DEUFOL

REMOVING LIMITS.

SEMI-ANNUAL REPORT 2022

Overview of the Deufol Group

Figures in € k	6M 2022	6M 2021
Results of operations		
Total sales	129,344	110,193
Germany	86,988	72,397
Rest of the World	42,356	37,795
Ratio of foreign sales (%)	32.7 %	34.3
EBITDA	16,278	10,035
EBIT(A)	6,414	– 129
EBT	4,889	–2,048
Income tax income (expenses)	–1,742	–92
Result for the period	3,147	–2,140
thereof noncontrolling interests	243	318
thereof shareholders of the parent company	2,904	–2,458
Earnings per share – EPS (€)	0.067	– 0.057
Assets structure		
Noncurrent assets	194,352	207,645
Current assets	70,854	71,828
Balance sheet total	265,206	279,473
Equity	119,821	111,459
Liabilities	145,385	168,014
Equity ratio (%)	45.2	39.9
Net financial liabilities	75,206	90,973
Cash flow / investments		
Cash flow from operating activities	15,212	1,390
Cash flow from investing activities	–3,722	–6,995
Cash flow from financing activities	–12,846	–4,052
Investments in property, plant and equipment	4,187	3,267
Employees		
Employees (as of Jun. 30)	2,031	1,976

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Deufol in the First Six Months of 2022

Half-year results – Despite a difficult geopolitical situation and a challenging environment, sales and income are better than expected. Our revised strategic focus on the physical and innovative optimization and digitalization of end-to-end solutions for our customers' supply chains is paying off.

Despite a difficult geopolitical situation and a challenging environment, in the first six months of 2022 the Deufol Group has already surpassed its earnings figure for the whole of 2021. It has achieved this success thanks to its revised strategic focus on physical and innovative optimization as well as the digitalization of end-to-end solutions covering our customers' supply chains. Deufol's original core area of competence, industrial packaging, serves as a platform here as well as the starting point for its expanded development of products and services. Deufol's performance program has also been continuously fine-tuned and implemented with this goal in mind. Since 2022, these elements have now been utilized within the scope of the Group's go-to-market strategy, in order to realize targeted growth in its core regions and to successfully market its services together with digital solutions. Our seaport hub locations have been further optimized and we have expanded the services which we offer here. Moreover, we have established an airport hub and pooled our services in the Rhine-Main region at our head office in Hofheim-Wallau am Taunus.

Despite what is now the third year of the COVID-19 pandemic; the continuing supply chain disruptions – which are hitting our customers and their production operations especially – and the upheavals on the commodities markets together with supply bottlenecks, huge price rises and strong price volatility; the Ukraine war and its drastic impact not just on people in Ukraine but also on the global economy; the energy crisis with impending supply shortages and explosive energy prices; and the significant hike in inflation alongside rising wages (with the minimum wage a factor here) and interest rates, in the first half of 2022 the Deufol Group has already surpassed its earnings figure for the whole of 2021.

The economic, political and social outline conditions are nonetheless having a substantial impact on our business activities worldwide and have thus put the brakes on what would otherwise be an even better earnings trend. The long-lasting lockdown in China (and in Shanghai in particular) in the spring of 2022 is adversely affecting our business, and our customers' business even more so. Global transport chains remain considerably out of kilter, and the backlog of equipment and components ready for shipping and semi-finished products in storage are a significant drain on scant warehousing capacities. Demand is continuously rising, and the level of efficiency of industrial production processes has declined due to the lack of availability of specific components and materials. Rising prices and the uncertainty as to the availability of materials have prompted a continued buildup of inventories in every industry. Inflation is contributing to the rising costs. Personnel costs are thus not only increasing due to the adjustments made to minimum wage levels.

In what remains a difficult environment, Deufol has succeeded in increasing the level of utilization at most of its locations year-over-year and has maintained its high rate of utilization since the fourth quarter of 2021, despite fluctuations. Together with the efficiency gains as a result of its successfully implemented performance measures, the successful incorporation of the Wallmann Group in Hamburg and its integration in Deufol's seaport hub solution and the elimination of high one-off costs in this context – which had a strongly negative impact on earnings over the course of 2021 – Deufol has been able to successfully pursue its growth strategy and, as envisaged, it has more than made up for the loss of the sales and income provided by its logistics business in Italy which it has now sold. In addition, business has picked up in the USA. The performance measures implemented have paid off here too, and sales and income are once again on the rise. Deufol's business activities in Poland, which it had embarked upon in the previous year, have now successfully exited the start-up phase and it is registering initial positive business results here, even if these are still moderate figures for the time being.

The integration of the Wallmann Terminal at the port of Hamburg in our seaport hub concept has significantly expanded the depth of our services, while the dovetailing of logistics chains with seagoing vessels has provided Deufol with a unique selling point for the German and European mechanical and plant engineering export sector. This makes it possible to consolidate different components for individual products or even entire projects at the port of departure and to package and ship them together. In a time of limited port capacities, we are thus well placed in order to offer targeted solutions to meet our customers' import and export needs.

A forward-looking pricing policy in the areas of purchasing and sales, the agreement of price adjustment clauses which are closely aligned to volatile commodities markets and the general level of inflation, and safeguarding adequate quantities of materials and thus ensuring optimal supply capability and a high level of flexibility for our services all contributed to our success. Our efforts to reduce the volume of materials required for packaging are likewise continuing to bear fruit. We are thus also improving the sustainability of our packaging solutions.

Forging ahead while also pushing forward with digitalization during the current era of a pandemic, energy crisis, climate change and war in Ukraine is an important component of the crisis management strategy pursued by the Deufol Group as a whole. Deufol has already laid the key foundations for this in the past – not just within, but also beyond its corporate group. In 2020, it rapidly enabled its entire administrative staff to switch over to mobile working. On the customer side, the innovative IT solutions developed throughout Deufol's supply chain are already an important component of its product portfolio. Due to the digitalization momentum triggered by the pandemic, the increased relevance of digital solutions for customers may have a significant positive impact on the company and boost the level of demand for its IT solutions.

Deufol is seeking to expand its market share in its core markets in central Europe and is also set to embark on further growth in south-eastern Europe. It will increasingly make use of hub solutions, where different components for customer projects will be assembled and optimally packaged before being dispatched to various destinations around the world.

Positive Sales and Income Trend

The above-mentioned developments are also reflected in the Deufol Group's sales and income. Sales increased by 17.4 % year-over-year and reached a volume of € 129.3 million in the first six months of 2022.

The operating result (EBITA) is at € 6.4 million significantly higher than the previous year's figure of – € 0.1 million, while the EBITA margin has accordingly risen from – 0.1 % to 4.9 % in 2022. Commodities prices which are still very high and are in some cases highly volatile have prompted a further increase in the cost of materials; however, this effect was cushioned by a reduction in the use of materials and by passing on the higher purchasing prices to customers in some cases.

Economic Outline Conditions

The World Economic Upswing Once Again Falters

While global output had picked up strongly in the second half of last year, the world economic upswing following the turn of the year has once again clearly fallen short of expectations, due to Russia's attack on Ukraine and China's strict no-COVID policy. These two events have together aggravated what was already a high rate of inflation worldwide and prompted a further increase in supply bottlenecks. In addition, the significant declines in real wages in many countries are dampening private consumption. In view of the strong inflationary pressure, the central banks have now finally begun to tighten monetary policy or else have tightened it even further.

In this context, the Kiel Institute for the World Economy (IfW) has a significantly more gloomy view of the outlook for the global economy and now anticipates that global output will rise overall by 3.0 % this year and 3.2 % next year. The Kiel Institute assumes a slight decline in commodities prices and expects the upward price trend to decrease strongly over the forecast period. However, this is subject to inflation not proving more stubborn than the central banks expect. In this event, there is a risk of recession in the advanced economies and a significant deterioration in the financial outline conditions for the emerging markets.

With Shenzen and Shanghai, China's no-COVID policy has also impacted important economic centers. This has prompted growing tensions for global production networks and backlogs at China's key seaports, and more recently also in Europe. Moreover, the war in Ukraine and the sanctions imposed on Russia have led to further supply chain disruptions in Europe which have affected the automotive industry in particular. The war is also having a significant impact on energy and commodities prices and poses the risk of supply bottlenecks here too. Industrial output accordingly declined considerably in China and Europe especially in March, while remaining buoyant elsewhere, such as the United States.

The Kiel Institute envisages only weak global industrial output growth for much of its forecast period, not least due to the high commodities prices. In terms of monetary policy, the experts expect a moderate rise in interest rates (relative to the rate of inflation) to 3 % by the end of this year.

Impact of the War in Ukraine is Disrupting Europe's Economy

At the start of the year, economic output in the Eurozone had returned to its pre-coronavirus level and the leading indicators for business and consumer confidence pointed to favorable sentiment in the period up to February, according to the Kiel Institute. This represented favorable outline conditions in which to achieve strong growth in economic activity over the course of the year and a full recovery from the stresses and strains of the COVID-19 pandemic.

However, the war in Ukraine has had a dampening impact on economic activity, in particular due to high energy prices which have reduced domestic purchasing power. While Russia and Ukraine are of only minor significance as sales markets in many places, the war is nonetheless adversely affecting economic activity to a not insignificant extent, due to disrupted supply chains, a reduced volume of trade and a strong uptick in uncertainty.

In the first quarter of 2022, economic output exceeded its pre-coronavirus level. The differences in terms of the volume of output relative to the final quarter of 2019 remained significant in some cases. Spain registered the largest gap (4 %), followed by Portugal (1.4 %) and Germany (1.1 %), which likewise experienced above-average gaps in output. Gross domestic product was significantly higher than before the crisis in Finland, the Benelux countries, Slovenia and the Baltic states. Ireland even exceeded its pre-crisis output level by more than 15 %.

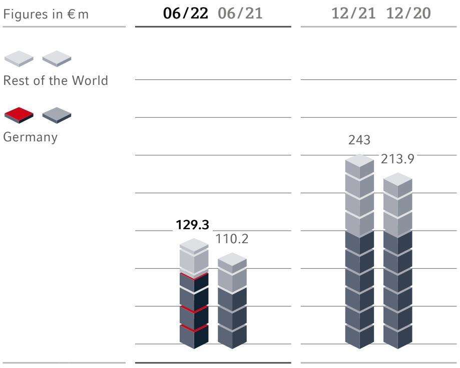
German Economy: Slow Recovery

In the view of the Kiel Institute, in the first quarter of the year the fourth wave of the pandemic had less of an adverse impact on the German economy than expected; instead of a significant fall, gross domestic product even picked up slightly. With the exception of manufacturing industry and the energy and water sectors, gross value added increased in every area of the economy. Over the remainder of the period, the Kiel Institute envisages less of a need to catch up and a significantly slower rate of growth. However, further factors are clouding the economic picture. Industrial activity in particular is being curbed by supply bottlenecks. These have dragged on for longer than expected and have reappeared continuously due to the strict lockdown measures in China as well as the war in Ukraine. Moreover, private consumption is being dampened by the significant price upsurge which is reducing private households' purchasing power.

Accordingly, the analysts only expect to see an upswing in the second half of the year, provided that prices rise less rapidly and the supply bottlenecks ease. For 2022 as a whole, gross domestic product growth of 2.1 % is expected. An inflation rate of 7.4 % is predicted for 2022, Germany's highest ever level since reunification. In the field of work, actual earnings are expected to pick up strongly, partly because the labor shortage has reached an all-time high. However, with an increase just short of 5 % they will lag behind the rate of inflation in the current year.

Results of Operations, Financial and Asset Position

Sales



Sales Trend

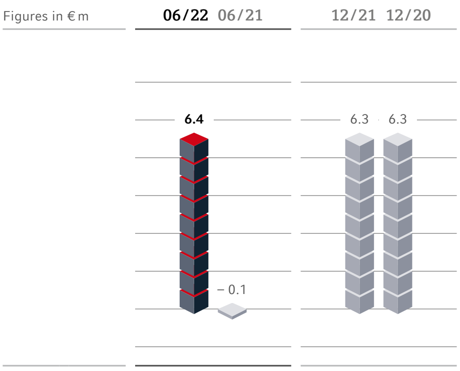
In the first six months of 2022, at € 129.3 million total sales were 17.4 % or € 19.2 million higher year-over-year. The sales figure for the same period in the previous year also included an amount of € 5.8 million which was realized by the companies sold in the second half of 2021; no additions were made to the consolidated group. Adjusted for this one-off effect, sales rose by € 25.0 million or 23.9 %.

While the fluctuations in the Czech crown's exchange rate had only a marginal impact on sales (€ 0.1 million), the US dollar appreciated against the euro by 10.2 % on average, relative to the same period in the previous year. This exchange rate effect was reflected in a € 0.8 million increase in euro terms in revenue resulting from USD sales. Group sales adjusted for exchange rate effects increased by 16.5 %, compared to the same period in the previous year.

In Germany (incl. the holding company), sales rose to € 87.0 million (previous year: € 72.4 million). In the Rest of Europe, Deufol realized sales of € 33.0 million (previous year: € 31.1 million). In the USA / Rest of the World segment, sales climbed by € 2.7 million to € 9.3 million.

As well as procurement price rises which were passed on, the rise in the volume of sales in every segment reflects, in particular, most Group companies' significantly stronger level of utilization year-over-year; growth in the volume of business with existing customers was a positive factor here, together with the new customers which the Group was able to attract.

EBITA



Income Development

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased to € 16.3 million in the first half of the year (previous year: € 10.0 million); the EBITDA margin rose to 12.6 % (previous year: 9.1 %). This margin improved, above all, thanks to the disproportionately weak (€ 2.8 million, or 6.8 %) rise in personnel costs, which caused the personnel expense ratio to decline from 37.9 % in the previous year to 34.5 % in the reporting period. At the same time, the ratio of other operating expenses declined in relation to the sales volume, falling from 17.1 % to 14.8 %. The cost of materials rose by € 10.7 million to € 52.5 million; the cost-of-materials ratio increased to 40.6 % (previous year: 37.9 %) and thus reflects the still very high (and in some cases very volatile) price structure on the procurement markets. The measures implemented to reduce the volume of material used together with increased use of price adjustment mechanisms in relation to Deufol's customers are having a dampening effect. This prevented a further rise in this ratio. Further parameters are gradually being added to these price adjustment mechanisms, so as to take into account price movements for other components and the general rate of inflation alongside the effects of the material price trend.

Depreciation of property, plant and equipment and amortization of other intangible assets decreased slightly to € 9.9 million (previous year: € 10.2 million).

The operating result (EBITA) is € 6.4 million and is thus significantly higher than the previous year's figure of – € 0.1 million. After adjustment for scope of consolidation-related effects, the EBITA figure has increased by € 6.3 million in the current year. The EBITA figure in the first half of 2022 has thus already slightly surpassed the figure for the whole of 2021 (€ 6.3 million).

The financial result has improved in the first six months of 2022 year-over-year, by € 0.4 million from – € 1.9 million in the previous year to – € 1.5 million. In particular, this was due to a – € 0.2 million decline in interest expenses as well as the € 0.1 million positive earnings contribution provided by the investments accounted for using the equity method.

Earnings before taxes (EBT) thus totaled € 4.9 million (previous year: –€ 2.0 million) in the first half of the year. After income tax expenses of € 1.7 million (€ 0.1 million in the same period in the previous year), the result for the period amounted to € 3.1 million, compared to – € 2.1 million in the first half of 2021. After deduction of the profit shares of noncontrolling interests (€ 0.2 million, compared to € 0.3 million in the same period in the previous year), a net gain of € 2.9 million (previous year: – € 2.5 million) was attributable to the shareholders of Deufol SE. Earnings per share in the first six months were € 0.067 (previous year: – € 0.057).

Cash Flow and Investments

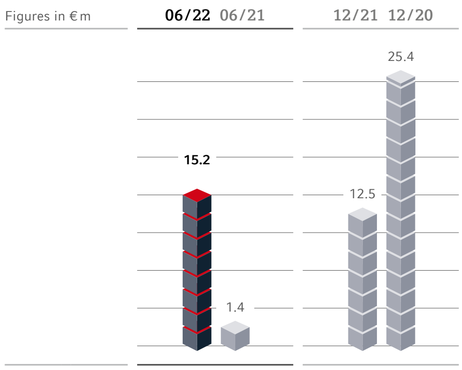
The cash flow from operating activities in the first six months of the year was € 15.2 million and thus considerably exceeded the previous year's figure of € 1.4 million.

Cash flow from investing activities amounted to – € 3.7 million (previous year: – € 7.0 million) and was mainly attributable to outflows of funds for the acquisition of intangible assets and property, plant and equipment in the amount of – € 4.2 million (previous year: – € 3.3 million). There were no significant inflows of funds from the sale of intangible assets and property, plant and equipment and from interest received in the period under review. The disposal of subsidiaries provided a purchase price installment of € 0.2 million in the reporting period, while in the same period in the previous year outflows of funds for the acquisition of business units amounted to – € 4.1 million.

The cash flow from financing activities was – € 12.8 million (previous year: – € 4.1 million). Outflows of funds mainly resulted from the extinction of amounts due to banks (– € 5.0 million) and other financial liabilities (– € 6.2 million) as well as interest paid (– € 1.7 million).

Cash and cash equivalents decreased by comparison with the end of the year, by € 1.1 million to € 13.1 million.

Cash flow from operating activities

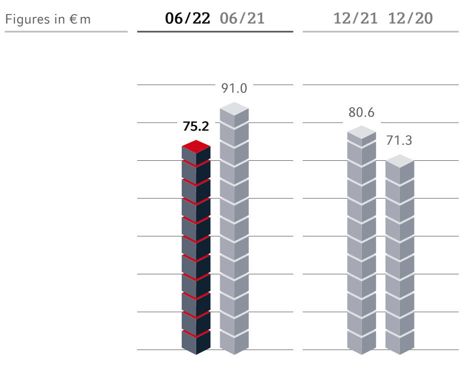


Financing

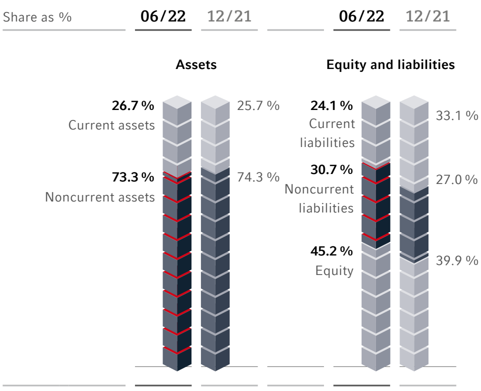
Several different financing groups exist within the Deufol Group, which operate largely independently of one another. In Germany, Deufol has a variable-interest syndicated financing arrangement with a volume of € 38 million as of the reporting date and a term ending in May 2024. This offers sufficient financial scope so as to be able to act on any strategic opportunities which arise alongside day-to-day business operations. Within the scope of this financing arrangement, the loan agreement prescribes specific financial covenants which the Deufol Group is required to comply with during the term of the agreement. 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. These mainly comprise amortizing loans for real estate, operating credit lines and factoring.

The financial liabilities of the Deufol Group decreased in the first six months of the fiscal year and amount to € 88.6 million (previous year: € 95.2 million). Together with the decrease in cash and cash equivalents and financial receivables (– € 1.2 million), net financial liabilities declined from € 80.6 million at the end of the year to € 75.2 million. The balance of liabilities to banks and call deposits at banks is € 46.2 million, compared to € 50.0 million at the end of 2021.

Net financial liabilities



Balance sheet structure



Balance sheet total

At € 265.2 million, Deufol's balance sheet total as of June 30, 2022 is € 4.8 million, or 1.8 %, higher than its year-end level (€ 260.4 million). The largest changes to noncurrent assets related to property, plant and equipment (– € 0.8 million to € 96.1 million). The other noncurrent assets realized only marginal changes. In the current assets item, trade receivables have increased (+ € 3.2 million to € 31.7 million), while cash and cash equivalents have decreased by – € 1.1 million to € 13.1 million. Inventories have increased by € 3.4 million to € 19.7 million; this reflects the Group's continued pursuit of its strategy of safeguarding its supply of raw materials, given the ongoing disruptions to supply chains and the highly volatile prices on the procurement market. The other short-term assets have changed only slightly.

On the liabilities side, equity (incl. noncontrolling interests) increased by € 4.0 million to € 119.8 million in the first six months of 2022. The result for the period (€ 3.1 million) was the main factor here. With a slightly higher balance sheet total, the equity ratio was at 45.2 % higher than at the end of the previous year (44.5 %). Liabilities increased on balance, by € 0.8 million to € 145.4 million. Financial liabilities have significantly decreased (– € 6.6 million), while trade payables have increased (+ € 4.6 million). Other liabilities have also increased (+ € 2.0 million), together with tax liabilities (+ € 1.0 million). The remaining liabilities items changed only slightly.

Employees

Deufol Group	06/2022	06/2021
Germany	1,169	1,128
Share (%)	58.0	56.7
Rest of Europe	683	699
Share (%)	33.9	35.1
USA/Rest of the World	83	79
Share (%)	4.1	4.0
Holding	82	83
Share (%)	4.1	4.2
Total	2,017	1,988

Number of Employees

On June 30, 2022, the Deufol Group had 2,031 employees worldwide, compared to 2,009 employees as of December 31, 2021. The Deufol Group had 2,017 employees worldwide on average over the course of the reporting period. This corresponds to an increase of 29 employees, or 1.5 %, by comparison with the same period in 2021. On average over the past six months, the Group had 1,251 employees in Germany and the Group's holding company (62.0 %) and 766 employees (38.0 %) elsewhere. Its workforce mainly increased in Germany and in the USA/Rest of the World segment. On the other hand, the number of employees in the Rest of Europe has declined slightly, due to the sale of the Group's logistics business in Italy.

Germany

Figures in € k	06/2022	06/2021
Sales	100,347	83,152
Consolidated sales	86,888	72,110
EBIT(A)	5,912	1,198
EBITA margin (%)	5.9	1.4
EBT	4,896	57

Development in the Segments

The primary reporting format is based on geographical regions and consists of the "Germany", "Rest of Europe", "USA/Rest of the World" and "Holding" segments.

Following the first six months of the year, external sales have risen to € 86.9 million in Germany (previous year: € 72.1 million). This segment is therefore contributing 67.2 % to Group sales (previous year: 65.4 %). The previous year's volume of sales was clearly exceeded in the reporting period. This is attributable to price adjustments due to procurement cost increases, on the one hand, and to a consistently higher level of utilization, on the other. This reflected, not least, further optimization of our hub locations together with the expansion of the services which we offer there.

The operating result (EBITA) in Germany likewise picked up significantly in the first six months of the year and amounted to € 5.9 million (previous year: € 1.2 million). So too did the EBITA margin, which improved from 1.4 % to 5.9 %. The fact that higher material costs were largely passed on to the sales market and that personnel costs and other operating expenses picked up at a slower pace than the sales growth trend had a positive impact here. The pressure to adjust wages and salaries due to the ongoing high rate of inflation did not have any significant effect on the earnings figure for the first half of 2022. Other operating expenses benefited from the fact that the high one-off costs incurred for the acquisition and integration of the Wallmann Group in the same period in the previous year no longer applied; moreover, the significant rise in market prices for energy were largely cushioned by means of existing framework agreements as well as energy saving measures. Long-term cost savings and Deufol's performance program likewise helped to substantially counteract, and largely offset, the cost increases.

In the Rest of Europe, consolidated sales amounted to € 33.0 million in the first six months of the year (previous year: € 31.1 million). This segment is therefore now contributing 25.5 % to Group sales (compared to 28.2 % in the same period in the previous year). Adjusted for scope of consolidation-related effects, the increase in the volume of sales would be significantly stronger (€ 7.3 million). In this segment too, Deufol was able to realize improvements to the level of utilization and in sales prices in all of the Group's markets; in addition, the Hungarian production plant which had been opened in 2020 and the Polish Group company which was newly placed on the market last year both significantly expanded their volume of business.

Rest of Europe

Figures in € k	06/2022	06/2021
Sales	49,823	45,543
Consolidated sales	33,022	31,116
EBIT(A)	4,362	2,614
EBITA margin (%)	8.8	5.7
EBT	4,015	1,888

In the first six months of the year, the operating result (EBITA) in the Rest of Europe increased to € 4.4 million (previous year: € 2.6 million). Since the same item in the previous year included a one-off effect of € 1.0 million from a strategically driven intra-Group sale of Austrian real estate to a German company, the increase in the operating segment result after adjustment for this one-off effect would be correspondingly higher. This improvement was driven, above all, by the decline in personnel costs in Belgium and the Czech Republic as well as the increase in the volume of business in Hungary and Poland.

In the USA / Rest of the World segment, in the first six months of the year consolidated sales of € 9.3 million were € 2.6 million higher year-over-year. On the one hand, the exchange rate effects associated with the appreciation of the US dollar against the euro have caused US revenue to increase by € 0.8 million in euro terms. On the other hand, business has picked up again here too, and the performance measures implemented have had an impact. This segment is now realizing 7.2 % of Group sales (previous year: 6.1 %).

USA / Rest of the World

Figures in € k	06/2022	06/2021
Sales	9,340	6,687
Consolidated sales	9,334	6,680
EBIT(A)	189	– 195
EBITA margin (%)	2.0	– 2.9
EBT	53	– 348

The increase in the volume of business is also reflected in the operating result (EBITA), which amounted to € 0.2 million in the first six months of the year (previous year: – € 0.2 million).

Deufol's performance programs have also borne fruit outside Germany and have successfully offset procurement price increases and volatility.

On account of its structure and its tasks, the holding company only realizes marginal external sales (€ 0.1 million for the first six months of 2022). The EBITA figure including consolidation effects at Group level amounts to – € 4.0 million in the first six months of 2022 and is thus lower than the previous year's level (– € 3.7 million).

Outlook

Subdued World Economic Trend

Following its strong growth in the past year, in the view of the Kiel Institute for the World Economy the global economy will register only modest growth in this year and the next. Overall, the analysts anticipate only slight growth in the volume of global output and expect that world output (measured on the basis of purchasing power parity) will increase only moderately, by 3.0 % in this year and by a probable 3.2 % next year. The advanced economies are expected to increase their gross domestic product by 2.8 % in 2022 and by 2.3 % in 2023. The clearly subdued economic outlook reflects the key challenges which the world economy currently faces: the high rate of inflation, the Ukraine war and the continuing COVID-19 pandemic.

In the advanced economies and also in many emerging markets, the high rate of inflation is prompting a decline in real wages and is curbing private consumption. In addition, monetary policy is being tightened. Alongside higher interest rates, this is resulting in a fall in asset values. In the United States, this is already having a clear impact on areas of the economy which are sensitive to interest rates, such as housing construction. The Ukraine war is a further challenge for the global economy and it has made clear the huge need for investment (e.g. in terms of the supply of energy). However, it is also creating economic uncertainty, which is dampening investment propensity. Nor should the effects of the war on energy and commodities prices and on supply chains be overlooked. These effects continue to paralyze the economy. The conflict is also affecting transport capacities, since Ukraine, Belarus and Russia have traditionally provided many of the truck drivers in central and eastern Europe. The loss of a large number of these drivers has further aggravated the situation on the transport markets. The domestic transportation situation is currently also being aggravated by the drought and by the associated substantial restrictions affecting domestic shipping. Moreover, in Germany at least it is not possible to make up for this by transporting goods by rail, since the rail network is currently operating at breaking point. Finally, the United States' financial policy is clearly putting the brakes on the country's economy, while in the opinion of the Kiel Institute for the World Economy the Chinese economy is currently undergoing a phase of consolidation and cannot be expected to register any strong growth even after it overcomes the economic standstill associated with its stringent coronavirus policy.

In summary, besides the geopolitical and pandemic risks there is also a danger of inflation taking hold. The ongoing war in Ukraine may place additional strain on the world economy, through commodities prices especially. There are also further risks associated with the continuing COVID-19 pandemic, particularly if new virus variants were to derail the vaccination progress now achieved in many countries. It would also be problematic if inflation were to prove more stubborn than the central banks expect and if it were necessary to revise upwards the medium-term inflation outlook to a significant extent. In that case, it would be necessary to tighten up monetary policy even further than currently assumed, with the risk of recession in the advanced economies.

The Ukraine War and the High Energy Prices are Curbing the Economic Recovery

The economic recovery to the pre-coronavirus level which had been expected at the start of the past six-month period stumbled due to the outbreak of the Ukraine war and the strong rise in energy prices.

Overall, the Kiel Institute expects the Eurozone's gross domestic product to rise by 2.8 % in the current year and by 3.1 % in the coming year. The increase in economic output in the rest of the Eurozone will be slightly higher than in Germany in the current year, but somewhat weaker in 2023. In addition, consumer prices are expected to rise by 5.2 % in the current year, the highest ever rate since the establishment of monetary union. The experts expect an inflation rate of 2.8 % in 2023, which will thus exceed the inflation target. These forecasts assume that, from the spring of 2023 onwards, the COVID-19 pandemic will now only pose minor disruptions.

The high energy prices are reducing real disposable incomes. While the decreased rate of saving is partially making up for the loss of purchasing power, this will curb any recovery of private consumption over the remainder of the period. The Kiel Institute for the World Economy expects investment activity to pick up further due to financing terms which remain favorable and because of the investments which were avoided during the COVID-19 pandemic. On the other hand, commodities trading is likely to be initially subdued – due to the effects of the Ukraine war and the sanctions – before subsequently recovering. However, the rise in interest rates around the world will increase the rate of saving in the medium term – thus dampening inflation – and make investments more expensive or else reduce their volume, besides curbing consumption. In the context of the climate effects and the high energy prices, the structure of investments and consumption are also set to change.

The German Economy is Faced with a Challenging Environment

The impetus provided by the removal of the pandemic-related restrictions, the aftermath of the coronavirus crisis and the shock waves generated by the war in Ukraine mean that Germany is currently being shaped by a series of conflicting economic factors. According to the joint diagnosis project group established by various German economic research institutes, what all of these factors have in common is their inflationary effect. The analysts see the effects of the war and the course of the pandemic as constituting the main reasons for the further delay in the German economy's recovery. The pre-crisis level of economic output is thus not expected to be reached until the third quarter of the current year.

In its summer forecast, the Kiel Institute for the World Economy expects Germany's gross domestic product to grow by 2.1 % in 2022 and envisages a growth rate of 3.3 % for the coming year.

In the coming year, the joint diagnosis project group expects the German economy to overheat slightly. This is due to the high backlog of orders in industry as well as the catch-up in consumption activity. The experts have a particularly critical view of possible stoppages of Russia's oil and gas deliveries to the European Union, which might plunge the German economy into severe recession.

Company-Specific Outlook

Risks and Opportunities

The risks and opportunities described in the report on expected developments and in the Risk Report contained in the Group management report for the 2021 annual financial statements continue to apply. The uncertainty relating to the COVID-19 pandemic still endures, even following the spread of the so-called Omicron variant. However, despite the unexpectedly steep rise in the number of cases in the early summer the course of the pandemic has not had any significant impact on the Deufol Group's sales and income in the first six months of the year. The further course of the pandemic in Europe and the safeguard measures which will be required in response, over the coming fall and winter in particular, do continue to pose risks. It is not possible to estimate the scope of these risks. The situation in China is particularly significant in this respect. The country's strict no-COVID policy in Shanghai especially has demonstrated how rapidly and severely a lockdown can disrupt global supply chains and, in particular, transport capacities for international seaborne transportation. This is directly affecting our customers and is also indirectly impacting the Deufol Group, due to delayed demand for packaging services, alongside an increased level of need for (interim) storage.

The Ukraine war is only having a limited direct impact on the Deufol Group's sales, since only a small portion of its customer business has any connection with the war zone or with Russia or Belarus. In addition, the mechanical and plant engineering sector has substantial production backlogs due to bulging order books. Any adjustment to the sequence of production would thus have a smoothing effect here. To be sure, the war is in some cases aggravating the supply chain disruptions caused by the pandemic. However, this has not yet had any significant impact on those aspects of customers' business which are relevant for Deufol.

Although the Deufol Group is not directly affected by the Ukraine war, its effects are currently looming larger due to the related energy crisis and higher prices in various areas, which are also being reflected in a significant rise in the level of inflation. The strong uptick in inflation will be reflected, above all, in higher wages and salaries, and indirectly also higher remuneration for agency workers, subcontractors and service providers. While this only prompted a limited increase in the volume of expense in the first half of 2022, in the second half of 2022 we already anticipate a significant rise in personnel costs.

We also envisage an impact due to the lack of availability of specific primary products which are required for customers' services as well as the packaging solutions used by Deufol. As regards steel, Deufol has experienced some disruptions affecting screws, nails, etc. However, on the whole it has been able to make up for this by sourcing replacement materials on the market. There has also been a general decline in the availability of wood on the market. In addition, the Ukraine war has further diminished already limited transportation capacities, since some of Deufol's many Ukrainian truck drivers are unavailable, while the significantly higher fuel costs mean that transportation is now more expensive both for Deufol and, above all, for our customers. To date, these tougher conditions have had only a moderate impact on the Deufol Group's earnings. They are expected to have a more significant effect in the second half of the year. Thus far, the supply contracts previously concluded for individual locations have limited the effect of the substantial increases in energy costs. However, these impacts are likely to worsen in the second half of the year – partly due to government intervention affecting the price of gas in Germany – and to significantly increase other operating expenses in the medium term. The procurement of all types of vehicles is also increasingly challenging, due to the supply chain problems. Over time, this will result in higher costs and will likewise be reflected in Deufol's business figures in future.

However, Deufol has reacted to this trend by adjusting its customer prices, so that its rising costs will soon be offset by higher revenue. It is also making a substantial effort to reduce its level of energy consumption, to optimize its costs and to improve the level of efficiency of its services. We also expect our strategic orientation – with a focus on physical and innovative optimization as well as the digitalization of end-to-end solutions covering our customers' supply chains – to provide increased income.

Moreover, the economic trends have prompted an adjustment of exchange rates on the foreign exchange markets and have induced the end of negative interest rates, followed by a further rise in interest rates worldwide. The appreciation of the US dollar and the depreciation of the Hungarian forint against the euro had a direct positive impact on our financial statements. The implicit effects of higher US-dollar-based commodities prices and substantial wage increases in forint terms in Hungary remain to be seen. In regard to the interest rate hikes which are expected as a result of the change in monetary policy, Deufol has entered into hedges in the form of interest rate derivatives in order to hedge the interest rate level for various long-term loans and has converted variable interest rate agreements into fixed-rate loans. Finally, it should be noted that Deufol continues to consider the ranges indicated in its annual report for its sales (€ 220–250 million) and EBIT (€ 7–11 million) figures to be achievable, in spite of the current political and economic environment. Provided that the impetus resulting from the COVID-19 pandemic, the Ukraine war, inflation, the rise in interest rates, the energy crisis and (where applicable) supply bottlenecks affecting gas and some commodities does not result in extreme scenarios, Deufol expects to achieve sales and income figures towards the upper end of the stated ranges or even beyond these limits.

Consolidated Income Statement

Figures in €k	Jan. 1, 2022 – Jun. 30, 2022	Jan. 1, 2021 – Jun. 30, 2021	Note/Page
Sales	**129,344**	110,193	01/020
Other own work capitalized	525	435	
Inventory changes	822	244	
Other operating income	1,708	1,586	
Overall operating performance	**132,399**	112,458	
Cost of materials	−52,482	−41,802	
Personnel costs	−44,564	−41,739	
Depreciation, amortization and impairment	−9,864	−10,164	
Other operating expenses	−19,075	−18,882	
Income (loss) from operating activities (EBIT)	**6,414**	−129	
Financial income	36	24	
Finance costs	−1,694	−1,868	
Income (loss) from investments accounted for using the equity method	92	−42	
Other financial result	41	−33	
Profit (loss) before taxes (EBT)	**4,889**	−2,048	
Income taxes	−1,742	−92	
Result for the period	**3,147**	**−2,140**	
thereof share of profits held by noncontrolling interests	243	318	
thereof share of profits held by shareholders in the parent company	2,904	−2,458	

Earnings per share

Figures in €			
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.067	− 0.057	02 /020

Consolidated Statement of Comprehensive Income

Figures in €k	Jan. 1, 2022 – Jun. 30, 2022	Jan. 1, 2021 – Jun. 30, 2021	Note/Page
Result for the period	**3,147**	−2,140	
Other comprehensive income	**830**	363	
Items which may be reclassified to the income statement in future			
Income (loss) from currency translation, after taxes	753	362	
Cash flow hedges before taxes	110	2	08/021
Deferred taxes on cash flow hedges	−33	−1	
Cash flow hedges after taxes	77	1	
Comprehensive income after taxes	**3,977**	−1,777	
thereof noncontrolling interests	243	318	
thereof shareholders in the parent company	3,734	−2,095	

Consolidated Balance Sheet

Assets Figures in €k	Jun. 30, 2022	Dec. 31, 2021	Note/Page
Noncurrent assets	**194,352**	**195,314**	
Property, plant and equipment	96,059	96,947	03/020
Goodwill	68,855	68,855	
Other intangible assets	5,257	5,410	
Investment property	14,697	14,697	
Investments accounted for using the equity method	1,637	1,545	
Financial receivables	87	78	
Other financial assets	273	273	
Other receivables and other assets	94	91	
Deferred tax assets	7,393	7,418	
Current assets	**70,854**	**65,087**	
Inventories	19,678	16,288	
Trade receivables	31,691	28,508	
Other receivables and other assets	4,701	4,554	
Tax receivables	1,475	1,247	
Financial receivables	252	350	
Cash and cash equivalents	13,057	14,140	
Total assets	**265,206**	**260,401**	

Equity and liabilities Figures in €k	Jun. 30, 2022	Dec. 31, 2021	Note/Page
Equity	**119,821**	**115,843**	04/020
Equity attributable to the shareholders of Deufol SE	118,056	114,322	
Subscribed capital	43,774	43,774	
Capital reserves	107,329	107,329	
Retained earnings	12,825	12,825	
Profit brought forward	−46,346	−49,250	
Other comprehensive income	949	119	
Treasury stock at cost	−475	−475	
Noncontrolling equity interests	1,765	1,521	
Noncurrent liabilities	**81,440**	**84,535**	
Financial liabilities	65,028	68,260	05/020
Provisions for pensions	4,120	3,995	
Other provisions	4,427	4,355	
Other liabilities	2	18	
Deferred tax liabilities	7,863	7,907	
Current liabilities	**63,945**	**60,023**	
Trade payables	22,320	17,723	
Financial liabilities	23,575	26,915	05/020
Other liabilities	15,374	13,347	
Tax liabilities	2,199	1,149	
Other provisions	477	889	
Total equity and liabilities	**265,206**	**260,401**	

Consolidated Cash Flow Statement

Figures in €k	Jan. 1, 2022 – Jun. 30, 2022	Jan. 1, 2021– Jun. 30, 2021	Note/Page
Income (loss) from operating activities (EBIT) from continuing operations	6,414	– 129	
Adjustments to reconcile net income (loss) to cash flow from operating activities			
Depreciation, amortization and impairment	9,864	10,075	
(Gain) loss from disposal of fixed assets	33	–29	
Taxes paid	– 788	– 206	
Other noncash expenses (income)	–10	– 348	
Changes in assets and liabilities from operating activities			
Decrease (increase) in trade accounts receivable	–2,884	– 777	
Decrease (increase) in inventories	–3,252	–4,762	
Decrease (increase) in other receivables and other assets	–89	–26	
Increase (decrease) in trade accounts payable	4,505	– 952	
Increase (decrease) in other liabilities	1,979	–1,394	
Increase (decrease) in provisions	– 430	–18	
Decrease (increase) in other operating assets/liabilities (net)	–130	–44	
Cash flow from operating activities	**15,212**	**1,390**	06/021
Payments made for investments in intangible assets and property, plant and equipment	–4,187	–3,267	06/021
Proceeds from the sale of intangible assets and property, plant and equipment	149	358	
Acquisition of business units less acquired cash and cash equivalents	0	–4,124	
Disposal of business units less cash disposed of	192	0	06/021
Net change in financial receivables	88	14	
Interest received	36	24	
Cash flow from investing activities	–3,722	**–6,995**	06/021
Addition (extinction) of amounts due to banks	–4,951	4,308	
Addition (extinction) of other financial liabilities	–6,202	–6,466	
Proceeds from capital increase	17	17	
Dividend paid to noncontrolling interests	–16	–44	
Interest paid	–1,694	–1,867	
Cash flow from financing activities	**–12,846**	**–4,052**	06/021
Exchange rate- and scope of consolidation-related changes in financial resources	**273**	**239**	
Change in cash and cash equivalents	**–1,083**	**–9,418**	
Cash and cash equivalents at the beginning of the period	14,140	31,349	
Cash and cash equivalents at the end of the period	13,057	**21,931**	

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**	**107,330**	**12,825**	**−50,531**	**−475**	**−530**	**−51**	**112,342**	**921**	**113,263**
Result for the period				−2,458				−2,458	318	−2,140
Other comprehensive income						362	1	**363**		**363**
Comprehensive income				**−2,458**		**362**	**1**	**−2,095**	**318**	**−1,777**
Dividends								0	−44	−44
Capital increase								0	17	17
Balance at Jun. 30, 2021	**43,774**	**107,330**	**12,825**	**−52,989**	**−475**	**−168**	**−50**	**110,247**	**1,212**	**111,459**
Balance at Jan. 1, 2022	**43,774**	**107,329**	**12,825**	**−49,250**	**−475**	**259**	**−140**	**114,322**	**1,521**	**115,843**
Result for the period				2,904				**2,904**	243	3,147
Other comprehensive income						753	77	830		**830**
Comprehensive income				2,904		753	77	**3,734**	243	**3,977**
Dividends								0	**−16**	**−16**
Capital increase								0	17	17
Balance at Jun. 30, 2022	**43,774**	**107,329**	**12,825**	**−46,346**	**−475**	**1,012**	**−63**	**118,056**	**1,765**	**119,821**

Notes to the Consolidated Interim Financial Statements

General Accounting and Valuation Methods

These consolidated financial statements for the interim report – which have not been audited or verified by an auditor – describe the business activities of Deufol SE and its subsidiaries (the "Group"). The statements were produced in accordance with IFRS ("International Financial Reporting Standards"). All IFRS (IFRS, IAS, IFRIC, SIC) as adopted by the European Union and effective as of the balance sheet date were applied.

In principle, the balancing and valuation methods used are those for the last consolidated financial statements as of the end of the fiscal year. A detailed description of these methods is provided in our annual report for the year 2021. In addition, IAS 34 "Interim Financial Statements" was applied.

New Accounting Standards

The first-time application of the new standards and interpretations which are mandatory from fiscal year 2022 has not had any effect on the recognition and measurement of assets and liabilities.

Management Judgments and Key Sources of Estimation Uncertainty

The preparation of the interim consolidated financial statements in accordance with IFRS sometimes requires the managing directors to make estimates or assumptions that can affect the accounting for assets, liabilities and financial liabilities as of the reporting date in the interim financial statements, and the income and expenses for the reporting period. Actual amounts and changes may differ from these estimates and assumptions. These judgments, estimates and assumptions are subject to an increased level of uncertainty due to the following events and crises, which are generally having an impact at a global level.

In the first six months of the current fiscal year, our business activities continued to be shaped by the coronavirus pandemic for a third consecutive year. While the effects of the pandemic are now less pronounced than in previous years, above all the coronavirus-related lockdown in China (and in Shanghai especially) has hugely aggravated the global disruptions of supply chains and transport capacities for international seaborne transportation and this is already clearly hampering the procurement of some goods.

Further events are also having an impact, the Ukraine war especially. However, the war in Ukraine is not having any direct effect on the Deufol Group. As far as we are aware, its indirect effects – in terms of our customers' relationships with their customers and suppliers – are likewise limited and are only minor in overall terms.

Finally, the Deufol Group is also faced with the energy crisis and with higher prices in many different areas, which are being reflected in a significant rise in the level of inflation. The economic trends have, not least, prompted an adjustment of exchange rates on the foreign exchange markets and spelled the end of negative interest rates, followed by a further rise in interest rates worldwide.

All of the above-mentioned effects constitute critical components, and we are carefully monitoring their impact in order to implement appropriate countermeasures in good time.

With regard to the goodwill currently reported, the impairment testing implemented on the basis of the year 2021 has not given rise to any indication of the situation having changed so drastically as to result in impairment. For this reason, no further impairment testing was implemented.

We are also continuously reviewing other assets – trade receivables in particular – in terms of a potential loss of value due to the above-mentioned effects. Within the scope of these analyses, we have not identified any issues relating to our portfolio of receivables such as indicate any significant impairment in the first six months of the current fiscal year.

Currency Translation

In accordance with IAS 21, the 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. The conversion was in accordance with the modified-closing-rate method.

The exchange rates for the translation of 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 of exchange	
per €	**Jun. 30, 2022**	Jun. 30, 2021	**6M 2022**	6M 2021
US dollar	1.0387	1.1884	1.0940	1.2057
Czech crown	24.7390	25.4880	24.6364	25.8551
Hungarian forint	397.0400	351.6800	374.7122	357.8540
Polish zloty	4.6904	4.5201	4.6329	4.5365
Singapore dollar	1.4483	1.5976	1.4925	1.6061
Chinese renminbi	6.9624	7.6742	7.0827	7.7981

Scope of Consolidation

All significant subsidiaries over which Deufol SE has legal or effective control are included in the consolidated financial statements.

The consolidated group is as follows:

Number	Dec. 31, 2021	Additions	Disposals	**Jun. 30, 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**

01 Sales

In respect of further comments on the sales, we refer to the segment reporting.

02 Earnings per Share

Income Figures in € k	Jan. 1, 2022 – Jun. 30, 2022	Jan. 1, 2021 – Jun. 30, 2021
Result attributable to the holders of Deufol SE common stock	2,904	−2,458
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	0.067	– 0.057

03 Property, Plant and Equipment

Of the increase in property, plant and equipment, an amount of € 1.6 million relates to the acquisition by a US Group company of a plot of land and buildings in Cleveland/Ohio, USA, which were previously leased and are used for production and packaging purposes. This amount has been allocated to the USA/Rest of the World segment.

04 Equity

There were no changes to Subscribed capital in the first six months of 2022.

The Annual General Meeting held on June 29, 2022 authorized the purchase of treasury stock pursuant to section 71 (1) no. 8 of the German Stock Corporation Act (AktG). This authorization applies until July 28, 2027 and replaces the previous authorization which expired immediately prior to this year's Annual General Meeting.

05 Financial Liabilities

Under the existing German syndicated loan agreement, the Deufol Group is obliged to comply with minimum and maximum limits for firmly defined financial covenants.

The Deufol Group complied with all of the financial covenants under its loan agreement as of March 31, 2022 and June 30, 2022.

06 Cash Flow Statement

The cash flow statement shows the origin and appropriation of the money flows in the first six months of fiscal years 2021 and 2022. It is of key significance for an assessment of the financial position of the Deufol Group.

The cash funds shown in the cash flow statement correspond to the balance sheet item "Cash and cash equivalents".

Cash flow from operating activities has been adjusted for changes to the scope of consolidation – where relevant – and amounted to € 15,212 thousand in the first six months of 2022.

The outflow of funds from investing activities amounted to € 3,722 thousand and includes the cash flows from the purchase and sale of property, plant and equipment and intangible assets as well as the change in financial receivables and interest received. In addition, proceeds were generated in the reporting period through the disposal of subsidiaries (in the previous year: payments made for the acquisition of subsidiaries).

The outflow of funds from financing activities amounted to € 12,846 thousand and reflects the net changes in financial liabilities and equity plus interest paid.

Including the exchange rate-related changes, which amounted to € 273 thousand, the cash and cash equivalents balance decreased by – € 1,083 thousand.

Dividend

Deufol SE did not distribute any dividend in the first six months of 2022.

07 Contingencies

There were no significant changes to contingencies by comparison with December 31, 2021.

08 Derivative Financial Instruments and Hedge Accounting

The Deufol Group holds both fixed-interest and variable-interest financial instruments. In the context of the current interest rate developments, for selected variable-interest loans Deufol entered into derivative financial instruments in the form of interest rate swaps in the reporting period. This was in order to hedge interest rate risks on a 1:1 basis. The key characteristics, such as the notional amount and the term, thus match those of the underlying transaction (critical term match). The economic relationship between the underlying transaction and the hedging instrument thus enables hedge accounting.

The interest rate swaps are reported in the balance sheet as cash flow hedges. Within the scope of the accounting for cash flow hedges, the designated effective portions of a hedge are to be reported through accumulated other comprehensive income. 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. We refer to the consolidated statement of comprehensive income and the consolidated statement of changes in equity in respect of the development of accumulated other comprehensive income with regard to cash flow hedges.

The fair value of interest rate derivatives is calculated by discounting the expected future cash flows over the remaining term of the contracts while applying current market interest rates and yield curves. As of the balance sheet date, the interest rate swaps – calculated on the basis of the market prices determined by the commercial bank with which these contracts were entered into – had fair values of € 110 thousand (before taxes). We refer to the "Further financial instruments disclosures" table in the following section (9) with regard to the effects of hedge accounting on the balance sheet.

09 Further Financial Instruments Disclosures

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 as of Jun. 30 2022**	Amortized cost	Incl. recycling*	Excl. recycling**	Fair value through profit or loss	Valuation according to IFRS 16	**Fair value as of Jun. 30, 2022**
Financial assets								
Cash and cash equivalents	1	13,057	13,057	—	—	—	—	13,057
Trade receivables	2	31,691	31,691	—	—	—	—	31,691
Other receivables	2	5,024	5,024	—	—	—	—	5,024
Other financial assets	3	273	273	—	—	—	—	273
Derivatives used for hedging purposes	2	110	—	110	—	—	—	110
Financial liabilities								
Amounts due to banks	2	59,222	59,222	—	—	—	—	59,222
Trade payables	2	22,320	22,320	—	—	—	—	22,320
Liabilities under financial leases	2	29,381	—	—	—	—	29,381	29,381
Other liabilities	2	15,376	15,376	—	—	—	—	15,376

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

* 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

10 Significant Events after the Balance Sheet Date

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

11 Segment Information

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 are grouped for the purpose of corporate management. In order to assess 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) as the relevant performance indicator. The Deufol Group has the following segments:

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

The Holding Company segment covers the Group's administrative activities and, in addition to Group management functions, includes support functions such as sales, purchasing, controlling, financial accounting, personnel, legal 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 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.

Supplementary Disclosures

Disclosures Concerning the Executive Bodies

Administrative Board

Mr. Gerard van Kesteren was elected as a member of the Administrative Board at the Annual General Meeting which was held in virtual form on June 29, 2022. The Administrative Board subsequently had the following members: Detlef W. Hübner (Chairman), Helmut Olivier (Deputy Chairman), Holger Bürskens, Prof. Dr. Rüdiger Grube, Dennis Hübner, Marc Hübner, Ewald Kaiser, Gerard van Kesteren and Axel Wöltjen. All of the members of the Administrative Board have been appointed to serve up to the end of the Annual General Meeting which votes on the grant of discharge to the Administrative Board for fiscal year 2022.

Relationships with Related Parties

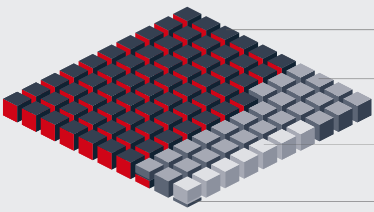
With regard to the transactions with related parties, there was no significant change in relation to the previous annual financial statements.

Segment Information by Region (Primary Reporting Format)

Figures in €k	Germany	Rest of Europe	USA/Rest of the World	Holding	Elimination	**Group**
6M 2022						
External sales	86,888	33,022	9,334	100	0	129,344
Internal sales	13,459	16,801	6	4,761	−35,027	0
Total sales	100,347	49,823	9,340	4,861	−35,027	**129,344**
EBIT(A)	5,912	4,362	188	−3,964	−85	6,414
Financial income	197	305	10	979	−1,455	36
Finance costs	−1,346	−652	−146	−1,006	1,456	−1,694
Income (loss) from associates	133	0	0	0	0	133
Other financial result	0	0	0	0	0	0
EBT	4,896	4,015	53	−3,991	−84	4,889
Taxes	−214	−634	8	−902	0	−1,742
Result for the period	4,682	3,381	61	−4,893	−84	**3,147**
Assets	137,564	136,302	47,490	256,671	−312,821	265,206
thereof investments accounted for using the equity method	1,637	0	0	0	0	1,637
Non-allocated assets	0	0	0	0	0	0
Total assets	137,564	136,302	47,490	256,671	−312,821	**265,206**
Financial liabilities	56,268	50,187	7,536	51,416	−76,804	88,603
Other debt	33,746	27,441	15,487	10,710	−30,602	56,781
Non-allocated debt	0	0	0	0	0	0
Total liabilities	90,014	77,628	23,023	62,126	−107,406	**145,385**
Depreciation, amortization and impairment	6,169	2,187	908	675	−75	9,864
Investments (incl. additions due to IFRS 16)	4,293	1,694	1,861	611	−25	8,434

External sales by region

Figures in %

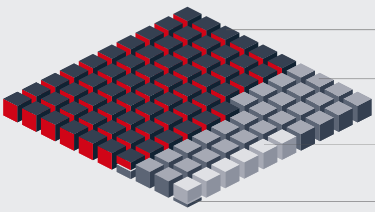


	6M 2022
Germany	67.2
Rest of Europe	25.5
USA/Rest of the World	7.2
Holding	0.1

Figures in €k	Germany	Rest of Europe	USA/Rest of the World	Holding	Elimination	**Group**
6M 2021						
External sales	72,110	31,116	6,680	287	0	110,193
Internal sales	11,042	14,427	7	2,677	−28,153	0
Total sales	83,152	45,543	6,687	2,964	−28,153	**110,193**
EBIT(A)	1,198	2,614	− 195	−2,944	− 802	− 129
Financial income	143	295	48	924	−1,386	24
Finance costs	−1,260	− 973	− 201	− 821	1,388	−1,867
Income (loss) from associates	−24	0	0	−4	0	− 28
Other financial result	0	−48	0	0	0	−48
EBT	57	1,888	− 348	−2,845	− 800	−2,048
Taxes	18	− 260	8	142	0	−92
Result for the period	75	1,628	− 340	−2,703	− 800	**−2,140**
Assets	141,306	150,996	43,193	278,600	−334,622	279,473
thereof investments accounted for using the equity method	1,414	0	0	6	0	1,420
Non-allocated assets	0	0	0	0	0	0
Total assets	141,306	150,996	43,193	278,600	−334,622	**279,473**
Financial liabilities	63,650	58,554	7,314	68,741	−84,946	113,313
Other debt	33,432	36,576	12,262	11,348	−38,918	54,700
Non-allocated debt	0	0	0	0	0	0
Total liabilities	97,082	95,130	19,576	80,089	−123,864	**168,013**
Depreciation, amortization and impairment	5,271	3,199	957	859	− 122	10,164
Investments (incl. additions due to IFRS 16)	9,958	2,005	503	632	−2,031	11,067

External sales by region

Figures in %



	6M 2021
Germany	65.4
Rest of Europe	28.2
USA/Rest of the World	6.1
Holding	0.3

Additional Information

Financial Calendar

August	29, 2022	Semi-Annual Financial Report 2022
April	28, 2023	Annual Financial Report 2022

Key to Symbols

Basis of Preparation

Scope of Consolidation

Consolidated Income Statement Disclosures

Consolidated Balance Sheet Disclosures

Consolidated Cash Flow Statement Disclosures

Other Disclosures

Segment Information

Supplementary Disclosures

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