following groups of assets:

Figures in €k	2022	2021
Land, land rights and buildings	11,291	11,271
Technical equipment and machinery	112	95
Operating and office equipment	1,930	2,186
Total	**13,333**	13,552

Moreover, the following items were recognized in the income statement in fiscal year 2022 in connection with leases for which Deufol is a lessee:

Figures in € k	Dec. 31, 2022	Dec. 31, 2021
Interest expenses for leases	−923	−949
Expenses for short-term leases with a term of more than one month and not more than 12 months	−5,811	−5,154
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	0
Income from subleasing of rights of use for leasing assets	0	131
Gains and losses from sale and lease-back transactions	0	0
Total	−6,734	−5,972

Cash outflows associated with Deufol’s activities as a lessee amounted to € 19,832 thousand in 2022 (previous year: € 19,501 thousand).

As of December 31, 2022, as in the previous year 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, 2022 and are not short-term leases.

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

	2022				2021			
		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	34,311	11,882	17,617	4,812	31,015	10,741	15,005	5,269

As of December 31, 2022, the future (non-discounted) minimum payments under non-terminable rental agreements and leases amounted to a total of € 37,111 thousand (previous year: € 36,708 thousand), of which € 12,033 thousand with a remaining term of one year (previous year: € 11,979 thousand), € 18,720 thousand with a remaining term of between one and five years (previous year: € 18,300 thousand) and € 6,358 thousand with a remaining term of more than five years (previous year: € 6,429 thousand).

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 2022, Deufol received government grants of approx. € 14 thousand (previous year: € 665 thousand) in connection with the establishment of our new plant in Hungary, which related to technical equipment and machinery. 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, 2022	52,571	16,284	0	**68,855**
Additions	0	0	0	0
Disposals	0	0	0	0
Impairments	0	0	0	0
Currency translation adjustments	0	0	0	0
Carrying amount as of Dec. 31, 2022	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.

Fair values are calculated according to Level 3 of the IFRS 13 fair value hierarchy, i.e. using information not based on observable market data.

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 8.20 % and 9.53 % (previous year: 6.08 % to 6.89 %). The terminal growth rate (1.0 %, previous year: 1.0 %) does not exceed the long-term growth rates for the industry and the 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 and the long-term growth rate by 1.0 percentage points in each case would not lead to any need to recognize impairment losses.

In the other intangible assets item, in the fiscal year impairment was recognized on a capitalized customer list in the amount of € 104 thousand. This was recognized due to a volume of sales which fell short of the expectations for the business relationships covered by the customer list and exclusively relates to the USA/Rest of the World segment. No impairment was recognized in the previous year.

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) are recognized through profit or loss in other operating expenses or 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 – € 0.1 million (previous year: income of € 0.2 million) which has been reported under other operating expenses.

Figures in € k	2022	2021
As of Jan. 1	**14,697**	**14,490**
Additions through acquisition	0	0
Ongoing production, subsequent purchase costs	0	0
Impairment/write-ups due to subsequent measurement at fair value	–92	207
As of Dec. 31	**14,605**	**14,697**

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, 2022. 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, while taking into account the inflation rates expected in the short term in the Eurozone. 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 and were adjusted for expected cost increases. The interest rate of 7.65 % (previous year: 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 2022, 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.

In the event of an increase (decrease) in the discount interest rate of 0.25 percentage points, this will result in a decrease (increase) in the fair value of –€ 473 thousand (+€ 505 thousand). In the previous year, a corresponding decrease (increase) in the fair value of –€ 531 thousand (+€ 572 thousand) would have resulted.

14 Investments Accounted for Using the Equity Method

As of December 31, 2022, the carrying amount of the investments in associates accounted for using the equity method amounts to € 1,883 thousand (previous year: € 1,545 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, 2022	Dec. 31, 2021
Current assets	1,661	1,239
Noncurrent assets	682	632
Total assets	**2,343**	**1,871**
Equity and liabilities Figures in € k		
Debt	1,815	1,447
Equity	528	424
Total equity and liabilities	**2,343**	**1,871**
Total sales	6,091	4,353
Total expenses	−5,913	−4,270
Income	**178**	**83**

Unrecognized losses amount to € 160 thousand (previous year: € 21 thousand); cumulative unrecognized losses total € 347 thousand (previous year: € 187 thousand).

15 Other Receivables and Other Assets

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

	2022		2021	
Figures in € k	Total	Current	Total	Current
Value-added tax and other taxes receivable	186	186	58	58
Deferred expenses	1,841	1,841	1,903	1,903
Guarantees	353	353	307	307
Receivables from related parties	273	273	303	303
Insurance refunds	130	130	591	591
Receivables from employees/social security authorities	21	21	74	74
Interest rate hedges	1	0	0	0
Other	1,061	967	1,409	1,318
Total	**3,866**	**3,771**	**4,645**	**4,554**

Consolidated Statement of Changes in Assets in 2022

	Acquisition and production costs								
Figures in €k	**Jan. 1, 2022**	Currency differences	Additions	Additions through business combinations	Disposals	Disposals due to company sales	Adjustment of the fair value	Reclassifications	**Dec. 31, 2022**
Property, plant and equipment									
Land, land rights and buildings	75,830	230	3,365[1]	0	−389	0	0	921	79,957
Technical equipment and machinery	13,976	216	648	0	−848	0	0	29	14,021
Operating and office equipment	27,105	19	1,792	0	−1,364	0	0	221	27,773
Assets under construction	1,284	5	391	0	−82	0	0	−1,235	363
Leased assets	73,866	536	16,433	0	−149	0	0	64	90,750
Investment property	14,697	0	0	0	0	0	−92	0	14,605
Total	**206,758**	**1,006**	**22,629**	**0**	**−2,832**	**0**	**−92**	**0**	**227,469**
Intangible assets									
Patents, licenses, trademarks and similar rights and assets	14,652	178	123	0	−121	0	0	0	14,832
Internally generated intangible assets	6,647	0	809	0	−4	0	0	0	7,452
Goodwill	69,461	1,150	0	0	0	0	0	0	70,611
Total	**90,760**	1,328	932	0	−125	0	0	0	92,895
Sum total	**297,518**	**2,334**	**23,561**	**0**	**−2,957**	**0**	**−92**	**0**	**320,364**

[1] The additions include a noncash amount of €752 thousand according to IFRIC 1.5 which has resulted from the change in the valuation of a dismantling obligation; cf. Note (27).

	Depreciation, amortization and impairment								Net amounts	
	Jan. 1, 2022	Currency differences	Additions	Disposals	Disposals due to company sales	Reversals of impairment losses	Reclassifications	**Dec. 31, 2022**	**Dec. 31, 2021**	**Dec. 31, 2022**
	21,607	87	2,983	−379	0	0	0	24,298	54,223	55,659
	7,672	179	1,033	−741	0	0	0	8,143	6,304	5,878
	21,567	19	1,598	−1,208	0	0	0	21,976	5,538	5,797
	41	0	40	0	0	0	0	81	1,243	282
	44,227	316	13,333	−150	0	0	0	57,726	29,639	33,024
	0	0	0	0	0	0	0	0	14,697	14,605
	95,114	**601**	**18,987**	**−2,478**	**0**	**0**	**0**	**112,224**	**111,644**	**115,245**
	11,993	155	1,076	−120	0	0	0	13,104	2,659	1,728
	3,896	0	747	−3	0	0	0	4,640	2,751	2,812
	606	1,150	0	0	0	0	0	1,756	68,855	68,855
	16,495	1,305	1,823	−123	0	0	0	19,500	74,265	73,395
	111,609	**1,906**	**20,810**	**−2,601**	**0**	**0**	**0**	**131,724**	**185,909**	**188,640**

Consolidated Statement of Changes in Assets in 2021

	Acquisition and production costs								
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**
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**

16 Inventories

The following table shows the breakdown of inventories:

Figures in € k	2022	2021
Raw materials, consumables and supplies	14,772	14,391
Work in progress	1,486	1,793
Finished products and merchandise	399	104
Total	**16,657**	**16,288**

17 Trade Receivables

Trade receivables are as follows:

Figures in € k	2022	2021
Trade receivables	35,749	30,574
Valuation adjustments	−2,160	−2,066
Trade receivables, net	**33,589**	**28,508**

There were no trade receivables from related parties as of the current reporting date, as was likewise the case on the reporting date in the previous year.

As of December 31, 2022, 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
2022	**33,589**	**22,808**	**7,467**	**1,542**	**584**	**654**	**534**
2021	28,508	20,468	4,168	970	1,069	701	1,132

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 2022**
Gross carrying amount	2,923	7,506	1,492	458	467	286	2,617	**35,749**
Expected loss ratios	0–1 %	0–1 %	1–2 %	1–2 %	2–5 %	5–10 %	—	
Loss allowance	115	39	15	5	9	14	1,963	**2,160**

		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**

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	2022	2021
Valuation adjustments at start of period	**2,066**	**3,471**
Currency differences	−50	23
Changes to scope of consolidation	0	−222
Addition	954	545
Utilization	−445	−1,425
Reversal	−365	−326
Valuation adjustments at end of period	**2,160**	**2,066**

18 Cash and Cash Equivalents

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

Figures in €k	2022	2021
Cash on hand	54	49
Bank balances	17,510	14,091
Total	**17,564**	**14,140**

There are no restrictions on the amounts reported as cash.

19 Subscribed Capital

As of December 31, 2022, 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, 2022 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 Deufol SE 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, Deufol SE 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. In accordance with the resolution passed by the Annual General Meeting on June 29, 2022, Deufol SE has once again been authorized to purchase up to 4,377,365 of its own shares in the period from June 29, 2022 to June 28, 2027.

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 2022.

21 Retained Earnings

In the year under review, an amount of € 56 thousand was allocated to retained earnings. At the end of 2022, retained earnings thus amount to € 12,881 thousand (previous year: € 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.

On the basis of the resolution authorizing the purchase of treasury stock which was passed by the Annual General Meeting on June 28, 2017, and which replaced the resolution passed on June 30, 2016, 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 net income of Deufol SE for fiscal year 2022 in the amount of € 13,209 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:

	2022				2021			
		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	54,414	12,688	24,294	17,432	64,160	16,174	27,847	20,139
Liabilities under financial leases	34,311	11,882	17,617	4,812	31,015	10,741	15,005	5,269
Other financial liabilities	0	0	0	0	0	0	0	0
Financial liabilities	**88,725**	**24,570**	**41,911**	**22,244**	**95,175**	**26,915**	**42,852**	**25,408**

Property, plant and equipment in the amount of € 54.5 million (previous year: € 59.9 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: € 38.6 million). As of December 31, 2022, € 17.1 million (previous year: € 22.8 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 2022, the average weighted interest rate for short-term loans was 3.74 % (previous year: 3.54 %). 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:

	2022				2021			
	Currency	Net carrying amount (€ k)	Re-maining maturity (years)	Effective interest rate (%)	Currency	Net carrying amount (€ k)	Re-maining maturity (years)	Effective interest rate (%)
Loans	€	2,990	1	variable[1]	€	3,850	2	variable[1]
Loans	€	3,717	1	variable[1]	€	4,250	2	variable[1]
Loans	€	502	2	2.41	€	766	3	2.41
Loans	€	1,038	2	2.62	€	1,498	3	2.62
Loans	€	386	2	3.05	€	603	3	3.05
Loans	€	167	1	1.30	€	333	2	1.3
Loans	€	662	10	2.38	€	717	11	variable[2]
Loans	€	201	10	2.38	€	228	11	variable[2]
Loans	€	512	2	1.65	€	768	3	1.65
Loans	€	11,030	8	2.95	€	11,745	9	variable[3]
Loans	€	2,000	4	1.28	€	2,349	5	1.28
Loans	€	745	5	1.38	€	1,050	6	1.38
Loans	€	738	9	1.58	€	0	0	00
Loans	€	2,460	6	1.95	€	2,915	7	1.95
Loans	€	2,375	4	variable[4]	€	2,875	5	variable[4]
Loans	€	2,525	3	variable[4]	€	3,225	4	variable[4]
Loans	€	4,756	9	variable[5]	€	5,000	10	variable[5]

1) 3-month EURIBOR zero-floored +1.50 % (previous year: 3-month EURIBOR zero-floored +3.70 %)
2) 12-month EURIBOR zero-floored +2.13 %
3) 3-month EURIBOR zero-floored +1.55 %
4) 3-month EURIBOR zero-floored +1.80 %; from 2022 interest rate hedged, we refer to the other disclosures (38)
5) 3-month EURIBOR zero-floored +2.20 %; from 2022 interest rate hedged, we refer to the other disclosures (38)

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 €0.5 million (previous year: €0.6 million).

Liabilities under Financial Leases

We refer to the summarized disclosures regarding leases provided in Note (10).

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 Austrian and Italian subsidiaries and facilities.

In Germany, most entitlements arise from defined-benefit pension obligations. 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 partly classifiable as plan assets in accordance with IAS 19.

The benefit entitlements for the Group's subsidiaries in Austria and its facility in Italy are in accordance with the specific rules and legislation in the country in question.

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

Figures in € k	2022	2021
Provisions for pensions and other post-employment benefits	970	1,585
Liabilities to pension fund	2,400	2,410
Total	**3,370**	**3,995**

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 %	2022	2021	2022	2021	2022	2021
Discount rate	3.70	0.9	3.80	1.0	3.77	0.0
Turnover rate*	0.00	0.0	0.00	0.0	0.00	0.0
Index-linked salary increase	—	0.0	2.75	2.0	2.80	0.8
Index-linked pension increase	2.25	2.0	—	2.0	—	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	2022	2021
Present value of the obligation at Jan. 1	1,585	792
Current service cost	21	17
Interest cost	19	15
Pension payments	−90	−96
Actuarial (gains) / losses	−559	90
Change in the market value of the plan assets	−4	1
Business combinations and disposals	0	763
Other	−2	3
Present value of the obligation / net pension commitment at Dec. 31	**970**	**1,585**

The market value of the plan assets which relate to German pension obligations decreased in the reporting year to € 488 thousand (previous year: € 519 thousand), due to actuarial losses in the amount of – € 27 thousand and a – € 4 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, € 212 thousand (previous year: € 208 thousand) comprises cash and cash equivalents and € 276 thousand (previous year: € 311 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	2022	2021
Current service cost	21	17
Interest cost	19	15
Total pension expense	**40**	**32**

The expected pension expense for 2023 is € 68 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 € 3,786 thousand (previous year: € 3,565 thousand).

The Company has carried as a liability in relation to a pension fund an amount of € 2,400 thousand (previous year: € 2,410 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, 2022:

	Increase of 0.25 percentage points	Decrease of 0.25 percentage points
Interest rate	–40	48
Index-linked salary increase	7	–1
Index-linked pension increase	**37**	**–35**

The sensitivity calculations are based on the average period of the pension obligations calculated on December 31, 2022. For the German obligations, this weighted average period amounts to 12.2 years (previous year: 15.0 years). The weighted average term of the provisions made for benefit entitlements in Austria is 11.7 years (previous year: 11.6 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, 2022. 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, 2022	Utili-zation	Reversal	Addition	Changes in scope of consol-idation	Dec. 31, 2022
Litigation risk	354	−101	−96	141	0	298
Dismantling obligations	4,355	0	0	931	0	5,286
Other risks	535	−356	−205	337	0	311
Total	**5,244**	**−457**	**−301**	**1,409**	**0**	**5,895**

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 € 931 thousand which was made in the year under review resulted due to the increase in cost-related calculation parameters due to the inflation trend (€ 752 thousand) as well as the interest rollup on the provision (€ 179 thousand; previous year: € 202 thousand).

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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Litigation risk	298	354	0	0	298	354
Dismantling obligations	0	0	5,286	4,355	5,286	4,355
Other risks	311	535	0	0	311	535
Total	**609**	**889**	**5,286**	**4,355**	**5,895**	**5,244**

28 Other Liabilities

Other liabilities can be broken down as follows:

	2022		2021	
Figures in €k	Total	Current	Total	Current
Value-added tax and other taxes payable	3,830	3,830	3,500	3,500
Social security liabilities	2,062	2,062	2,202	2,202
Liabilities to employees relating to wages and salaries	7,994	7,994	6,070	6,070
Deferred income	513	513	324	324
Other	1,042	1,041	1,269	1,251
Total	**15,441**	**15,440**	**13,365**	**13,347**

29 Trade Payables

Trade payables amount to € 23,179 thousand (previous year: € 17,723 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 € 5,651 thousand (previous year: € 4,769 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 2022 and 2021. 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.

30 Cash Flow From Operating Activities

In fiscal year 2022, operating activities provided net cash of € 35.1 million (previous year: € 12.5 million).

31 Acquisitions and Sales

No acquisitions, formations or sales occurred in the year under review.

32 Cash Flow From Investing Activities

In the past fiscal year, a € 5.6 million (previous year: € 7.4 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 € 0.2 million resulted from the disposal of intangible assets and property, plant and equipment. No outflows of funds occurred due to the acquisition of business units in the year under review; the Deufol Group received € 0.2 million from sales of subsidiaries in the previous year due to the scheduled payment of a purchase price installment in the year under review. The interest and dividends received likewise amounted to € 0.2 million.

33 Cash Flow From Financing Activities

In the past fiscal year, a € 26.4 million (previous year: € 22.9 million) outflow of funds from financing activities resulted. Cash outflows due to the extinction of other financial liabilities amounted to € 13.4 million (previous year: € 13.7 million); the interest paid totaled € 3.2 million (previous year: € 3.7 million). In addition, cash decreased due to the extinction of amounts due to banks in the amount of € 9.8 million (previous year: € 5.5 million).

The adjustments to reconcile financial liabilities to the cash flow from financing activities in fiscal year 2022 and the previous year are shown below:

Figures in €k	Dec. 31, 2021	Cash-effective	Noncash-effective: Changes in the scope of consolidation	Noncash-effective: Currency translation adjustments	Noncash-effective: IFRS 16	Noncash-effective: Other	Noncash-effective: Changes in fair value	Dec. 31, 2022
Noncurrent financial liabilities	68,260	−5,911	0	202	1,604	0	0	64,155
Current financial liabilities	26,915	−17,275	0	101	14,829	0	0	24,570

Figures in €k	Dec. 31, 2020	Cash-effective	Noncash-effective: Changes in the scope of consolidation	Noncash-effective: Currency translation adjustments	Noncash-effective: IFRS 16	Noncash-effective: Other	Noncash-effective: Changes in fair value	Dec. 31, 2021
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 increased by € 3.4 million to € 17.6 million. Net financial indebtedness – defined as financial liabilities less the Group's financial receivables and cash and cash equivalents – decreased by € 9.6 million to € 71.0 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 were 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, 2022, the Group’s equity ratio was 46.0 % (previous year: 44.5 %). 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 € 26 thousand lower (higher) and in the previous year € 63 thousand higher (lower). The balancing item in equity would have been € 0 thousand lower (higher) and in the previous year € 3 thousand higher (lower). Further currency risks result, above all, from the consolidation of the Czech and Hungarian companies as well as the Polish company.

Deufol has not entered into any new forward exchange transactions following the expiry of the forward exchange transactions for hedging of currency risks which applied up to the previous year.

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, 2022 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 € 193 thousand (previous year: € 266 thousand).

In the context of the current interest-rate trends, in the reporting year the Deufol Group entered into interest rate hedges for several different loans with varying terms and subject to interest based on a fixed interest margin plus a zero-floored 3-month EURIBOR as a reference interest rate. Each interest rate hedge is allocated to a loan as the underlying transaction and its conditions are virtually identical to those of the underlying transaction in question, in particular with regard to the reference interest rate, the dates for the adjustment of interest rates, the terms, the nominal amounts and the dates of payment.

In accordance with IFRS 9, the interest rate hedge agreements have been designated in full as cash flow hedges for variable cash flows arising from the loans in question. An economic relationship exists between the hedged item and the hedging instrument, since the conditions for the interest rate hedge agreements match those of the variable-interest loans from the point of view of all of the material terms of the contract. The underlying risk for the interest rate hedges is identical to that of the hedged risk components. The Group has therefore specified a hedge ratio of 1:1 for these hedges.

The interest rate hedges held by the Deufol Group on the balance sheet date comprise three loans redeemed by installments with varying terms (expiring 2026, 2027 and 2032) and amounting to € 9.7 million as of the reporting date. All of these loans attract interest on the basis of the 3-month EURIBOR plus a fixed interest rate margin of between 1.80 % and 2.20 %. The interest rate hedges consist of an interest rate swap and a floor component and include a fixed interest rate (including a floor premium) of between 1.37 % and 1.80 %.

The Deufol Group undertakes to pay the bank a fixed interest rate on these interest rate swaps. In return, the bank pays the 3-month EURIBOR, provided that this is positive. In the event of a negative 3-month EURIBOR, the Deufol Group is required to pay this to the bank; however, in such cases due to the floor component included in each interest rate swap the bank is also obliged to pay the 3-month EURIBOR to the Deufol Group, so that the cash flows from the 3-month EURIBOR will offset one another and match the underlying transactions which attract interest on the basis of a zero-floored 3-month EURIBOR.

The effects of these interest rate swaps on the Group's net assets, financial position and results of operations are explained below.

The hedging instruments used have 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, 2022**	**Dec. 31, 2021**
Noncurrent financial assets	1	0
Current financial assets	0	0
Noncurrent financial liabilities	0	0
Current financial liabilities	0	0

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 in fiscal year 2022 (as in the previous year).

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

Figures in € k	**2022**	**2021**
Balance at Jan. 1	0	1
Profits or losses (after taxes) from effective hedges recognized in equity	1	–1
Reclassifications due to the realization of the hedged item	0	0
Balance at Dec. 31	**1**	**0**

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	2023	2024 to 2027	After 2027
At December 31, 2022			
Amounts due to banks	13,646	25,975	17,874
Liabilities under financial leases	12,033	18,720	6,358
Trade payables	23,179	0	0
Other liabilities (excl. tax liabilities)	11,609	1	0

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

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 and dividends	At fair value	Currency translation	Valuation adjustment	From disposal	**2022**	**2021**
Financial assets measured at amortized cost	180	0	82	– 589	– 197	– 524	–1,643
Financial assets measured at fair value through other comprehensive income	0	0	0	0	0	0	0
Financial liabilities measured at amortized cost	–3,080	0	57	0	0	–3,023	–3,517

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 relate to derivative interest rate hedging contracts which have been included in hedge accounting. The fair values of the interest rate hedges are calculated by means of valuation techniques based on observable market data as of the balance sheet date (Level 2) and are determined by discounting the future cash flows; the market interest rates applied over the remaining terms of the instruments are using for discounting purposes.

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 amount Dec. 31, 2022**	Amortized cost	Incl. recycling*	Excl. recycling**	Fair value through profit or loss	Valuation according to IFRS 16	**Fair value Dec. 31, 2022**
Financial assets								
Cash and cash equivalents	1	17,564	17,564	—	—	—	—	17,564
Trade receivables	2	33,589	33,589	—	—	—	—	33,589
Other receivables	2	4,115	4,115	—	—	—	—	4,115
Other financial assets	3	273	273	—	—	—	—	273
Derivatives used for hedging purposes	2	1	—	1	—	—	—	1
Financial liabilities								
Amounts due to banks	2	54,413	54,413	—	—	—	—	54,413
Trade payables	2	23,179	23,179	—	—	—	—	23,179
Liabilities under financial leases	2	34,311	—	—	—	—	34,311	34,311
Other liabilities	2	11,610	11,610	—	—	—	—	11,610

* 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 hierarchy	Carrying amount Dec. 31, 2021	Balance sheet valuation (IFRS 9) Amortized cost	Fair value through OCI Incl. recycling*	Fair value through OCI Excl. recycling**	Fair value through profit or loss	Valuation according to IFRS 16	Fair value 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	—	—	—	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

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	Elimina-tion	Group
2022						
External sales	184,628	67,510	19,389	53	0	271,580
Internal sales	29,595	34,868	664	9,643	−74,770	0
Total sales	**214,223**	**102,378**	**20,053**	**9,696**	**−74,770**	**271,580**
EBITA	9,136	7,730	667	−4,369	59	13,223
Financial income	327	685	11	1,798	−2,687	134
Finance costs	−2,614	−1,412	−299	−1,777	2,687	−3,415
Income (loss) from associates and other equity investments	0	0	0	338	0	338
Other financial result	0	88	0	46	0	134
EBT	6,849	7,091	379	−3,964	59	10,414
Taxes	−1,572	−1,158	−80	−606	11	−3,405
Result for the period	**5,277**	**5,933**	**299**	**−4,570**	**70**	**7,009**
Assets	148,742	135,429	51,409	263,651	−329,664	269,567
thereof investments accounted for using the equity method	1,883	0	0	0	0	1,883
Non-allocated assets	0	0	0	0	0	0
Total assets	**148,742**	**135,429**	**51,409**	**263,651**	**−329,664**	**269,567**
Financial liabilities	54,129	48,050	9,777	53,148	−76,379	88,725
Other debt	48,377	27,009	17,173	9,967	−45,552	56,974
Non-allocated debt	0	0	0	0	0	0
Total liabilities	**102,506**	**75,059**	**26,950**	**63,115**	**−121,931**	**145,699**
Depreciation, amortization and impairment	13,124	4,525	2,124	1,169	−132	20,810
Investments	14,143	2,830	5,534	1,078	−24	23,561
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

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 € 72.6 million (previous year: € 64.8 million) and € 35.2 million (previous year: € 27.5 million) – or approx. 26.7 % and 13.0 % respectively (previous year: 26.7 % and 11.3 %) – 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

In the other intangible assets item, in the fiscal year impairment was recognized on a capitalized customer list in the amount of € 104 thousand. This was recognized due to a volume of sales which fell short of the expectations for the business relationships covered by the customer list and exclusively relates to the USA / Rest of the World segment. No impairment was recognized in the previous year.

The Group measures an investment property at fair value. This resulted in an impairment loss in the amount of € 92 thousand (previous year: revaluation gain of € 207 thousand 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**
2022							
External sales	253,062	16,181	109	2,149	79	0	271,580
Internal sales	15,975	37,529	5,244	5,346	10,676	−74,770	0
Internal billing	907	14,292	0	0	0	−15,199	0
Total sales	**269,945**	**68,002**	**5,354**	**7,495**	**10,755**	**−89,969**	**271,580**
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**

42 Events after the Balance Sheet Date

No material events have occurred since the balance sheet date for which a reporting obligation is applicable pursuant to IAS 10.

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 2022 – 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	Partner, Companylinks GmbH, Hamburg
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 CNK Beteiligungsgesellschaft mbH, 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
Gerard van Kesteren Since June 29, 2022 Appointed until the 2023 AGM	Pensioner (previously Chief Financial Officer of Kühne + Nagel International AG), Willerzell / Switzerland

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 2022, Administrative Board compensation totaled € 153 thousand (previous year: € 140 thousand).

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

Name	Departments
Jürgen Hillen	Finance, Treasury, Legal, Property & Administration, Claims & Insurance, Procurement
Dennis Hübner (CEO)	Go-to-Market, Leadership, People & Culture, Project Management, IT
Detlef W. Hübner	Strategy, Capital Markets, Investor Relations, Audit
Jürgen Schmid	End-to-End Solutions
Marc Hübner	Customer Centricity
Ebrahem Al Kadari	Crate Production, Engineering, Direct Material & Logistics, KAIZEN Service, HR Services, Digital Solutions

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

Figures in € k	2022	2021
Fixed remuneration	2,166	1,678
Variable remuneration	555	199
Other remuneration	84	82
Total	**2,805**	**1,959**

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

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.

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 2022, other operating income amounted to € 23 thousand (previous year: € 0 thousand) and other operating expenses to € 577 thousand (previous year: € 1,008 thousand). On December 31, 2022, the Company had liabilities in relation to ARNECKE SIBETH DABELSTEIN Rechtsanwälte Steuerberater Partnerschaftsgesellschaft mbB in the amount of € 53 thousand (previous year: € 390 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 2022, other operating income amounted to € 1 thousand (previous year: € 0 thousand) and other operating expenses to € 401 thousand (previous year: € 389 thousand). As of December 31, 2022, as in the previous year there were no receivables from or liabilities to Hofgut Liederbach GmbH & Co. KG.

Rhein-Main-Classics GmbH, Frankfurt am Main, qualifies as a related party, since its shareholders are members of the Administrative Board of Deufol SE. In fiscal year 2022, other operating income amounted to € 371 thousand (previous year: € 0 thousand). As of December 31, 2022, as in the previous year there were no receivables from or liabilities to Rhein-Main-Classics GmbH.

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 2022, expenses amounted to € 301 thousand (previous year: € 302 thousand). On December 31, 2022, the Company had liabilities to Timmerhell GmbH in the amount of € 14 thousand (previous year: € 14 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 2022, expenses amounted to € 0 thousand (previous year: € 13 thousand). On December 31, 2022, as in the previous year, the Company did not have any liabilities to Rüdiger Grube International Business Leadership GmbH.

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 2022, expenses amounted to € 15 thousand (previous year: € 19 thousand). On December 31, 2022, there were no receivables from or liabilities to Corporate Navigator GmbH & Co. KG (previous year: receivables in the amount of € 6 thousand).

Gerard van Kesteren, Willerzell/Switzerland, qualifies as a related party due to the fact that he is acting as a consultant for the Deufol Group and because he has been a member of the Administrative Board of Deufol SE since June 29, 2022. In fiscal year 2022, expenses amounted to € 55 thousand. As of December 31, 2022, there were no receivables from or liabilities to Gerard van Kesteren.

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 2022. As of December 31, 2022, there were not any liabilities to these companies (previous year: € 0 thousand) and nor were there any receivables from these companies (previous year: € 0 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
2022		
Sales and other income	693	395
Expenses	94	1,349
Receivables	75	0
Liabilities	142	67
2021		
Sales and other income	351	0
Expenses	391	1,728
Receivables	99	6
Liabilities	78	410

Hofheim am Taunus, March 31, 2023

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, 2022 to December 31, 2022. 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, 2022 to December 31, 2022.

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, 2022 as well as its results of operations for the fiscal year from January 1, 2022 to December 31, 2022,
- 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, March 31, 2023

VOTUM AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Leoff	Lehnert
Certified auditor	Certified auditor

WHY IS DEUFOL TRUSTED?

BECAUSE WE THINK THINGS THROUGH, FROM A TO Z AND END-TO-END.

Our global project logistics is based on **end-to-end solutions.** We ensure that these are efficient, sustainable and reliable every single day. Our network of international locations covers our customers' value chains – from suppliers via customers' locations, inland hubs and seaport hubs to customers' construction sites.
A perfect interplay of digital integration, global infrastructure and value-adding services. Our **DEUFOL Supply Chain Solution** is at the heart of things. This IT-based, holistic all-in-one system seamlessly and optimally integrates with customers' systems.


Further information is available here!
Over 1,400 customers rely on us every day
WALLMANN&CO

Information on Deufol SE

Income Statement of Deufol SE

Figures in € k	2022	2021
1. Sales	**10,018**	**9,246**
2. Other operating income thereof income from currency translation: € 384 k (previous year: € 544 k)	6,000	6,524
3. Cost of materials Expenses for raw materials, consumables and supplies and for purchased merchandise	– 388	– 683
4. Personnel costs a) Wages and salaries b) Social security contributions thereof for old-age provision: € 17 k (previous year: € 15 k)	–8,624 –891	–7,163 –827
5. Amortization of intangible assets and depreciation of property, plant and equipment	–1,084	–1,173
6. Other operating expenses thereof expenses for currency translation: € 148 k (previous year: € 5 k)	–9,070	–17,448
7. Income from investments thereof from affiliated companies: € 1,167 k (previous year: € 849 k)	1,167	849
8. Income due to profit transfer agreements thereof from affiliated companies: € 4,953 k (previous year: € 6,921 k)	4,953	6,921
9. Other interest and similar income thereof from affiliated companies: € 1,747 k (previous year: € 1,886 k)	1,798	1,902
10. Write-downs of financial assets	0	– 189
11. Interest and similar expenses thereof for affiliated companies: € 698 k (previous year: € 409 k)	–1,772	–1,684
12. Income taxes	–143	44
13. Earnings after taxes	**1,964**	**–3,681**
14. Other taxes	–64	–34
15. Net profit for the year	**1,900**	**–3,714**
16. Retained profits brought forward	**11,309**	15,023
17. Net income for the year	**13,209**	**11,309**

Balance Sheet of Deufol SE

Assets Figures in € k	Dec. 31, 2022	Dec. 31, 2021
A. Fixed assets	**122,916**	**121,428**
I. Intangible assets	2,553	2,406
1. Purchased licenses, trademarks and similar rights and assets as well as licenses for such rights and assets	1,370	1,419
2. Advance payments made	1,183	987
II. Property, plant and equipment	4,956	5,204
1. Land, land rights and buildings incl. buildings on third-party land	4,434	4,576
2. Technical equipment and machinery	28	83
3. Other equipment, operating and office equipment	494	545
4. Advance payments made and assets under construction	0	0
III. Financial assets	115,407	113,818
1. Shares in affiliated companies	94,563	92,557
2. Loans to affiliated companies	20,769	21,158
3. Investments	0	0
4. Other loans	75	103
B. Current assets	**33,649**	**41,565**
I. Receivables and other assets	29,596	40,448
1. Trade receivables	35	114
2. Receivables from affiliated companies	28,417	38,827
3. Receivables from companies in which a participating interest is held	4	72
4. Other assets	1,140	1,435
II. Cash in hand, bank balances	4,053	1,117
C. Deferred expenses and accrued income	**392**	**446**
Total assets	**156,957**	**163,439**

Equity and liabilities Figures in € k		Dec. 31, 2022	Dec. 31, 2021
A. Equity		**97,328**	**95,428**
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: € 11,309 k (previous year: € 15,023 k)		13,209	11,309
B. Provisions		**2,495**	**2,044**
1. Tax provisions		52	366
2. Other provisions		2,443	1,678
C. Liabilities		**57,134**	**65,967**
1. Liabilities to banks		25,135	31,315
2. Trade payables		811	859
3. Liabilities to affiliated companies		29,046	31,660
4. Liabilities to companies in which a participating interest is held		0	3
5. Other liabilities thereof taxes: € 1,953 k (previous year: € 1,684 k) thereof relating to social security: € 1 k (previous year: € 5 k)		2,142	2,130
Total equity and liabilities		**156,957**	**163,439**

Significant Equity Investments of Deufol SE

	Equity interest (%)*	Shareholders' equity (€ k)	Sales (€ k)	Employees
Germany				
Deufol Nürnberg GmbH, Nuremberg	100.00	19,048	509	0
Deufol Real Estate GmbH, Hofheim am Taunus	100.00	6,628	11,666	62
Deufol West GmbH, Mülheim an der Ruhr	100.00	2,177	33,823	209
Deufol Hamburg GmbH, Hamburg	100.00	1,781	24,750	83
Deufol Industrieverpackungsmittel GmbH, Hofheim am Taunus	100.00	1,621	0	0
Wallmann & Co. (GmbH & Co. KG), Hamburg	100.00	1,434	9,621	53
Deufol Südwest GmbH, Frankenthal	100.00	1,429	19,109	136
DTG Verpackungslogistik GmbH, Fellbach	51.02	903	8,024	24
Deufol Supply Chain Solutions GmbH, Mülheim an der Ruhr	100.00	450	2,822	32
Deufol Berlin GmbH, Berlin	100.00	368	9,992	79
Deufol Remscheid GmbH, Remscheid	100.00	330	7,115	18
Deufol Consulting & Projects Solutions GmbH, Hofheim am Taunus	100.00	189	722	1
Deufol Rheinland GmbH, Troisdorf	100.00	180	8,380	40
Deufol Süd GmbH, Neutraubling	100.00	138	61,248	344
Deufol Nord GmbH, Peine	100.00	–1,269	8,236	57
Rest of Europe				
Deufol Austria Management GmbH, Ramsau nr. Hainfeld, Austria	70.00	3,861	2,065	14
Rieder Kistenproduktiongesellschaft m. b. H., Ramsau nr. Hainfeld, Austria	69.30	1,862	14,324	66
Deufol Austria Pack Center Solutions GmbH, St. Pölten, Austria	70.00	667	14,528	63
Deufol België NV, Lier, Belgium	100.00	12,432	1,095	9
Deufol Waremme S. A., Waremme, Belgium	100.00	7,031	2,190	0
Manamer NV, Lier, Belgium	100.00	6,321	1,111	0
Deufol Waremme Operations S. A., Waremme, Belgium	100.00	2,050	8,647	77
Deufol Lier NV, Lier, Belgium	100.00	537	10,045	47
Deufol Port of Antwerp NV, Antwerp, Belgium	100.00	331	3,345	11
Deufol Immobilien CZ s. r. o., Brno, Czech Republic	100.00	1,347	1,126	0
Deufol CZ Production s. r. o., Cheb, Czech Republic	100.00	793	13,769	83
Deufol Česká republika s. r. o., Brno, zech Republic	100.00	136	8,637	93
Deufol Hungary Kft., Debrecen, Hungary	100.00	2,496	9,320	119
Deufol Hungary Real Estate Kft., Debrecen, Hungary	100.00	1,203	1,708	0
Deufol Polska Sp. z o. o., Chwaszczyno, Poland	100.00	–56	1,523	31
Deufol Slovensko s. r. o., Krušovce, Slovakia	100.00	1,785	2,173	31
USA / Rest of the World				
Deufol Sunman Inc., Richmond, Indiana (USA)	100.00	882	4,637	16

* attributable to the relevant parent

Glossary

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

Days payables outstanding
Ratio of trade payables to revenue

Days sales outstanding
Ratio of trade accounts receivable to revenue

Dividend yield (%)
Ratio of the dividend paid for the fiscal year to 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 cost ratio
Ratio of personnel costs 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	2022	2021	2020	2019	2018
Sales (€ k)	271,580	243,049	213,854	247,061	265,109
Change on previous year (%)	11.7	13.7	−13.4	−6.8	−7.9
EBITDA (€ k)	34,033	27,475	29,012	28,148	18,842
Margin (%)	12.5	11.3	13.6	11.4	7.1
EBITA (€ k)	13,223	6,378	6,339	6,158	9,849
Margin (%)	4.9	2.6	3.0	2.5	3.7
EBT (€ k)	10,414	2,906	3,301	3,937	8,103
Margin (%)	3.8	1.2	1.5	1.6	3.1
Income (loss) from continuing operations (€ k)	7,009	1,933	855	2,986	3,760
Margin (%)	2.6	0.8	0.4	1.2	1.4
Net income (€ k)	6,466	1,281	1,097	2,922	4,025
Margin (%)	2.4	0.5	0.5	1.2	1.5
Operating cash flow (€ k)	35,075	12,548	29,015	23,625	16,860
Margin (%)	12.9	5.2	13.6	9.6	6.4
Free cash flow (€ k)	29,471	5,178	19,728	14,931	16,034
Margin (%)	10.9	2.1	9.2	6.0	6.0

Assets position	2022	2021	2020	2019	2018
Current assets (€ k)	72,370	65,087	74,160	82,940	80,630
as % of total assets	26.8	25.0	27.8	31.0	34.5
Noncurrent assets (€ k)	197,197	195,314	192,747	184,972	152,850
as % of total assets	73.2	75.0	72.2	69.0	65.5
Balance sheet total (€ k)	269,567	260,401	266,907	267,912	233,480
Change on previous year (%)	3.5	−2.4	−0.4	15.5	1.4
Liabilities (€ k)	145,699	144,558	153,645	154,897	119,882
as % of total assets	54.0	55.5	57.6	57.8	51.3
Shareholders' equity (€ k)	123,868	115,843	113,262	113,015	113,599
as % of total assets	46.0	44.5	42.4	42.2	48.7
Working capital (€ k)	32,089	31,979	34,600	40,326	35,220
as % of total assets	11.9	12.3	13.0	15.1	15.1
Capital employed (€ k)	199,201	198,498	203,515	201,503	168,339
as % of total assets	73.9	76.2	76.2	75.2	72.1
Noncurrent/current assets	2.72	3.00	2.60	2.23	1.90
Shareholders' equity/liabilities	0.85	0.80	0.74	0.73	0.95
Property, plant and equipment ratio	0.37	0.37	0.34	0.30	0.22
Asset depreciation ratio (%)	52.7	49.6	50.3	47.9	60.0
Inventories/sales (%)	6.1	6.7	4.3	4.1	5.0
Receivables turnover	8.1	8.5	8.3	8.5	8.1
Days sales outstanding	45.1	42.8	43.9	43.2	44.8
Days payables outstanding	31.2	26.6	41.3	38.4	39.5

Financial and liquidity ratios	2022	2021	2020	2019	2018
Capital employed/sales (%)	73.3	81.7	95.2	81.6	63.5
Investment ratio (%)	9.1	9.3	9.8	8.4	2.4
Operating cash flow/investments (%)	550.1	197.3	200.2	224.1	172.6
Asset cover ratio I (%)	70.3	66.9	67.1	70.9	86.1
Asset cover ratio II (%)	116.2	115.8	116.6	118.3	107.6
Interest cover	3.9	1.8	2.1	2.3	5.0
Cash ratio (%)	27.1	23.6	44.8	39.8	32.2
Acid test (%)	85.9	81.3	93.0	86.6	73.5
Current ratio (%)	111.6	108.4	106.1	104.5	88.0
Financial liabilities/equity (%)	70.6	81.8	91.1	90.5	57.3
Financial liabilities/capital employed (%)	44.5	47.9	50.6	49.9	37.9
Net financial liabilities/EBITDA	2.08	2.93	2.46	2.43	1.81
Net financial liabilities/market capitalization (%)	191.3	207.8	199.2	151.4	76.3

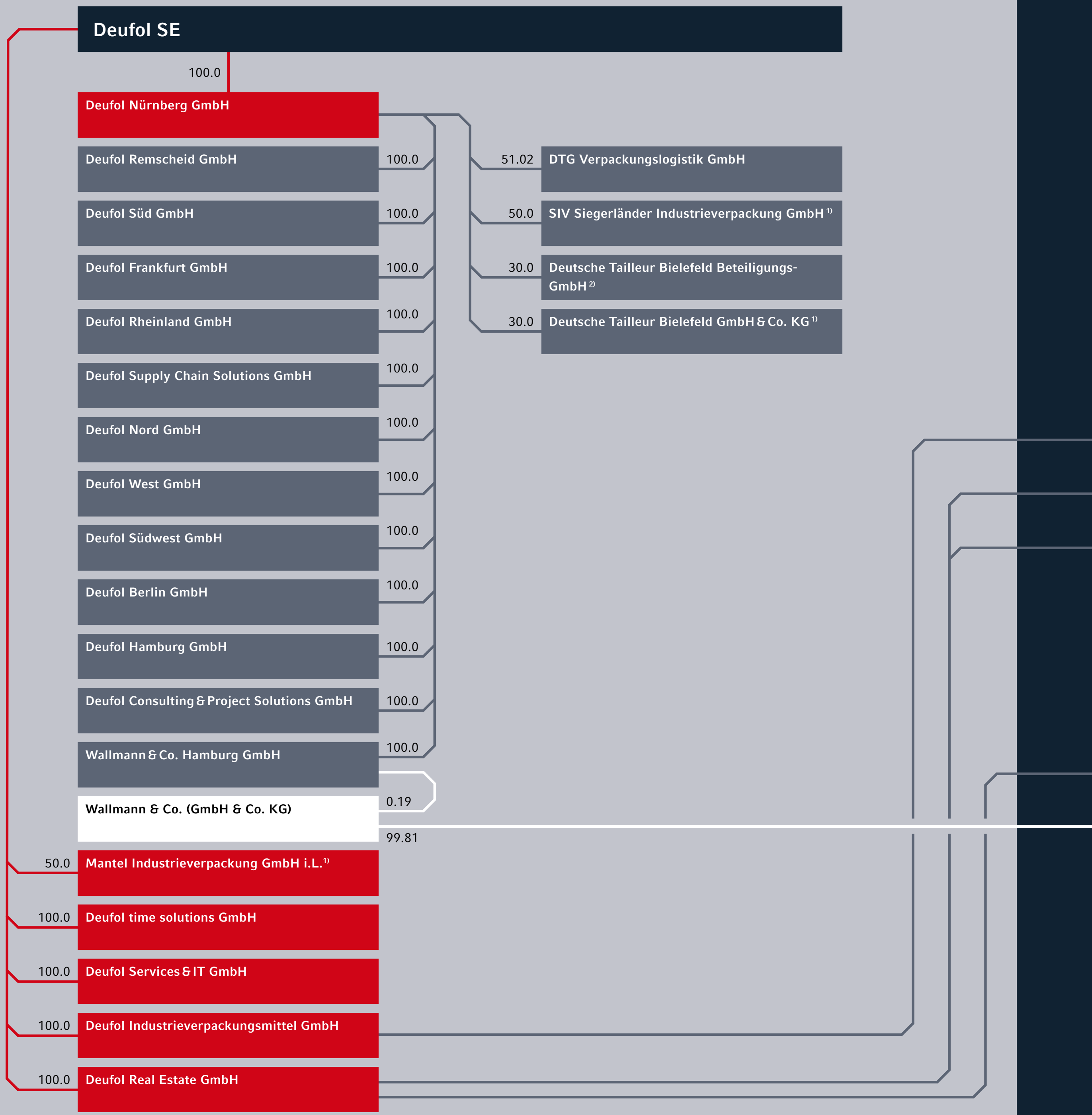
Productivity ratios	2022	2021	2020	2019	2018
Sales per employee (€)	130,608	120,247	105,405	108,839	112,957
EBITDA per employee (€)	16,367	13,593	14,299	12,400	8,028
EBITA per employee (€)	6,378	3,155	3,124	2,713	4,180
Operating cash flow per employee (€)	16,868	6,208	14,301	10,408	7,184
Personnel costs per employee (€)	44,143	42,278	39,490	39,860	41,900
Personnel cost ratio (%)	33.8	35.2	37.0	37.0	37.1

Per-share ratios	2022	2021	2020	2019	2018
Earnings per share from continuing operations (€)	0.150	0.030	0.026	0.069	0.090
Earnings per share – EPS (€)	0.150	0.030	0.026	0.069	0.090
Price earnings ratio (PER)	5.7	30.0	31.9	15.2	11.6
Dividend per share (€)	0.00	0.00	0.00	0.00	0.06
Book value per share (€)	2.92	2.70	2.62	2.58	2.59
Price/book value	0.29	0.33	0.32	0.41	0.40
Book value per share less goodwill (€)	1.32	1.10	0.98	0.93	0.94
Price/book value less goodwill	0.7	0.8	0.9	1.1	1.2

Investment ratios	2022	2021	2020	2019	2018
Market capitalization/sales	0.14	0.16	0.17	0.18	0.17
Enterprise value/sales	0.40	0.50	0.51	0.47	0.31
Enterprise value/EBITDA	3.2	4.4	3.8	4.1	4.3
Enterprise value/EBIT	8.3	19.2	17.3	19.0	8.3
Enterprise value/operating cash flow	3.1	9.7	3.8	4.9	4.5
Enterprise value/free cash flow	3.7	23.6	5.5	7.8	5.0

Operational Investments of Deufol SE*

Germany

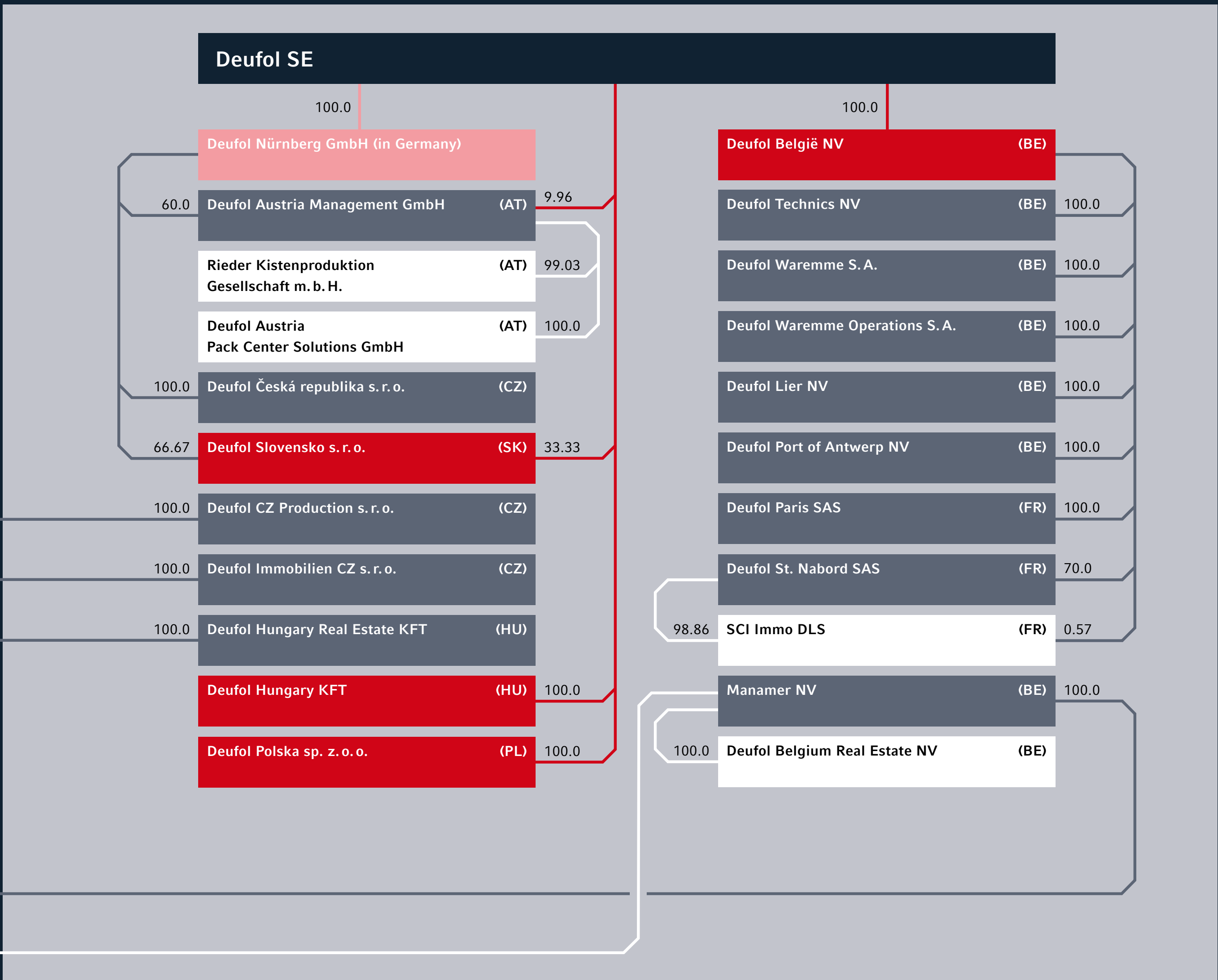


Tier 1 investment
Tier 2 investment
Tier 3/4 investment

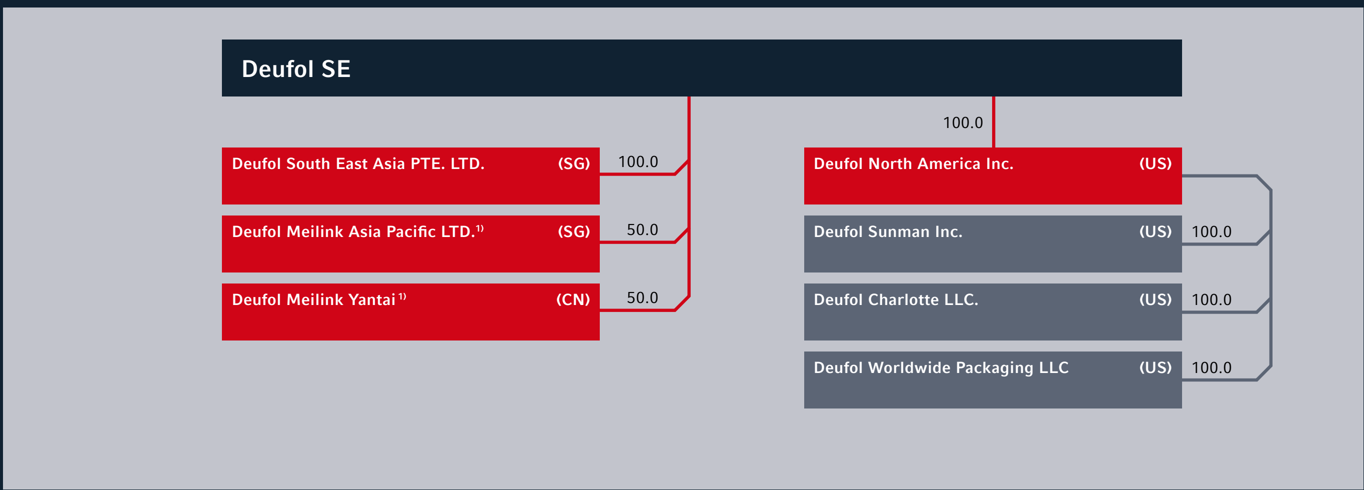
1) Consolidated at equity
2) Unconsolidated

* As of December 31, 2022; figures in %

Europe



Rest of the World



Financial Calendar

April	28, 2023	Annual Financial Report 2022
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Publisher:
Deufol SE
Johannes-Gutenberg-Strasse 3–5
65719 Hofheim am Taunus
Telephone: (061 22) 50 - 00
Fax: (061 22) 50 - 13 00
E-mail: info@deufol.com

Concept and implementation:
Kammann Rossi GmbH, Cologne

Contact:
Deufol SE
Claudia Ludwig
Johannes-Gutenberg-Strasse 3 – 5
65719 Hofheim am Taunus
Telephone: (061 22) 50 – 12 28
E-mail: claudia.ludwig@deufol.com

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.

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