REMOVING YOUR SUPPLY CHAIN LIMITS.

ANNUAL REPORT 2023

Overview of the Deufol Group

Figures in € m	2023	2022 [1]	± (%)
Results of operations			
Total sales	294.0	271.6	8.2 %
Germany	196.4	184.7	6.3 %
Rest of the World	97.6	86.9	12.3 %
Ratio of foreign sales (%)	33.2 %	32.0 %	3.8 %
EBITDA	46.1	34.0	35.6 %
EBIT	16.6	13.2	26.1 %
EBT	11.3	10.4	9.0 %
Income tax expenses	−4.1	−3.4	21.9 %
Result for the period	7.2	7.0	2.8 %
thereof noncontrolling interests	0.6	0.5	29.3 %
thereof shareholders of the parent company	6.5	6.5	0.8 %
Earnings per share – EPS (€)	0.153	0.151	1.3 %
Assets structure			
Noncurrent assets	201.3	197.4	2.0 %
Current assets	70.3	72.4	−2.9 %
Balance sheet total	271.6	269.8	0.7 %
Equity	128.6	124.1	3.7 %
Liabilities	142.9	145.7	−1.9 %
Equity ratio (%)	47.4 %	46.0 %	3.0 %
Net financial liabilities	72.5	71.0	2.1 %
Cash flow / investments			
Cash flow from operating activities	35.5	35.1	1.1 %
Cash flow from investing activities	−4.9	−5.6	−12.8 %
Cash flow from financing activities	−33.3	−26.4	26.1 %
Investments in fixed assets	−5.8	−6.4	−9.9 %
Employees			
Employees (average)	2,203	2,079	6.3 %
Personnel costs	−106.5	−91.8	16.1 %

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

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The indicators in this report have been rounded according to standard commercial practice. In individual cases, rounding may mean that the figures in this report will not exactly add up to the indicated total amount and that percentages cannot be precisely calculated on the basis of the stated figures.

The Deufol Group is committed to equal treatment and neutral reporting and communication.

DEUFOL HUB NETWORK:

Global Integration for Maximum Efficiency

The Deufol Hub Network is our answer to global supply chain requirements. It spans the entire world, with over 90 locations in 12 countries. The integration of our hubs provides an agile platform that enables us to respond flexibly to customer requirements, consolidate flows of heavy cargo and pursue an end-to-end optimization strategy.

We aim to continuously maximize added value for our customers throughout the value chain. We help our customers to develop more sustainable supply chains by not only providing them with relevant sustainability indicators but also by jointly identifying potential for optimization and realizing this potential by working together as partners.

Foreword by the Managing Directors

Team Spirit and Growth Supported by a Clear Vision

Dear shareholders and business partners,
Dear colleagues,

We have completed another year marked by **growth and strategic development**. Despite global uncertainty, we have not only maintained but even strengthened our position – this demonstrates our collective resolve and our commitment to our **end-to-end go-to-market strategy.**

The year 2023 was characterized by further development as well as internationalization. Guided by the slogan **"Follow the Cargo,"** we have followed through on our global ambitions and have grown together with our customers. This **strategic orientation has proven fruitful,** and the positive results of our hard work are plain to see: **an expanded market presence, strengthened customer relationships and significant sales growth.**

- **Significant € 22.4 million or 8 % increase in sales.**
- **Continuation of positive EBIT trend, with an increase to € 16.6 million and 26 % growth.**
- **Strong earnings before taxes totaling € 11.3 million, which is € 0.9 million or 9 % higher than in the previous year.**
- **Progress achieved in our sustainability initiatives that demonstrate that we are assuming responsibility for our environment and for society.**
- **Financial stability – in the past fiscal year, we made further progress in reducing our debt burden and celebrated the successful conclusion of a new refinancing arrangement – all of this provides us with a secure basis in order to achieve further growth.**

From Packaging to Global Supply Chain Integration

Our evolution from a packaging services provider to a comprehensive **end-to-end supply chain single-source supplier** serves as proof of our **commitment to excellence** and our desire to meet all of our customers' requirements. Our **professionalization spanning entire service chains** has enabled us to operate as more than just a partner; to an ever increasing extent, we are an **integral component of our customers' supply chains.**

The implementation of our end-to-end go-to-market strategy has led to increased international expansion and **deeper integration within our customers' value chains**. We are growing together with our customers and are continuously adjusting our services in line with their evolving needs. **This strategy is paying off:** We are on the right track and will maintain this focus.

In the context of our global expansion, we are particularly delighted that we were able to extend our international network in the past year. As well as additional satellite locations at our offsite hub in Houston, we have also completed the groundwork for the opening of a new location in Poland and the launch of a new joint venture in Thailand at the start of 2024. These hubs not only strengthen our **international reach** but also underline our commitment to growth and **meeting the needs of our global customer base.**

Digitalization as a Key to Logistics Leadership

The **continuation of our digital transformation** – in particular, through the introduction and ongoing development of our Deufol Supply Chain Solution (D-SCS) – reflects our commitment to assuming a **leading position in the field of technological innovation**. These systems not only deliver improvements in efficiency and transparency for our customers but also **strengthen our position as a global logistics leader.**

Strengthening Our Global Presence via Flexibility and Cooperation

In an increasingly complex global environment, we have demonstrated our **flexibility and our commitment to customer satisfaction**. Global cooperation and the dedication shown by our teams have enabled us to **develop new markets and further expand our global presence.** In addition, in the past year we finally resolved a long-running legal dispute, with a positive outcome for us. This will likewise provide us with **momentum going forward**.

Looking ahead to 2024, we remain cautiously optimistic. **We are firmly committed to the continuation of our strategic initiatives**, as a result of which we will be strongly placed to achieve **future growth and long-term success**. We are confident that our commitment to innovation, customer service and operational excellence will **continue to set us apart from our competitors**.

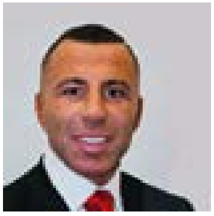
We expect that our adroit approach and the strategic focus that we have adopted **will enable us to achieve continued sales growth and further improvements in our earnings.** This assessment is based on our **continuous adjustment in line with market trends, our expansion into new markets and the strengthening of our core competences.** We are firmly committed to making further improvements to our business strategies and to investing in technologies that will **increase our level of efficiency and offer our customers even greater value.**

We will also maintain our **commitment to sustainability and social responsibility** by investing in environmentally friendly solutions and supporting the local communities where we operate. We believe **that not only will these measures contribute to a better world – they will also deliver increased long-term value for our stakeholders**.

Finally, we would like to express our heartfelt thanks to you all, our employees, customers and shareholders. The trust that you place in us, your loyalty and your daily commitment are the cornerstones of our success.

Together, we will continue to achieve great things.

(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 2023. 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 18 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 themselves 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, in particular the conclusion of the settlement agreement with Manfred Wagner, Andreas Bargende and Tammo Fey and others, Deufol's current sales and results of operations in its individual business segments and the Group's refinancing were strategic priorities for the Administrative Board's discussions with the managing directors.

The issue of finance and, above all, the structuring and negotiation of the syndicated loan were consistently discussed in great depth. The Administrative Board also regularly discussed the optimization of the Group's working capital, changes to its organizational structure (go-to-market structure) and tax optimization.

Audit of the Single-Entity and Consolidated Financial Statements

In accordance with the resolution adopted by the Annual General Meeting on June 29, 2023 and the subsequent audit engagement issued by the Administrative Board, the annual financial statements for the fiscal year from January 1 to December 31, 2023 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 Steuerberatungsgesellschaft, 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 315e 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, 2024, the Administrative Board endorsed the annual financial statements of Deufol SE for 2023 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 adopted by the Annual General Meeting held on June 29, 2023, the following persons were elected as members of the Administrative Board for a two-year term of office: Dennis Hübner, Detlef W. Hübner, Marc Hübner, Holger Bürskens, Prof. Dr. Rüdiger Grube, Ewald Kaiser, Helmut Olivier, Gerard van Kesteren and Axel Wöltjen. At the subsequent constituent meeting of the Administrative Board, Mr. Detlef W. Hübner was elected as the chairman and Mr. Helmut Olivier as the deputy chairman of the Administrative Board.

Hofheim, April 26, 2024

For the Administrative Board
Detlef W. Hübner
Chairman

INLAND HUBS:

Local Strength, Global Reach

Deufol's inland hubs represent critical nodes in global networks. They minimize transport times and effectively serve regional markets, thus promoting local value creation. Our largest inland hub, situated at Dortmund's Schmiedinghafen harbor, is at the heart of local supply chains.

We aim to achieve maximum efficiency at a local level and seamless integration at a global level. We are continuously increasing the added value that we provide for our customers, since our inland hub structure offers comprehensive optimization of logistical processes and aims to optimize shipping as well as stowage of our partners' load carriers. It is thus tailored to our customers' requirements. In this way, our inland hubs make a significant contribution to a more sustainable business model.


PHOTO
Cancel

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 that 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 → 120 for a summary of our operationally active investments and their corporate structure.

Organization and Management

Deufol SE operates with 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 clients who operate worldwide holistic solutions that support their service portfolios. Deufol is constantly expanding its portfolio of services to include additional services as well as proprietary software solutions that 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 realized. 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 thus enable our customers to consolidate the different components required for their plant engineering and project business orders. At the same time, we 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 strengthen our network in Germany and other countries.

In 2022, we already 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 are thus making a considerable contribution to enhanced sustainability in our customers' value chains and significantly reducing the carbon footprint for our customers' project logistics. In general, we are increasingly becoming an end-to-end supply chain service provider by expanding our business activities to include the entire logistics process. Via this strategic expansion of our services, we are not only safeguarding our role as a key partner in our customers' supply chains but also clearly differentiating ourselves from traditional packaging suppliers.

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 that 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 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 remained 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 D-SCS (Deufol Supply Chain Solution) application we enable end-to-end handling of logistics processes far above and beyond the packaging and transportation steps. By integrating advanced IT solutions, tailored logistics services and extensive industry expertise, we offer our customers a seamless process encompassing production, packaging, storage and transportation. This holistic supply chain perspective enables Deufol to proactively respond to its customers' requirements, improve levels of efficiency and reduce the degree of logistical complexity.

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. Moreover, this strategy offers our customers further added value such as supply chain flexibility, accelerated market introduction times and a reduced environmental impact thanks to shorter transport routes. These advantages not only boost operational efficiency but also contribute to a sustainable and economically successful partnership with our customers.

Locations of the Deufol Group

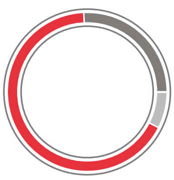
Globally Positioned with Locations in Fourteen Countries

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, 2023 we had 51 locations, which account for a total of 66.8 % of Group sales. The Rest of Europe – which represents around 26.0 % 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.

External sales by region

Figures in € m



196.4	Germany
76.3	Rest of Europe
21.3	USA/ Rest of the World

Assets by region

Figures in € m

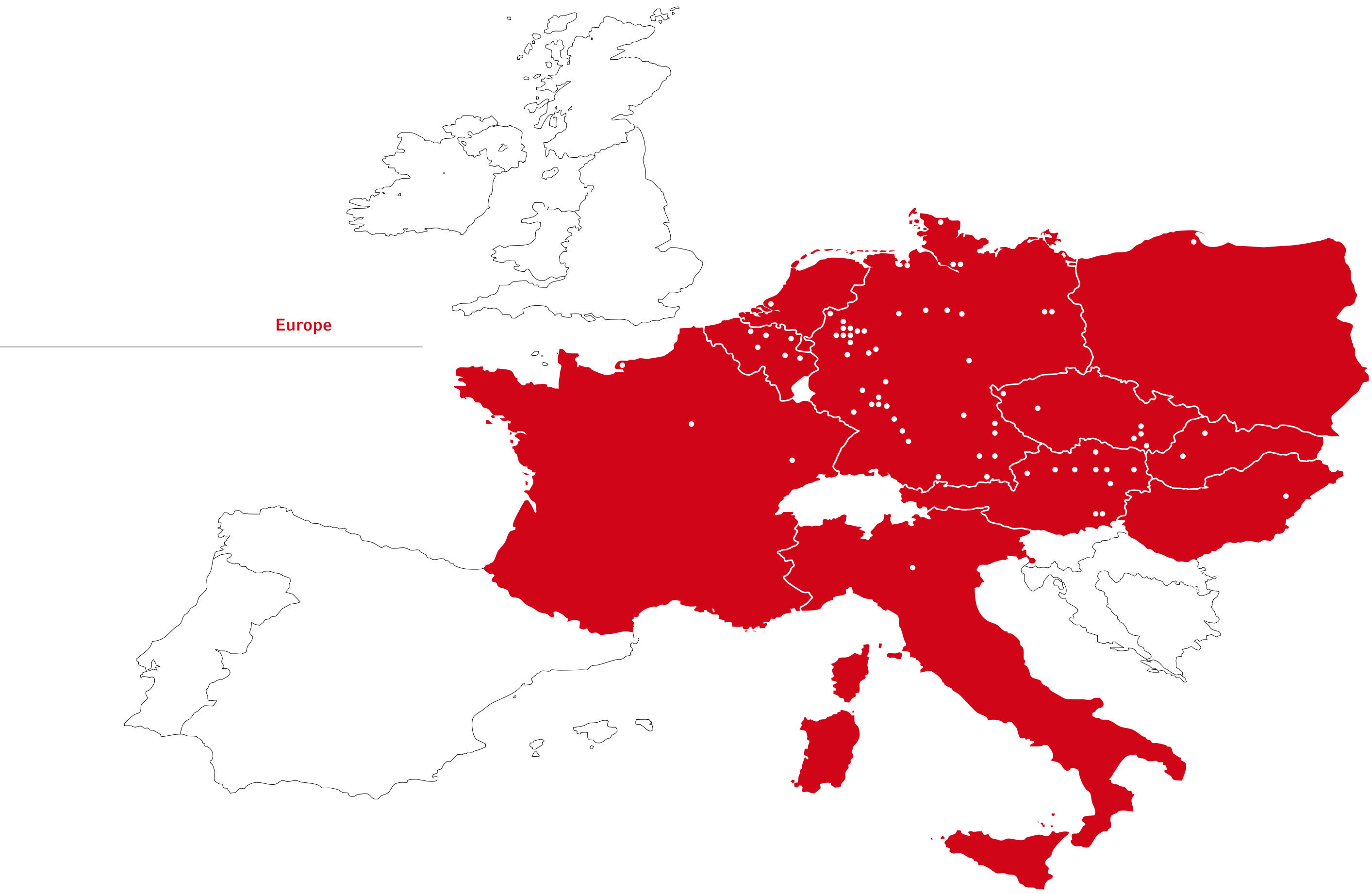
74.2	Germany
140.9	Rest of Europe
56.4	USA/ Rest of the World

Employees by region

Deufol Group as of the reporting date

1,381	Germany
746	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. 7.2 % of sales. In the previous year, we had already added an outbound hub in Houston (Texas) to our business in the USA. We supplemented this with additional satellites in the year under review. We offer 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 can 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.



Number of locations

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

Including its outbound hub, Deufol thus has a total of six locations in the USA. In Asia, we are present in Singapore as the Deufol Group and also offer our services in the People's Republic of China, through a joint venture partner in Yantai. We are also present in China via 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 → Note 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. Over the course of 2023, these were shaped by a range of different factors.

On the whole, the issues of the availability of raw materials and high and volatile raw material prices continued to fade in 2023; prices of wood and related materials in particular largely stagnated or even fell over the course of the year. The energy crisis – which had triggered drastic price rises and concerns over energy security – likewise became less prominent over the course of the year.

However, significantly rising personnel costs – combined with a shortage of skilled workers – and freight rates for overland and maritime transportation remained an important factor shaping the competitive environment. The trend of a stronger focus on price and the availability of personnel continued here. In this context, the option of interim storage and consolidation of different components, so as to achieve an optimized shipment, remained a particularly attractive option for our customers.

In 2023, the Deufol Group 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. 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 share 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.

The Deufol Group derives competitive advantages not only from the continuous review, optimization and expansion of our range of products and services but also from our broad geographical presence that enables us to offer our globally active customers our familiar portfolio of services, with the usual high level of quality, at a very wide range of locations. We thus see geographical expansion as a key strategic growth factor in order to secure market shares and will further expand our global presence in fiscal year 2024.

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 2023, we continued to carry out intensive work on the ongoing optimization of our IT solutions and packaging designs.

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

At Deufol, we take our responsibility to society seriously and strongly emphasize sustainability, which is incorporated in our mission statement. The integration of these values in our daily activities is of vital importance to us. We are continuously improving our range of products and services via our “Go Green” initiative, particularly in terms of our packaging design activities. We are actively expanding the use of reusable packaging elements, reducing the frequency of pest infestation in wood packaging – by means of innovative material compounds with a lower proportion of wood – and continuously exploring new opportunities to promote the circular economy. We aim to reduce our use of materials, to minimize the volume of waste that arises during the packaging manufacturing process and to guarantee more sustainable use. We are also continuously improving our production methods, so as to operate with greater efficiency and in a more environmentally friendly manner. Through our hub concept, we optimize the preparation and packaging of deliveries. This reduces the use of packaging and lashing materials, which not only delivers an improvement in efficiency but also lessens the environmental impact.

Report on the Economic Environment

Economic Outline Conditions

World Economy Defies Inflation Shock and Drastic Tightening of Monetary Policy

The far-reaching consequences of Russia's invasion of Ukraine and the resulting crises were once again the key factors that shaped the past year, 2023. There were fears of a significant weakening of global economic activity as a result of the severe monetary policy responses in particular. However, these fears were largely not borne out. In its spring forecast, the Kiel Institute for the World Economy (IfW) had expected global output to grow by 2.5 %. This prediction was clearly exceeded, with a rate of 3.1 %.

Nonetheless, there were no further signs of a revival in industrial output and world trade, and economic momentum varied considerably in both the advanced economies and the emerging markets. In general, China and India drove global growth, while the industrialized nations' gross domestic product trend was significantly weaker at just 1.6 %.

While the central banks had already responded in 2022 with unprecedented key interest-rate hikes, this trend continued with further increases up to the autumn of 2023. An easing of pressures on the energy and commodity markets in the second half of the year especially removed some of the impetus for the significant price upsurge. In the industrialized nations, the increase in consumer prices has dropped by 2.8 percentage points year-over-year to the current 4.7 %.

Europe is Only Slowly Recovering in a Period of Interest Rate Hikes and Supply Problems

The Eurozone was likewise affected by strong rises in interest rates. Following ten interest-rate increases implemented by the European Central Bank in the period since July 2022, the ECB's key interest rate ultimately ended up at 4.5 % in September 2023. Since then, the ECB has not raised interest rates any further and has already discussed possible initial interest-rate cuts as well as winding up the bond purchasing program that it had introduced during the pandemic. A decline in rates of inflation provided additional positive effects over the course of 2023. The phase of high inflation would thus now appear to be over. As well as falling energy prices, the core inflation rate (consumer prices excluding energy) also calmed significantly in the final months of the past year. This trend was apparent throughout the Eurozone. Inflation in the Eurozone as a whole already fell by 2.8 percentage points to 5.6 %.

Despite these positive tendencies toward the end of the year, Europe's economy was only able to stage a slow recovery. In the past year, the export trend for industrial goods in particular was conspicuously weak and declined by 0.8 %. The upward trend in the interest rate environment made financing of capital goods significantly more expensive. Moreover, the level of capacity utilization in partner countries was weak, and the effects of this included reduced demand for German capital goods. Besides weak trade in goods in the Eurozone, the trend seen in previous years of declining exports to the People's Republic of China continued. Given these conditions, the transport services sector in particular only managed weak growth.

In general, the Eurozone only achieved low gross domestic product growth of 0.6 %. Europe's countries made varying contributions to this growth trend.

For instance, while Spain (2.3 %) and France (1.0 %) posted above-average growth rates, other economies such as the Netherlands (0.5 %) only achieved below-average growth or – in the case of Germany (–0.3 %) – even saw their gross domestic product shrink. Germany's negative influence is particularly evident if the gross domestic product trend for the Eurozone excluding Germany is considered. Leaving Germany aside, the rest of the Eurozone grew by 1.0 %.

German Economy Stagnates in Subdued European Market Environment

Unlike in the Eurozone, the rate of inflation in Germany registered a relatively small year-over-year decrease of one percentage point to 5.9 %. The slight increase in Germany's economic output in the first half of the year was then wiped out by the trend in the second half of the year. In particular, companies suffered due to a decline in the level of capacity utilization as a result of sluggish new business and a reduced volume of foreign business activities. The low order backlogs – which companies considered to have strongly deteriorated – no longer served as a cushion for the reduced level of demand. Increased stocks and inventories – due to the supply problems in the purchasing countries in the Eurozone and in the USA – played a significant role in the temporarily subdued volume of new business.

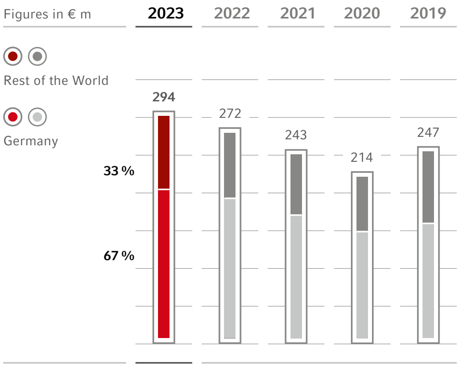
This development led to the above-mentioned negative trend for Germany's gross domestic product over the year 2023 as a whole and was reflected in companies' assessments of their business situation. In the second half of the year, this leading indicator suffered a fall that matched the trend seen at the start of the pandemic. Rising wage costs had a significant impact here, particularly in the context of the shortage of skilled workers and a continuing low level of industrial output. In the past year, actual earnings rose by a disproportionate 6 % year-over-year; wages and salaries in sectors not covered by collective bargaining agreements increased even more strongly.

Despite the shortage of skilled workers, the weak state of the economy already began to make itself felt in the labor market. Unemployment picked up due to companies' reluctance to hire new personnel, particularly in the German federal states with the highest wage and salary levels.

Even before the German constitutional court's ruling on the German government's supplementary budget, the government had sought to consolidate public finances following the end of its "energy price brake." The court's ruling in the final quarter of 2023 prompted further consolidation efforts, including a tightening of Germany's "debt brake." An additional aggravating factor was a clear slowdown or stagnation in public revenue relative to economic output, as a result of various fiscal policy measures and the weaker economic situation. Germany's overall economic deficit relative to gross domestic product accordingly exceeded the 0.35 % mark.

Sales

Figures in € m



Results of Operations

Increase in Sales

→ Notes 01, 40, 42

In the macroeconomic environment outlined above, sales amounted to € 294.0 million in the period under review and thus rose by 8.2 % (previous year: € 271.6 million). This figure is at the upper end of the planning targets published in our Annual Financial Report 2022 – which had envisaged sales in a range of between € 270 million and € 295 million – and lies within the revised range of € 280 million to € 305 million that we announced in June 2023.

No changes were made to the scope of consolidation in either the reporting year or the previous year.

The depreciation of the US dollar against the euro by an average of around 2.6 % resulted in a € 0.6 million decrease in sales. On the other hand, sales increased on average by 2.3 % or € 0.1 million due to the appreciation of the Czech crown against the euro. Sales growth adjusted for currency effects thus amounted to 8.4 %.

Deufol's overall operating performance increased from € 277.4 million in the previous year to € 312.6 million in the year under review; this corresponds to an increase of € 35.3 million or 12.7 %. As well as the rise in sales, this reflected above all the conclusion in 2023 of a settlement agreement that marked the end of a long-running legal dispute. The settlement payments due to Deufol on the basis of this agreement total € 11.9 million. Of this, € 11.7 million has been reported under other operating income. Including costs incurred in connection with the conclusion and implementation of the settlement agreement and minor discounting effects, the EBIT contribution resulting from the settlement agreement amounted to € 10.3 million.

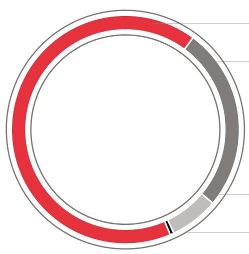
Deufol's Germany Business Continues to Provide the Strongest Share of Revenue

→ Note 40

In the past year, Germany once again confirmed its role as the Deufol Group's most important sales market, even if the trend for the relative share of sales accounted for by the Rest of Europe segment especially outpaced that of Deufol's Germany segment. With a sales volume of € 196.1 million (previous year: € 184.6 million) in the past fiscal year, Germany contributed 66.7 % (previous year: 68.0 %) of Group sales.

Consolidated sales by segment

Figures in € m



		2023	2022
66.7 %	Germany	196.1	184.6
26.0 %	Rest of Europe	76.3	67.5
7.2 %	USA / Rest of the World	21.3	19.4
0.1 %	Holding	0.2	0.1
100.0 %	Total	**294.0**	271.6

In the context of a sales volume of € 76.3 million (previous year: € 67.5 million), the Rest of Europe segment provided 26.0 % (previous year: 24.9 %) of overall Group sales in the reporting period.

In the USA / Rest of the World segment, sales rose to € 21.3 million (previous year: € 19.4 million). This means that this region represents around 7.2 % (previous year: 7.1 %) of Group activities.

Holding accounted for a small volume of sales amounting to 0.1 % or € 0.2 million (previous year: € 0.1 million).

Please also see the disclosures on page → 105 for further information on the development of the segments.

Business Segments Make Almost Unchanged Sales Contributions → Note 41

With a share of sales of approx. 93.8 %, which was virtually unchanged on the previous year (previous year: 93.2 %), 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 decreased slightly from 6.0 % in the previous year to 5.2 %. 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. In the year under review it therefore only accounted for a marginal share of external sales amounting to 0.1 % (previous year: 0.0 %).

Operating Costs Ratio Lower on Balance → Notes 03 – 05

At 36.5 % (previous year: 39.9 %), the ratio of the cost of materials to Deufol's overall operating performance improved significantly. The share accounted for by raw materials, consumables and supplies and purchased merchandise has decreased by 4.0 percentage points to 20.7 % (previous year: 24.7 %). This trend was mainly due to the continuing stabilization and easing of market procurement prices for Deufol's key raw materials; in addition, Deufol's intensive efforts to maximize the efficiency of its use of resources bore fruit. On the other hand, the share of purchased services has increased slightly from 15.2 % in the previous year to 15.8 %.

Personnel costs were at € 106.5 million significantly above the previous year's figure of € 91.8 million; the personnel cost ratio in the context of Deufol's overall operating performance rose by one percentage point, from 33.1 % in the previous year to 34.1 %. The absolute increase in personnel costs mainly reflects a rise in the volume of business activities as well as the wage and salary adjustments made by way of compensation for inflation; at the same time, the average number of employees in the past fiscal year increased to 2,203 (previous year: 2,079).

Depreciation, amortization and impairment picked up significantly, from € 20.8 million in the previous year to € 29.5 million in the reporting year; this is mainly due to goodwill impairment in the amount of € 8.1 million (previous year: € 0.0 million).

Total other operating expenses have also increased considerably (+ € 5.1 million to € 46.0 million); higher legal and consulting costs associated with the conclusion and implementation of the settlement agreement have also contributed to this. However, in relative terms, at 14.7 % the cost / income ratio remained unchanged on the previous year.

Despite various cost-related challenges, the costs ratio has decreased overall to 94.7 % (previous year: 95.2 %) of Deufol's overall operating performance; this corresponds to an increase in the EBIT margin from 4.8 % to 5.3 %.

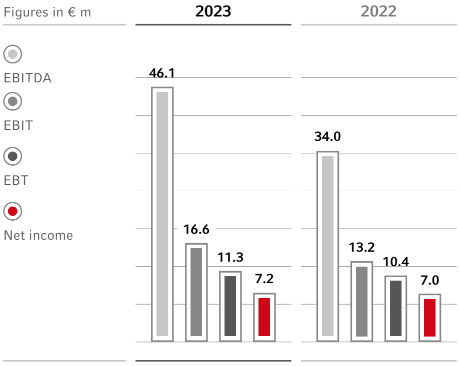
Consolidated sales by service

Figures in € m	2023	2022
Packaging and Logistics	275.8	253.1
Share (%)	93.8	93.2
Production	15.3	16.2
Share (%)	5.2	6.0
IT Services	0.3	0.1
Share (%)	0.1	0.0
Real Estate	2.3	2.1
Share (%)	0.8	0.8
Holding	0.2	0.1
Share (%)	0.1	0.0
Total	294.0	271.6

Cost development

Figures in € m	2023	2022
Cost of materials	114.0	110.6
as % of overall operating performance	36.5	39.9
Personnel costs	106.5	91.8
as % of overall operating performance	34.1	33.1
Depreciation, amortization and impairment	29.5	20.8
as % of overall operating performance	9.4	7.5
Other operating expenses	46.0	40.9
as % of overall operating performance	14.7	14.7
Total	296.0	264.1
as % of overall operating performance	94.7	95.2

Income Development



Operating Result

Earnings before interest, taxes, depreciation and amortization (EBITDA) were € 46.1 million, compared to € 34.0 million in the previous year; the EBITDA margin amounted to 14.8 % (previous year: 12.3 %). At € 20.3 million, depreciation of property, plant and equipment was slightly higher than in the previous year (€ 19.0 million). On the other hand, amortization of other intangible assets declined year-over-year to € 1.1 million (previous year: € 1.8 million, including an impairment loss of € 0.1 million due to a write-down on a customer base purchased by Deufol). The operating result before goodwill amortization (EBITA) increased significantly to € 24.8 million in the reporting period (previous year: € 13.2 million). The EBITA margin was 8.0 % (previous year: 4.8 %). In the reporting year, an impairment loss was recognized on the goodwill for Deufol's Germany segment in the amount of € 8.1 million (previous year: € 0.0 million). The operating result (EBIT) thus amounted to € 16.6 million (previous year: € 13.2 million); accordingly, the EBIT margin likewise increased significantly, from 4.8 % in the previous year to 5.3 %.

Financial Result → Note 06

The negative financial result increased from – € 2.8 million to – € 5.3 million. Interest income rose from € 0.1 million to € 0.4 million. As in the previous year, gains from investments and the other financial result contributed income of € 0.5 million to Deufol's financial result. Interest expenses totaled –€ 6.2 million, compared to –€ 3.4 million in the previous year; this increase mainly reflects the significant rise in the interest rate level on the money and capital markets, which also affects financing of working capital.

Margin development

Figures as % of overall operating performance	2023	2022
EBITDA margin	14.8	12.3
EBIT margin	5.3	4.8
EBT margin	3.6	3.7
Net income margin	2.3	2.5

Net Income → Notes 07 – 09

Earnings before taxes (EBT) in the year under review were € 11.3 million (previous year: € 10.4 million). Overall tax expenditure amounted to € 4.1 million, compared to € 3.4 million in the previous year. While current tax expenditure for taxes on income increased to € 3.0 million (previous year: € 1.9 million) due to the significant EBITA increase in particular, deferred tax expense decreased slightly to € 1.2 million (previous year: € 1.5 million). As in the previous year, this deferred tax expense is mainly attributable to effects relating to deferred tax assets on loss carryforwards, while the other positive and negative effects of deferred taxes roughly offset one another. This means a result for the period of € 7.2 million (previous year: € 7.0 million). Noncontrolling interests accounted for an amount of € 0.6 million (previous year: € 0.5 million). As in the previous year, earnings attributable to the shareholders of Deufol SE totaled € 6.5 million in the period under review. Earnings per share were € 0.153 in 2023 (restated figure for the previous year: € 0.151; see page → 065).

Comprehensive Income

Comprehensive income after taxes was € 6.9 million in the year under review (previous year: € 8.0 million). The decrease relative to the previous year has mainly resulted from the currency translation expenses directly offset against equity, in the amount of – € 0.5 million. In the previous year, this contrasted with income of + € 0.6 million.

Financial Position

Financing of the Deufol Group → Note 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 the year under review. It offers sufficient financial scope until 2028 so as to be able to act on any strategic opportunities that 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 € 49.6 million are available to the Group at various banks (previous year: € 38.6 million). As of December 31, 2023, € 6.5 million (previous year: € 18.6 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 2023, the average weighted interest rate for loans was 5.97 % (previous year: 3.74 %). 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 € 87.3 million as of the reporting date (previous year: € 88.7 million).

Net financial liabilities – defined as total financial liabilities less financial receivables and cash – increased by € 1.5 million from € 71.0 million on December 31, 2022 to € 72.5 million at the end of the year under review, while cash (– € 2.8 million) and financial receivables (– € 0.2 million) decreased. The balance of liabilities to banks and call deposits at banks was significantly reduced, from – € 36.8 million in the previous year to – € 27.7 million. This reflected the positive operating cash flow, in particular cash inflows of € 4.4 million from the above-mentioned settlement agreement.

Financial liabilities

Figures in € m	2023	2022
Amounts due to banks	42.4	54.4
thereof current	6.3	12.7
thereof noncurrent	36.1	41.7
Finance leasing	44.9	34.3
Other	0.0	0.0
Total	**87.3**	88.7

Investments → Notes 10 – 13

The volume of investment (excluding leasing assets reported according to IFRS 16) in the past fiscal year was, at € 5.8 million, slightly lower than in the previous year (€ 6.4 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 € 0.2 million in the reporting period by comparison with the previous year (previous year: fair value decrease of € 0.1 million).

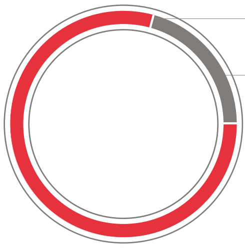
Investments in property, plant and equipment decreased slightly in the past fiscal year, from € 5.5 million in the previous year to € 4.6 million. On the other hand, investments in intangible assets picked up somewhat, from € 0.9 million to € 1.2 million. The investment ratio – i.e., the ratio of capital expenditure to sales – amounted to 1.6 % (previous year: 2.0 %).

Operating and office equipment (€ 2.0 million) was the largest capital expenditure item. This is followed by land and buildings (€ 1.0 million) and technical equipment and machinery (€ 0.5 million). Investments in advance payments made and assets under construction amounted to € 1.0 million.

Investments by segment

Figures in € m	2023	2022
Germany	2.3	1.7
Rest of Europe	2.0	1.9
USA/Rest of the World	0.3	1.8
Holding	1.2	1.0
Total	**5.8**	6.4

Investments

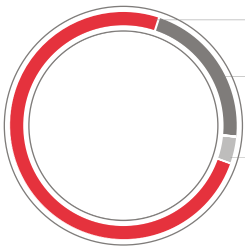


Figures in € m		2023	2022
79.2 %	Property, property, plant and equipment	4.6	5.5
20.8 %	Intangible assets	1.2	0.9
0.0 %	Investment property	0.0	0.0
100.0 %	Total	**5.8**	6.4

Depreciation, amortization and impairment by segment

Figures in € m	2023	2022
Germany	20.9	13.1
Rest of Europe	4.7	4.5
USA/Rest of the World	2.9	2.1
Holding	1.0	1.1
Total	**29.5**	20.8

Depreciation, amortization and impairment



Figures in € m		2023	2022
68.9 %	Property, property, plant and equipment	20.3	19.0
27.5 %	Goodwill	8.1	0.0
3.6 %	Intangible assets	1.1	1.8
100.0 %	Total	**29.5**	20.8

Depreciation, Amortization and Impairment → Note 11, 12

Depreciation of property, plant and equipment and amortization of intangible assets increased slightly by comparison with the previous year (€ 21.4 million, compared to € 20.8 million in the previous year). Depreciation of property, plant and equipment amounted to € 20.3 million, following € 19.0 million in the previous year. Of this amount, € 14.5 million (€ 13.3 million in the previous year) related to the depreciation of leased assets (IFRS 16). Amortization of other intangible assets amounted to € 1.1 million, compared to € 1.8 million in the previous year. Impairment losses of € 8.1 million were recognized in the reporting year on the goodwill of the “Germany” CGU and segment (previous year: € 0.1 million impairment loss due to a 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 € 35.5 million in the period under review and thus almost matched the previous year's level (€ 35.1 million). Following the deduction of corresponding expenses, the conclusion of a settlement agreement resulted in income of € 10.3 million. This contributed to the significantly higher operating result before depreciation and amortization (EBITDA), but resulted in net cash inflows of only € 3.0 million in the reporting year.

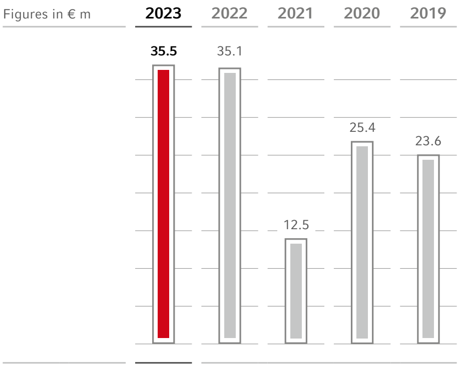
In the working capital item, the positive effects of the reduction in inventories in the amount of € 1.8 million (previous year: increase of – € 0.2 million) more than made up for the strain on liquidity resulting from the increase in trade receivables, alongside the decrease in trade payables, with a negative net effect of – € 1.1 million (previous year: positive net effect of € 0.5 million).

The change in the other balance sheet items (not including the receivables from the settlement agreement recognized as of the reporting date) led to a – € 1.7 million decrease in cash flow, compared to a positive effect of € 2.1 million in the previous year.

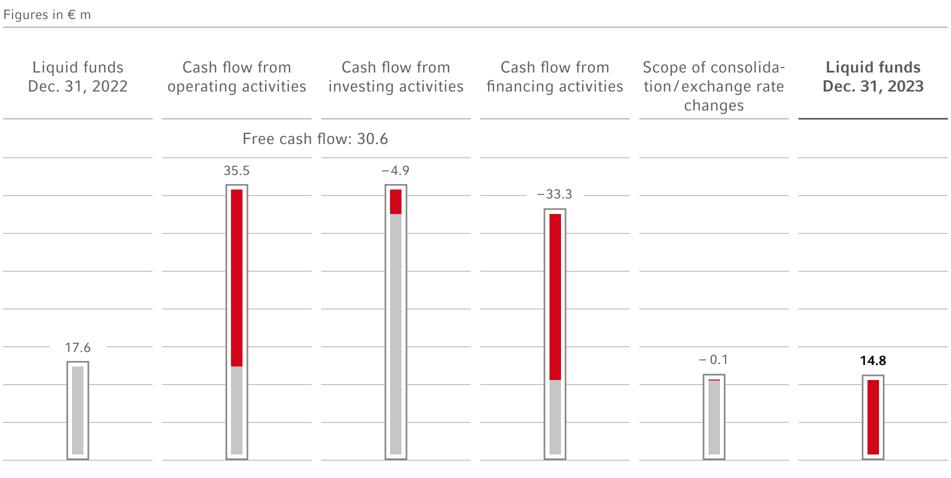
The cash flow from investing activities was – € 4.9 million (previous year: – € 5.6 million). Cash-based fixed assets investments were € 5.8 million (previous year: € 6.4 million). No significant inflows from the disposal of intangible assets and property, plant and equipment occurred in the reporting year (previous year: € 0.2 million); as with the € 0.2 million figure for the previous year, inflows from the disposal of business units in the amount of € 0.4 million resulted from scheduled payments of purchase price instalments/components for a subsidiary sold in fiscal year 2021. Payments of € 0.3 million (previous year: € 0.0 million) arose for the 50 % equity investment held in a company included in the consolidated financial statements from the reporting year onward using the equity method. As in the previous year, net changes in financial receivables totaled € 0.2 million; proceeds from interest and dividends received amounted to € 0.5 million (previous year: € 0.2 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 to € 30.6 million (previous year: € 29.5 million).

Cash flow from operating activities



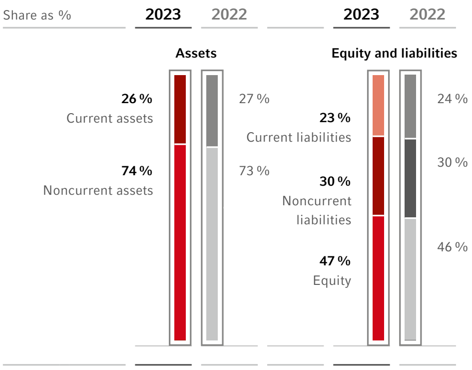
Change in liquid funds



The cash flow from financing activities was – € 33.3 million (previous year: – € 26.4 million). Amounts due to banks were repaid in a net amount of € 12.0 million (previous year: € 9.8 million), while other financial liabilities were repaid in a net amount of € 13.9 million (previous year: € 13.4 million), which was reflected in cash. Significant additional outflows of funds resulted from interest paid in the amount of € 5.9 million (previous year: 3.2 million) as well as the payment of a dividend to the shareholders of Deufol SE in the overall amount of € 1.3 million (previous year: € 0.0 million).

Cash and cash equivalents decreased by € 2.8 million to € 14.8 million as of December 31, 2023.

Balance sheet structure



Assets Position

Slightly Increased Balance Sheet Total → Notes 10 – 18

In 2023, the balance sheet total of the Deufol Group increased slightly by 0.7 %, or € 1.8 million, to € 271.6 million. On the assets side of the balance sheet, noncurrent assets rose by 2.0 %, from € 197.4 million to € 201.3 million. Property, plant and equipment increased substantially from € 100.6 million to € 109.2 million. The asset depreciation ratio (ratio of accumulated depreciation to historical cost) increased by 1.3 percentage points on the previous year to 50.6 %, while the property, plant and equipment ratio (i.e., the ratio of property, plant and equipment to the balance sheet total) rose from 37.3 % to 40.2 %. The carrying amount of the real estate held as investment property has decreased by € 0.2 million due to the restatement in line with its current fair value. An impairment loss in the amount of € 8.1 million was recognized on goodwill in the reporting year. Investments in associates increased to € 2.5 million. In the case of the other noncurrent assets, the other receivables and other assets have increased by € 4.5 million; this includes two installments resulting from the settlement agreement concluded in the year under review that Deufol SE is due to receive in 2025 and 2026 and that were recognized in the balance sheet at present values totaling € 4.2 million as of the balance sheet date. Deferred tax assets have decreased by € 1.5 million. There were no other significant changes.

Current assets have decreased to € 70.3 million (previous year: € 72.4 million). Inventories have declined by € 1.9 million to € 14.7 million. On the other hand, trade receivables have marginally increased, by € 0.8 million to € 34.4 million. Cash and cash equivalents have decreased by € 2.8 million to € 14.8 million. The other current assets items have increased slightly overall, by € 1.8 million to € 6.4 million.

Working capital – the difference between current assets and current non-interest-yielding liabilities – remained roughly unchanged at € 31.4 million (previous year: € 32.1 million).

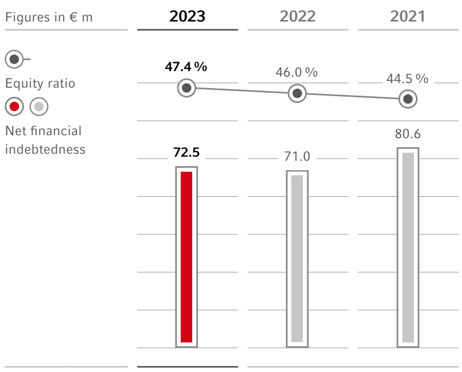
Increased Equity and Equity Ratio → Notes 19 – 29

At the end of fiscal year 2023, the Deufol Group's equity amounted to € 128.6 million (restated figure for the previous year: € 124.1 million; see page → 065); its equity ratio rose to 47.4 % (previous year: 46.0 %). This increase in equity occurred on account of the result for the period (€ 7.2 million). On the other hand, negative effects mainly arose due to the dividend payment made in the year under review (– € 1.3 million) as well as the withdrawal of treasury stock without a capital decrease funded out of retained earnings (– € 0.9 million). Other comprehensive income mainly comprises currency effects, effects of cash flow hedges recognized directly in equity as well as actuarial gains resulting from the pension provisions and has decreased by € 0.3 million in the reporting year.

Noncurrent liabilities increased marginally by € 0.8 million to € 81.6 million; in particular, this is attributable to a slight increase in noncurrent financial liabilities by € 0.7 million to € 64.8 million. There were no other significant changes.

Current liabilities have declined by € 3.5 million to € 61.3 million. On balance, current financial liabilities have fallen by € 2.1 million to € 22.4 million. This has mainly resulted due to the repayment of short-term loans. On the other hand, current lease liabilities have increased significantly. Other liabilities have also declined (– € 1.2 million to € 14.3 million), while the other items – including trade payables – have not undergone any significant changes.

Net financial indebtedness and equity ratio



Employees

Increase in Number of Employees

→ Note 04

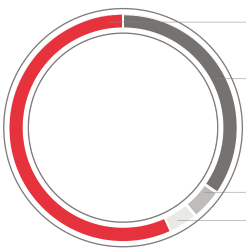
The Deufol Group had 2,203 employees on average over the course of the year. This represents an increase of 124 employees or 6.0 % on the previous year. On average, the Group had 1,340 employees in Germany (60.8 %) and 863 employees (39.2 %) elsewhere. On average, with 1,252 employees at the Group's operating locations in Germany its workforce grew by 68 employees year-over-year. In the Rest of Europe, the average number of employees increased by 44 to 767. In the USA / Rest of the World, the average workforce over the year as a whole rose by 7 to 96. Holding's workforce has increased on the previous year by five employees. It now has 88 employees. Personnel costs rose by 16.1 % in the reporting period to € 106.5 million; at the same time, the personnel cost ratio as a ratio of personnel costs to Deufol's overall operating performance has increased by one percentage point to 34.1 % (previous year: 33.1 %).

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.

Overview of employees

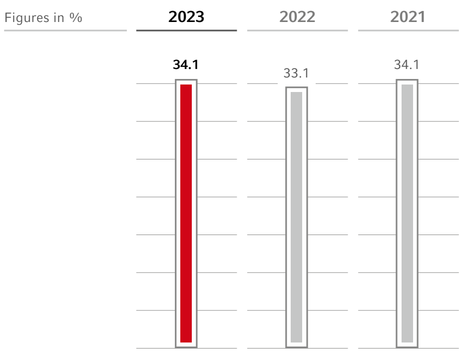
Deufol Group	2023	2022
Germany	1,340	1,267
Rest of the World	863	812
Female	396	383
Male	1,807	1,697
Total	2,203	2,079
As of: Dec. 31	2,226	2,094

Employees by segment



Deufol Group		2023	2022
56.8 %	Germany	1,252	1,184
34.8 %	Rest of Europe	767	723
4.4 %	USA / Rest of the World	96	89
4.0 %	Holding	88	83
100.0 %	Total	**2,203**	**2,079**

Personnel cost ratio



Thanks for Commitment

The managing directors would like to thank all of the Company's employees for the dedication and flexibility that they displayed in fiscal year 2023.

Development of the Segments

Germany

→ Note 39, 40

Germany

Figures in € m	2023	2022
Sales	229.5	214.2
Consolidated sales	196.1	184.6
EBIT	4.0	9.1
EBIT margin (%)	1.7	4.3
EBT	0.1	6.8

At € 196.1 million, consolidated sales in Germany in 2023 exceeded the previous year's sales volume of € 184.6 million. While material price markups have decreased due to the trend in the procurement markets, Deufol has nonetheless generally been able to pass on inflation-related cost increases. In addition, sales were positively impacted thanks to market shares that Deufol was able to secure as well as the expansion of its business with existing customers.

In the reporting period, EBIT for this segment amounted to € 4.0 million (previous year: € 9.1 million). This figure includes an earnings contribution from the conclusion of the settlement agreement in the amount of € 3.6 million. In addition, the € 8.1 million impairment loss for goodwill recognized in the reporting year was allocated to this segment and therefore adversely affected the EBIT and EBT indicators. The EBIT margin amounted to 1.7 %, compared to 4.3 % in the previous year.

Rest of Europe

→ Note 39, 40

Rest of Europe

Figures in € m	2023	2022
Sales	114.0	102.4
Consolidated sales	76.3	67.5
EBIT	9.3	7.7
EBIT margin (%)	8.1	7.5
EBT	8.5	7.1

In the Rest of Europe, we realized consolidated sales of € 76.3 million, which is also higher than in the previous year (€ 67.5 million). This sales growth is attributable to the fact that, across all of the markets in this segment, Deufol expanded its business with existing customers and also generated business with new customers.

In the past year, this segment achieved an operating result (EBIT) of € 9.3 million, compared to € 7.7 million in the previous year. The EBIT margin increased to 8.1 %, compared to 7.5 % in the previous year.

USA / Rest of the World

→ Note 39, 40

USA / Rest of the World

Figures in € m	2023	2022
Sales	22.2	20.1
Consolidated sales	21.3	19.4
EBIT	1.8	0.7
EBIT margin (%)	8.1	3.3
EBT	1.3	0.4

The USA / Rest of the World segment likewise achieved an increase in consolidated sales from € 19.4 million in the previous year to € 21.3 million in the current year. The offsite hub that we opened in Houston / Texas in the second half of the previous year and to which we added satellite locations in the reporting year has already met with a very strong response from our customers and made a particularly strong contribution to this growth.

EBIT in this segment amounted to € 1.8 million (previous year: € 0.7 million); the EBIT margin accordingly rose from 3.3 % to 8.1 %.

Holding

→ Note 39, 40

The EBIT figure in the Holding segment amounted to € 1.5 million in the past fiscal year, compared to – € 4.4 million in the previous year. This trend is mainly attributable to income associated with the conclusion of the settlement agreement that accrued to Holding in the amount of € 6.7 million.

Overall Summary of Business Performance

Sales and EBIT Targets Achieved

With our annual sales volume of € 294.0 million, we have fully achieved the ambitious sales target for the year under review that we revised in June 2023. The key reason for this positive trend was the continued stable level of industrial output in the first half of 2023 in particular. On the other hand, to date, the geopolitical crises have not had any significant impact on our customers' business activities and thus on us. We have once again expanded our business with existing customers and generated business with new customers; in addition, we have largely compensated for inflation-related price increases.

Earnings before interest and taxes (EBIT) amounted to € 16.6 million and were thus likewise significantly higher than in the previous year. Adjusted for the one-off factors included in EBIT – on the one hand, the positive earnings contribution from the settlement agreement concluded in the year under review, roughly amounting to € 10.3 million, and, on the other, the negative impact of the € 8.1 million goodwill impairment not included in the forecast – the EBIT figure amounts to € 14.4 million. This adjusted figure is at the upper end of the originally envisaged range and in the middle of the range based on the revised forecast of June 2023.

At the time of the preparation of these consolidated financial statements, the Deufol Group's economic position is stable. Nonetheless, the economic environment remains difficult, particularly due to the global economic upheavals triggered by the Ukraine war and exacerbated by the conflict in the Middle East. Sustained increases in price levels on procurement, capital and labor markets are dampening companies' willingness to invest and negatively affecting economic development in Europe, and Germany in particular. This is posing challenges for us and for our customers.

We therefore aim to improve the efficiency of our customers' supply chains by means of innovative solutions, the continuous expansion of our range of services and the development of our global presence, and to provide our customers with optimal assistance enabling them to deal with the various cost increases they face.

All of Deufol's markets and regions developed positively in the first quarter of 2024. The above-mentioned macroeconomic challenges can be expected to continue, particularly on account of a looming increase in raw materials prices. On the other hand, from the second quarter of 2024 initial steps are expected to reduce the interest rate level and thus financing costs.

Our financial and assets position remains very solid.

Group figures

Figures in € m	2023
Sales	294.0
EBITDA	46.1
EBIT	16.6
Net financial liabilities	72.5

Goal achievement 2023

Figures in € m	Sales	EBIT
Original planning	270 – 295	10 – 15
Revised planning	280 – 305	12 – 17
Actual figures	294.0	16.6

Single-Entity Financial Statements of Deufol SE

Income Statement of Deufol SE

Figures in € k	2023	2022
Sales	11,342	10,018
Other operating income	11,827	6,000
Cost of materials	−132	−388
Personnel costs	−11,269	−9,515
Depreciation, amortization and impairment	−944	−1,084
Other operating expenses	−11,272	−9,070
Financial result	5,350	6,146
Taxes	−454	−207
Annual net profit	**4,448**	1,900

Sales and Results of Operations

In fiscal year 2023, Deufol SE realized sales of € 11,342 thousand (previous year: € 10,018 thousand) and other operating income of € 11,827 thousand (previous year: € 6,000 thousand).

These sales mainly resulted from amounts billed to affiliated companies for purchasing services provided, other services, license income from brand name rights and from rents. Outside Germany, sales amounted to € 2,559 thousand (previous year: € 2,575 thousand).

Other operating income includes, in the amount of € 6,058 thousand, income associated with the settlement agreement concluded in the reporting year between Deufol SE and other Group companies, on the one hand, and former managers of the Group and other persons, on the other. Apart from this, other operating income mainly consists of income from other passed-on expenses in the amount of € 4,804 thousand (previous year: € 4,765 thousand), income from currency translation in the amount of € 72 thousand (previous year: € 384 thousand) and € 281 thousand (previous year: € 333 thousand) from the release of provisions.

The cost of materials in the amount of € 132 thousand (previous year: € 388 thousand) is due to central goods purchasing and is passed on in the same amount.

Other operating expenses (€ 11,272 thousand, compared to € 9,070 thousand in the previous year) comprise legal fees and consulting expenses in the amount of € 3,550 thousand (previous year: € 2,588 thousand), insurance costs in the amount of € 1,303 thousand (previous year: € 1,382 thousand), IT and communications costs in the amount of € 1,689 thousand (previous year: € 1,162 thousand), rental and lease expenses in the amount of € 1,089 thousand (previous year: € 968 thousand), vehicle fleet costs in the amount of € 1,009 thousand (previous year: € 1,016 thousand), bad debt charges/closing-out of receivables in the amount of € 0 thousand (previous year: € 130 thousand) as well as exchange losses in the amount of € 228 thousand (previous year: € 148 thousand). Expenses unrelated to the accounting period totaled € 94 thousand (previous year: € 320 thousand).

In the past year, the financial result was positive and amounted to € 5,350 thousand, compared to € 6,146 thousand in the previous year. Net interest income has decreased from € 26 thousand to – € 224 thousand. Income from profit transfer agreements has declined from € 4,953 thousand to € 4,574 thousand, and in the past fiscal year investment income was recognized in the amount of € 1,000 thousand (previous year: € 1,167 thousand). As in the previous year, no impairment was recognized on financial assets in the fiscal year under review.

Tax expenses amounted to € 454 thousand (previous year: € 207 thousand). The net profit for the year under review was € 4,448 thousand (previous year: € 1,900 thousand).

Assets and Financial Position

Deufol SE's balance sheet total has increased slightly year-over-year by € 401 thousand to € 157.4 million (previous year: € 157.0 million). Fixed assets amount to € 112.9 million, compared to € 122.9 million in the previous year. At € 44.5 million, the current assets item including deferred expenses and accrued income is significantly higher than in the previous year (previous year: € 34.0 million). Depreciation of property, plant and equipment and amortization of intangible assets amounted to € 944 thousand (previous year: € 1,084 thousand). As in the previous year, no amortization of financial assets was recognized. Investments in property, plant and equipment and intangible assets were made in the amount of € 1,408 thousand (previous year: € 983 thousand). Investments in financial assets amounted to € 1,300 thousand (previous year: € 3,306 thousand) and mainly consist of long-term loans to subsidiaries.

On the liabilities side, equity has increased from € 97.3 million to € 99.6 million; this rise is due to the net profit for the year in the amount of € 4,448 thousand; the € 1.3 million dividend payment and the withdrawal of treasury stock with a volume of € 0.9 million have had the opposite effect. The equity ratio has increased year-over-year from 62.0 % to 63.3 % as of December 31, 2023. 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 € 3.0 million, provisions have increased relative to the previous year (€ 2.5 million). Liabilities have dropped slightly, from € 57.1 million to € 54.7 million. Liabilities to banks have significantly declined by € 7.7 million to € 17.4 million. Liabilities to affiliated companies have risen from € 29.0 million to € 34.5 million.

Balance Sheet of Deufol SE

Figures in € k	2023	2022
Fixed assets	112,897	122,916
thereof financial assets	105,041	115,407
Current assets and accrued and deferred items	44,461	34,041
Balance sheet total	157,358	156,957
Equity	99,591	97,328
Provisions	3,018	2,495
Liabilities	54,749	57,134
thereof amounts due to banks	17,418	25,135
Balance sheet total	157,358	156,957

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

Cash flow statement of Deufol SE

Figures in € k	2023	2022
Annual net profit	4,448	1,900
Depreciation/(appreciation)	944	1,084
Increase (decrease) in provisions	420	450
Other noncash expenses/(revenue)	−893	−148
Net changes in working capital and other assets	−974	10,332
Net changes in working capital and other liabilities	4,397	−2,653
(Gain) loss from disposal of fixed assets	117	−21
Interest income/(expense)	224	−26
Income from investments and profit transfer	−5,574	−6,120
Expenses/income of extraordinary size or significance	−6,058	0
Noncash income tax expense	438	143
Proceeds associated with income of extraordinary size or significance	4,438	0
Income tax refunds/payments	−335	580
Cash flow from operating activities	**1,592**	5,521
Payments made for investments in intangible assets	−1,036	−857
Payments made for investments in property, plant and equipment	−372	−126
Proceeds from the sale of property, plant and equipment	0	21
Payments made for investments in financial assets	−1,300	−3,306
Proceeds from the sale of financial assets	3,769	1,717
Interest received	1,806	1,798
Income received from investments and profit transfer	5,574	6,120
Cash flow from investing activities	**8,441**	5,367
Proceeds from borrowings	1,458	0
Repayment of borrowings	−9,175	−6,180
Interest paid	−2,030	−1,772
Dividend paid	−1,293	0
Proceeds from cash pool receivables/payments made due to cash pool liabilities	−2,665	—
Cash flow from financing activities	**−13,705**	−7,952
Change in cash	−3,672	2,936
Cash at the beginning of the period	4,053	1,117
Cash at the end of the period	381	4,053

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 for 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 its 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

Following its (in some cases considerable) impact over the past few years, the coronavirus pandemic no longer played any significant role in fiscal year 2023. The risk of the illness-related absence of employees or even entire teams returned to the level seen prior to the outbreak of the pandemic. Related constraints for the production process were thus minimal.

The security situation due to Russia's war of aggression against Ukraine once again influenced Deufol's business activities in 2023. The war did not affect the Deufol Group directly, since it does not have any business relationships with Ukraine or with the sanctioned countries Russia and Belarus and nor is it active there. However, the effects on the global economic situation – in terms of the supply of energy and energy prices, influences on supply chains and the war's general effects on inflation and, in this context, the interest rate trend – continued to pose a challenge. Possible business relationships maintained by customers and suppliers of the Deufol Group with countries in the war zone did not have any significant indirect impact.

The ongoing strain on world markets prompted by the continuing destabilization of the region and persistent tensions between Russia and the NATO/EU states continued to put pressure on the economic situation in the current fiscal year. Global economic uncertainty was further exacerbated by the escalation of the Middle East conflict due to the situation in Gaza.

A period of global crises poses significant additional risks for the Deufol Group in the form of rising procurement costs for the raw materials and services it purchases, increased wage demands and higher financing costs. Insofar as these cannot be adequately absorbed by means of adjustments to sales prices and efficiency gains, they may have a substantial impact on the financial situation of the Deufol Group. In order to minimize these risks, the Deufol Group is continuing to step up its continuous process of improvement and systematically implementing efficiency measures and active cash management. Deufol is already increasingly focusing on targeted sustainability efforts and will do so even more strongly in the near future.

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 challenging given the stagnating level of inflation and ongoing 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, persistently hamper 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. Accordingly, individual risk factors are compensated for by means of offsetting or risk-mitigating 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 of 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 in 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 the 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. Deufol values its entire workforce. In a period of high inflation it has accordingly paid bonuses in order to compensate for inflation, so as to provide financial support for its employees and reinforce trust in the Company.

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.

The growing frequency and professionalization of cyber attacks – which are particularly aimed at theft or encryption of relevant data – represent a major challenge for companies worldwide. Deufol is dealing with this risk by means of ongoing measures so as to keep its security measures up-to-date at all times and to proactively identify and defend against new threats. As well as meeting the necessary technical requirements, the employees of the Deufol Group undergo awareness training covering this type of IT risk on an ongoing basis.

Financial Risks

Several different financing groups exist within the Deufol Group. In Europe, the Group's central syndicated financing arrangement was renegotiated in 2023. It offers sufficient financial scope until September 2028, so as to be able to act on any strategic opportunities that 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 the 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. In addition, the Deufol Group has entered into interest rate hedges on multiple variable-interest loans. A loan is allocated to each of these interest rate hedges as the underlying transaction. The conditions for each interest rate hedge are virtually identical to those of the underlying transaction in question as regards the interest rates, the interest rate adjustment dates, the terms, the nominal amounts and the dates of payment. In addition, 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 that 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 that are situated outside the euro currency zone. To date, exchange rates have had a fairly minor effect on operating business. 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. A separate currency hedge is therefore not required. 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. Please see Note (38) for further disclosures 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 2023 identified an impairment requirement that was accordingly recognized; we refer to Note (12).

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 Note (35) for further disclosures regarding legal risks.

Overall Group Risk Position

In summary, the Deufol Group continues to face environment risks that may have a substantial impact from an operational or financial point of view. The consequences for the world economic situation triggered by the Ukraine war have been exacerbated by the conflict in the Middle East. The escalation in Gaza marks a new level of the conflict in this region. It is not yet possible to foresee the scale of this and its impact on the global security situation.

Contrary to the macroeconomic trend of stagnating or even falling market prices, prices of wood and wood-based materials in the industrial packaging sector are currently on the rise again. Deufol is continuing to address this risk by means of the strategy that it adopted in the past in order to secure supplies and hedge prices.

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 began to use photovoltaic systems as planned in 2023, and their installation is set to continue in subsequent years.

In the context of falling inflation rates in the Eurozone, the financial markets expect that the ECB will lower its key interest rate. The Deufol Group therefore anticipates a reduced risk of rising interest rates and expects that refinancing rates will more likely fall.

It remains difficult to retain qualified personnel, and wages and salaries are continuing to rise. Our risk management strategy therefore continues to include proactive human resources management.

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. Pursuant to section 312 (3) AktG, the managing directors declare: "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 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

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, end-to-end, 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 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 that embed the packaging process within an intelligent package of services. In order to increase our level of flexibility, to respond to market trends and customer requirements and to press ahead with innovative solutions, in 2024 we will continue to move forward with our business activities via 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, thus delivering lasting improvements to our customers' supply chains.
2. Production: We standardize and automate the manufacturing and distribution of packaging materials, while always integrating sustainability principles. This includes the use of environmentally friendly materials, reduced waste and emissions and promoting the circular economy in order to minimize the environmental impact of our processes and ensure a positive long-term influence on our planet.
3. IT Services: We provide support for our customers in the form of helpful services and proprietary tools across their complex supply chains, in order to increase levels of efficiency, improve transparency and reduce overall operating costs. We also offer solutions that are tailored to our customers' individual needs and challenges, promote a proactive approach to dealing with problems and support agile adjustment in line with market changes. Through our expertise and innovative technologies, we enable our customers to optimize their processes, minimize risks and achieve a lasting improvement in their competitiveness.
4. Real Estate: We optimize the usage and management of our global locations in order to ensure ideal connections for our customers. Through strategically placed facilities and improved logistics networks, we also provide added value for our customers by shortening delivery times, reducing transport costs and improving supply chain security. Via this targeted approach, we not only offer our customers optimized logistics solutions but also an increased market presence and growth opportunities.

Our strategic approach is intended to provide our customers with long-term, innovative and comprehensive services with the highest possible level of quality. This approach not only enables us to meet the market's continuously growing demands but also strengthens our position in a changing business environment where customers are increasingly relying on a small number of core service providers.

Our international presence is a key criterion that sets us apart as a packaging services provider. Given the global focus of many of our customers, it is essential for us to offer, and continuously develop, our services worldwide, while maintaining our usual standard of quality. This global reach enables us to seamlessly respond to our customers' needs and to support their international competitiveness.

Economic Outline Conditions

The Global Economy in an Age of Disinflation and Geopolitical Tensions

The year 2024 will continue to be shaped by ongoing geopolitical tensions. Russia's war of aggression against Ukraine, the escalation in the Middle East and the crisis in the Red Sea are increasing the pressures on supply chains. The global economy is nonetheless proving unexpectedly resilient in this environment. Having reached extreme levels in 2022 and early 2023, inflation levels are continually falling, and in many regions more rapidly than expected. At the same time, following a series of difficult years, the economic recovery is being driven by continuous, albeit slow, worldwide growth. For 2024, the International Monetary Fund accordingly predicts global growth of 3.1 % and expects that inflation will decline from a global average of 6.8 % in 2023 to 5.8 % in 2024 and 4.4 % in 2025.

Difficult Conditions in the Eurozone at the Start of the Year

Europe's economic recovery is unfolding at a slower pace than in other world regions due to factors including its physical proximity to the geopolitical trouble spots. The stagnation of growth that began in the fourth quarter of 2023 is continuing in the first quarter of 2024. In the short- to medium-term, the trade obstacles resulting from the crisis in the Red Sea will slow the decline in inflation levels, lead to higher transport costs and increase delivery times.

Despite this difficult economic environment, the European Commission expects that in 2024 all of the EU's member states will achieve economic growth (albeit at a low level), with an average rate of around 0.9 %. In addition, it expects financial conditions to ease. The falling inflation levels in the Eurozone are lowering the market's expectations regarding the yield curve. In this context, the financial markets expect the ECB to implement an initial cut in its key interest rate (which was already discussed in 2023) in the second quarter of 2024 and anticipate a decrease of 200 basis points over the forecast period up to 2026.

Slight Recovery in Germany's Gross Domestic Product Over the Course of the Year

In Germany in particular, at the beginning of 2024 the business climate has got off to a tense start. Indicatively, exports are continuing to fall, and companies in purchasing countries are not showing any signs of a reversal of this trend in the near future. Foreign order backlogs are also continuing to decline, and in the first half of 2024 in particular new business will be curbed by inventories built up as a precaution in case of supply problems. This situation is finally expected to ease in the second half of 2024.

In this context, following a negative growth rate of −0.3 % in 2023, a positive gross domestic product trend of around 0.5 % now looks likely in the current year, 2024. Declining prices in many areas – following energy prices, this now also includes the raw materials and construction sectors – are strengthening the economic environment.

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 2024. The Deufol Group is faced with economic challenges, the shortage of skilled workers, rising personnel costs as well as the continuing high level of interest rates. Moreover, contrary to the trend of stagnating or even falling market prices, prices of wood and wood-based materials in the industrial packaging sector are currently picking up again.

In order to counter this trend, Deufol is able to rely on a large number of different measures, such as a network of strategic suppliers, rolling price and volume agreements and Group-wide procurement. These measures have already demonstrated their effectiveness in times of highly volatile prices and are now firmly established aspects of our goods purchasing processes.

In addition, in the field of human resources Deufol already made intensive efforts in 2023 to increase its attractiveness as an employer, in order to retain existing members of staff and attract new applicants. It will continue to pursue these measures and intensify them. Deufol's management focuses on the Group's employees as the most valuable resource in our value chain.

In a complex market environment the Deufol Group once again expanded its business in 2023, beyond the volume anticipated at the start of the year. The Group is continuing to pursue a strategy of geographical expansion. It most recently opened new locations in Charleston (USA) and Opole (Poland) as well as a joint venture for project logistics focused on the Asia region. In this context, together with Deufol's established inland locations and the growing range of services handled by its hub system – supplemented by the continuous ongoing development of innovative and digital solutions providing an enhanced level of efficiency and sustainability in our customers' value chains – the Group expects to continuously expand its market share.

The Deufol Group thus considers itself well placed for 2024, despite the various challenges, and expects its business to continue to develop successfully and, in particular, anticipates further sales and income growth. For 2024, we expect sales in a range of between approx. € 295 to 320 million and an EBIT figure for operating business of between € 12 and 18 million. As a result of this substantial operating result, we envisage a positive performance in 2024 that will match and likely exceed the level achieved in the current reporting year.

Expected Financial Position

Following the successful refinancing of the existing syndicated loan agreement in October 2023, where the original credit line was increased to an overall amount of €55 million and the term of this agreement was extended until September 2028, the Deufol Group considers that it is in general well placed to deal with future financial challenges. This financing arrangement has established the basis for the Group's future organic growth within the scope of its ambitious digital and long-term, end-to-end go-to-market strategy. The five-year term of this financing agreement, on an unsecured basis, not only offers the entrepreneurial leeway that Deufol requires for the future but also security in terms of the risk of a further rise in interest rate levels. In addition, the new structure of the syndicated loan optimizes and simplifies Deufol's financing structure.

As things currently stand, there will not be any need for additional and unplanned financing measures to support our business activities, even in the case of a conservative course of business. The positive course of business in the year under review has also affected the Company's liquidity. Our current financial resources cover our existing liquidity requirements.

In the current year, investments in fixed assets (excluding leasing assets reportable according to IFRS 16) are planned with a volume of around €13.5 million, which is thus higher than the level in 2023 (€5.8 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, it aims to make further progress in relation to the distribution and development of the innovative software solutions that 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 2023 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 2024.

Hofheim am Taunus, March 22, 2024

The Managing Directors

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

SEAPORT HUBS:

Efficient Sea Links, Global Accessibility

Deufol's seaport hubs play a key role in providing connections to international markets. They optimize import and export processes thanks to their proximity to shipping routes. Customers benefit from rapid and optimized maritime transportation.

Deufol's largest seaport hub, in the port of Hamburg, maximizes global accessibility and contributes to the robustness and flexibility of our supply chains. We are continuously increasing the added value for our customers by offering end-to-end solutions that cover our customers' entire value chain. The digitally transparent and direct linkage of logistics chains and seagoing vessels is a major advantage.


WALLMANN&CO
Hapag-Lloyd
WALLMANN&CO

Consolidated Financial Statements

as of December 31, 2023

Consolidated Income Statement

Figures in € k	2023	2022[1]	Note/Page
Sales	**294,004**	**271,580**	01/071
Other own work capitalized	1,083	781	
Inventory changes	606	−43	
Other operating income	16,949	5,037	02/071
Overall operating performance	**312,642**	**277,355**	
Cost of materials	−113,965	−110,644	03/071
Personnel costs	−106,542	−91,790	04/072
Depreciation, amortization and impairment	−29,474	−20,810	11/077
Other operating expenses	−46,019	−40,888	05/072
Income (loss) from operating activities (EBIT)	**16,642**	**13,223**	
Financial income	379	134	06/073
Finance costs	−6,178	−3,415	06/073
Income (loss) from investments accounted for using the equity method	484	338	14/084
Other financial result	14	134	
Profit (loss) before taxes (EBT)	**11,341**	**10,414**	
Income taxes	−4,145	−3,365	07/073
Result for the period	**7,196**	**7,049**	
thereof share of profits held by noncontrolling interests	647	543	08/075
thereof share of profits held by shareholders in the parent company	**6,550**	**6,506**	

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

Earnings per share

Figures in €	2023	2022	Note/Page
Basic and diluted earnings per share, based on the income (loss) attributable to common shareholders of Deufol SE	0.153	0.151	09/075

Consolidated Statement of Comprehensive Income

Figures in € k	2023	2022[1]	Note/Page
Result for the period	**7,196**	**7,049**	
Other comprehensive income	**−318**	**1,014**	
Items which may be reclassified to the income statement in future			
Income (loss) from currency translation, after taxes	−517	560	
Cash flow hedges before taxes	286	1	
Deferred taxes on cash flow hedges	−86	0	
Cash flow hedges after taxes	200	1	38/095
Items which will not be reclassified to the income statement in future			
Actuarial gains/losses (–) from pensions, before taxes	25	559	
Deferred taxes on actuarial gains/losses from pensions	−27	−106	
Actuarial gains/losses (–) from pensions, after taxes	−2	453	26/089
Comprehensive income after taxes	**6,878**	**8,063**	
thereof noncontrolling interests	647	543	
thereof shareholders in the parent company	6,231	7,520	

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

Consolidated Balance Sheet

Assets Figures in € k	Dec. 31, 2023	Dec. 31, 2022 [1]	Note/Page
Noncurrent assets	**201,309**	**197,430**	
Property, property, plant and equipment	109,178	100,640	11/077
Goodwill	60,747	68,855	12/078
Other intangible assets	4,693	4,540	12/078
Investment property	14,387	14,605	13/079
Investments accounted for using the equity method	2,487	1,883	14/084
Financial receivables	43	75	
Other financial assets	273	273	
Other receivables and other assets	4,550	95	15/084
Deferred tax assets	4,951	6,464	07/073
Current assets	**70,275**	**72,370**	
Inventories	14,738	16,657	16/085
Trade receivables	34,379	33,589	17/085
Other receivables and other assets	5,735	3,771	15/084
Tax receivables	658	614	
Financial receivables	0	175	
Cash and cash equivalents	14,765	17,564	18/086
Total assets	**271,584**	**269,800**	

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

Equity and liabilities Figures in € k	Dec. 31, 2023	Dec. 31, 2022 [1]	Note/Page
Equity	**128,639**	**124,101**	
Equity attributable to the shareholders of Deufol SE	126,081	122,035	
Subscribed capital	43,774	43,774	19/087
Capital reserves	107,330	107,329	20/087
Retained earnings	12,181	13,073	21/087
Profit brought forward	−37,543	−42,799	
Other comprehensive income	815	1,133	
Treasury stock at cost	−475	−475	22/087
Noncontrolling equity interests	2,558	2,066	23/087
Noncurrent liabilities	**81,633**	**80,848**	
Financial liabilities	64,844	64,155	25/088
Provisions for pensions	3,179	3,370	26/089
Other provisions	5,551	5,286	27/092
Other liabilities	2	1	28/092
Deferred tax liabilities	8,058	8,036	07/073
Current liabilities	**61,312**	**64,851**	
Trade payables	22,998	23,179	29/092
Financial liabilities	22,427	24,570	25/088
Other liabilities	14,259	15,440	28/092
Tax liabilities	1,236	1,053	
Other provisions	392	609	27/092
Total equity and liabilities	**271,584**	**269,800**	

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

Consolidated Cash Flow Statement

Figures in € k	2023	2022	Note/Page
Income (loss) from operating activities (EBIT)	16,642	13,223	
Adjustments to reconcile net income (loss) to cash flow from operating activities			
Depreciation, amortization and impairment	29,474	20,810	10–12/076 ff.
(Gain) loss from disposal of fixed assets	51	133	02, 05/071, 072
Taxes paid	–2,625	–1,548	
Restatement of the fair value of investment property	218	92	05/072
Other noncash expenses/revenue	–893	0	
Changes in assets and liabilities from operating activities			
Decrease (increase) in trade accounts receivable	–985	–4,881	
Decrease (increase) in inventories	1,831	–248	
Decrease (increase) in other receivables and other assets	–6,573	840	
Increase (decrease) in trade accounts payable	–121	5,372	
Increase (decrease) in other liabilities	–1,159	2,030	
Increase (decrease) in provisions	–304	–497	
Decrease (increase) in other operating assets/liabilities (net)	–67	–251	
Cash flow from operating activities	**35,487**	**35,075**	30/093
Payments made for investments in intangible assets and property, plant and equipment	–5,767	–6,376	11, 12/077, 078
Proceeds from the sale of intangible assets and property, plant and equipment	3	223	
Payments made for the acquisition of noncontrolling interests	–250	0	14/084
Disposal of business units less cash disposed of	400	192	32/093
Net change in financial receivables	207	177	
Interest and dividends received	525	180	
Cash flow from investing activities	**–4,882**	**–5,604**	32/093
Addition (extinction) of amounts due to banks	–11,979	–9,826	
Addition (extinction) of other financial liabilities	–13,945	–13,360	
Proceeds from capital increase	0	17	
Payments made due to capital decreases for noncontrolling interests	–1	0	
Interest paid	–5,914	–3,236	
Dividends paid	–1,293	0	24/088
Dividend paid to noncontrolling interests	–154	–16	
Cash flow from financing activities	**–33,286**	**–26,421**	33/093
Exchange rate- and scope of consolidation-related changes in financial resources	–117	374	
Change in cash and cash equivalents	**–2,799**	**3,424**	34/094
Cash and cash equivalents at the beginning of the period	17,564	14,140	
Cash and cash equivalents at the end of the period	14,765	17,564	

Consolidated Statement of Changes in Equity [1]

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 Dec. 31, 2021	**43,774**	**107,329**	**12,825**	**−49,250**	**−475**	**259**	**−140**	**114,322**	**1,521**	**115,843**
Restatement in accordance with IAS 12 [2]			192					192	1	193
Balance at Jan. 1, 2022	**43,774**	**107,329**	**13,017**	**−49,250**	**−475**	**259**	**−140**	**114,514**	**1,522**	**116,036**
Result for the period [2]				6,506				6,506	543	7,049
Other comprehensive income						560	454	1,014	0	1,014
Comprehensive income	0	0	0	6,506	0	560	454	7,520	543	8,063
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**	**13,073**	**−42,799**	**−475**	**819**	**314**	**122,035**	**2,066**	**124,101**
Result for the period				6,550				6,550	647	7,196
Other comprehensive income						−517	198	−318	0	−318
Comprehensive income	0	0	0	6,550	0	−517	198	6,231	647	6,878
Dividends				−1,293				−1,293	−154	−1,447
Capital transactions not resulting in change to shareholding interest								0	−1	−1
Withdrawal of treasury stock			−892					−892	0	−892
Balance at Dec. 31, 2023	**43,774**	**107,330** [3]	**12,181**	**−37,543**	**−475**	**303**	**512**	**126,081**	**2,558**	**128,639**

1) Cf. Notes (19) to (24).
2) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.
3) Adjusted due to rounding.

Notes to the Consolidated Financial Statements

for the fiscal year from January 1, 2023 to December 31, 2023

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 that prepares the consolidated financial statements for the largest group of companies. These documents are published in the German Company Register.

Individual figures within the consolidated financial statements may not precisely add up to the stated total amount due to rounding.

The Company's managing directors approved the IFRS consolidated financial statements on March 22, 2024, 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 principle. 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 €	**2023**	2022	**2023**	2022
US dollar	1.1050	1.0666	1.0816	1.0539
Renminbi	7.8509	7.3582	7.6591	7.0801
Singapore dollar	1.4591	1.4300	1.4523	1.4520
Forint	382.8000	400.87	381.7592	390.94
Zloty	4.3395	4.6808	4.5421	4.6845
Czech crown	24.7240	24.116	24.0007	24.560

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 that are to be transferred.
- The entity is able to determine the payment terms for the goods or services that 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 that are to be transferred to the customer.

Revenue is primarily generated from services, products 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 that 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 5 years	up to 5 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 the 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 that 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 (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 the 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 that 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 the case of 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.

Income Taxes

The taxes levied in the individual countries on taxable profits and the change in deferred taxes recognized through profit or loss are reported as income taxes.

The reported income taxes are recognized on the basis of the statutory provisions applicable or adopted as of the balance sheet date, in the expected payment amount. A tax liability is reported on the basis of appropriate estimates for obligations to the respective national tax authorities that are uncertain in terms of their amount and the probability of their applicability.

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.

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 the 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. Deferred tax assets and tax liabilities are netted subject to a legally enforceable right to offset current tax assets against current tax liabilities and insofar as these are levied by the same tax authority.

Other Recognized Income and Expenses

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 that 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 the 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

In previous years, Deufol 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, judgements 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 that are based on the creditworthiness 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 that 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 the case of indications of impairment are based on judgments made by the management. Please see Notes (11) and (12) for further disclosures.

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 at the time of writing, 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 IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 resulting from the pronouncement entitled "Deferred Taxes related to Assets and Liabilities arising from a Single Transaction" are applicable for the first time for reporting periods beginning on or after January 1, 2023. Essentially, the amendments state that the exception from initial recognition of deferred taxes does not apply to transactions for which deductible and taxable temporary differences arise simultaneously and in equal amounts at the time of addition.

In the case of the Deufol Group, this relates mainly to leases. Instead of requiring a full retrospective application within the meaning of IAS 8, the amendment allows for the deferred tax asset or liability to be calculated as of the beginning of the earliest comparison period presented in the financial statements; the cumulative effect of the first-time application of the amendments must be recognized as an adjustment of the opening balance sheet value of the retained earnings.

The effects on the consolidated financial statements of Deufol are presented in the following table:

The opening balance sheet as of January 1, 2022 includes the following restatements:

Figures in € k	Dec. 31, 2021 (as reported)	Restatement in accordance with IAS 12	Jan. 1, 2022 Opening balance sheet
Deferred tax assets	7,418	193	7,611
Other current and noncurrent assets	252,983	0	252,983
Total assets	**260,401**	193	**260,594**
Retained earnings	12,825	192	13,017
Other equity attributable to the shareholders of Deufol	101,497	0	101,497
Noncontrolling equity interests	1,521	1	1,522
Current and noncurrent liabilities	144,558	0	144,558
Total equity and liabilities	**260,401**	193	**260,594**

The following restatements have been made for the consolidated income statement for fiscal year 2022:

Figures in € k	2022 (as reported)	Restatement in accordance with IAS 12	2022 (restated)
Profit (loss) before taxes (EBT)	10,414	0	10,414
Income taxes	−3,405	40	−3,365
Result for the period	7,009	40	7,049
thereof share of profits held by noncontrolling interests	543	0	543
thereof share of profits held by shareholders in the parent company	6,466	40	6,506
Earnings per share, basic and diluted, based on the income (loss) attributable to common shareholders of Deufol SE	0.150	0.001	0.151

Allowing for this restatement, the consolidated statement of comprehensive income in fiscal year 2022 developed as follows:

Figures in € k	2022 (as reported)	Restatement in accordance with IAS 12	2022 (restated)
Result for the period	7,009	40	7,049
Other comprehensive income	1,014	0	1,014
Comprehensive income after taxes	8,023	40	8,063
thereof noncontrolling interests	543	0	543
thereof shareholders in the parent company	7,480	40	7,520

The balance sheet as of December 31, 2022 includes the following restatements:

Figures in € k	Dec. 31, 2022 (as reported)	Restatement in accordance with IAS 12	Dec. 31, 2022 (restated)
Deferred tax assets	6,231	233	6,464
Other current and noncurrent assets	263,336	0	263,336
Total assets	**269,567**	233	**269,800**
Retained earnings	12,881	192	13,073
Profit brought forward	−42,839	40	−42,799
Other equity attributable to the shareholders of Deufol	151,761	0	151,761
Noncontrolling equity interests	2,065	1	2,066
Current and noncurrent liabilities	145,699	0	145,699
Total equity and liabilities	**269,567**	233	**269,800**

The restatements described above also had a minor impact on other indicators.

All segments were affected by the restatements; accordingly, the segment reporting for fiscal year 2022 showed a reduction in the reported tax expense and a corresponding increase in the result for the period and in the assets compared with the figures originally reported.

In addition, the following new or amended standards and interpretations were applied for the first time in the current fiscal year but did not have any impact, or did not have any significant impact, on the Group's net assets, financial position and results of operations:

Standard/amendments	
IFRS 17	Standard IFRS 17 "Insurance Contracts" and Amendments to IFRS 17
IFRS 17	Amendments to IFRS 17: First-Time Application of IFRS 17 and IFRS 9 – Comparative Information
IAS 1	Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
IAS 8	Amendments to IAS 8: Definition of Accounting Estimates
IAS 12	Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

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, 2023. 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. 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 16	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	Jan. 1, 2024
IAS 7 and IFRS 7	Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	Jan. 1, 2024 [1]
IAS 1	Amendments to IAS 1: Classification of Liabilities as Short-Term or Long-Term	Jan. 1, 2024
IAS 1	Amendments to IAS 1: Long-Term Liabilities with Covenants	Jan. 1, 2024
IAS 21	Amendments to IAS 21: Lack of Exchangeability	Jan. 1, 2025 [1]

1) Not yet endorsed by the EU.

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, 2022	Additions	Disposals	Dec. 31, 2023
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	1	0	6
thereof in Germany	3	1	0	4
thereof abroad	2	0	0	2
Total	**50**	1	0	**51**

The following table shows the companies fully consolidated as of December 31, 2023:

Companies fully consolidated as of Dec. 31, 2023

	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, 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, 2023

	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, 2023

	Country	Equity interest (%) [1]
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 Döhle Projects GmbH, Hamburg	Germany	50.0
Deufol Meilink Asia Pacific PTE. LTD., Singapore	Singapore	50.0
Deufol Meilink (Yantai) Packaging Co. LTD, Yantai	China	50.0

1) Attributable to the relevant parent

In the year under review, Deufol SE acquired an equity interest in Deufol Döhle Projects GmbH, Hamburg, together with Menzell Döhle GmbH & Co. KG via a joint venture agreement. Each partner holds a 50 % equity interest and 50 % of the voting rights in the company. As of December 31, 2023, it had not yet commenced business and had fully paid-in share capital in the amount of € 100 thousand. Deufol Döhle Projects GmbH has been included in Deufol's consolidated financial statements using the equity method.

The purpose of this joint venture is to combine the services of both partners and thus to offer holistic and digitalized heavy cargo and project logistics solutions. For the Deufol Group, this is a strategic investment which will enable it to significantly expand its range of services in the sea freight segment.

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 [1]	Result for the fiscal year in € k [1]
Deutsche Tailleur Bielefeld Beteiligungs GmbH, Bielefeld	Germany	30.00	34	2

1) Value as of December 31, 2022 / for fiscal year 2022

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 € 1,163 thousand (previous year: € 1,051 thousand). We refer to the segment reporting on pages → 102 ff. for further information on sales.

02 Other Operating Income

The following table shows the breakdown of other operating income:

Figures in € k	2023	2022
Income from the conclusion of a settlement agreement	11,657	0
Release of provisions and liabilities	1,533	1,899
Reversal of valuation adjustments on receivables	1,168	365
Insurance compensation and other indemnification	705	763
Income from disposal of fixed assets	37	19
Exchange-rate gains	121	530
Other	1,729	1,461
Total	**16,949**	**5,037**

In the context of a settlement agreement concluded in the reporting period, Deufol SE and other Group companies agreed with the former Executive Board members Andreas Bargende and Tammo Fey, as well as the former Managing Director Manfred Wagner and other individuals, to settle all ongoing legal proceedings to which they are a party. In return, the settlement agreement provides for payments to Deufol SE totaling € 11.0 million and the transfer of 628,017 Deufol shares to Deufol SE for withdrawal, with the transfer being effected free of charge for Deufol SE.

The payment of the settlement amount totaling € 11.0 million will be made in several installments, the first of which, in the overall amount of € 4.4 million, were paid on schedule within the reporting period. The outstanding balance is due for payment in three equal installments of € 2.2 million each in the years 2024 to 2026 and is fully secured by bank guarantees.

The Deufol shares were also transferred as agreed during the reporting period; they were valued at an acquisition price of € 1.42 per share and thus a total amount of € 0.9 million.

The payments resulting from the settlement in the amount of € 11.9 million (before tax) were recognized in income in the reporting period, while taking into account discounting effects due to the above-mentioned payment terms for the cash components in the amount of € 0.2 million. Of this amount, € 10.0 million has been allocated to the "Germany" segment and € 1.7 million to the "Holding" segment.

03 Cost of Materials

The cost of materials includes the following expenses:

Figures in € k	2023	2022
Expenses for raw materials, consumables and supplies	64,620	68,354
Cost of purchased services	49,346	42,290
Total	**113,965**	**110,644**

04 Personnel Costs

The personnel costs include the following expenses:

Figures in € k	2023	2022
Wages and salaries	83,397	72,115
Social security contributions and employee benefits	23,145	19,675
Total	**106,542**	**91,790**

Number of employees by region:

Number of employees by region	2023	2022
Germany	1,340	1,267
Rest of Europe	767	723
USA/Rest of the World	96	89
Group employees	**2,203**	**2,079**

On average, the Group had 2,203 employees in 2023, of whom 678 were office employees and 1,525 industrial employees. Holding had 88 employees on average (previous year: 83). As of the reporting date, December 31, 2023, the Group had 2,226 employees (previous year: 2,094).

05 Other Operating Expenses

The following table shows the breakdown of other operating expenses:

Figures in € k	2023	2022
Rental and lease expenses	8,499	5,811
Space costs	7,337	6,328
Maintenance costs	3,358	3,041
Legal and consulting costs	5,069	4,315
Insurance premiums	2,236	2,456
IT and communications costs	2,695	1,948
Vehicle fleet costs	3,936	4,113
Expenses for loss or damage incurred	2,140	2,869
Expenses for tools and fuel	952	586
Personnel costs	1,635	1,186
Travel expenses and advertising costs	2,258	1,848
Losses on disposal of fixed assets	87	152
Currency losses	165	391
Valuation adjustments and losses on receivables	649	1,181
Loss resulting from the restatement of fair value	218	92
Other	4,783	4,571
Total	**46,019**	**40,888**

The Group auditor's overall fees for the fiscal year amounted to € 280 thousand (previous year: € 307 thousand) for financial statements audit services provided in the year under review, € 103 thousand (previous year: € 109 thousand) for tax consulting services and € 40 thousand (previous year: € 41 thousand) for other services.

The other operating expenses include direct operating expenses in the amount of € 286 thousand (previous year: € 207 thousand) that 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	2023	2022
Financial income	**379**	**134**
Other interest and similar income	379	134
Finance costs	**−6,178**	**−3,415**
from financial liabilities	−4,171	−2,157
from finance leases	−1,490	−923
Accumulation of liabilities and provisions	−219	−197
Other interest and similar expenses	−299	−138
Shares of profits of companies accounted for using the equity method	**484**	**338**
Other financial result	**14**	**134**
Total	**−5,301**	**−2,809**

07 Tax Proceeds/Expenses

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

Figures in € k	2023	2022[1]
Effective income tax expense	**2,993**	**1,911**
Germany	1,261	766
Rest of the World	1,731	1,145
Deferred income taxes due to the occurrence or reversal of temporary differences	**1,152**	**1,454**
Germany	778	1,371
Rest of the World	374	83
Total	**4,145**	**3,365**

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

Deferred tax expenses/proceeds are as follows:

Figures in € k	2023	2022[1]
– Increase /+ decrease in deferred tax assets on loss carryforwards	1,359	1,714
Valuation of property, plant and equipment	82	359
Valuation of clientele	−11	−204
Finance leasing	−184	−46
Tax-free reserves	−50	−49
Other	−45	−320
Total	**1,152**	**1,454**

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

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, 2023, deferred taxes were calculated for German companies with an overall tax rate of 30.49 % (previous year: 29.48 %); in addition to 15 % corporate income tax, the 5.5 % solidarity surcharge levied on this corporate income tax and the average rate of trade tax within the Group have been taken into consideration. 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 30.49 % (previous year: 29.48 %) income tax rate for Deufol SE:

Figures in € k	2023	2022[1)]
Earnings before taxes	11,341	10,414
Income tax rate of the Deufol Group as %	30.49	29.48
Expected tax expense	**3,458**	**3,070**
Effect of different tax rates	−1,069	− 644
Unrecognized deferred tax assets on loss carryforwards	624	360
Use of previously unconsidered tax losses	−1,038	−330
Write-down on loss carryforwards recognized to date	504	1,003
Effect of tax-exempt income	−1,652	−70
Effect of expenses not deductible for tax purposes	3,377	91
Prior-period tax effects	71	127
Other	−130	−242
Effects of tax-rate changes	0	0
Income taxes	**4,145**	**3,365**
Effective tax rate (%)	**36.55**	**32.31**

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

Deferred tax assets can be broken down as follows:

Figures in € k	2023	2022[1)]
Tax loss carryforwards	2,796	4,156
Leases	11,431	9,135
Clientele	337	390
Property, plant and equipment	910	988
Provisions for pensions	173	147
Other	512	550
Deferred tax assets	**16,160**	**15,366**
Offset against deferred tax liabilities	−11,209	−8,902
Total	**4,951**	**6,464**

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

Of the deferred tax assets, € 2,858 thousand (previous year: € 3,160 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, 2023, corporate income tax loss carryforwards amounted to € 46.5 million (previous year: € 48.8 million). The trade tax loss carryforwards of German Group companies amount to € 29.3 million (previous year: € 32.2 million). The Group's foreign subsidiaries' tax loss carryforwards amounted to € 3.3 million (previous year: € 4.5 million). Of this amount, € 2.5 million (previous year: € 1.9 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 € 41.0 million (previous year: € 35.1 million).

No tax is expected to be levied on the proposed dividend payment for German shareholders, since this would constitute payments out of the tax deposit account (section 27 (1)–(7) of the German Corporate Income Tax Act (KStG)). Deufol is unable to assess whether individual scenarios may apply where the distribution at the level of the shareholders will, after all, trigger a tax liability. The recipients of this capital income have sole responsibility for making this assessment.

Deferred tax liabilities can be broken down as follows:

Figures in € k	2023	2022[1]
Property, plant and equipment	5,090	5,018
Leases	11,980	9,940
Clientele	256	308
Tax-free reserves	1,577	1,627
Other	363	45
Deferred tax liabilities	**19,267**	**16,938**
Offset against deferred tax assets	−11,209	−8,902
Total	**8,058**	**8,036**

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

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	2023	2022[1]
Result attributable to the holders of Deufol SE common stock	6,550	6,506
Shares in circulation Figures in units		
Weighted average number of shares	42,913,494	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	0.153	0.151

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

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, 2023	Dec. 31, 2022
Land, land rights and buildings	36,327	30,413
Technical equipment and machinery	584	379
Operating and office equipment	6,091	2,232
Total	**43,002**	33,024

In fiscal year 2023, additions of rights of use for leasing assets were recognized in the amount of € 24,773 thousand (previous year: € 16,433 thousand).

Depreciation of rights of use for leasing assets in fiscal year 2023 relates to the following groups of assets:

Figures in € k	2023	2022
Land, land rights and buildings	12,643	11,291
Technical equipment and machinery	109	112
Operating and office equipment	1,798	1,930
Total	**14,549**	13,333

Moreover, the following items were recognized in the income statement in fiscal year 2023 in connection with leases for which Deufol is a lessee:

Figures in € k	Dec. 31, 2023	Dec. 31, 2022
Interest expenses for leases	−1,490	−923
Expenses for short-term leases with a term of more than one month and not more than 12 months	−8,499	−5,811
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	0
Gains and losses from sale and lease-back transactions	0	0
Total	−9,989	−6,734

Cash outflows associated with Deufol's activities as a lessee amounted to € 23,844 thousand in 2023 (previous year: € 19,832 thousand).

As of December 31, 2023, as in the previous year, obligations not reported in the balance sheet for short-term leases that 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 that will begin after December 31, 2023 and are not short-term leases.

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

	2023				2022			
		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	44,900	16,122	25,132	3,646	34,311	11,882	17,617	4,812

As of December 31, 2023, the future (non-discounted) minimum payments under non-terminable rental agreements and leases amounted to a total of € 48,392 thousand (previous year: € 37,111 thousand), of which € 16,359 thousand with a remaining term of one year (previous year: € 12,033 thousand), € 27,066 thousand with a remaining term of between one and five years (previous year: € 18,720 thousand) and € 4,967 thousand with a remaining term of more than five years (previous year: € 6,358 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.

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, 2023	**52,571**	**16,284**	**0**	**68,855**
Additions	**0**	**0**	**0**	0
Disposals	**0**	**0**	**0**	0
Impairments	−8,108	0	0	−8,108
Currency translation adjustments	0	0	0	0
Carrying amount as of Dec. 31, 2023	**44,463**	**16,284**	**0**	**60,747**

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.

These cash flows are determined on the basis of the multiple-year planning of the companies included in the scope of consolidation, which is based on the financial plans approved by the management. The concrete planning period in each case is three years. This planning constitutes the management's assessment of future developments in the relevant industries and is based on past experience, according to both external and internal sources, 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 9.67 % and 10.77 % (previous year: 8.20 % to 9.53 %). Cash flows for a period of more than three years have been extrapolated according to a constant annual growth rate (terminal growth rate) of 2.0 % (previous year: 1.0 %). This is based on the management's estimate and does not exceed the average long-term growth rates for the industry and the region in which the cash-generating units operate.

For the "Germany" segment and cash-generating unit, for which a discount interest rate before tax of 10.77 % (previous year: 9.53 %) has been applied, an impairment loss of € 8,108 thousand (previous year: € 0 thousand) has resulted from the impairment test. This has been recognized in income, in the consolidated income statement, under depreciation, amortization and impairment. Impairment testing did not identify a need to recognize impairment losses for the other CGUs.

The Group has analyzed the sensitivity of the impairment test to changes in the key assumptions applied in order to determine the recoverable amount for each group of cash-generating units to which goodwill has been assigned. For the "Germany" segment and cash-generating unit, 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 lead to a further impairment loss of € 1,827 thousand. This modification would not lead to any impairment requirement for the other segments and cash-generating units.

In the other intangible assets item, no impairment was recognized in the year under review; in the previous year, in the USA/Rest of the World segment, impairment was recognized on a capitalized customer list in the amount of € 104 thousand.

13 Investment Property

The "Investment property" item includes existing properties that 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 – € 0.2 million (previous year: – € 0.1 million) which has been reported under other operating expenses.

Figures in € k	2023	2022
As of Jan. 1	**14,605**	**14,697**
Additions through acquisition	0	0
Ongoing production, subsequent purchase costs	0	0
Impairment/write-ups due to subsequent measurement at fair value	−218	−92
As of Dec. 31	**14,387**	**14,605**

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, 2023. 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 7.85 % (previous year: 7.65 %) that was required in order to determine the present values of the cash flows was derived from the prime yield indicated in several studies of the Belgian real estate market published in 2023, to that a risk premium was added. In regard to the calculation of the operating costs for the property that are not allocable to the tenant, the cost ratio has been determined on the basis of the expenses which have actually arisen and that 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 −€ 456 thousand (+€ 486 thousand). In the previous year, a corresponding decrease (increase) in the fair value of −€ 473 thousand (+€ 505 thousand) would have resulted.

Consolidated Statement of Changes in Assets in 2023

Figures in € k	Acquisition and production costs								
	Jan. 1, 2023	Currency differences	Additions	Additions through business combinations	Disposals	Disposals due to company sales	Restatement of fair value	Reclassifications	**Dec. 31, 2023**
Property, plant and equipment									
Land, land rights and buildings	79,957	−246	1,037	0	−1,559	0	0	303	79,492
Technical equipment and machinery	14,021	−157	527	0	−189	0	0	70	14,272
Operating and office equipment	27,773	−10	2,011	0	−2,283	0	0	36	27,526
Assets under construction	363	−4	984	0	0	0	0	−409	934
Leased assets	90,750	−557	24,773	0	−1,194	0	0	0	113,773
Investment property	14,605	0	0	0	0	0	−218	0	14,387
Total	**227,469**	**−973**	**29,332**	**0**	**−5,225**	**0**	**−218**	**0**	**250,384**
Intangible assets									
Patents, licenses, trademarks and similar rights and assets	14,832	−109	149	0	−2,150	0	0	0	12,721
Internally generated intangible assets	7,452	0	1,060	0	−4	0	0	0	8,508
Goodwill	70,611	−685	0	0	0	0	0	0	69,926
Total	**92,895**	−795	1,208	0	−2,154	0	0	0	91,154
Sum total	**320,364**	**−1,768**	**30,540**	**0**	**−7,379**	**0**	**−218**	**0**	**341,539**

Depreciation, amortization and impairment								Net amounts	
Jan. 1, 2023	Currency differences	Additions	Disposals	Disposals due to company sales	Reversals of impairment losses	Reclassifications	**Dec. 31, 2023**	**Dec. 31, 2022**	**Dec. 31, 2023**
24,298	−75	2,883	−1,450	0	0	4	25,659	55,659	53,832
8,143	−135	991	−189	0	0	−2	8,809	5,878	5,463
21,976	−13	1,869	−2,276	0	0	−2	21,554	5,797	5,972
81	2	20	−77	0	0	0	27	282	908
57,726	−323	14,549	−1,182	0	0	0	70,770	33,024	43,002
0	0	0	0	0	0	0	0	14,605	14,387
112,224	**−544**	**20,312**	**−5,174**	**0**	**0**	**0**	**126,819**	**115,245**	**123,565**
13,104	−109	360	−2,149	0	0	0	11,206	1,728	1,515
4,640	0	693	−4	0	0	0	5,329	2,812	3,179
1,756	−685	8,108	0	0	0	0	9,179	68,855	60,747
19,500	−795	9,161	−2,153	0	0	0	25,714	73,395	65,441
131,724	**−1,338**	**29,474**	**−7,326**	**0**	**0**	**0**	**152,533**	**188,640**	**189,006**

Consolidated Statement of Changes in Assets in 2022

Figures in € k	Acquisition and production costs								
	Jan. 1, 2022	Currency differences	Additions	Additions through business combinations	Disposals	Disposals due to company sales	Restatement of 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 the 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**

14 Investments Accounted for Using the Equity Method

As of December 31, 2023, the carrying amount of the investments in associates accounted for using the equity method amounts to € 2,487 thousand (previous year: € 1,883 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, 2023	Dec. 31, 2022
Current assets	2,294	1,661
Noncurrent assets	641	682
Total assets	**2,935**	**2,343**
Equity and liabilities Figures in € k		
Debt	1,751	1,815
Equity	1,184	528
Total equity and liabilities	**2,935**	**2,343**
Total sales	6,811	6,091
Total expenses	–5,980	–5,913
Income	**831**	**178**

Unrecognized gains amount to € 347 thousand (previous year: unrecognized losses in the amount of € 160 thousand); cumulative unrecognized losses total € 0 thousand (previous year: € 347 thousand). In the year under review, additions from the equity investment in an associate included according to the equity method amounted to € 250 thousand (previous year: € 0 thousand). Distributions from associates included according to the equity method were received in the amount of € 130 thousand (previous year: € 0 thousand).

15 Other Receivables and Other Assets

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

	2023		2022	
Figures in € k	Total	Current	Total	Current
Value-added tax and other taxes receivable	211	211	186	186
Deferred expenses	2,202	2,202	1,841	1,841
Guarantees	302	302	353	353
Receivables from related parties	215	215	273	273
Insurance refunds	10	10	130	130
Receivables from employees/social security authorities	54	54	21	21
Interest rate hedges	288	0	1	0
Receivable from settlement agreement	6,385	2,188	0	0
Other	618	554	1,061	967
Total	**10,285**	**5,735**	**3,866**	**3,771**

Please see Note (2) regarding the receivable resulting from a settlement agreement.

16 Inventories

The following table shows the breakdown of inventories:

Figures in € k	2023	2022
Raw materials, consumables and supplies	12,285	14,772
Work in progress	1,993	1,486
Finished products and merchandise	461	399
Total	**14,738**	**16,657**

17 Trade Receivables

Trade receivables are as follows:

Figures in € k	2023	2022
Trade receivables	36,856	35,749
Valuation adjustments	−2,477	−2,160
Trade receivables, net	**34,379**	**33,589**

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, 2023, 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
2023	**34,379**	**20,940**	**7,507**	**3,556**	**643**	**726**	**1,007**
2022	33,589	22,808	7,467	1,542	584	654	534

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 2023**
Gross carrying amount	20,984	7,523	3,513	493	503	733	3,107	**36,856**
Expected loss ratios	0–1 %	0–1 %	1–2 %	1–2 %	2–5 %	5–10 %	—	
Loss allowance	44	16	35	5	10	37	2,330	**2,477**

Figures in € k	Not subject to specific valuation allowance, not overdue	Receivables not subject to specific valuation allowance, overdue < 30 days	30–60 days	6–90 days	91–180 days	> 180 days	Receivables subject to specific valuation allowance	**Total 2022**
Gross carrying amount	22,923	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**

In respect of the receivables that 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	2023	2022
Valuation adjustments at start of period	**2,160**	**2,066**
Currency differences	–144	–50
Addition	1,544	954
Utilization	–347	–445
Reversal	–736	–365
Valuation adjustments at end of period	**2,477**	**2,160**

18 Cash and Cash Equivalents

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

Figures in € k	2023	2022
Cash on hand	51	54
Bank balances	14,714	17,510
Total	**14,765**	**17,564**

There are no restrictions on the amounts reported as cash.

19 Subscribed Capital

As of December 31, 2023, the Subscribed Capital is € 43,773,655 (previous year: € 43,773,655) and is divided up into 43,145,638 (previous year: 43,773,655) no-par-value registered shares.

Within the scope of a settlement agreement concluded in May 2023, Deufol SE acquired 628,017 Deufol shares free-of-charge in the reporting year on the basis of section 71 (1) no. 6 of the German Stock Corporation Act (AktG). These were subsequently withdrawn via the simplified withdrawal procedure pursuant to section 71 (1) no. 6 AktG in conjunction with section 237 (3) no. 3 AktG, without a capital decrease, leading to an increase pursuant to section 8 (3) AktG in the pro rata share capital amount attributable to the other individual shares. The corresponding resolutions regarding the acquisition and withdrawal of these shares in accordance with the above-mentioned provisions were adopted at the Annual General Meeting held on June 29, 2023.

An amount of € 20,000,000 remained unchanged as Approved Capital as of December 31, 2023 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 adopted 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 adopted by the Annual General Meeting on June 29, 2022, Deufol SE has been authorized in the period from June 29, 2022 to June 28, 2027 to purchase treasury stock corresponding to up to 10 % of the share capital as of the date of the resolution adopted by the Annual General Meeting or else of the share capital as of the date of exercise of this authorization, if this is less than the share capital as of the date of the resolution adopted by the Annual General Meeting.

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 € 107,330 thousand as of the end of 2023.

21 Retained Earnings

Due to the withdrawal of treasury stock without a capital decrease, as described in Note (19), retained earnings have been reduced by € 892 thousand; this corresponds to the value of the 628,017 shares withdrawn and valued at an acquisition price of € 1.42 per share. At the end of 2023, retained earnings thus amount to € 12,181 thousand (restated figure for the previous year: € 13,073 thousand; for further details, please refer to the note on accounting standards applied for the first time on page → 065).

22 Treasury Stock

Pursuant to the resolution adopted 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 that was adopted by the Annual General Meeting on June 28, 2017 and that replaced the resolution adopted 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

In fiscal year 2023, Deufol SE distributed a dividend of € 0.03 per share; this corresponds to a dividend amount of € 1,293 thousand.

A proposal is to be made to the Annual General Meeting that the net income of Deufol SE for fiscal year 2023 in the amount of € 16,364 thousand (calculated in accordance with the principles of the German Commercial Code – HGB) be used for the distribution of a dividend of € 0.06 per eligible share as well as a special dividend of € 0.04 per eligible share, thus in total € 0.10 per eligible share; this corresponds to a total distribution amount of € 4,248 thousand. The remaining amount of € 12,116 thousand is to be carried forward to new account.

25 Financial Liabilities

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

	2023				2022			
		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	42,371	6,305	19,968	16,098	54,414	12,688	24,294	17,432
Liabilities under financial leases	44,900	16,122	25,132	3,646	34,311	11,882	17,617	4,812
Other financial liabilities	0	0	0	0	0	0	0	0
Financial liabilities	**87,271**	**22,427**	**45,100**	**19,744**	**88,725**	**24,570**	**41,911**	**22,244**

Property, plant and equipment in the amount of € 43.3 million (previous year: € 54.59 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 and guarantees of € 49.6 million are available to the Group at various banks (previous year: € 38.6 million). As of December 31, 2023, € 10.8 million (previous year: € 7.1 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 2023, the average weighted interest rate for short-term loans was 5.97 % (previous year: 3.74 %). 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:

	2023				2022			
	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	€	0	0	variable [1]	€	2,990	1	variable [1]
Loans	€	0	0	variable [1]	€	3,717	1	variable [1]
Loans	€	10,000	5	variable [2]	€	0	0	—
Loans	€	231	1	2.41	€	502	2	2.41
Loans	€	566	1	2.62	€	1,038	2	2.62
Loans	€	162	1	3.05	€	386	2	3.05
Loans	€	0	0	1.30	€	167	1	1.30
Loans	€	599	9	2.38	€	662	10	2.38
Loans	€	182	9	2.38	€	201	10	2.38
Loans	€	256	1	1.65	€	512	2	1.65
Loans	€	10,344	7	2.95	€	11,030	8	2.95
Loans	€	1,500	3	1.28	€	2,000	4	1.28
Loans	€	590	4	1.38	€	745	5	1.38
Loans	€	663	8	1.58	€	738	9	1.58
Loans	€	2,461	5	1.95	€	2,460	6	1.95
Loans	€	1,875	3	variable [3]	€	2,375	4	variable [3]
Loans	€	1,825	2	variable [3]	€	2,525	3	variable [3]
Loans	€	4,268	8	variable [4]	€	4,756	9	variable [4]

1) 3-month Euribor zero-floored + 1.50 %
2) 3-month Euribor zero-floored + 1.80 %
3) 3-month Euribor zero-floored + 1.80 %; from 2022 interest rate hedged, we refer to Other Disclosures, Note 38
4) 3-month Euribor zero-floored + 2.20 %; from 2022 interest rate hedged, we refer to Other Disclosures, Note 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 € 0.3 million (previous year: € 0.5 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	2023	2022
Provisions for pensions and other post-employment benefits	1,057	970
Liabilities to pension fund	2,122	2,400
Total	**3,179**	**3,370**

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 %	2023	2022	2023	2022	2023	2022
Discount rate	3.30	3.70	3.30	3.80	3.17	3.77
Turnover rate[1)]	0.00	0.00	0.00	0.00	0.00	0.00
Index-linked salary increase	—	—	3.60	2.75	2.50	2.80
Index-linked pension increase	2.25	2.25	—	—	—	—

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	2023	2022
Present value of the obligation at Jan. 1	970	1,585
Current service cost	15	21
Interest cost	53	19
Pension payments	−73	−90
Actuarial (gains) / losses	−25	−559
Change in the market value of the plan assets	11	−4
Business combinations and disposals	0	0
Other	106	−2
Present value of the obligation / net pension commitment at Dec. 31	**1,057**	**970**

The market value of the plan assets that relates to German pension obligations decreased in the reporting year to € 478 thousand (previous year: € 488 thousand), due to actuarial gains in the amount of € 1 thousand and a – € 11 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, € 138 thousand (previous year: € 212 thousand) comprises cash and cash equivalents, € 80 thousand (previous year: € 0 thousand) fixed-interest securities and € 260 thousand (previous year: € 276 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	2023	2022
Current service cost	15	21
Interest cost	53	19
Total pension expense	**68**	**40**

The expected pension expense for 2024 is € 74 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 € 4,320 thousand (previous year: € 3,786 thousand).

The Company has carried as a liability in relation to a pension fund an amount of € 2,122 thousand (previous year: € 2,400 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 and for the last time in 2032.

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 that 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, 2023:

	Increase of 0.25 percentage points	Decrease of 0.25 percentage points
Interest rate	−45	47
Index-linked salary increase	5	−5
Index-linked pension increase	**38**	**−36**

The sensitivity calculations are based on the average period of the pension obligations calculated on December 31, 2023. For the German obligations, this weighted average period amounts to 12.4 years (previous year: 12.2 years). The weighted average term of the provisions made for benefit entitlements in Austria is 11.6 years (previous year: 11.7 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, 2023. 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, 2023	Utilization	Reversal	Addition	Changes in scope of consolidation	Dec. 31, 2023
Litigation risk	298	−77	−158	61	0	123
Dismantling obligations	5,286	0	0	264	0	5,551
Other risks	311	−263	−136	355	0	268
Total	**5,895**	**−339**	**−294**	**680**	**0**	**5,943**

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 that were added through the acquisition of the Wallmann Group. The allocation of € 264 thousand that was made in the year under review resulted due to the interest rollup on the provision (previous year: € 179 thousand; in addition, in the previous year a € 752 thousand allocation was made due to the increase in cost-related calculation parameters).

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	2023	2022	2023	2022	2023	2022
Litigation risk	123	298	0	0	123	298
Dismantling obligations	0	0	5,551	5,286	5,551	5,286
Other risks	268	311	0	0	268	311
Total	**392**	**609**	**5,551**	**5,286**	**5,943**	**5,895**

28 Other Liabilities

Other liabilities can be broken down as follows:

	2023		2022	
Figures in € k	Total	Current	Total	Current
Value-added tax and other taxes payable	2,511	2,511	3,830	3,830
Social security liabilities	1,763	1,763	2,062	2,062
Liabilities to employees relating to wages and salaries	8,393	8,393	7,994	7,994
Deferred income	485	485	513	513
Other	1,109	1,108	1,042	1,041
Total	**14,261**	**14,259**	**15,441**	**15,440**

29 Trade Payables

Trade payables amount to € 22,998 thousand (previous year: € 23,179 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 € 6,106 thousand (previous year: € 5,651 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 2023 and 2022. 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 2023, operating activities provided net cash of € 35.5 million (previous year: € 35.1 million).

31 Acquisitions and Sales

As in the previous year, no acquisitions, formations or sales of subsidiaries occurred in the year under review. Financial resources amounting to € 0.3 million were employed for the purpose of an equity investment in a joint venture company in which Deufol SE acquired 50 % of the shares in the reporting year and which has been incorporated in the consolidated financial statements using the equity method. These financial resources are included in the cash flow from investing activities as a cash outflow.

32 Cash Flow From Investing Activities

In the past fiscal year, a € 4.9 million (previous year: € 5.6 million) outflow of funds from investing activities resulted. Investments in intangible assets and property, plant and equipment amounted to € 5.8 million. An amount of € 0.4 million accrued to the Deufol Group due to the sale of a subsidiary in fiscal year 2021, as a result of the scheduled payment of the final purchase price component in the year under review. The decrease in financial receivables led to inflows of funds amounting to € 0.2 million. The interest and dividends received amounted to € 0.5 million.

33 Cash Flow From Financing Activities

In the past fiscal year, a € 33.3 million (previous year: € 26.4 million) outflow of funds from financing activities resulted. Cash outflows due to the extinction of other financial liabilities amounted to € 13.9 million; the interest paid totaled € 5.9 million. In addition, cash decreased due to the extinction of amounts due to banks in the amount of € 12.0 million. In addition, in the reporting year Deufol SE distributed a dividend totaling € 1.3 million to its shareholders. Dividends paid to noncontrolling interests amounted to € 0.2 million.

The adjustments to reconcile financial liabilities to the cash flow from financing activities in fiscal year 2023 and the previous year are shown below:

Figures in € k	Dec. 31, 2022	Cash-effective	Noncash-effective: Changes in the scope of consolidation	Currency translation adjustments	IFRS 16	Other	Changes in fair value	Dec. 31, 2023
Noncurrent financial liabilities	64,155	−4,413	0	−225	5,327	0	0	64,844
Current financial liabilities	24,570	−21,511	0	−78	19,446	0	0	22,427

Figures in € k	Dec. 31, 2021	Cash-effective	Noncash-effective: Changes in the scope of consolidation	Currency translation adjustments	IFRS 16	Other	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

34 Change in Cash and Cash Equivalents

The cash and cash equivalents balance decreased by € 2.8 million to € 14.8 million. Net financial indebtedness – defined as financial liabilities less the Group’s financial receivables and cash and cash equivalents – increased by € 1.5 million to € 72.5 million.

Other Disclosures

35 Contingencies and Contingent Liabilities

Within the Group, guarantees have 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 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, 2023, the Group’s equity ratio was 47.4 % (previous year: 46.0 %). 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 results from the translation of the financial statements of the American and Czech companies, denominated in the US dollar and the Czech crown respectively, into the reporting currency, the euro. If the euro were 10 % stronger (weaker) against the US dollar, the earnings of the Group would have been € 84 thousand lower (€ 102 thousand higher) and in the previous year € 26 thousand lower (€ 31 thousand higher). The balancing item in equity would have been € 2 thousand lower (€ 2 thousand higher) and in the previous year € 0 thousand lower (€ 0 thousand higher). If the euro were 10 % stronger (weaker) against the Czech crown, the earnings of the Group would have been € 144 thousand lower (€ 176 thousand higher) and in the previous year € 93 thousand lower (€ 114 thousand higher). The balancing item in equity would have been € 4 thousand lower (€ 5 thousand higher) and in the previous year € 24 thousand higher (€ 30 thousand lower). Further currency risks result, above all, from the consolidation of the Hungarian companies as well as the Polish company.

The Group has not currently entered into any forward exchange transactions for hedging of currency risks.

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, 2023 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 € 202 thousand (previous year: € 193 thousand).

In the context of the current interest-rate trends, in the previous 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 € 8.0 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 that 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, 2023	Dec. 31, 2022
Noncurrent financial assets	288	1
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 2023 (as in the previous year).

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

Figures in € k	2023	2022
Balance at Jan. 1	1	0
Profits or losses (after taxes) from effective hedges recognized in equity	200	1
Reclassifications due to the realization of the hedged item	0	0
Balance at Dec. 31	**201**	**1**

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 that 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 the 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	2024	2025 to 2028	After 2028
At December 31, 2023			
Amounts due to banks	7,607	22,377	16,418
Liabilities under financial leases	16,359	27,066	4,967
Trade payables	22,998	0	0
Other liabilities (excl. tax liabilities)	11,749	2	0

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

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	**2023**	2022
Financial assets measured at amortized cost	393	0	−27	−808	−69	−510	−524
Financial assets measured at fair value through other comprehensive income	0	0	0	0	0	0	0
Financial liabilities measured at amortized cost	−5,661	0	−18	0	0	−5,679	−3,023

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.

The fair values of receivables with a remaining term of more than one year are calculated as present values of the payments associated with the receivables, with use of market interest rates.

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 that 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 that is observable directly (e.g., prices) or indirectly (e.g., derived from prices) and
Level 3: information for assets and liabilities that 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, 2023**	Amortized cost	Incl. recycling [1]	Excl. recycling [2]	Fair value through profit or loss	Valuation according to IFRS 16	**Fair value Dec. 31, 2023**
Financial assets								
Cash and cash equivalents	1	14,765	14,765	—	—	—	—	14,765
Trade receivables	2	34,379	34,379	—	—	—	—	34,379
Other receivables	2	10,040	10,040	—	—	—	—	10,040
Other financial assets	3	273	273	—	—	—	—	273
Derivatives used for hedging purposes	2	288	—	288	—	—	—	288
Financial liabilities								
Amounts due to banks	2	42,371	42,371	—	—	—	—	42,371
Trade payables	2	22,998	22,998	—	—	—	—	22,998
Liabilities under financial leases	2	44,900	—	—	—	—	44,900	44,900
Other liabilities	2	11,750	11,750	—	—	—	—	11,750

1) Incl. recycling = items that may be reclassified to the income statement in future
2) Excl. recycling = items that will not be reclassified to the income statement in future

Figures in € k	Fair-value hierar-chy	**Car-rying amount Dec. 31, 2022**	Balance sheet valuation (IFRS 9)					**Fair value Dec. 31, 2022**
			Amor-tized cost	Fair value through OCI		Fair value through profit or loss	Valu-ation accord-ing to IFRS 16	
				Incl. recy-cling [1]	Excl. recy-cling [2]			
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

1) Incl. recycling = items that may be reclassified to the income statement in future
2) Excl. recycling = items that 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 that 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.

40 Segment Information by Region

Figures in € k	Germany	Rest of Europe	USA/Rest of the World	Holding	Elimina-tion	Group
2023						
External sales	196,149	76,341	21,266	248	0	294,004
Internal sales	33,350	37,700	914	11,095	−83,059	0
Total sales	**229,499**	**114,041**	**22,180**	**11,342**	**−83,059**	**294,004**
EBIT	3,950	9,260	1,797	1,522	113	16,642
Financial income	350	1,074	35	1,806	−2,886	379
Finance costs	−4,661	−1,833	−528	−2,042	2,886	−6,178
Income (loss) from associates and other equity investments	483	0	0	1	0	484
Other financial result	14	0	0	0	0	14
EBT	136	8,501	1,305	1,286	113	11,341
Taxes	−258	−1,731	−375	−1,785	5	−4,145
Result for the period	**−122**	**6,771**	**930**	**−499**	**118**	**7,196**
Assets	151,844	140,907	56,448	248,188	−325,803	271,584
thereof investments accounted for using the equity method	2,236	0	0	251	0	2,487
Non-allocated assets	0	0	0	0	0	0
Total assets	**151,844**	**140,907**	**56,448**	**248,188**	**−325,803**	**271,584**
Financial liabilities	60,691	46,695	9,930	47,363	−77,409	87,271
Other debt	50,678	26,777	21,463	−2,746	−40,497	55,675
Non-allocated debt	0	0	0	0	0	0
Total liabilities	**111,369**	**73,473**	**31,393**	**44,617**	**−117,907**	**142,945**
Depreciation, amortization and impairment	20,934	4,723	2,882	1,084	−149	29,474
Investments	17,639	7,675	3,554	1,672	0	30,540
Noncurrent assets [1]	98,393	74,871	8,928	8,300	−1,486	189,006

1) This includes: property, plant and equipment, goodwill, other intangible assets and investment property

Figures in € k	Germany	Rest of Europe	USA/Rest of the World	Holding	Elimination	**Group**
2022[1]						
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**
EBIT	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	−1,542	−1,154	−74	−606	11	−3,365
Result for the period	**5,307**	**5,937**	**305**	**−4,570**	**70**	**7,049**
Assets	148,919	135,449	51,444	263,652	−329,664	269,800
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	**148,919**	**135,449**	**51,444**	**263,652**	**−329,664**	**269,800**
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
Noncurrent assets[2]	101,719	72,203	8,564	7,711	−1,557	188,640

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.
2) This includes: property, plant and equipment, goodwill, other intangible assets and investment property

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 € 78.6 million (previous year: € 72.6 million) and € 33.7 million (previous year: € 35.2 million) – or approx. 26.7 % and 11.5 %, respectively (previous year: 26.7 % and 13.0 %) – 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 2023, Deufol realized income of € 11.7 million due to the conclusion of a settlement agreement. Of this amount, € 10.0 million was allocated to the Germany segment and € 1.7 million to Holding; please see Note (2) for further information.

A € 8,108 thousand impairment loss was recognized on goodwill in the reporting year (see Note (12)). This exclusively related to the Germany segment. In the other intangible assets item, in the previous year in the USA/Rest of the World segment impairment was recognized on a capitalized customer list in the amount of € 104 thousand.

The Group measures an investment property at fair value. This resulted in an impairment loss in the amount of € 218 thousand (previous year: € 92 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**
2023							
External sales	275,791	15,303	349	2,313	248	0	294,004
Internal sales	18,721	40,099	6,205	5,893	12,141	−83,059	0
Internal billing	1,397	9,279	2	0	0	−10,678	0
Total sales	**295,908**	**64,681**	**6,556**	**8,206**	**12,389**	**−93,736**	**294,004**
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**

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 six non-executive directors and three managing directors as of the end of 2023 – had the following members in the reporting period:

Name and position	
Detlef W. Hübner (Chairman) Appointed until the 2025 AGM	■ Managing Director of Deufol SE
Helmut Olivier (Deputy Chairman) Appointed until the 2025 AGM	■ Partner, Companylinks GmbH, Hamburg
Dennis Hübner Appointed until the 2025 AGM	■ Managing Director of Deufol SE
Marc Hübner Appointed until the 2025 AGM	■ Managing Director of Deufol SE
Holger Bürskens Appointed until the 2025 AGM	■ Lawyer and Partner at ARNECKE SIBETH DABELSTEIN Rechtsanwälte Steuerberater Partnerschaftsgesellschaft mbB, Frankfurt am Main
Ewald Kaiser Appointed until the 2025 AGM	■ Managing Partner of Corporate Navigator GmbH & Co. KG and CNK Beteiligungsgesellschaft mbH, Hamburg
Axel Wöltjen Appointed until the 2025 AGM	■ Managing Director of A. Wöltjen Consulting GmbH, Wendelstein
Prof. Dr. Rüdiger Grube Appointed until the 2025 AGM	■ Chairman Investment Banking Germany at Lazard Ltd. and Managing Partner of Rüdiger Grube International Business Leadership GmbH, Hamburg
Gerard van Kesteren Appointed until the 2025 AGM	■ Retired (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 2023, Administrative Board compensation totaled € 207 thousand (previous year: € 153 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	2023	2022
Fixed remuneration	2,427	2,166
Variable remuneration	1,839	555
Other remuneration	0	84
Total	**4,266**	**2,805**

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 2023, other operating income amounted to € 0 thousand (previous year: € 23 thousand) and other operating expenses to € 426 thousand (previous year: € 577 thousand). On December 31, 2023, Deufol did not have any receivables from ARNECKE SIBETH DABELSTEIN Rechtsanwälte Steuerberater Partnerschaftsgesellschaft mbB; liabilities amounted to € 69 thousand (previous year: € 53 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 2023, other operating income amounted to € 0 thousand (previous year: € 1 thousand) and other operating expenses to € 401 thousand (previous year: € 401 thousand). As of December 31, 2023, 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 2023, other operating income amounted to € 0 thousand (previous year: € 371 thousand). As of December 31, 2023, as in the previous year Deufol did not have any expenses, receivables or liabilities.

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 2023, other operating income amounted to € 10 thousand (previous year: € 0 thousand) and other operating expenses to € 3 thousand (previous year: € 301 thousand). As of December 31, 2023, Deufol did not have any receivables from (previous year: € 0 thousand) or liabilities to (previous year: € 14 thousand) Timmerhell 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. As in the previous year, no income arose in fiscal year 2023. Expenses amounted to € 15 thousand (previous year: € 15 thousand). As of December 31, 2023, as in the previous year Deufol did not have any receivables from or liabilities to Corporate Navigator GmbH & Co. KG.

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 2023 Deufol only incurred expenses, in the amount of € 118 thousand (previous year: € 55 thousand). On December 31, 2023, liabilities to Gerard van Kesteren amounted to € 17 thousand (previous year: € 0 thousand). As in the previous year, Deufol did not have any receivables as of the balance sheet date.

The transactions with other related parties also include relationships with Mr. Detlef W. Hübner. In fiscal year 2023, these transactions resulted in income in the amount of € 22 thousand (previous year: € 0 thousand); as in the previous year, Deufol did not incur any expenses. As of December 31, 2023, Deufol did not have any liabilities to (previous year: € 0 thousand) or receivables from (previous year: € 0 thousand) Mr. Detlef W. Hübner.

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
2023		
Sales and other income	972	32
Expenses	57	963
Receivables	44	0
Liabilities	308	86
2022		
Sales and other income	693	395
Expenses	94	1,349
Receivables	75	0
Liabilities	142	67

Hofheim am Taunus, March 22, 2024

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, 2023 to December 31, 2023. We have also audited the Group management report that has been combined with the management report of Deufol SE, Hofheim am Taunus, for the fiscal year from January 1, 2023 to December 31, 2023.

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

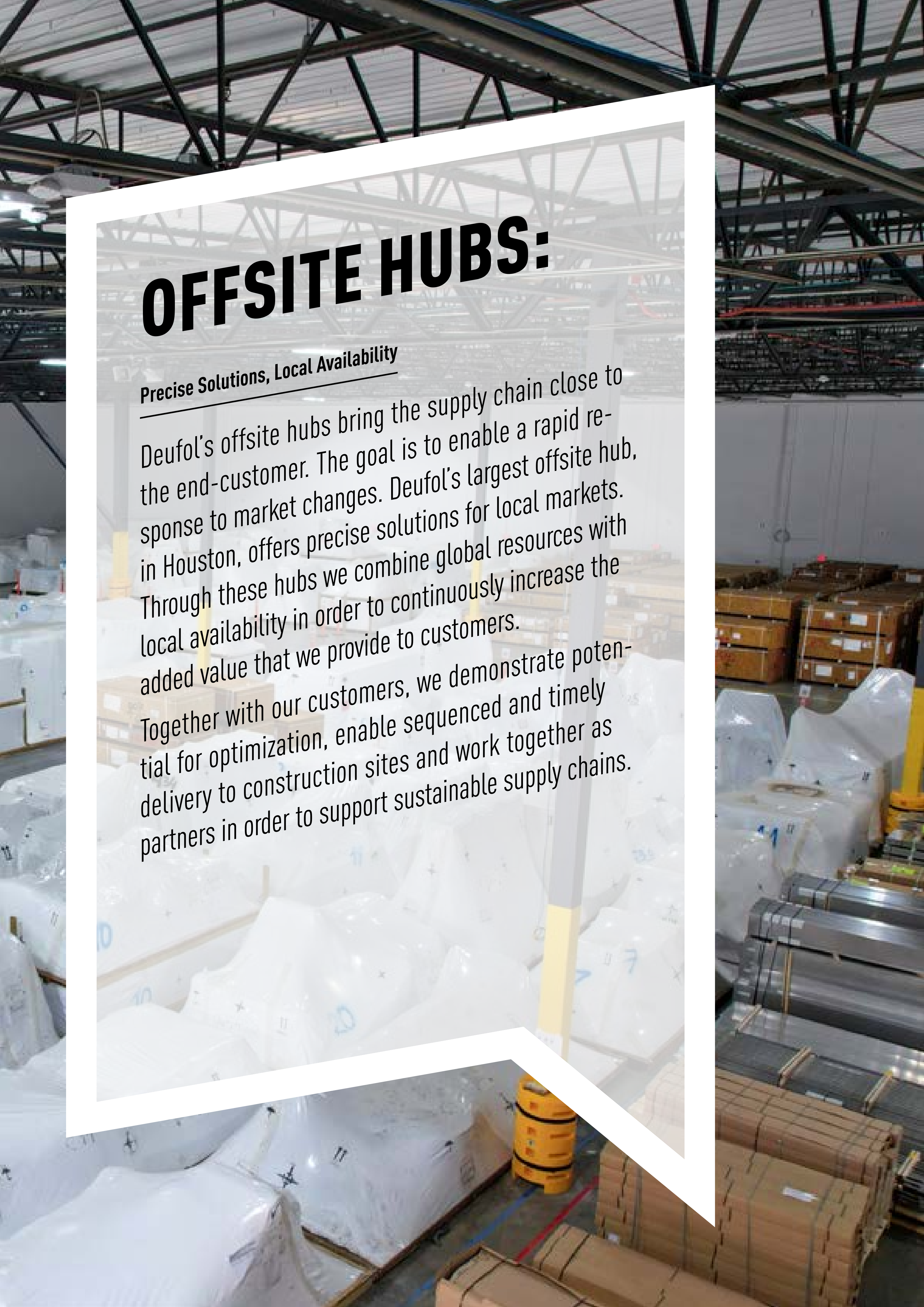
- identify and assess the risks of material misstatement in the consolidated financial statements and in the combined management report and Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient 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 28, 2024

VOTUM AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Leoff	Lehnert
Certified auditor	Certified auditor



OFFSITE HUBS:

Precise Solutions, Local Availability

Deufol's offsite hubs bring the supply chain close to the end-customer. The goal is to enable a rapid response to market changes. Deufol's largest offsite hub, in Houston, offers precise solutions for local markets. Through these hubs we combine global resources with local availability in order to continuously increase the added value that we provide to customers.

Together with our customers, we demonstrate potential for optimization, enable sequenced and timely delivery to construction sites and work together as partners in order to support sustainable supply chains.

Information on Deufol SE

Income Statement of Deufol SE

Figures in € k	2023	2022
1. Sales	**11,342**	**10,018**
2. Other operating income thereof income from currency translation: € 72 k (previous year: € 384 k)	11,827	6,000
3. Cost of materials Expenses for raw materials, consumables and supplies and for purchased merchandise	−132	− 388
4. Personnel costs		
a) Wages and salaries	−10,272	−8,624
b) Social security contributions thereof for old-age provision: € 20 k (previous year: € 17 k)	−997	−891
5. Amortization of intangible assets and depreciation of property, plant and equipment	−944	−1,084
6. Other operating expenses thereof expenses for currency translation: € 228 k (previous year: € 148 k)	−11,272	−9,070
7. Income from investments thereof from affiliated companies: € 1,000 k (previous year: € 1,167 k)	1,000	1,167
8. Income due to profit transfer agreements thereof from affiliated companies: € 4,574 k (previous year: € 4,953 k)	4,574	4,953
9. Other interest and similar income thereof from affiliated companies: € 1,724 k (previous year: € 1,747 k)	1,806	1,798
10. Write-downs of financial assets	0	0
11. Interest and similar expenses thereof for affiliated companies: € 829 k (previous year: € 698 k)	−2,030	−1,772
12. Income taxes	− 438	−143
13. Earnings after taxes	**4,464**	**1,964**
14. Other taxes	−16	−64
15. Net profit for the year	**4,448**	**1,900**
16. Retained profits brought forward	**11,916**	11,309
17. Net income for the year	**16,364**	**13,209**

Balance Sheet of Deufol SE

Assets
Figures in € k

	Dec. 31, 2023	Dec. 31, 2022
A. Fixed assets	**112,897**	**122,916**
I. Intangible assets	2,876	2,553
1. Purchased patents, licenses, trademarks and similar rights and assets	966	1,370
2. Advance payments made	1,910	1,183
II. Property, plant and equipment	4,980	4,956
1. Land, land rights and buildings incl. buildings on third-party land	4,287	4,434
2. Technical equipment and machinery	25	28
3. Other equipment, operating and office equipment	661	494
4. Advance payments made and assets under construction	7	0
III. Financial assets	105,041	115,407
1. Shares in affiliated companies	92,652	94,563
2. Loans to affiliated companies	12,096	20,769
3. Investments	250	0
4. Other loans	43	75
B. Current assets	**44,038**	**33,649**
I. Receivables and other assets	43,657	29,596
1. Trade receivables	41	35
2. Receivables from affiliated companies	36,650	28,417
3. Receivables from companies in which a participating interest is held	29	4
4. Other assets	6,937	1,140
II. Cash in hand, bank balances	381	4,053
C. Deferred expenses and accrued income	**423**	**392**
Total assets	**157,358**	**156,957**

Equity and liabilities
Figures in € k

		Dec. 31, 2023	Dec. 31, 2022
A. Equity		**99,591**	**97,328**
I. Subscribed capital	43,773		
less nominal amount of treasury stock	−669	43,104	43,104
II. Capital reserves		28,198	28,198
III. Retained earnings		11,925	12,817
1. Legal reserves		46	46
2. Other revenue reserves		11,879	12,771
IV. Net income for the year thereof retained profits brought forward: € 11,916 k (previous year: € 11,309 k)		16,364	13,209
B. Provisions		**3,018**	**2,495**
1. Tax provisions		155	52
2. Other provisions		2,863	2,443
C. Liabilities		**54,749**	**57,134**
1. Liabilities to banks		17,418	25,135
2. Trade payables		743	811
3. Liabilities to affiliated companies		34,500	29,046
4. Liabilities to companies in which a participating interest is held		0	0
5. Other liabilities thereof taxes: € 1,689 k (previous year: € 1,953 k) thereof relating to social security: € 0 k (previous year: € 1 k)		2,088	2,142
Total equity and liabilities		**157,358**	**156,957**

Significant Equity Investments of Deufol SE

	Equity interest (%) [1]	Sharehold-ers' equity (€ k)	Sales (€ k)	Employees
Germany				
Deufol Nürnberg GmbH, Nuremberg	100.00	19,048	524	0
Deufol Real Estate GmbH, Hofheim am Taunus	100.00	7,186	11,171	64
Deufol West GmbH, Mülheim an der Ruhr	100.00	2,177	36,868	215
Deufol Hamburg GmbH, Hamburg	100.00	2,143	28,632	104
Deufol Industrieverpackungsmittel GmbH, Hofheim am Taunus	100.00	1,611	0	0
Wallmann & Co. (GmbH & Co. KG), Hamburg	100.00	1,434	10,831	57
Deufol Südwest GmbH, Frankenthal	100.00	468	18,837	141
DTG Verpackungslogistik GmbH, Fellbach	51.02	1,211	9,139	31
Deufol Supply Chain Solutions GmbH, Mülheim an der Ruhr	100.00	496	3,160	39
Deufol Berlin GmbH, Berlin	100.00	302	13,317	81
Deufol Remscheid GmbH, Remscheid	100.00	330	6,283	21
Deufol Consulting & Project Solutions GmbH, Hofheim am Taunus	100.00	268	2,226	2
Deufol Rheinland GmbH, Troisdorf	100.00	539	7,326	37
Deufol Süd GmbH, Neutraubling	100.00	138	62,668	369
Deufol Nord GmbH, Peine	100.00	– 681	9,724	62
Rest of Europe				
Deufol Austria Management GmbH, Ramsau nr. Hainfeld, Austria	70.00	4,492	2,004	16
Rieder Kistenproduktiongesellschaft m. b. H., Ramsau nr. Hainfeld, Austria	69.30	1,883	14,646	73
Deufol Austria Pack Center Solutions GmbH, St. Pölten, Austria	70.00	955	18,245	69
Deufol België NV, Lier, Belgium	100.00	12,452	1,131	8
Deufol Waremme S. A., Waremme, Belgium	100.00	7,627	2,311	0
Manamer NV, Lier, Belgium	100.00	8,043	1,228	0
Deufol Waremme Operations S. A., Waremme, Belgium	100.00	1,968	8,634	70
Deufol Lier NV, Lier, Belgium	100.00	777	10,463	42
Deufol Port of Antwerp NV, Antwerp, Belgium	100.00	696	5,146	14
Deufol Immobilien CZ s. r. o., Brno, Czech Republic	100.00	1,600	1,161	1
Deufol CZ Production s. r. o., Cheb, Czech Republic	100.00	1,567	14,529	86
Deufol Česká republika s. r. o., Brno, Czech Republic	100.00	532	10,106	96
Deufol Hungary Kft., Debrecen, Hungary	100.00	3,477	10,074	135
Deufol Hungary Real Estate Kft., Debrecen, Hungary	100.00	1,813	2,167	0
Deufol Polska Sp. z o. o., Chwaszczyno, Poland	100.00	55	2,511	39
Deufol Slovensko s. r. o., Krušovce, Slovakia	100.00	2,041	2,688	35
USA / Rest of the World				
Deufol North America Inc., Richmond, Indiana (USA)	100.00	19,486	0	12
Deufol Sunman Inc., Richmond, Indiana (USA)	100.00	957	3,957	14
Deufol Charlotte LLC., Richmond, Indiana (USA)	100.00	1,755	5,194	24
Deufol Worldwide Packaging LLC., Richmond, Indiana (USA)	100.00	471	12,448	49

1) 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; 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); 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	2023	2022 1)	2021	2020	2019
Sales (€ k)	294,004	271,580	243,049	213,854	247,061
Change on previous year (%)	8.3	11.7	13.7	−13.4	−6.8
EBITDA (€ k)	46,116	34,034	27,475	29,012	28,148
Margin (as % of sales)	15.7	12.5	11.3	13.6	11.4
EBIT (€ k)	16,642	13,223	6,378	6,339	6,158
Margin (as % of sales)	5.7	4.9	2.6	3.0	2.5
EBT (€ k)	11,341	10,414	2,906	3,301	3,937
Margin (as % of sales)	3.9	3.8	1.2	1.5	1.6
Income (loss) from continuing operations (€ k)	7,196	7,049	1,933	855	2,986
Margin (as % of sales)	2.4	2.6	0.8	0.4	1.2
Net income (€ k)	6,550	6,506	1,281	1,097	2,922
Margin (as % of sales)	2.2	2.4	0.5	0.5	1.2
Operating cash flow (€ k)	35,487	35,075	12,548	29,015	23,625
Margin (as % of sales)	12.1	12.9	5.2	13.6	9.6
Free cash flow (€ k)	30,605	29,470	5,178	19,728	14,931
Margin (as % of sales)	10.4	10.9	2.1	9.2	6.0

Assets position	2023	2022 1)	2021	2020	2019
Current assets (€ k)	70,275	72,369	65,087	74,160	82,940
as % of total assets	25.9	26.8	25.0	27.8	31.0
Noncurrent assets (€ k)	201,309	197,431	195,314	192,747	184,972
as % of total assets	74.1	73.2	75.0	72.2	69.0
Balance sheet total (€ k)	271,584	269,800	260,401	266,907	267,912
Change on previous year (%)	0.7	3.5	−2.4	−0.4	15.5
Liabilities (€ k)	142,945	145,699	144,558	153,645	154,897
as % of total assets	52.6	54.0	55.5	57.6	57.8
Shareholders' equity (€ k)	128,639	124,101	115,843	113,262	113,015
as % of total assets	47.4	46.0	44.5	42.4	42.2
Working capital (€ k)	31,390	32,088	31,979	34,600	40,326
as % of total assets	11.6	11.9	12.3	13.0	15.1
Capital employed (€ k)	201,942	199,435	198,498	203,515	201,503
as % of total assets	74.4	73.9	76.2	76.2	75.2
Noncurrent/current assets	2.86	2.73	3.00	2.60	2.23
Shareholders' equity/liabilities	0.90	0.85	0.80	0.74	0.73
Property, plant and equipment ratio	0.40	0.37	0.37	0.34	0.30
Asset depreciation ratio (%)	53.8	52.7	49.6	50.3	47.9
Inventories/sales (%)	5.0	6.1	6.7	4.3	4.1
Receivables turnover	8.6	8.1	8.5	8.3	8.5
Days sales outstanding	42.7	45.1	42.8	43.9	43.2
Days payables outstanding	28.6	31.2	26.6	41.3	38.4

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

Financial and liquidity ratios

	2023	2022[1]	2021	2020	2019
Capital employed/sales (%)	68.7	73.4	81.7	95.2	81.6
Investment ratio (%)	9.2	9.1	9.3	9.8	8.4
Operating cash flow/investments (%)	615.3	550.1	197.3	200.2	224.1
Asset cover ratio I (%)	72.5	70.4	66.9	67.1	70.9
Asset cover ratio II (%)	118.5	116.3	115.8	116.6	118.3
Interest cover	4.1	3.9	1.8	2.1	2.3
Cash ratio (%)	24.1	27.1	23.6	44.8	39.8
Acid test (%)	90.6	85.9	81.3	93.0	86.6
Current ratio (%)	114.6	111.6	108.4	106.1	104.5
Financial liabilities/equity (%)	66.2	70.6	81.8	91.1	90.5
Financial liabilities/capital employed (%)	43.2	44.5	47.9	50.6	49.9
Net financial liabilities/EBITDA	1.57	2.08	2.93	2.46	2.43
Net financial liabilities/market capitalization (%)	115.3	191.3	207.8	199.2	151.4

Productivity ratios

	2023	2022[1]	2021	2020	2019
Sales per employee (€)	133,080	130,608	120,247	105,405	108,839
EBITDA per employee (€)	20,874	16,367	13,593	14,299	12,400
EBIT per employee (€)	7,533	6,359	3,155	3,124	2,713
Operating cash flow per employee (€)	16,063	16,868	6,208	14,301	10,408
Personnel costs per employee (€)	48,226	44,143	42,278	39,490	39,860
Personnel cost ratio (%)	36.2	33.8	35.2	37.0	37.0

Per-share ratios

	2023	2022[1]	2021	2020	2019
Earnings per share from continuing operations (€)	0.153	0.151	0.030	0.026	0.069
Earnings per share – EPS (€)	0.153	0.151	0.030	0.026	0.069
Price earnings ratio (PER)	9.7	5.7	30.0	31.9	15.2
Dividend per share (€)	0.10	0.03	0.00	0.00	0.00
Book value per share (€)	3.10	2.92	2.70	2.62	2.58
Price/book value	0.48	0.29	0.33	0.32	0.41
Book value per share less goodwill (€)	1.67	1.32	1.10	0.98	0.93
Price/book value less goodwill	0.9	0.7	0.8	0.9	1.1

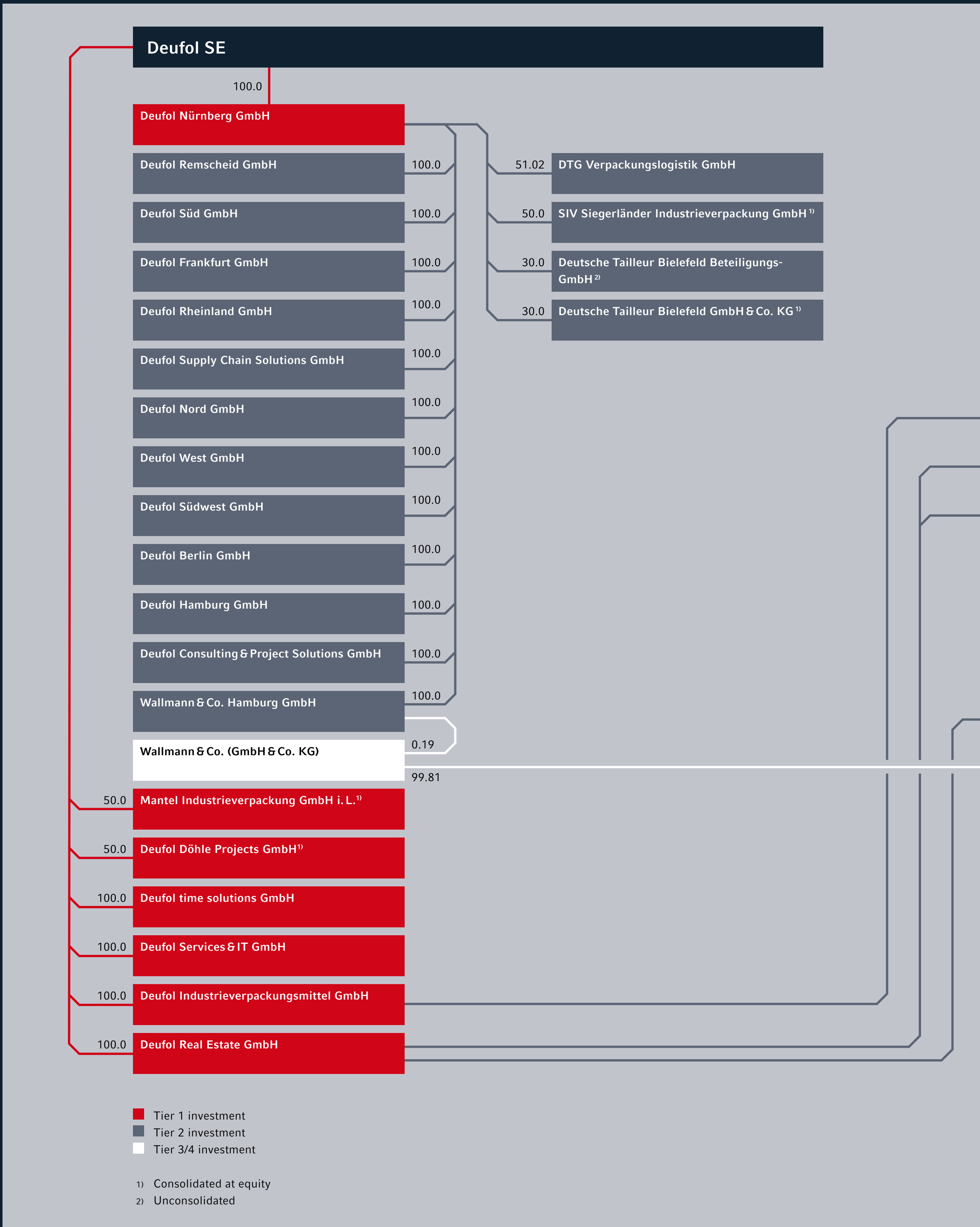
Investment ratios

	2023	2022[1]	2021	2020	2019
Market capitalization/sales	0.21	0.14	0.16	0.17	0.18
Enterprise value/sales	0.46	0.40	0.50	0.51	0.47
Enterprise value/EBITDA	2.9	3.2	4.4	3.8	4.1
Enterprise value/EBIT	8.2	8.3	19.2	17.3	19.0
Enterprise value/operating cash flow	3.8	3.1	9.7	3.8	4.9
Enterprise value/free cash flow	4.4	3.7	23.6	5.5	7.8

1) Restatement in accordance with IAS 12; for further details, please refer to the note on accounting standards applied for the first time on page → 065.

Operational Investments of Deufol SE*

Germany



* As of December 31, 2023; figures in %

Europe

Deufol SE

- 100.0 — Deufol Nürnberg GmbH (in Germany)
- 60.0 — Deufol Austria Management GmbH (AT) — 9.96
- Rieder Kistenproduktiongesellschaft m. b. H. (AT) — 99.03
- Deufol Austria Pack Center Solutions GmbH (AT) — 100.0
- 100.0 — Deufol Česká republika s. r. o. (CZ)
- 66.67 — Deufol Slovensko s. r. o. (SK) — 33.33
- 100.0 — Deufol CZ Production s. r. o. (CZ)
- 100.0 — Deufol Immobilien CZ s. r. o. (CZ)
- 100.0 — Deufol Hungary Real Estate KFT (HU)
- Deufol Hungary KFT (HU) — 100.0
- Deufol Polska Sp. z o. o. (PL) — 100.0

- 100.0 — Deufol België NV (BE)
- Deufol Technics NV (BE) — 100.0
- Deufol Waremme S. A. (BE) — 100.0
- Deufol Waremme Operations S. A. (BE) — 100.0
- Deufol Lier NV (BE) — 100.0
- Deufol Port of Antwerp NV (BE) — 100.0
- Deufol Paris SAS (FR) — 100.0
- Deufol St. Nabord SAS (FR) — 70.0
- 98.86 — SCI Immo DLS (FR) — 0.57
- Manamer NV (BE) — 100.0
- 100.0 — Deufol Belgium Real Estate NV (BE)

Rest of the World

Deufol SE

- Deufol South East Asia PTE. LTD. (SG) — 100.0
- Deufol Meilink Asia Pacific LTD.[1] (SG) — 50.0
- Deufol Meilink Yantai[1] (CN) — 50.0

- 100.0 — Deufol North America Inc. (US)
- Deufol Sunman Inc. (US) — 100.0
- Deufol Charlotte LLC. (US) — 100.0
- Deufol Worldwide Packaging LLC (US) — 100.0

Financial Calendar

April	29, 2024	Annual Financial Report 2023
June	27, 2024	Annual General Meeting 2024
August	29, 2024	Semi-Annual Financial Report 6M 2024

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