2022

Consolidated financial statement for the financial year
from January 1 to December 31, 2022

KEY FIGURES

		1/1/ - 12/31/2022	1/1/ - 12/31/2021	Change
Consolidated revenues [1,2]	in EUR millions	2,995.0	2,412.4	24%
Consolidated revenues (annualized) [1,2]	in EUR millions	3,023.8	2,541.4	19%
EBITDA [1,2]	in EUR millions	154.4	205.0	-25%
Consolidated profit/loss [1]	in EUR millions	78.7	151.8	-48%
Earnings per share				
basic [1,2]	in EUR	-1.33	1.59	>-100%
diluted [1,2]	in EUR	-1.33	1.59	>-100%
Cash flows from operating activities [1]	in EUR millions	-41.5	42.8	>-100%
Cash flows from investing activities [1]	in EUR millions	2.8	-8.7	>100%
Free cash flow [1]	in EUR millions	-38.7	34.1	>-100%

		12/31/2022	12/31/2021	Change
Assets	in EUR millions	2,185.8	2,281.2	-4%
of which cash and cash equivalents	in EUR millions	331.5	444.0	-25%
Liabilities	in EUR millions	1,611.2	1,688.7	-5%
of which financial liabilities	in EUR millions	442.2	379.4	17%
Equity [3]	in EUR millions	574.6	592.5	-3%
Equity ratio [3]	in %	26.3	26.0	1%
Employees at the reporting date		10,144	11,141	-9%

1 The prior-year consolidated statement of comprehensive income and the consolidated statement of cash flows were adjusted for comparison purposes according to the provisions set forth under IFRS 5.

2 From continued operations.

3 Including non-controlling interests.

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LETTER TO SHAREHOLDERS

Dear shareholders, employees, and friends of our company,

The world was confronted with multiple challenging developments, both economic and geopolitical, in the 2022 financial year. Global economic growth was influenced and weakened by concurrent crises. As the effects of the coronavirus pandemic continued, geopolitical tensions were exacerbated by the war in Ukraine beginning in late February 2022. Commodity markets and global supply chains were stressed and inflation rose further. In its latest forecast, the International Monetary Fund (IMF) predicts global economic growth of 2.9 percent in 2023. However, global growth remains below the average rate of the past decades. In close cooperation with the portfolio companies, AURELIUS Equity Opportunities worked hard to navigate these challenging times successfully.

Companies are especially apt to contemplate the sale of peripheral activities beyond their core business in times of complex, exceptional circumstances. AURELIUS Equity Opportunities specializes in identifying companies harboring valuable opportunities and developing such companies after an acquisition with the aid of its operational task force. The co-investments made together with AURELIUS European Opportunities Fund IV are just as well suited for this purpose as direct platform investments and strategic add-on acquisitions.

The Group generated total consolidated revenues of EUR 3,108.2 million in the 2022 financial year, slightly below the level of the previous year (2021: EUR 3,261.2 million). The operating EBITDA of the combined Group fell by ten percent to EUR 224.6 million in financial year 2022 (2021: EUR 249.7 million). The decrease in the operating result was particularly influenced by the ongoing macroeconomic disruptions.

As in the previous years, the company again realized positive gains on company sales, for a total amount of EUR 100.9 million in the 2022 financial year (2021: EUR 163.7 million). These gains were mainly attributable to the proceeds on the sales of AKAD University and Briar Chemicals. As a result of successful exits, as well as continued brisk acquisition activity, a dividend payment totaling EUR 41.5 million (2021: EUR 28.7 million), and the expenditures for share buybacks (EUR 42.7 million), consolidated cash and cash equivalents amounted to EUR 331.5 million at the end of 2022 (December 31, 2021: EUR 444.0 million).

The net asset value (net) at the end of the 2022 financial year came to EUR 895.8 million, that being below the level at the end of the previous year (December 31, 2021: EUR 1,004.7 million). This is mainly attributable to the successful company disposals in the financial year and the respective reduction in the existing portfolio by around 35 percent. Furthermore the current macroeconomic environment continues to have a negative impact on the net asset value (net), which is directly reflected in the increased cost of capital used in the valuation, among other things in view of the increased interest rate environment. The ability of portfolio companies to pass on substantially higher energy costs to customers is limited; in addition, the looming recession predicted by experts has already caused consumers to cut back on spending.

The net asset value (net) of the Group's Co-Investments amounted to EUR 72.5 million. This increase results on the one hand from the acquisitions within the Co-Investments and additionally from the separate valuation of all Co-Investments with a holding period of more than six months.

AURELIUS Equity Opportunities completed eight add-on acquisitions for existing portfolio companies, five co-investments, and five (partial) exits in the past financial year.

We are responding to the persistent challenges in the macroeconomic environment, which we will again face in the 2023 financial year primarily, by expanding the operational task force, the foundation of our work with the portfolio companies. We will therefore be able to support our companies in every way necessary to promote growth and avert crisis situations.

We wish to thank all our employees for their excellent work. We also wish to thank you, our shareholders, for your support in the 2022 financial year.

Cordially yours,

Matthias Täubl
Chief Executive Officer (CEO)

Fritz Seemann
Executive Director

Richard Schulze-Muth
Chief Financial Officer (CFO)

The Management Team of AURELIUS Management SE
(from left to right: Matthias Täubl, Richard Schulze-Muth, Fritz Seemann)

THE MANAGEMENT TEAM

Matthias Täubl (Chief Executive Officer, CEO)

Matthias Täubl studied International Business Relations at the University of Applied Sciences in Eisenstadt/Austria and at Helsinki Business Polytechnic. After a few years with Knorr-Bremse AG and a midsized M&A- and restructuring advisory company he joined AURELIUS in 2008 and since then held various positions in the AURELIUS Task Force. Among others transactions, Matthias was responsible for AURELIUS' successful realignment of Getronics group.

Fritz Seemann (Executive Director)

Fritz Seemann studied mechanical engineering at Berlin Technical University. Since 1999 he has worked on the realignment and operative improvement of companies, first as Senior Principal at Droege & Comp. and then as a consultant and interim manager. In 2009, Fritz joined AURELIUS where, among other things, he was responsible for the successful realignment of the portfolio companies Secop and Solidus.

Richard Schulze-Muth (Executive Director, CFO)

Richard Schulze-Muth studied law at the „Freie Universität Berlin" and the Catholic University in Leuven, Belgium. He then worked for several years for the international law firm Ashurst in the area of finance and finally moved to Bayerische Landesbank in Munich as a department director. He has been responsible for Corporate Finance at AURELIUS since 2015 and was appointed Chief Financial Officer in October 2021. In this function he has been in charge of the Group's entire finance organisation as well as Accounting, Group Accounting, Controlling, Treasury, Tax, Legal (since September 2022) and Corporate Finance.

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BOARD OF DIRECTORS
NON-MANAGING DIRECTORS

Dr. Dirk Markus (Chairman of the Board of Directors)

Dr. Dirk Markus has overseen more than 80 private equity transactions since buying his first business in 2002. Previously he was with McKinsey & Company, where as a project manager he focused on process optimization and digitization as well as restructuring topics.

Dirk was born in Regensburg, Germany, and grew up in Austria. He studied business administration in St. Gallen/Switzerland, and Copenhagen/Denmark as a scholar of the German Academic Scholarship Foundation (Studienstiftung) and was awarded a PhD by St. Gallen/Switzerland. During his PhD studies, he spent a term as Visiting Research Fellow at Harvard University/USA.

Dirk is a member of the board of Trustees of the START Foundation, providing scholarships to gifted children with a migration background.

Dirk Roesing (Deputy Chairman of the Board of Directors)

Dirk Roesing is a German citizen and was born in Bremerhaven in 1963. He has been Chairman of the of the Shareholders' Committee of AURELIUS Equity Opportunities SE & Co. KGaA. After earning a degree in business administration in 1986, Dirk Roesing began his career in the Internal Audit department of Daimler Benz AG. After two years, he made an internal move to assume management responsibility for Group Treasury.

From 1994 to 1996, he headed the Controlling and M&A Departments of VOBIS AG, a company of the Metro Group. After that, he served as European Finance Director and German Managing Director of the international Amer Sports Group (which includes the Atomic, Wilson and Salomon brands).

Following on from this, he joined with his fellow board members at telegate AG to establish the directory assistance service in his function as commercial director and supervised the company's stock market listing. In 2003, he became Executive Board Chairman of the listed SHS Viveon AG, where he has been Chairman of the Supervisory Board from autumn 2009 until May 2013.

He then served as partner and member of the Executive Board of venture capital company b-to-v Partners AG before becoming managing director of Scopus Capital GmbH in 2012.

Gert Purkert

After studying physics in Leipzig and Lausanne/Switzerland, Gert Purkert worked for McKinsey & Company, where he gathered experience in process improvements, cost reduction programs and strategic restructuring programs.

After that, he co-founded equinet AG in Frankfurt, an investment bank advising mainly small to medium-sized enterprises. As a member of the Executive Board of the Group's portfolio company, he was responsible for conducting numerous M&A transactions and managing the portfolio companies.

Dr. Thomas Hoch

Dr. Thomas Hoch is a German citizen and was born in Offenbach-am-Main in 1967. Since 2015 he has been on the partners' committee of AURELIUS Equity Opportunities SE & Co. KGaA. Dr. Hoch studied business informatics at Darmstadt Technical University, the University of Illinois at Urbana-Champaign/USA, and the University of Göttingen. He has worked successfully as an entrepreneur and investor in the field of equity interests for over 15 years. Among other things, he is a founding partner of what is now EVP Capital Management AG and of the Frankfurt investment bank equinet Bank AG.

Dr. Hoch was in charge of investing in growth SME's in German-speaking countries as Managing Partner and shareholder at Co-Investor/EVP since 2008. Since 2017 he has been Managing Partner at W&B Projektentwicklungs GmbH, which focuses on developing and managing residential and commercial properties.

Holger Schulze

After studying industrial engineering at the Technical University of Darmstadt, Mr. Schulze began his career as Senior Analyst Global Internal Audit at Procter & Gamble Services in Brussels, Belgium. Following several other posts within the Procter & Gamble Group – in his last position he held global financial responsibility for the distribution logistics and the customer service of the perfume business with responsibility for a budget of more than EUR 100 million and a team of twelve staff – he joined McKinsey & Company as a project manager. There, he led projects for clients in the consumer goods, pharmaceuticals and telecommunications industry in Germany, Romania, Switzerland, the UK and the US. He is CEO of Vital AG, Seligenstadt, Managing Partner of CaloryCoach Holding GmbH, Mainaschaff, and Managing Director of purfitness Holding GmbH, Hanau, and lives in Frankfurt / Main. Holger Schulze was born in 1974 and his nationality is German.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA carried out the tasks incumbent upon it by law and the company's Articles of Association to the best of its ability in the 2022 financial year. It supervised the work of AURELIUS Management SE, the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA, carefully and continuously. It advised and closely supported the company in matters of governance, planning, and corporate strategy.

The Supervisory Board and the Managing Directors and Board of Directors of AURELIUS Management SE worked together in a constructive atmosphere of mutual trust in the past financial year 2022. At the meetings of the Supervisory Board, the Managing Directors and Board of Directors provided regular, prompt, and extensive information about the company's current business performance and situation, as well as on matters of relevance for the company and pending decisions of strategic importance and/or requiring the approval of the Supervisory Board. All such matters were always discussed fully and thoroughly and coordinated with each other.

Significant aspects of the Supervisory Board's activity included the company's business development and financial performance, financial position, and cash flows, including the risk situation, as well as important transactions and corporate planning.

The activities of the Supervisory Board in financial year 2022 are described in the paragraphs below.

Meetings of the Supervisory Board in financial year 2022

The Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA held three meetings in financial year 2022. The Chairman of the Supervisory Board, Mr. Christian Dreyer-Salzmann, was absent and excused from one meeting. Between these meetings, the Supervisory Board also adopted resolutions by means of other commonly used communication media in individual cases.

All Supervisory Board members possess the necessary knowledge and professional experience to perform their duties effectively.

The Supervisory Board dealt extensively with the Group's economic position and strategic direction in the past financial year. An especially important topic at the Supervisory Board meetings was the operational development of the Group's subsidiaries, i.e., the business policies and other basic questions of corporate planning, profitability, and business performance, particularly in the context of COVID-19 and the crisis in Ukraine.

The Supervisory Board also regularly dealt with the Group's risk situation and compliance-related issues in its meetings. The Managing Directors and Board of Directors of AURELIUS Management SE regularly reported on these matters in the Supervisory Board meetings.

In the meeting held on March 28, 2022, the Supervisory Board approved the separate and consolidated financial statements for the 2021 financial year after examining the corresponding reports of the Managing Directors and Board of Directors of AURELIUS Management SE and discussing the financial statements with the independent auditor, and concurred with the distributable profit utilization proposal of the personally liable partner. The Supervisory Board also discussed the company's regular reports.

The Supervisory Board welcomed the newly elected Supervisory Board member Ms. Rosa Riera in the meeting held on June 21, 2022, the day of the annual general meeting.

In the last meeting of the year held on November 21, 2022, the Supervisory Board intensively discussed and approved both the regular reports and the budget for the period from 2023 to 2025.

Collaboration between the Supervisory Board, Managing Directors and Board of Directors of AURELIUS Management SE

The Managing Directors and Board of Directors of AURELIUS Management SE consulted the Supervisory Board in a prompt and appropriate manner on all decisions of relevance for AURELIUS Equity Opportunities SE & Co. KGaA. The written and oral reports that were regularly presented and explained to the Supervisory Board by the Managing Directors formed the basis for the Supervisory Board's advisory and supervisory activities. In addition, the Supervisory Board and the Board of Directors of AURELIUS Management SE continually shared information about the company's business performance and strategic issues. The Supervisory Board was therefore always promptly consulted on all key topics of relevance for the company. The applicable legal requirements were always fulfilled.

The Supervisory Board was extensively informed of all key matters for the Group, particularly including the company's current business performance, the development of the business and funding situation, relevant business events, and strategic business decisions, as well as the associated opportunities and risks.

In the time between Supervisory Board meetings, the Managing Directors and Board of Directors of AURELIUS Management SE were in regular contact with the Supervisory Board so that the Supervisory Board was always informed of significant current developments and could provide advice and support to the Managing Directors and Board of Directors of AURELIUS Management SE.

Current operating results and the corresponding budget figures, as well as the prior-year comparison figures, were made available to the Supervisory Board as part of the monthly reporting process and served as the basis for deliberations. The Supervisory Board examined important documents related to budget planning and financial statements and assured itself that these documents were correct and appropriate. The Supervisory Board carefully reviewed and discussed all reports and documents presented to it to an appropriate extent, with the result that there was no cause for objections.

The Supervisory Board thoroughly discussed the ongoing business planning and corporate strategy, with a particular focus on the income and risk situation of the individual Group companies.

The Supervisory Board also regularly discussed fundamental issues of business planning, particularly including financial planning, investment planning, and personnel planning, as well as opportunities and risks and risk management issues.

The Supervisory Board approved all matters requiring its approval in accordance with the Articles of Association and its internal rules of procedure. The Supervisory Board regularly assured itself that the Managing Directors and Board of Directors conducted the business of AURELIUS Management SE appropriately and took all necessary measures in a timely and effective manner, including appropriate measures related to risk provisions and compliance. The Supervisory Board assured itself that the Managing Directors and Board of Directors of

AURELIUS Management SE appropriately took all required measures and that the required risk monitoring system functions correctly.

Corporate Governance

The Supervisory Board regularly assesses the efficiency of its activities. No conflicts of interest were reported to the Supervisory Board in the reporting period.

Audit of the separate financial statements for the 2022 financial year

The annual financial statements of AURELIUS Equity Opportunities SE & Co. KGaA and the consolidated financial statements for the financial year 2022, together with the bookkeeping system and the group management report, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich branch. The annual financial statements of AURELIUS Equity Opportunities SE & Co. KGaA, prepared by the general partner in accordance with German accounting principles, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich branch. The audit did not lead to any objections. Therefore, the annual financial statements of AURELIUS Equity Opportunities SE & Co. KGaA as of December 31, 2022 were given an unqualified audit opinion.

The consolidated financial statements prepared voluntarily by the general partner in accordance with International Financial Reporting Standards (IFRS) and the combined management report of AURELIUS Equity Opportunities SE & Co. KGaA and the Group for the financial year 2022, including the accounting records, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich branch. The consolidated financial statements were issued with a qualified audit opinion. The qualifications relate to the fact that no individualization of the disclosures required by IFRS 3.59 et seq. and IFRS 8.23 (i) was made in the notes. Furthermore, the local auditor of AURELIUS Investment Lux One S.à r.l. (hereinafter "LuxOne"), which is included in the consolidated financial statements using the equity method and in which the Group holds 29.4 percent of the shares, was unable to obtain sufficient and appropriate audit evidence regarding the fair value measurement of an investment of LuxOne. In addition, Office Depot France SNC, Senlis/France, is included in the prior year figures as a deconsolidated company. No audit of the reporting package could be performed by the local auditor for the deconsolidation date of Office Depot France SNC, in fiscal year 2021, so that no reasonable assurance could be obtained about the completeness, inventory, recognition and measurement of the items of Office Depot France SNC included in the prior year financials.

The annual financial statements of AURELIUS Equity Opportunities SE & Co. KGaA, the consolidated financial statements and the combined management report of AURELIUS Equity Opportunities SE & Co. KGaA and the Group, as well as the auditor's reports and the general partner's proposal for the appropriation of net profit, were submitted to the Supervisory Board in good time for review. The Supervisory Board examined in detail the documents submitted to it in accordance with section 170 (1) and (2) of the German Stock Corporation Act (AktG) and the auditor's reports.

The Supervisory Board approved the audit results of KPMG AG Wirtschaftsprüfungsgesellschaft, Munich branch. As the final result of its own audits, the Supervisory Board determined that there were no objections to be raised. The Supervisory Board concurs with the management report of the General Partner. The Supervisory Board approved the annual financial statements and the consolidated financial statements for the financial year 2022.

In the financial year 2022, on the basis of the resolution of the Annual General Meeting of June 21, 2022, a distribution of EUR 41.5 million was made to shareholders from the retained earnings of AURELIUS Equity Opportunities SE & Co. KGaA for the financial year 2021 in the amount of EUR 129.9 million, a distribution of EUR 41.5 million was made to the shareholders. This corresponds to a distribution of 1.50 euros per ordinary share. 88.4 million euros were carried forward to new account. On the day of the Annual General Meeting, the Company held 2,087,391 treasury shares which are not entitled to dividends in accordance with § 71b AktG. The amount attributable to these shares is already included in the retained amount of 88.4 million euros.

In accordance with the German Stock Corporation Act (AktG), the dividend distributable to shareholders is calculated on the basis of the unappropriated profit reported in the annual financial statements of AURELIUS Equity Opportunities SE & Co. KGaA's unappropriated retained earnings. The general partner's proposal for the appropriation of profits provides for the distribution of a dividend of EUR 0.50 from the net retained profits of EUR 110.3 million reported in the annual financial statements for 2022 prepared in accordance with the German Commercial Code. This corresponds to a distribution amount of 13.2 million euros. 97.1 million euros are to be carried forward to new account. To the extent that the Company holds treasury shares on the day of the Annual General Meeting which are not entitled to dividend pursuant to Section 71b of the German Stock Corporation Act (AktG), the amount attributable to these shares will be carried forward to new account.

Composition of the Supervisory Board

Rosa Riera was elected as a new, independent member of the company's Supervisory Board at the annual general meeting of June 21, 2022. In addition, Prof. Dr. Bernd Mühlfriedel was re-elected as a Supervisory Board member. Holger Schulze resigned from the Supervisory Board. Women now represent 50 percent of the six-person Supervisory Board.

The Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA was composed of the following members in the 2022 financial year:

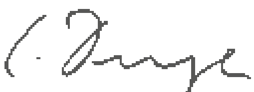
Christian Dreyer-Salzmann (Chairman)
Prof. Dr. Bernd Mühlfriedel (Vice Chairman)
Holger Schulze (until June 21, 2022)
Dr. Ulrich Wolters
Maren Schulze
Eva Wimmers
Rosa Riera (since June 21, 2022)

Expression of gratitude

The Supervisory Board wishes to thank the Managing Directors and Board of Directors of AURELIUS Management SE, as well as all employees of the Group, for their tremendous personal commitment and trustful collaboration in financial year 2022.

Grünwald, March 27, 2023

Christian Dreyer-Salzmann



Chairman of the Supervisory Board

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THE SUPERVISORY BOARD

Christian Dreyer-Salzmann (Chairman of the Supervisory Board)

After studying engineering at the Swiss Federal Institute of Technology in Zurich, Christian Dreyer-Salzmann earned an MBA from the INSEAD business school in the French city of Fontainebleau in 1988. He worked as a management consultant for McKinsey & Company in Munich from 1989 to 1991. In 1991, he became Managing Partner of Hansen & Reinders GmbH & Go. Bergbauelektrik KG in Gelsenkirchen, which he internationalized and converted to Hansen Sicherheitstechnik AG with its registered head office in Munich in 2005. Under his leadership as Chairman of the Management Board, the company successfully floated shares on the Frankfurt Stock Exchange in 2006. From 2003 to 2004, he served as Management Board Chairman of Skidata AG and since 2005 he has been the Managing Partner of the private equity and management firm Dreyer Ventures & Management GmbH, Salzburg, whose portfolio today comprises investments in established mechanical engineering firms and innovative technology companies. He also served as Supervisory Board Chairman of MS Industrie AG from 2010 to 2015 and as a Supervisory Board member from 2010 to 2012, and then as Management Board Chairman of SMT Scharf AG from 2012 to 2015. Currently, he is a Supervisory Board member of Beno Holding AG, Starnberg and of Gemeinnützige Salzburger Landeskliniken Betriebsgesellschaft mbH, Salzburg/Austria. Christian Dreyer-Salzmann was born in Zell am See in Austria on November 22, 1962 and currently resides in Salzburg. Christian Dreyer-Salzmann is an independent member of the Supervisory Board. Christian Dreyer-Salzmann is Chairman of the Nomination Committee and a member of the Audit Committee. Christian Dreyer-Salzmann has expertise in the field of accounting and in the field of auditing.

Prof. Dr. Bernd Mühlfriedel (Deputy Chairman of the Supervisory Board)

After finishing his studies in business economics at the Friedrich-Alexander University Erlangen-Nürnberg and completing his MBA at the University of Georgia, Dr. Bernd Mühlfriedel started his professional career as a consultant at McKinsey & Company in 1998. He focused on corporate finance and growth studies in the high-tech, chemical and energy branches. At the end of 1999, Prof. Dr. Bernd Mühlfriedel founded the 12snap AG, where he took the role of chief financial officer until 2008. During this period he completed the Chartered Financial Analyst Program at the American CFA Institute. He is also nationally and internationally active as a lecturer and docent in business finance, investment management and entrepreneurship topics, among others at TU München, FOM München as well as the State University of Economics and Finance in St. Petersburg since 2001 (currently inactive). He completed his postdoctoral Dr. rer pol. at the TU München in 2012 with summa cum laude. Dr. Bernd Mühlfriedel, CFA, was born 1971 and his nationality is German. He is professor in business economics at the University for applied Sciences in Landshut, Germany, and managing partner of Zenon Investments GmbH, Gräfelfing, resident in Munich. Prof. Dr. Mühlfriedel is an independent member of the Supervisory Board. Prof. Dr. Bernd Mühlfriedel is Chairman of the Audit Committee, Deputy Chairman of the Personnel Committee and is a member of the Nomination Committee. Prof. Dr. Bernd Mühlfriedel has expertise in the field of accounting and in the field of auditing.

Holger Schulze (until June 21, 2022)

After studying industrial engineering at the Technical University of Darmstadt, Mr. Schulze began his career as Senior Analyst Global Internal Audit at Procter & Gamble Services in Brussels, Belgium. Following several other posts within the Procter & Gamble Group – in his last position he held global financial responsibility for the distribution logistics and the customer service of the perfume business with responsibility for a budget of more than EUR 100 million and a team of twelve staff – he joined McKinsey & Company as a project manager. There, he led projects for clients in the consumer goods, pharmaceuticals and telecommunications industry in Germany, Romania, Switzerland, the UK and the US. He is CEO of Vital AG, Seligenstadt, Managing Partner of CaloryCoach Holding GmbH, Mainaschaff, and Managing Director of purfitness Holding GmbH, Hanau, and lives in Frankfurt / Main. Holger Schulze was born in 1974 and his nationality is German.

Dr. Ulrich Wolters

After completing his studies in economics in Cologne and gaining his doctorate at the University of World Trade, Dr. Ulrich Wolters began his professional career at the Aldi-Süd Group. After starting there in 1968, he moved up the ranks through several positions, including divisional director, head of sales and managing director. He was appointed to the senior management of Aldi-Süd in 1971 (until 2001). Dr. Ulrich Wolters is supervisory board chairman of Novotergum AG. Dr. Ulrich Wolters is an independent member of the Supervisory Board, Deputy Chairman of the Audit Committee and is a member of the Personnel Committee.

Maren Schulze

Maren Schulze is German. She was born in Göttingen (Germany) in 1979. Maren Schulze studied chemistry and marketing at Reutlingen University of Applied Sciences. After earning a master's degree, she worked for several years at Procter & Gamble in Schwalbach as Senior Researcher Babycare and in Brand Management Healthcare. After holding various international management positions in marketing and sales with companies in the consumer goods and medical engineering sectors, she took on the company succession of the company objective consumer research and consulting GmbH in Frankfurt. This company specialises in qualitative market research and consulting for the consumer goods and pharmaceuticals industries. Maren Schulze is Chairperson of the Personnel Committee and Deputy Chairperson of the Nomination Committee.

Eva Wimmers

Eva Wimmers was born in 1969 and is a German citizen. She holds a Bachelor of Laws (Zwischenprüfung) from Goethe University Frankfurt, and a Bachelor of Management and Business Administration & Marketing Certificate from Webster University in Geneva. Wimmers has 25 years of experience in telecommunications, engineering, IT and consumer electronics. She is a Turn Around & Transformation Specialist and Business Angel. In her stations, she took on various responsibilities in C-level positions. From 2011, she served as SVP Group Procurement at Deutsche Telekom AG and from 2016 as President Europe and Global Vice President of Huawei Honor Europe. She served as CEO of NativeWaves GmbH until 2021 and as CEO of ISS Facility Services Holding GmbH until 2022. Since 2018, Eva Wimmers has also been CEO of Geistesblizz GmbH. Eva Wimmers is an independent member of the Supervisory Board.

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Rosa Riera (since June 21, 2022)

Rosa Riera holds an interdisciplinary degree in political science and business administration. She is director of Uniq Coaching GmbH with TheNextWe, a company that provides app-based business coaching. Previously, she held various management positions at Siemens AG, both in Germany and abroad. Rosa Riera started her career at Siemens in 2001 in the Corporate Communications department, followed by roles in HR and Strategy from 2009 onwards. Between 2014 and 2020 she worked as Vice President Employer Branding and Social Innovation at Siemens. Rosa Riera is an independent member of the Supervisory Board. Ms. Riera was born in Spain in 1975, holds Spanish and German citizenship, has led international teams which shaped her intercultural background. Rosa Riera is a member of the Nomination Committee.

THE AURELIUS SHARE

International stock markets plagued by uncertainty and global tensions in 2022

The global economy was confronted in 2022 with both the aftermath of the coronavirus pandemic and the start of the still ongoing war in Ukraine, after which global economic growth began to weaken as energy prices and inflation rates marched higher. Global stock markets were adversely impacted by geopolitical crises and monetary policy course reversals in what turned out to be a remarkably difficult year.

The lead German stock index, the DAX, closed the year 2022 at 13,923 points, down 13 percent. After beginning the year at its high for the year, the DAX was subsequently weakened particularly by the war in Ukraine and the ensuing macroeconomic disruptions so that it closed the first quarter with a loss of 10 percent from the start of the year. This trend continued in the second quarter. Amid continuing uncertainties, the DAX oscillated within a sideways pattern in the third quarter. The macroeconomic environment improved slightly in the fourth quarter as a result of positive developments in the fight against the coronavirus pandemic and declining infection counts, leading to a renewed rise in the DAX.

The governments and central banks of the industrialized nations again actively sought to counteract the overall adverse economic developments in 2022. Inflation rates, which rose steadily throughout the year, reached an especially high level in the Eurozone, closing the year at 10.4 percent. Other countries too were challenged by rising inflation rates. In the United States, inflation hit its high for the year of 9.1 percent in June 2022.

Global markets had been supported in 2021 by loose monetary policy, the continuation of billion-euro bond purchasing programs, and near-zero benchmark interest rates. In 2022, however, the central banks of the industrialized nations changed their monetary policy, in some cases significantly, in reaction to the multi-faceted geopolitical and economic tensions.

Economic growth in the Eurozone was supported by the ramp-up of economic activity after the remarkably growth-inhibiting coronavirus pandemic finally subsided. As a result, the European Central Bank (ECB) ended its bond purchasing program while leaving its benchmark interest rates unchanged in the first quarter of 2022.

After that, inflation pressures intensified across many sectors due in part to the sharp increase in energy costs. To counteract the further rise of inflation, the ECB ended its zero-interest rate policy in June 2022 by raising its benchmark rates by 50 basis points. The ECB's three key interest rates reached a level of between 2.00 and 2.75 percent at the end of 2022.

The U.S. Federal Reserve (the "Fed") also reacted to the stressed, inflationary market environment by embarking on its interest-rate raising cycle already in the beginning of the first quarter of 2022, well before the ECB. Seeing as higher inflation threatened to derail the past-pandemic recovery of the U.S. labor market, the Fed increased interest rates steadily and significantly in some cases. Benchmark rates in the United States reached a level of between 4.25 and 4.50 percent in December 2022.

Performance of the AURELIUS Equity Opportunities share in 2022

The share of AURELIUS Equity Opportunities was not immune to the effects of general economic developments in 2022, particularly including the repercussions of the war in Ukraine and higher inflation rates across Europe. Having begun the year at EUR 27.70, the share ended the year with a loss of 34 percent.

While stock markets were preoccupied in the first quarter with the implications of Russia's invasion of Ukraine, the share price of AURELIUS Equity Opportunities moved in tandem with the most important German stock index, the DAX, and closed the first quarter at EUR 25.18.

Despite positive corporate results and announcements, the price of the company's share fell further to EUR 20.30 at the end of the second quarter. Also in the second half of the year, the AURELIUS Equity Opportunities share was weighed down by the generally tough market environment. It closed the year at EUR 18.32.

Dividend payment and share buybacks

AURELIUS Equity Opportunities again paid a dividend to its shareholders in the 2022 financial year, creating additional value for shareholders. At the annual general meeting on June 21, 2022, which was again held virtually due to the pandemic, the shareholders approved a distribution of EUR 1.50 per share, for a total dividend payout of EUR 41.5 million. This represents an increase from the originally proposed dividend of EUR 1.25 Euro per share.

The Managing Directors of AURELIUS Management SE, the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA, resolved to propose to the company's annual general meeting to be held in 2023 that the company pay a dividend of EUR 0.50 per qualifying share from the distributable profit for the 2022 financial year. This equates to a total dividend payout of EUR 13.2 million.

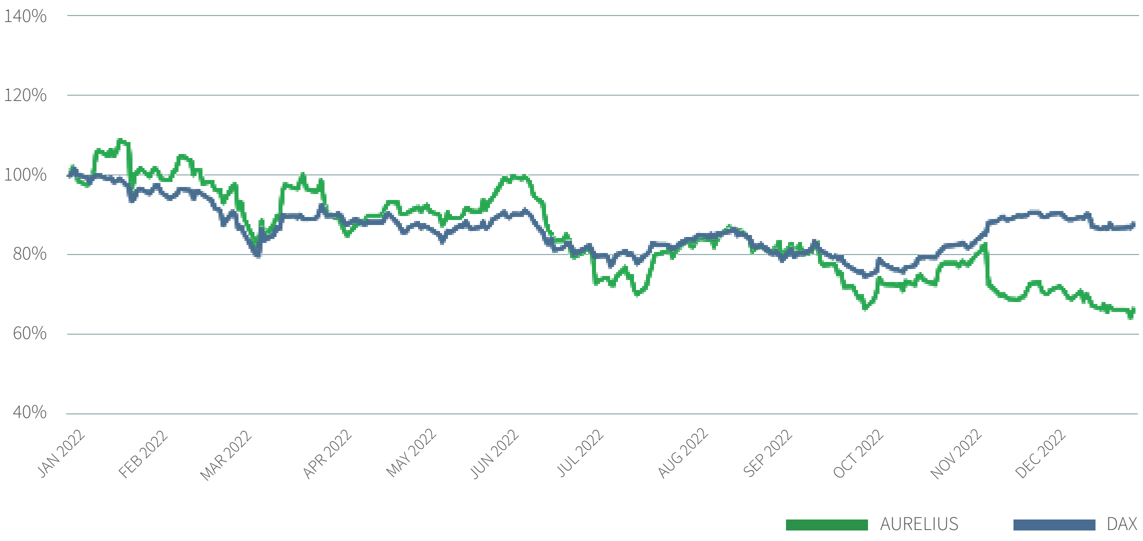
The Managing Directors of AURELIUS Management SE, the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA, additionally resolved in June 2022 to launch another share buyback program, under which it will buy back up to one million shares in the following twelve months for a total volume of up to EUR 30 million (excluding transaction costs). This buyback program was successfully concluded in December 2022. Under the 2021 buyback program that ended in May 2022 and the 2022 buyback program, the company purchased 1,814,000 shares for a total price of EUR 42.7 million by December 31, 2022.

Investor relations activity

The Managing Directors who bear responsibility for ESG sustainability criteria (ESG: Environmental, Social, Governance) continued to integrate these criteria into the company's business model in the 2022 financial year. Relevant priority topics were identified and the ESG projects that had already been launched to implement appropriate measures were pursued further. Additional information on this subject can be found in the Sustainability Report beginning on page 21.

The financial analysts of the following banks and brokers provided regular commentary and recommendations on the company's share in 2022: AlsterResearch, Baader/Helvea, Berenberg, Hauck & Aufhäuser Institutional Research, and Pareto Securities. Their expectations for the share's further performance have been uniformly positive. Representatives of the company's senior management and the persons charged with responsibility for analysts, and press representatives for one-on-one conversations and group discussions. The company also presented itself at major capital market conferences.

Development of the Aurelius share in comparison with the DAX



Key data

WKN	A0J K2A
ISIN	DE000A0JK2A8
Ticker symbol	AR4
Stock exchanges	Xetra, Frankfurt, Berlin-Bremen, Hamburg, Munich, Stuttgart
Market segment	m:access (regulated unofficial market) of the Munich Stock Exchange
Share capital	EUR 31,680,000.00
Number and type of shares	28,769,944 no-par bearer shares
Initial listing	June 26, 2006

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NET ASSET VALUE OF THE GROUP COMPANIES

in MEUR	December 31, 2022
Industrial Production	302.2
Retail & Consumer Products	334.1
Services & Solutions	22.4
NAV (net) of the portfolio companies *	**658.7**
Other **	164.6
Co-Investments	72.5
Total NAV (net) *	**895.8**
NAV per share in EUR ***	**33,57**

* Shown NAV (net) of the Group companies is presented in proportion to the percentage of equity held by AURELIUS Equity Opportunities SE & Co. KGaA.

** Treasury shares are not included in the calculation of the Other segment.

*** Treasury shares are not included in the calculation of the NAV (net) per share. Thus, the total number of shares included in the calculation is 26,682,553.

The NAV as of December 31, 2022, is reported as net NAV as done in the previous year. This figure is calculated by deducting the expected transaction costs to be incurred upon selling the portfolio companies as well as all expected management compensation in relation to the individual portfolio companies. The net NAV purely reflects the potential cash inflows of AURELIUS Equity Opportunities SE & Co. KGaA.

The NAV is measured by application of a discounted cash flow model based on the budgets of the Group companies for the next three years (2023 to 2025) and the forecasts of the current financial year prepared by the Group companies that have been approved by the Supervisory Board. The Valuation Guideline of AURELIUS Equity Opportunities SE & Co. KGaA follows the recommendations of the International Private Equity and Venture Capital Valuation Guidelines (IPEVs) in the version of December 2022 to the extent that they are consistent with IFRS. Application of the IPEVs is not yet mandatory; instead, they represent a summary of the standard valuation practices applied in the private equity sector.

The budgets were prepared at the level of the Group's portfolio companies in the time from August to October 2022 (bottom-up planning) in coordination with Central Controlling. Each budget contains planned income and expenses and a plan statement of financial position. In assessing the companies' budgets, it should be remembered that some of the Group companies are still undergoing major changes and that the financial forecasts for these companies are generally subject to a higher level of uncertainty.

The growth rates assumed for the period following this detailed planning period have been set uniformly at 0.5 percent. The underlying discount rates (WACC, Weighted Average Cost of Capital) were calculated on the basis of individual peer groups as of December 31, 2022. They range from 6.67 to 19.77 percent, the average value being 12.28 percent. Where appropriate, risk premiums were added to the capital costs to account for the respective restructuring phase. The peer groups were determined at the time of the corporate group's initial consolidation with the aid of data from Capital IQ, an IT platform of the rating agency Standard & Poor's, and audited as part of the initial consolidation process. The input parameters (beta or debt ratio, for example) of the individual peer groups, as well as the additional data (e.g., government bonds) used for the calculation of the WACCs, were likewise obtained from Capital IQ. As a general rule, the peer groups remain unchanged during the period in which the entity belongs to AURELIUS Equity Opportunities SE & Co. KGaA.

The exchange-listed subsidiary HanseYachts AG was valued on the basis of the Group's share of the company's market capitalization as at the reporting date of December 31, 2022 and reported in the Industrial Production segment in deviation from the segment reporting that follows the rules of IFRS 8. This is due to the fact that HanseYachts is an operating portfolio company of the AURELIUS Equity Opportunities Group and therefore cannot be allocated to the Other segment for this analysis, which reflects the Group's holding structures.

By way of simplification, the value of the Other segment was measured on the basis of the cash and cash equivalents of AURELIUS Equity Opportunities SE & Co. KGaA and the individual holding companies that were not yet included in the NAV calculations for the portfolio companies. A brand company measured by application of a discounted cash flow model was also included in this calculation. In addition, the loan receivables deducted from the NAV of the portfolio companies were eliminated. The nominal amount of the corporate bond (Nordic Bond) was likewise eliminated. The treasury shares of AURELIUS Equity Opportunities SE & Co. KGaA were no longer included in this segment since December 31, 2022. They were treated as though they had already been retired at this date. Thus, all net asset values correspond to a so-called equity value, i.e., after deduction of net financial liabilities, calculated on the basis of a DCF method.

If a Group company has been newly acquired and has therefore belonged to the Group for less than six months, only the respective purchase prices are included in the NAV calculation because the budget process has not yet been completed and stand-alone budgets prepared by the new subsidiary are not yet available in the brief time during which it has belonged to the Group.

The investment focus of AURELIUS Equity Opportunities SE & Co. KGaA was expanded in 2021 financial year to include larger transactions to be effected under the newly established co-investment program. As AURELIUS SE does not exercise control within the meaning of IFRS 10 in any of the co-investments, these investments are not consolidated, but AURELIUS Investment Lux One Sàrl is included using the equity method. In the overview of the net asset value, the co-investments are shown with the corresponding shareholding of AURELIUS SE taking into account all the aforementioned valuation principles (see note 25.3).

In accordance with the Valuation Guidelines of the AURELIUS Equity Opportunities Group, a multiplier method is used to calculate the fair value of the investments held by AURELIUS Investment Lux One Sàrl, as a general rule. Under this method, the total value of the respective investment held by AURELIUS Investment Lux One Sàrl is determined on the basis of EV/EBITDA multipliers (where EV stands for enterprise value and EBITDA stands for earnings before interest, taxes, depreciation and amortization of intangible assets, property, plant and equipment, and right-of-use assets) and deductions from net debt. Adjusted EBITDA for the last twelve months ("LTM Adjusted EBITDA") is applied as the reference value. The LTM Adjusted EBITDA and the respective deductions from net debt are derived from IFRS financial data on the investments held by AURELIUS Investment Lux One Sàrl at December 31, 2022. EBITDA is adjusted for exceptional effects such as non-recurring effects, for example, in order to reflect a sustainably achievable reference value.

SUSTAINABILITY REPORT OF AURELIUS EQUITY OPPORTUNITIES SE & CO. KGaA AT DECEMBER 31, 2022

Importance of ESG for the AURELIUS Equity Opportunities Group

The business model of AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies is based on long-term collaboration with the portfolio companies and ethical business conduct guided by sound corporate governance. The AEO Group believes that sound corporate governance and a commitment to ecological and social values (Environment, Social, Governance, or ESG for short) are essential prerequisites of success in business.

AURELIUS SE constantly integrates ESG topics into its operating activities and sustainability aspects into its investment cycle. Helping its portfolio companies implement sustainability topics is one of the most important ways by which the Group contributes to sustainable development.

The AEO Group has made significant progress in this area since launching the ESG project in 2021. The AEO Group joined the UN Global Compact, the world's biggest sustainability initiative for commercial enterprises, at the beginning of 2022. Consequently, the Group is committed to fulfilling the Ten Principles of the UN Global Compact in the areas of human rights, labor standards, environmental protection, and the prevention of corruption. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies conducted an extensive employee survey in the first half of 2022. The results were analyzed and multiple improvements have been initiated, including increased communication with employees, steps to enhance the Group's attractiveness as an employer, and the formation of the AURELIUS Academy, which offers specialized, internal and external training courses to employees.

The collaboration with the portfolio companies was strengthened further. The Group is providing intensive assistance to several portfolio companies in the formulation of sustainability strategies and the implementation of ESG measures. Incorporating ESG into the operational improvement processes of the portfolio companies enhances their economic value while also minimizing ESG risks. Moreover, the ESG due diligence process was revised so as to better incorporate risks and opportunities into key decision-making processes during the due diligence phase.

ESG governance

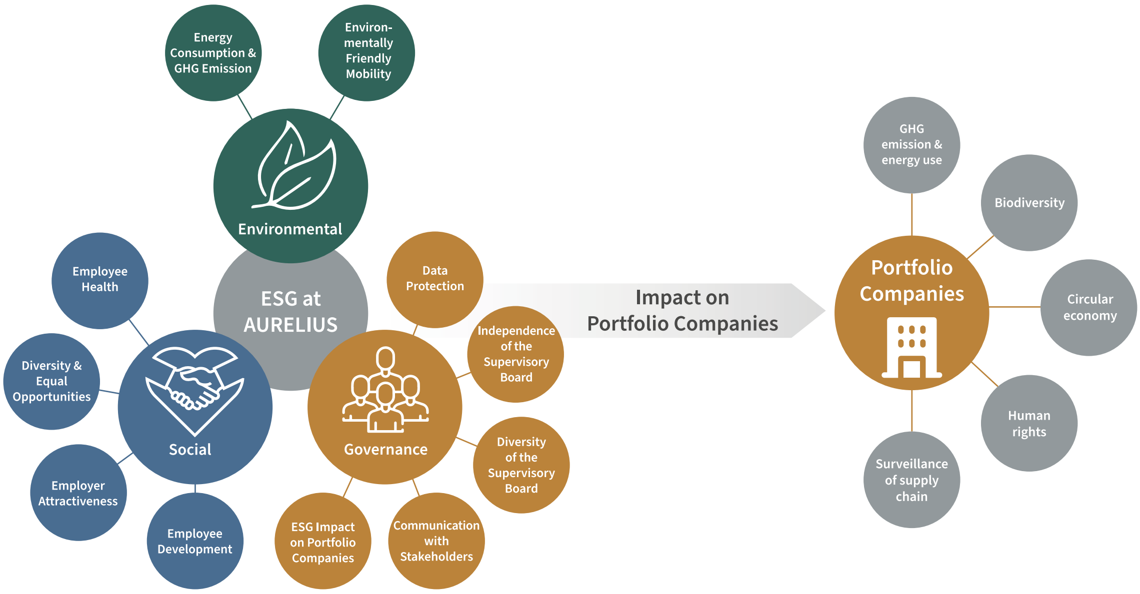
The responsibility for ESG is assigned to the highest levels of the AEO Group's organization. The Managing Director Matthias Täubl is the central decision maker bearing primary responsibility for monitoring and implementing ESG measures in the AEO Group.

The ESG Office assists the Managing Director in the implementation of ESG measures and drives strategic ESG initiatives in the AEO Group. A new ESG Director was appointed to the team in the past financial year. In addition to the ESG Office, the relevant specialist departments are heavily involved in the strategic orientation and implementation of ESG measures in the Group. This work is closely coordinated with the Chief Compliance Officer, the Human Resources Director, and their teams. Finally, the investment and operations teams of AURELIUS Equity Opportunities SE & Co. KGaA work hand in hand with the ESG Office on the implementation of ESG measures.

Key topics

In the previous year, AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies conducted a materiality analysis, which was completed at the start of financial year 2022.

An overview of key ESG topics is provided in the graph below:



One of the key topics in the area of governance is "ESG influence on portfolio companies." This is where the AEO Group can have the greatest impact in the interest of its business and its stakeholders. The Group strives to influence the portfolio companies mainly in five key ESG topics (see the graph above). The collaboration with individual portfolio companies may be extended to include additional ESG topics.

Focus topics in 2023

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies have taken important steps in the preceding years to prepare for increasingly stringent ESG regulations. This work will be continued in 2023 with the implementation of ESG data collection processes and systems throughout the Group, among other measures.

Intensifying the cooperation with portfolio companies tops the sustainability agenda of AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies. To this end, the Group intends to provide the portfolio companies with an ESG Playbook comprising software solutions, guidelines, handbooks, processes, and workflows so that they can systematically implement sustainable business practices more quickly. Minimum standards have been established and Groupwide guidelines introduced for certain topics. The Group will also strive to collect ESG-related key performance indicators at the Group level.

Particular emphasis will be placed on environmental protection and combating climate change. A key topic for the portfolio companies will be the measurement of their CO2 footprints.

Dialogue with stakeholders

Ever since it was founded, AURELIUS Equity Opportunities SE & Co. KGaA has been known for responsible dealings with all stakeholders at all stages of the process from the pre-investment phase to the final exit. The Group is fully aware of the fact that its business activities have a major impact on their environment and affect many stakeholders. Conversely, the Group's business activities can also be influenced by societal trends and developments. With this in mind, AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies conduct an ongoing dialog with their stakeholders, making it possible to identify new trends and innovations, as well as the corresponding risks and opportunities, which are decisive for the Group's future. The insights gained from the systematic dialog with stakeholders are incorporated into the ESG strategy.

Employees: The Group maintains a constant dialog with employees in the interest of constantly improving the work environment. The Group fosters open communication across all management levels by means of flat hierarchies, short decision paths, and established feedback processes. An extensive employee survey was conducted in 2022. Moreover, the in-house intranet was enlarged and communication channels were established to ensure that all employees can communicate with each other. This communication is further reinforced by strategy meetings held several times a year. The full range of ESG topics was presented to and discussed among the employees in the summer of last year. In another strategy meeting held in November 2022, new compensation structures designed to raise the level of employees' participation in the company's success were introduced.

Investors: Again in 2022, the Group communicated actively with capital market participants. The annual general meeting held in June 2002 was a key instrument of communication. At this meeting, shareholders were provided with extensive information about the Group's performance in the past financial year and were given an opportunity to ask questions of the Group's corporate bodies.

Media: The Group communicated regularly with the press last year to provide extensive information to stakeholders, particularly also on the subject of relevant ESG issues.

Rating agencies: Communicating with rating agencies is especially important in relation to ESG issues. Such communication can provide key indications for potential improvements. The Group also communicated actively with the most important ESG rating agencies in 2022.

Portfolio companies: Communication with the portfolio companies on the subject of ESG issues was increased in 2022. Regular meetings were held with the respective persons in charge of ESG issues at the portfolio companies in order to assist them in the implementation of ESG measures. Regular discussions of ESG topics with all portfolio companies are planned for 2023. A key element of the investment strategy of AURELIUS SE is the operational support provided to portfolio companies. The Operations Team ensures continuous communication with the portfolio companies at all levels.

Cooperation partners: AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies have for many years cultivated trustful business relationships with many cooperation partners, including M&A consultants, who provide support to the Group's transactions.

Public authorities: Public authorities such as the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungen, BaFin) and the European antitrust authorities are important contact partners in the Group's day-to-day activities. The Group conducts an open dialog with the relevant institutions. The

Group monitors the fast-changing landscape of ESG regulations closely so that it can respond quickly to changes in the regulatory parameters.

International frameworks

International sustainability standards serve as the guide and compass for the AEO Group's ESG activities.

The AEO Group joined the UN Global Compact, the world's biggest sustainability initiative for commercial enterprises, at the start of 2022.

The Global Compact was founded in 1999 at the initiative of the UN Secretary General Kofi Annan at the time to serve the intention of the UNO (United Nations Organization) to involve business and industry more closely in the work of the UNO. As a signatory of the UN Global Compact, the AEO Group is committed to its values and principles. The Ten Principles cover the areas of human rights, labor standards, environmental protection, and anti-corruption:

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labor.
5. Businesses should uphold the effective abolition of child labor.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

UN Principles for Responsible Investments

Signatory of:

PRI Principles for Responsible Investment

The Principles for Responsible Investment (PRI) are a UN financial initiative that advocates for responsible investment and a sustainable international financial system. The AEO Group has been a member of the PRI Initiative supporting the Principles for Responsible Investment since 2021.

The six Principles for Responsible Investment are the following:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

ENVIRONMENT

Ecologically responsible activity as a fundamental premise

The AEO Group strives to conduct its business in an ecologically responsible manner and reduce the environmental impacts of its business activities. Along with social and economic factors, ecological aspects are considered in making business decisions to a heightened degree.

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies are well aware of the fact that they can make the biggest contribution to sustainable development by working with the portfolio companies. Environmental aspects are considered in making investment decisions. In line with the principle of active ownership, the Group works with the portfolio companies to implement environmental management systems. However, AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies also recognize the potential for reducing environmental impacts by changing their own business activities. Energy consumption, including greenhouse gas emissions, and environmentally friendly mobility have been identified as key topics.

In view of the plan to increase collaboration with the portfolio companies even more, the structure of the present report has been adjusted and a new section entitled "ESG influence on portfolio companies" has been introduced. Many topics, mainly those concerning environmental protection, that had been addressed in the present section in last year's report are now discussed in this new section.

Current environmental topics and measures

Climate protection and environmentally friendly mobility

As a supporter of the Paris Climate Agreement, the AEO Group is committed to making its own contribution to climate protection. The Group pursues the strategy concerning greenhouse gas emissions expressed in the principle "avoid first, reduce second, and only then compensate".

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies have set themselves the goal of reducing greenhouse gas emissions by at least 30 percent by the year 2025 (mitigation). The principal means of achieving this goal is to reduce energy consumption, increase energy efficiency, and implement environmentally friendly mobility solutions. Another key goal is to adapt the Group to the already present and expected effects of climate change (adaptation). These goals are derived from the first two objectives of the EU Taxonomy, climate change mitigation and climate change adaptation.

In order to measure the effects of climate change on the Group, a risk assessment project based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) was launched in 2022. This assessment covers the coordination of climate protection activities and the corresponding responsibilities within the Group, as well as the identification and treatment of risks and opportunities arising from climate change and/or the transformation to a climate-friendly economic system. The first risk assessment was particularly focused on the business locations of AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies and the risk exposure of those sectors in which the Group has primarily invested.

All employees are expected to avoid unnecessary travel. To minimize travel between business locations, the Group provides comprehensive software solutions that make it easy to conduct video conferences and digital workshops. If business trips are nonetheless necessary, preference is given to environmentally friendly means of transportation and trips are planned efficiently. The corresponding rules of the Travel Guideline were tightened accordingly in the past financial year. The emissions caused by the unavoidable flights of all holding company employees have been offset since the 2019 financial year. The 511 tons of CO2 emissions (2021: 275 tons) caused in 2022 were offset by the climate protection organization atmosfair. The increase over 2021 resulted mainly from the higher number of employees and the fact that fewer business trips were taken in 2021 due to the coronavirus pandemic. The company atmosfair supports climate protection projects in the areas of energy efficiency, renewable energy, and environmental protection training. The projects are certified under internationally recognized standards such as the CDM Gold Standard.

SOCIAL

Focus on employees and social engagement

International and European human rights and social standards form the basis for the sustainability assessment of social issues. The AEO Group espouses the UN Guiding Principles on Business and Human Rights (UNGP), the Labor Standards of the International Labor Organization (ILO), the Ten Principles of the UN Global Compact, and the Sustainable Development Goals (SDGs) of the United Nations.

The acceptance of social and corporate responsibility is an integral part of the business philosophy of the AEO Group. The AEO Group understands corporate social responsibility (CSR) to mean taking responsibility for employees, customers, suppliers, and cooperation partners, but also accepting and strategically embedding social responsibility beyond the areas which it can influence directly. For this reason, the Group is committed to supporting socially disadvantaged groups both locally and internationally.

Current social topics and measures

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies are focused on their employees. This is reflected in the Group's principal social topics and the measures initiated in 2022. Based on the internal materiality analysis, the Group identified attractiveness as an employer, employee development, employee health, and diversity and equal opportunity as the most important topics for social engagement. The thousands of employees of the AEO Group, who originate from all parts of the world, are the foundation for its success. Therefore, the Group strives to create an environment of mutual respect, equal opportunity, and attractive working conditions for all employees.

As mentioned above, an extensive survey of the employees of AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies ("Pulse Check") was conducted in the first half of 2022 with the goal of better understanding the needs of employees. Moreover, extensive employee development measures ("GROW Initiative") were implemented, also in consideration of the feedback obtained from the employee survey.

In the middle of 2022, moreover, a new digitalization initiative was launched in the area of human resources. The aim is to make HR processes such as content management and onboarding even more efficient.

Management approach to human resources

The Human Resources Director is responsible for developing and implementing measures in the key areas of attractiveness as an employer, compensation systems, and continuing education. Relevant guidelines are formulated in close consultation with the Managing Directors. A particular focus is placed on recruitment: The Recruiting Director is responsible for devising and optimizing the steps to be taken in this area.

Attractiveness as an employer

Considering the growing shortage of skilled workers, attractiveness as an employer is a focus topic for nearly all companies. Factors such as work-life balance, flexible work schedules, and a pleasant work environment are increasingly important for young workers in particular. Therefore, the Group launched several measures in 2022 under its GROW Initiative to position itself further as an attractive employer.

According to the results of the employee survey, more than 73 percent of employees feel appreciated by their employer, but would also like to see more internal communication. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies want to improve their activities in this area. To this end, the AEO Group introduced new communication channels, a new employee newsletter, and a new buddy program in the Operations Team in 2022. As another key component of the GROW Initiative, new training courses were offered on the occasion of the launch of the AURELIUS Academy in the second half of 2022.

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies offer flexible work schedules and mobile working to their employees to help them achieve a good work-life balance. To this end, the Group also harmonized the number of vacation days granted to its employees in Germany beginning in 2023, which led to increases in many cases.

By means of the measures described above, as well as improved employer branding, the Group is seeking to enhance its attractiveness as an employer to both current and potential employees. To this end, the social media presence of AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies was expanded further in the second half of 2022.

The employee turnover rate of AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies was 16.3 percent in 2022. Another component of the GROW Initiative is a new employee recommendation program.

Fair compensation

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies offer their employees a level of compensation that is above the industry average (private equity, average employee pay). The Group will continue to offer attractive compensation packages to its employees so that they can participate in the Group's success. Other employee benefits were introduced. The Group focused particularly on revising the Travel Expenses Guideline in 2022. In addition, supplemental benefits such as reduced rates for fitness studio memberships were offered to the employees in Germany.

Furthermore, there are no atypical employment relationships such as fixed-term employment contracts at AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies. All portfolio companies are required to strictly observe the minimum wage regulations in force in the countries in which they operate, not only with respect to their own employees, but also those of the service providers they work with.

Employee safety and health

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies place the highest priority on the health and safety of their employees. The Group focuses mainly on preventive measures, which are continuously reviewed and constantly optimized. As one of these measures, the Group has offered more favorable terms for fitness studio use to employees at the German business locations, as mentioned above.

The Group's overriding goal is to prevent health risks and permanently protect the health of all employees. A primary cause of missed workdays is mental illness, which can also be triggered by a poor work environment, mobbing, low appreciation of work, etc. To address this issue, the Group strives to create good working conditions and improve them further whenever possible.

As in the prior year, no work accidents were registered at AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies in the 2022 financial year.

Employee development

Management and compensation instruments

The work of senior managers and employees is supported by standardized management instruments. These instruments help to promote consultative work processes and assess the results of implemented measures. Supervisors and team members agree on goals and work priorities in annual meetings as a standard procedure. Additional meetings may be held during the year to assess interim results.

Other programs such as international employee delegations or mentoring programs are used to promote employee development within the Group. As mentioned above, a buddy program was offered to support newly hired employees on the Operations Team for the first time in 2022.

Training and continuing education

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies considerably expanded the continuing education and training program offered to their employees in 2022. The AURELIUS Academy offering in-house and external training and continuing education courses was created in 2022 as part of the GROW Initiative. Two external and two in-house training courses, including certified external training courses such as "Skilled Negotiation" and in-house training courses on the subject of procurement management, were offered already in 2022. The AURELIUS Academy's training program will be expanded further in 2023.

The topic of sustainability also plays an important role in the in-house continuing education programs of AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies. Two in-house courses informed employees and managers about general and specific sustainability issues in 2022. The Group also plans to offer online training courses developed by external providers on ESG topics such as the prevention of corruption and the German General Act on Equal Treatment in 2023.

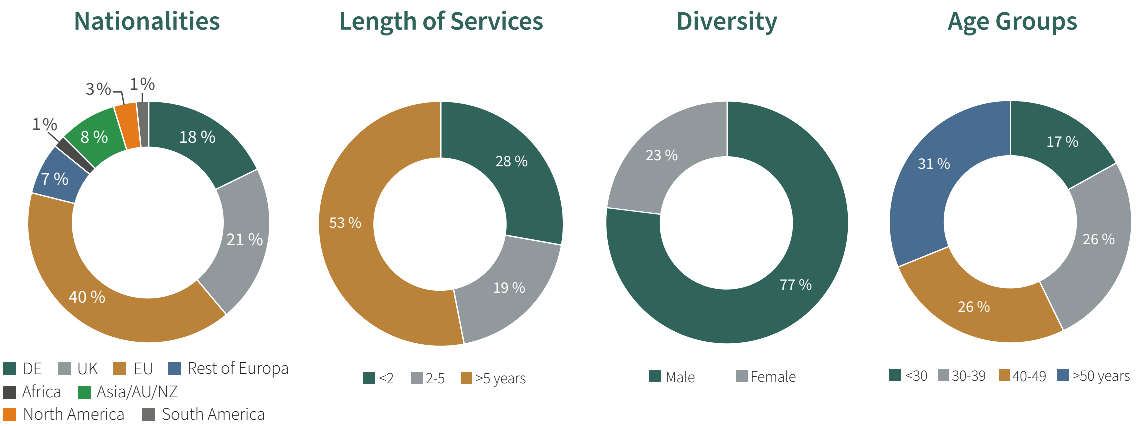
The Group also promotes the continuous development of all employees and helps them integrate new work methods and learning techniques into their everyday work. Where needed, personalized training courses are also offered to individual employees.

Diversity and equal opportunity

All employees are expected to treat each other with respect, openness, and fairness. Discrimination particularly on the basis of age, ethnic background and nationality, gender and gender identity, physical and mental abilities, religion and worldview, sexual orientation, and social background is not tolerated. AURELIUS Equity Opportunities SE & Co. KgaA and its holding companies will continue to maintain a work environment characterized by mutual respect and equal opportunity and promote diversity within the Group. In this respect, managers are expected to lead as role models and bear particular responsibility for a fair corporate culture.

The AEO Group champions equal opportunity for women and men and espouses the German Diversity Charter for Diversity at the Workplace and the UN Women's Empowerment Principles.

The AEO Group is also characterized by diversity in terms of the geographical origin, length of service, diversity, and age of employees, as detailed in the graphics below:



Women are specifically addressed in the recruitment activities of AURELIUS Equity Opportunities SE & Co. KgaA and its holding companies with the goal of increasing the percentage of women working in the Group. A substantial increase in the percentage of women employed on the first management level of managing directors has been achieved, this percentage having risen to 40 percent by the end of 2022 (2021: 0%). Already in 2022, the Group specifically targeted employees from other European countries, as well as countries outside of Europe, in its recruitment activities. Measures aimed at increasing the number of international employees will be stepped up further in 2023.

As announced in the Sustainability Report 2021, AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies conducted a survey on the subject of anti-discrimination and diversity within the Group in 2022. The question was: “Can you agree with the following statement: Everyone in the Group is treated fairly regardless of his or her ethnic or cultural background, gender, age, disability, or other qualities that have nothing to do with performance.” Prior to the survey, the Group had announced the goal of achieving an agreement rate of more than 80 percent by the year 2026. Already in 2022, 84 percent of respondents agreed or even explicitly agreed with this statement.

Social responsibility

The main point of emphasis of the Group’s social engagement activities is the support of socially disadvantaged groups of people.

In October 2015, the employees of AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies launched a long-term refugee aid program under the aegis of the overall AURELIUS Group. In 2022, the work of AURELIUS Refugee Initiative e.V. was mainly focused on supporting Ukrainian refugees in Poland, Slovakia, and Romania with a donation of more than EUR 100,000.

Moreover, the AURELIUS Refugee Initiative has already donated EUR 40,000 to Help.People Ukraine, a non-governmental organization (NGO) that has evacuated more than 16,000 people from dangerous combat zones in Ukraine, risking the lives of their own members in the process.

Another focal point of the AEO Group's social engagement activities in 2022 was South Africa, where the Group supported the NGO Vulamasango by purchasing an urgently needed new minibus so that Vulamasango can continue transporting disadvantaged children safely to school in Cape Town.

Moreover, AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies have continued their tradition of supporting local causes in Munich, where the Group's head office is located. In 2022, for example, the Group donated funds to a childcare center in Munich to help it accommodate refugee children from Ukraine.

GOVERNANCE

Sound corporate governance is essential for long-term sustainability

The Group is firmly convinced that sound corporate governance is essential for the long-term sustainability of the Group. Therefore, the Group is committed to fulfilling the highest governance standards in all its activities and investments. Ever since they were founded, AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies have endeavored to cultivate a strong culture of ethical conduct throughout the Group. The importance of responsible and ethical conduct at all levels of the organization is firmly embedded in the Group's business strategy. The Group is committed to an actively practiced, externally visible culture of ethical conduct.

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies place the highest priority on the assurance of sound corporate governance in the portfolio companies. Please refer to the section entitled "ESG influence on portfolio companies" for additional details on the subject of cooperation with the portfolio companies in matters of corporate governance.

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies have identified data protection, the independence and diversity of the Supervisory Board, and communication with stakeholders as key governance topics. Another key objective of the Group's approach to corporate governance is to establish management approaches to the topics of bribery and corruption, money laundering and terrorist financing, lobbying and political donations, anti-trust law, and insider trading.

Current governance topics and measures

To fulfill their commitment to sound corporate governance, AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies launched an extensive governance initiative in 2020. This initiative was continued in 2022 with the goal of continually reviewing and improving business practices within the Group.

Data protection

Taking responsibility for data means more than just data protection. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies have established a data governance approach that encompasses not only legal aspects, but cultural and organizational aspects as well. The goal is to ensure the responsible handling of data in the interest of all stakeholders. The Group ensures data protection in accordance with the applicable legal requirements. It conducted a new assessment of compliance with the European General Data Protection Regulation (GDPR) in early 2022 on the occasion of the migration to Microsoft 365.

The responsibility for data protection at AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies lies with the CFO. At the portfolio companies, the legally required activities to ensure compliance with data protection regulations are performed by their respective Data Protection Officers. The applicable provisions of data protection law are observed in every case. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies are supported by an outside service provider in the exercise of their duties related to data protection and data security. An IT newsletter containing instructions on the subject of data protection, data security, and use of IT equipment is available to all employees and is also given to new employees in the onboarding process. No complaints regarding possible data protection regulations were registered in 2022 (2021: 0,0).

Data security and cybersecurity

The AEO Group has sharpened its focus on data security within the Group and the prevention of unauthorized external access to corporate and customer data. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies are constantly working to improve the security of their digital technologies and systems in order to address cyber-risks in the best possible way and avert damage to its stakeholders and the Group itself.

The responsibility for data security and cyber-security lies with the CFO of AURELIUS Equity Opportunities SE & Co. KgaA. A high priority was placed on increasing the resilience of the Group's own IT infrastructure in 2022. A new software program that protects against, analyzes, and logs cyber-attacks was implemented in the first quarter of 2022. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies track the number of cyber-security breaches involving external access to corporate and customer data. No such breaches occurred and thus no fines had to be paid on this account in 2022.

Independence and diversity of the Supervisory Board

After many years of service, Holger Schulze resigned from the Supervisory Board in the past financial year. His successor is Ms. Rosa Riera. Ms. Riera holds an interdisciplinary academic degree in political science and economics. She is the Co-CEO of TheNextWe. She is an independent member of the Supervisory Board with particular expertise in ESG-related matters. By means of this appointment, the Group increased the percentage of women serving on the Supervisory Board from 30 percent in 2021 to 50 percent in 2022. As in the prior year, the majority of members of the Supervisory Board and its committees are independent of the Group. Three of the four committees are chaired by independent members.

Communication with stakeholders

The Group maintains an intensive dialog with its stakeholders. Please refer to the remarks in the section entitled "Dialog with stakeholders".

Management approach to business ethics

The AEO Group is committed to preventing money laundering, terrorist financing, and violations of sanctions-related regulations. It has defined Groupwide minimum standards for the prevention of money laundering and terrorist financing, according to which programs must be implemented throughout the Group to prevent money laundering terrorist financing, clear requirements must be met with respect to processes, responsibilities, and reporting, and explanations must be provided concerning the process for escalating and reporting suspicious activities. In addition, AURELIUS Equity Opportunities SE & Co. KGaA has appointed Anti-Money Laundering Officers to ensure the implementation of minimum standards. The minimum requirements are regularly reviewed to ensure that they are up-to-date. As part of this process, the list of high-risk countries was adjusted and the portfolio companies were informed about the updated standard in 2022.

Based on the annual risk assessment conducted in 2022, the Group's overall risk in relation to money laundering and terrorist financing was still deemed to be low. Nonetheless, the Group is fully aware of the obligations and challenges related to money laundering. A strong procedural framework ensures that the Group is not used as a channel for money laundering. In the design of these procedures, due consideration was given to the new requirements of the 5th EU Money Laundering Directive. Any violations of legal requirements are rigorously pursued internally and in cooperation with the relevant governmental authorities as well as possible. No suspicious activities indicative of possible money laundering were reported at AUREILUS Equity Opportunities SE & Co. KGaA and its holding companies in 2022 (2021: 0).

Lobbying, donations to political parties

The AEO Group endorses a prohibition of political lobbying by its employees in Germany and abroad. Moreover, the Group does not engage persons or organizations that lobby government representatives, government agencies, and political organizations. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies support the introduction of transparency rules in political systems in which companies lobby for their own interests (e.g., lobby register). Moreover, the Group makes no donations to political parties, politicians, or candidates for a political office.

Anti-corruption

The AEO Group condemns corruption of any and all kinds and tolerates it neither in its own business activities nor in those of its business partners.

The business activities of the AEO Group are always conducted in conformity with the OECD (Organization for Economic Co-operation and Development) Convention on Combating Bribery of Foreign Officials (1997) and the UN Convention against Corruption (2003). No instances of corruption were reported in 2022 (2021: 0) and no investigations were pending in 2022 (2021: 0,0) at AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies.

Anti-trust law and anti-competitive behavior

The AEO Group tolerates no violations of applicable anti-trust laws (e.g., price rigging and/or sharing of price information with competitors). Such violations could entail serious substantial criminal and civil liability and must therefore be systematically prevented. No violations of anti-trust law were reported in 2022 (2021: 0), no anti-trust proceedings were pending (2021: 0), and no fines were paid either in 2021 or in 2022 at AUREILUS Equity Opportunities SE & Co. KGaA and its holding companies.

Whistleblowing

The AEO Group expects the highest level of integrity of all its employees. It reports every suspicion or instance of misconduct, including bribery, fraud, or other criminal acts, errors of justice, health and safety risks, environmental damages, and violations of legal norms or professional obligations. The Group strives to promote transparency and supports whistleblowers who express concerns even if they turn out to be incorrect. The Whistleblower Policy of AURELIUS Equity Opportunities SE & Co. KGaA regulates reporting paths and the protection of whistleblowers. The implementation of the EU Whistleblower Directive within the AEO Group progressed further in 2022. The project will be completed in 2023.

Insider-Trading

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies fulfill the applicable legal requirements related to insider trading. The Group has issued a comprehensive Insider Trading Guideline. In addition, employees are regularly instructed in the applicable insider trading regulations. No violations of insider trading regulations were reported in 2022 (2021: 0), no investigations were pending in 2022 (2021: 0), and no fines were paid in either 2021 or 2022.

ESG influence on portfolio companies

The business model of AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies is characterized by the long-term partnerships established as a result of negotiations and ongoing interactions between the private equity investor and its portfolio companies. In consideration of the active, practical support provided to companies and the long-term period of ownership, AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies integrate ESG aspects into their investment cycle encompassing selection, due diligence, acquisition, the period of ownership of the company by the Group, and the final exit.

Pre-selection

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies are firmly convinced that long-term value creation goes hand in hand with sustainable business practices. For that reason, the Group refrains from buying companies with significant negative externalities for the environment and society.

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies do not invest in companies that violate international standards or conventions in the form of human rights violations, child labor, corruption, or environmental destruction, nor does it invest in countries that systematically violate human rights or are subject to a weapons embargo imposed by the United Nations or the European Union. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies do not acquire companies in the arms industry and do not participate in sales of weapons. Furthermore, the Group does not hold equity interests in companies that conduct animal trials.

The portfolio companies are committed to not invest, as much as possible, in emissions-intensive companies and in companies that have a significantly adverse impact on biodiversity. In the acquisition process, it is assured that the target company complies with all local requirements for plant safety and environmental protection, can demonstrate such compliance, and has taken all necessary precautions to avoid environmental damage.

Due diligence

AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies consider ESG aspects in their analysis of potential company sales during the due diligence process. ESG-related opportunities and risks are identified in this pre-investment phase. In addition, the Group strives to detect any red flags suggestive of significant ESG-related concerns at an early stage of the process. The results of the due diligence process are evaluated by the Investment Committee and addressed in the acquisition negotiations if necessary.

The ESG-related due diligence process was revised in 2022. Investment Team members received training on the subject of the revised process and ESG-related due diligence. The newly established process was applied in all significant new acquisitions conducted in 2022.

Value creation: Working with portfolio companies on ESG topics

The Group achieves the greatest ESG influence by assisting its portfolio companies in the implementation of ESG topics. For that reason, the Group promotes and practices the principle of active ownership and helps the portfolio companies implement and monitor improved ESG set-ups in close consultation with the management teams of the portfolio companies.

AURELIUS Equity Opportunities SE & Co. KGaA and its companies have identified climate protection, biodiversity, circular economy, human rights, and supply chain monitoring as the five most important ESG-related topics for its portfolio companies. They work closely with the portfolio companies to achieve future progress in these areas.

In the past financial year, AURELIUS Equity Opportunities SE & Co. KGaA particularly assisted the Conaxess Trade Group and Distrelec in the implementation of extensive ESG projects aimed at improving their ESG set-ups. Another extensive ESG project will be launched at the European Imaging Group in January 2023.

In addition, the ESG Team met regularly with the portfolio companies in 2022 to gain an understanding of their current challenges and the maturity level of their ESG set-ups and to assist them in the implementation of further ESG measures. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies are currently working on an ESG Playbook to assist the portfolio companies in the definition and implementation of ESG strategies.

Cooperation with portfolio companies in the Environment category

The managing directors of the local portfolio companies are required to handle natural resources in a responsible manner and devise suitable resource conservation measures wherever possible. In addition, the portfolio companies are expected to comply with the environmental protection laws in effect at their respective locations and avoid environmental damage by means of professional risk management. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies expect all portfolio companies to implement strategies and management approaches particularly for the focus topics of greenhouse gas emissions and energy consumption, as well as biodiversity and circular economy.

Greenhouse gas emissions and energy consumption: Climate change poses a special challenge for the world community. In the Paris Climate Agreement of 2015, 195 countries agreed on the goal of limiting global warming in the second half of the 21st century to well below two degrees Celsius from the level at the start of industrialization. The AEO Group would like to make its own contribution to this goal. All portfolio companies are expected to limit their effects on climate change by reducing greenhouse emissions by lowering energy consumption or increasing energy efficiency or both. The Group will seek to speed up the measurement of CO2 emissions in its portfolio companies. Already today, some of the portfolio companies are measuring their CO2 footprints systematically. The climate protection performance of the portfolio company VAG is especially noteworthy as this company designs its products to be energy-saving from the outset so as to reduce emissions in the use phase.

Biodiversity: The AEO Group is well aware of the importance of safeguarding the integrity of all eco-systems, including forests, oceans, and the cryosphere, and protecting biological diversity. The Group has acknowledged the necessity of addressing biodiversity as an important dimension of the effort to achieve sustainability. The Group supports the UN Convention on Biological Diversity (CBD) and the European Union Biodiversity Strategy for 2030 for the sake of protecting nature and reversing the deterioration of eco-systems. The topic of biodiversity is integrated into the ESG portfolio management system. The reduction of land use and degradation, the cessation of deforestation and habitat loss, and the reduction of the adverse impacts of agriculture on biological diversity will be focal topics of the portfolio companies in the future.

Circular economy: The transition to a circular economy system is crucial for the conservation and protection of the earth's natural resources. The AEO Group views the circular economy from a holistic perspective that encompasses the entire lifecycle of a product, from the extraction of raw materials to product design, production, and distribution, the longest possible use phase, and recycling. The portfolio companies are expected to avoid the production of waste or where this is not possible to minimize it. They are also expected to strive for the highest possible reuse and recycling rate. A circular economy pioneer is the portfolio company Zentia, whose product portfolio is Cradle-to-Cradle Certified®.

Cooperation with portfolio companies in the Social category
In the Social category, employees are a core topic for the portfolio companies in addition to the other identified core topics of human rights and supply chain monitoring. The Group's efforts in this category are summarized in the "Social" section of the present report.

Respect for human rights: The AEO Group is committed to respecting and upholding international human rights standards, particularly including the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights (UNGP). The Group also supports the German National Action Plan for the UN Guiding Principles on Business and Human Rights.

Child labor is strictly prohibited. No one below the minimum employment age defined by the International Labor Organization (ILO) may be employed. In addition, the employment of persons below the legal minimum employment age in the country in which the work is performed must be prevented. All companies of the AEO Group are obligated to comply with the national laws and regulations enacted in each country to protect children and youths.

The AEO Group prohibits all forms of forced or compulsory labor. Employees, particularly including those of suppliers, may not be compelled to perform work or enter into an employment relationship by force or threats (e.g., bonded labor or slavery). Also prohibited is the coercion of employees to continue working by withholding pay, employee benefits, property, or documents. Suppliers are also required to comply with all local laws and regulations enacted to prevent forced or compulsory labor in the countries in which they operate.

Supply chain monitoring: Respecting and upholding human rights is a fundamental tenet of the Group's activities. It is particularly relevant in the context of the portfolio companies' cooperation with suppliers, especially in emerging-market and developing countries.

Cooperation with portfolio companies in the Governance category
Sound corporate governance is the essential foundation for all the business activities of the AEO Group. AURELIUS Equity Opportunities SE & Co. KGaA and its holding companies work closely with the portfolio companies in this area. The Group expects the highest degree of integrity and compliance of all its subsidiaries. To this end, minimum compliance standards have been established. The Internal Audit Department of AURELIUS Equity Opportunities SE & Co. KGaA regularly audits the fulfillment of compliance requirements in the portfolio companies.

The reporting obligations of the portfolio companies in relation to AURELIUS Equity Opportunities SE & Co KGaA were further harmonized in the past financial year. The portfolio companies are regularly informed of new statutory reporting and public disclosure standards. The Group also sets standards for various compliance topics, which must be fulfilled by all the portfolio companies. The compliance newsletter published in December 2022 informed all the portfolio companies of their obligations to prevent anti-competitive behavior, strictly comply with export regulations and sanctions, not to participate in money laundering, terrorist financing, or violations of sanctions, comply with applicable data protection laws and the local laws enacted to implement the EU Whistleblowers Directive, and not to make donations to political parties, politicians, or candidates for political offices.

The Group also plans to assist the portfolio companies in their implementation of the EU Whistleblowers Directive, which will enlarge the ESG Playbook for the portfolio companies.

Case studies

ESG initiatives of selected portfolio companies

n the Social category, employees are a core topic for the portfolio companies in addition to the other identified core topics of human rights and supply chain monitoring. The Group's efforts in this category are summarized in the "Social" section of the present report.

Conaxess Trade Group:

The Conaxess Trade Group is Europe's largest independent distributor of consumer goods, primarily in the categories of food, candy, snacks, beverages, and personal hygiene. The Conaxess Trade Group maintains distribution organizations in all the Scandinavian countries, as well as Austria and Switzerland. It represents, promotes, and distributes more than 200 international and local brands, which generally do not conduct their own distribution activities in the above-mentioned countries. With the support of AURELIUS Equity Opportunities SE & Co. KGaA, the Conaxess Trade Group launched an extensive project to improve its ESG set-up in February 2022. To this end, the group conducted a new materiality analysis based on surveys of employees in the different distribution organizations, interviews with top executives, and an intensive benchmark analysis. The new materiality analysis identified key ESG topics such as the group's influence on the supply chain in matters of environmental protection and human rights, the circular economy, product quality, and employee issues. This process was followed by an exhaustive analysis and assessment of results. Based on these results, the company implemented new measures in these areas. In 2022, for example, a new groupwide Diversity and Inclusion Guideline was adopted and a Diversity Committee was established. The Group also reviewed and supplemented its Code of Conduct and Supplier Code of Conduct. Moreover, the Conaxess Trade Group has adhered to the Ten Principles of the UN Global Compact since the summer of 2022.

Distrelec:

Distrelec is a leading online distributor of electronic and technical components in the B2B market, with its headquarters in England and Switzerland. Apart from its primary sales markets of Switzerland and Sweden, the company enjoys a strong market position in 19 other countries of Europe. The product portfolio is especially characterized by a strong focus on MRO components. Distrelec launched a project to improve its sustainability approach in August 2022. It has established a new, systematic ESG set-up with the aid of an ESG software solution for SMEs. The new ESG system comprises a materiality assessment, the identification of stakeholder groups, and the identification of opportunities and risks in relation to key ESG topics. The company also established its first sustainability goals and KPIs. Distrelec is currently working on a phased ESG plan to achieve the overarching sustainability goals within the next two years.

Rivus Group:

The Rivus Group consists of Rivus Fleet Solutions and Pullman Fleet Solutions, both based in the United Kingdom. The two commercial vehicle fleet operators maintain a nationwide network of service and repair shops in the United Kingdom. The Group offers fleet management services (repair, maintenance, roadside assistance) for large commercial customers. The Group has built up its own team to assist its customers in the transition to environmentally friendly drive systems and to position themselves strategically as part of the sustainable transformation of the United Kingdom. The group completely overhauled its sustainability approach in 2022. The most important change was the establishment of a new sustainability strategy focused on 15 sustainability goals, including the reduction of Scope 1 and Scope 2 GHG emissions to zero by the year 2030 and the reduction of water consumption by 50 percent by the year 2025. The group will also pursue the annual renewal of ISO certifications (ISO 45001, 9001, 18001). The first certification per ISO 27001 is to be completed in 2023.

VAG:

VAG offers products and services for global water, wastewater, and hydroelectric power applications. Thus, VAG makes an important contribution to the clean water and clean energy goals of the United Nations (UN Sustainable Development Goals, SDGs) and to the sustainable use and protection of water resources, which is an environmental protection goal of the EU Taxonomy Regulation. VAG operates production facilities in seven countries and sells its products and services in more than 100 countries. As part of the intensive, ongoing efforts to refine its sustainability strategy, VAG identified key ESG (Environmental, Social, and Governance) issues in 2022. VAG has set itself the overarching goals of ensuring access to clean water and proper wastewater treatment for all of humanity, supporting the global energy transition, acting as a reliable, completely ethical business partner, and reducing accidents to zero in all VAG companies. VAG backs renewable energy and designs its products to be long-lasting and energy-efficient during the use phase as a key lever of climate protection. In the area of occupational safety, which is another point of emphasis for the company, VAG reduced its accident rate in 2022 by more than 70 percent from the previous year. Moreover, five of its total seven sites were certified in accordance with ISO 45001. VAG will continue to promote its sustainability approach, primarily in the areas of occupational safety and environmental protection, in the coming year.

Zentia:

Zentia manufactures mineral fiber ceiling tiles and grid systems for modular suspended ceilings. The products are mainly used in office buildings, schools, and hospitals. Zentia operates two production facilities in Gateshead, United Kingdom. Product quality is especially important for Zentia as a supplier to public institutions such as schools and hospitals. Zentia has implemented an extensive management approach to guarantee high product quality. Other key topics for Zentia are resource usage, product design, and lifecycle. As one of the pioneers in the construction sector, Zentia offers Cradle-to-Cradle-Certified® products certified by the independent Innovation Institute. In this way, the company helps its customers achieve their sustainability goals while also making its own business model fit for the future. Zentia also pays close attention to other key ESG topics such as employee health and safety, ethical business practices, and data security and data protection and has already implemented measures in these areas. To improve its performance further and define key performance indicators and goals in the core ESG categories, Zentia launched an extensive sustainability project with the support of an outside sustainability consulting firm in 2022.

COMBINED MANAGEMENT REPORT OF AURELIUS EQUITY OPPORTUNITIES SE & Co. KGaA AT DECEMBER 31, 2022

Fundamental Strategy of Aurelius Equity Opportunities SE & Co. KGaA and the Group

AURELIUS Equity Opportunities SE & Co. KGaA (also: AURELIUS Equity Opportunities or AURELIUS SE) specializes in identifying, analyzing, developing, and exploiting all the opportunities afforded by the market when acquiring its portfolio companies. Consequently, AURELIUS Equity Opportunities does not limit its acquisition activity to any one particular economic sector. Accordingly, the Group's operating companies are active in a very wide range of industries and apply different business models (together with AURELIUS Equity Opportunities SE & Co. KGaA, also referred to as the AURELIUS Equity Opportunities Group or the AEO Group).

BUSINESS MODEL

AURELIUS Equity Opportunities specializes in acquiring companies with development potential. It has many years of investment and management experience in various industries and sectors required to realize the potential inherent in its subsidiaries. AURELIUS employs its management capacity and the necessary financial resources to enhance the strategy and operations of its Group companies.

After opening the office in Düsseldorf in the spring of 2022, AURELIUS Equity Opportunities now has eight offices in Europe: Munich, Düsseldorf London/United Kingdom, Stockholm/Sweden, Madrid/Spain, Amsterdam/Netherlands, Milan/Italy, and Luxembourg. Through its subsidiaries, the AURELIUS Equity Opportunities Group is represented throughout the world. The Group has subsidiaries in Europe, the United States, South America, Africa, and Asia.

The AURELIUS Equity Opportunities Group has extensive transaction experience from more than 100 company acquisitions and exits and great financial strength without having to rely on banks. As a result, the AURELIUS Equity Opportunities Group is flexible in the structuring of individual transactions and capable of actively supporting the further development of its Group companies.

Special conditions such as a minimum holding period, job guarantees, and the replacement of internal group relationships or existing lenders can be agreed and decisions regarding the operational development of Group companies can be at the time of sale.

Investment focus

The investment focus of AURELIUS Equity Opportunities is divided into the three categories of platform investments, add-on acquisitions, and co-investments. Platform investments refer to stand-alone corporate groups that offer good potential for organic growth after strategic realignment. Strategic add-on acquisitions are made primarily with a view to generating additional profitable growth for these platform companies. With the inception of the

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AURELIUS European Opportunities Fund IV (the "Fund") in April 2021, the investment spectrum was enlarged to include strategic co-investments. A group of institutional investors has pledged a total amount of EUR 378 million to this fund. These investors include U.S. and European university endowment funds, pension funds, insurance companies, and family offices. Together with the AURELIUS European Opportunities IV Fund, AURELIUS Equity Opportunities SE & Co. KGaA will invest an additional amount of up to EUR 162 million. Thus, a total amount of EUR 540 million will be available for investments in the European mid-market segment. Because AURELIUS SE does not exert control over any co-investments according to the criteria of IFRS 10, these investments are not consolidated; instead, AURELIUS Investment Lux One Sàrl is accounted for by the equity method (see Note 25.3).

In all three investment fields, AURELIUS Equity Opportunities does not focus on particular industrial sectors when selecting potential target companies, but invests in medium-sized enterprises and corporate spin-offs throughout Europe, provided they meet one or more of the following criteria:

- Potential for development that can be unlocked with operational support,
- Below-average profitability or need for restructuring; and/or
- Synergies with existing platform investments in specific target sectors.

As a general rule, AURELIUS Equity Opportunities acquires medium-sized enterprises or corporate spin-offs with annual revenues of up to EUR 100 million, whereas the companies targeted for co-investments have annual revenues of more than EUR 100 million. The EBITDA margin should normally be positive, but it could also be negative in exceptional cases. What is important is that the company's market environment and core business is stable and the company's value can be increased by means of operational measures.

Acquisition strategy

For the purpose of identifying suitable acquisition targets, AURELIUS Equity Opportunities makes use of a broad network of decision-makers in industrial corporations, as well as M&A consultants and investment banks. Of the several hundred potential acquisition candidates identified every year, about ten to 15 percent undergo a detailed assessment. The AEO Group conducts this due diligence process with internal and external experts in the fields of mergers and acquisitions, law, and finance.

Managerial support as value driver

The Group companies are supported by employees of AURELIUS Equity Opportunities who assist corporate management in the operational and strategic further development of these companies. The AEO Group relies upon a pool of managers and functional specialists in fields such as finance, organization, production, IT, purchasing, contracts, marketing and sales, among others. These experts are deployed in the companies on a project-specific basis.

AURELIUS Equity Opportunities applies an integrated approach to the further development of its subsidiaries. The various specialists assist in the operational and strategic repositioning as agreed with the management of the Group company in question. To further develop its new portfolio company, AURELIUS initiates comprehensive measures immediately after the acquisition in line with the specific circumstances of the respective company.

Such measures may include:

- Analyzing existing IT systems and, where appropriate, introducing new, more modern IT systems;
- Developing new sales and marketing concepts;
- Negotiating with banks and creditors on debt restructuring;
- Establishing new supplier relationships and settling inherited liabilities;
- Agreements with works councils and trade unions;
- Restructuring current assets;
- Reorganizing production processes; and/or
- Streamlining the product portfolio.

A large share of the compensation granted to the Managing Directors of the subsidiaries is variable. The amount of this variable compensation is based on the success of the respective company. This ensures that the interests of the Group companies are aligned with those of the parent company.

Organizational structure of the Group

The AURELIUS Equity Opportunities Group has a multi-tiered structure. The operating companies are each held by independent intermediate companies below the level of the ultimate parent company, AURELIUS Equity Opportunities SE & Co. KGaA. This structure effectively contains the risks of the individual operating subsidiaries.

Sales markets and external factors

The subsidiaries of the AEO Group operate in different sectors and industries. Therefore, please refer to the reports from the Group companies for a description of the sales markets and external factors.

Changes in the basis of consolidation

Because several companies are generally bought and sold within a given financial year, the basis of consolidation of the AURELIUS Equity Opportunities Group usually changes between reporting dates, sometimes significantly. In accordance with the rules of IFRS 5 applicable to the accounting treatment of non-current assets held for sale and discontinued operations, companies sold during a financial year that are classified as discontinued operations in accordance with IFRS 5 are no longer included in the results presented in the annual report for that year. Instead, they can be found in profit or loss from discontinued operations in the consolidated statement of comprehensive income. The previous-year comparison figures are likewise adjusted in accordance with these rules.

Internal management system

Immediately following the acquisition of a new subsidiary, a uniform Group-wide information and controlling system is implemented locally. The purpose of this system is to deliver the critical information required to improve the cost and income situation and successfully restructure the respective Group company. The instruments employed for this purpose include a weekly liquidity report and a monthly report analyzing variances from the annually prepared budget and from the forecast(s) generated during the year. AURELIUS Management SE, the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA, represented by its Board of Directors is also periodically informed of the current situation in the Group companies by the local Managing Directors and thereby also kept up to date on potentially negative developments so that countermeasures can be taken in good time.

The management and control of the AURELIUS Equity Opportunities Group is based on a reporting and controlling system. The key planning and managerial indicators tracked for the purpose of internally managing the Group, the subsidiaries, and the parent company AURELIUS Equity Opportunities SE & Co. KGaA are revenues and EBITDA. All the key indicators mentioned above are entered into and monitored within the uniform Group-wide reporting system. As part of the internal reporting process, moreover, the Board of Directors receives a weekly liquidity report and a monthly report analyzing the variances with the annually planned budget and the forecasts generated during the year.

Any budget variances are examined and countermeasures are adopted as appropriate.

Research and Development

No basic research is conducted in the AURELIUS Equity Opportunities Group. The Group's total research and development costs amounted to EUR 5.8 million in financial year 2022 (2021: EUR 10.2 million). Capitalized development costs amounted to EUR 4.6 million at the reporting date December 31, 2022 (December 31, 2021: EUR 5.4 million). As a general rule, research and development activities are conducted exclusively in the subsidiaries (operating entities).

HanseYachts

The company's development work is focused on the development of new, innovative yachts using ultra-modern materials and manufacturing processes. The knowledge gained in the optimization of ongoing processes flows into this development work. The extensive experience of its own employees is enhanced by collaboration with internationally recognized design firms and yacht designers and by the technical innovations of suppliers of deliverable accessories and merchandise.

The use of the design software Catia makes it possible to model the entire development and manufacturing process, from the initial design to the control of production machines. In addition to hardware and software costs, expenses are incurred for the training of employees and the use of external specialists.

In the reporting period, development work focused on the development of new models for all brands. Besides refining the exterior and interior layouts of existing models, the company is working to devise new designs and concepts and establish design and production standards.

The separately recognized research and development expenses amounted to EUR 4.1 million in financial year 2022 (2021: EUR 3.7 million). This figure mainly includes personnel expenses, purchased services, and depreciation, amortization and impairments. Insofar as the recognition requirements for intangible assets ("development costs") or technical plant and equipment and machinery/assets under construction ("production molds") were met, these costs were capitalized (EUR 2.4 million, 2021: EUR 2.0 million) as Internal production capitalized. Therefore, total research and development costs of EUR 1.7 million (2021: EUR 1.7 million) were recognized as expenses and reduced the profit for the reporting period.

ECONOMIC REPORT

General economic conditions

Since the early part of 2022, Russia's war against Ukraine has dampened economic growth in all regions of the world, driven inflation higher, and exacerbated shortages in individual markets. Wide-ranging sanctions have been imposed on Russia in response to the attack. The curtailment of natural gas deliveries from Russia has caused energy prices to soar. The high rates of inflation prompted the U.S. Federal Reserve, the European Central Bank, and other central banks to forcefully tighten their monetary policies. Consumer confidence dimmed remarkably over the course of the past year. Manufacturers suffered from supply chain disruptions and rising input costs in 2022. Economic activity in China was repeatedly hampered by the lockdowns ordered in accordance with the country's strict zero-Covid strategy all the way to December 2022.

The International Monetary Fund (IMF) expected the global economic output to expand by 3.4 percent in 2022. Economic growth also slowed markedly in the core markets of the AEO Group in 2022. In Germany, gross domestic product (GDP) increased by 1.8 percent over the previous year, but actually declined by 0.4 percent in the fourth quarter of 2022 compared to the fourth quarter of 2021. By comparison, GDP expanded at faster year-over-year rates in the Group's international markets of Switzerland (2.1 percent), Belgium (3.1 percent), Netherlands (4.5 percent), Austria (5.0 percent), and the United Kingdom (4.0 percent). The Harmonized Index of Consumer Prices rose by 8.7 percent in 2022, driven in particular by drastic increases in food and energy prices. To counter this trend, the European Central Bank raised its base interest rates on four occasions in 2022.

Also in the United States, economic growth slowed markedly over the course of 2022, falling from 5.9 percent in 2021 to 2.0 percent in 2022. Consumer demand was dampened by declining disposable household incomes. In addition, consumer spending in general and especially real estate investments were considerably impacted by rising interest rates. The U.S. Federal Reserve raised its base rates in seven steps in 2022. The inflation rate as measured by the Consumer Price Index peaked at 9.1 percent in June 2022 before falling to 6.5 percent in December 2022.

Development of the private equity market in 2022

In its latest statistical report, the German Private Equity and Venture Capital Association (Bundesverband Deutscher Kapitalbeteiligungsgesellschaften) concluded that the German private equity market shrank in 2022 after the record years 2019 to 2021. Private equity capital of EUR 13.9 billion (2021: EUR 19.6 billion) was invested in around 900 companies in Germany in 2022. Although the level of investment was lower by comparison to recent years, it remained high in all market segments from a longer-term perspective. German private equity firms raised EUR 6.5 billion from investors in 2022, that being 19 percent more than in the previous year (2021: EUR 5.5 billion). It also marked a new record high, exceeding the previous record of EUR 6.0 billion set in 2019.

The strong growth was mainly driven by venture capital funds, which increased their fund inflows significantly to EUR 4.8 billion (2021: EUR 1.0 billion). Over the same period, the inflow of funds to buy-out funds declined from EUR 3.8 billion in 2021 to EUR 1.0 billion in 2022. Growth funds also brought in less money, raising EUR 480 million in 2022 (2021: EUR 642 million). After reaching record amounts of approximately EUR eleven billion in each of the last three years, buy-outs (shareholder successions and majority stakes) could not keep up this level of investment in 2022, when EUR 7.9 billion was invested.

Home

Private equity firms invested EUR 3.4 billion in venture capital in Germany in 2022, a high amount though not as high as the record amount of almost EUR 4.3 billion invested in 2021. Minority investments in small to medium-sized enterprises (growth, replacement, and turnaround financing) and former start-ups declined by around 40 percent to EUR 2.6 billion after having reached a record amount of EUR 4.2 billion in the previous year. Sales of private equity stakes amounted to EUR 3.1 billion in 2022, about the same as in 2019 and 2020. The year 2021, when private equity sales reached EUR 5.7 billion, was an outlier. As in the preceding years, most private equity stakes were sold to other private equity firms in 2022, making that the most important exit channel, accounting for 62 percent of the total, followed by trade sales at 23 percent. Stock exchange sales (IPOs or direct placements), along with redemptions of preferred stocks, bonds, and mezzanine capital, accounted for only 3 percent of the total in 2022, after 19 percent in 2021.

Business performance of the Group and its parent company

The consolidated revenues from continued operations of the AURELIUS Equity Opportunities Group rose by 24 percent over the previous year to EUR 2,995.0 million in financial year 2022 (2021: EUR 2,412.4 million). The increase in revenues from continued operations resulted from the acquisitions of new portfolio companies in the past financial year and particularly the first-time full-year inclusion of companies acquired in 2021. The EBITDA of EUR 154.4 million was 25 percent below the level of the previous year (2021: EUR 205.0 million), mainly due to the lower amount of bargain purchase gains in 2022 (EUR 1.2 million; 2021: EUR 36.4 million) and the absence of deconsolidation gains (2021: EUR 24.4 million). This effect was countered by a positive result from companies accounted for by the equity method in the amount of EUR 27.1 million (PY: negative result EUR 0.7 million). The forecast of a moderate increase in sales revenue was achieved. The EBITDA with a modest increase fell short of the expectation of a significant increase.

The previous year's forecasts were based on the corporate groups held as of December 31, 2021. When a corporate group is acquired only after the completion of the budget to be approved by the Supervisory Board, it is usually not included in the forecasts in the given financial year. To establish comparability, the following adjustments were made in the analysis of the forecasts. For corporate groups that were newly acquired in the previous year, the previous-year revenues generated after the closing date, which are usually not representative of the full financial year, were calculated on an annualized basis. Any bargain purchases included in the EBITDA of the corporate groups acquired in the previous year were likewise corrected. If a corporate group was sold or classified as discontinued operations in the past financial year 2022, these values were adjusted. If a corporate group was acquired by the Group for the first time in the past financial year 2022, it was not considered for the purposes of this analysis.

In the Industrial Production segment, revenues from continued operations rose by 24 percent to EUR 879.6 million (2021: EUR 707.8 million). The revenues from continued operations of those portfolio companies that had been included in the previous year's forecast increased by EUR 112.2 million, corresponding to the forecast of a moderate gain. Segment EBITDA came to EUR 51.8 million (2021: EUR 98.1 million). The EBITDA of those portfolio companies that were included in the previous year's forecast declined modestly by EUR 6.8 million, meaning that the forecast of a moderate EBITDA increase was not achieved. By way of explanation, the IP segment was disproportionately impacted by the above-average increases in material and energy costs resulting from the Ukraine conflict. CalaChem was reclassified from the Industrial Production segment to the Services & Solutions segment in the past financial year. VAG completed the add-on acquisition of RTS Válvulas Ltda., with its registered head office in Guarulhos, São Paulo/Brazil, in late March 2022.

In the Services & Solutions segment, revenues from continued operations rose by 36 percent to EUR 449.9 million in financial year 2022 (2021: EUR 331.0 million). The revenues from continued operations of those portfolio companies that had been included in the previous year's forecast increased by EUR 61.9 million. Segment EBITDA came to EUR 49.7 million (2021: EUR 26.4 million). The EBITDA of those portfolio companies that had been included in the previous year's forecast of EBITDA increased by EUR 28.7 million. In the previous year, a moderate increase was forecast for sales and a slight increase for EBITDA. Taking into account the additions and disposals in the segment's continuing operations in the financial year 2022, a slight increase in revenue from continuing operations and a moderate increase in EBITDA had been forecast in the previous year. Sales were therefore above forecast with a moderate increase, while the segment's forecast EBITDA was exceeded with a substantial increase. CalaChem was reclassified from the Industrial Production segment to the Services & Solutions segment in the past financial year. BPG Building Partners Group purchased the company Container Handelsbüro Peter Bonitz e.K., with its registered head office in Berlin, as an add-on acquisition in early January 2022.

In the Retail & Consumer Products segment, revenues from continued operations rose by 21 percent to EUR 1,475.2 million in financial year 2022 (2021: EUR 1,218.9 million). The revenues from continued operations of those portfolio companies that had been included in the previous year's forecast increased by EUR 154.7 million, meaning that the forecast of a modest increase was exceeded by a moderate increase. Segment EBITDA came to EUR 124.8 million (2021: EUR 136.9 million). The EBITDA of those portfolio companies that had been included in the previous year's forecast increased by EUR 10.1 million, thus achieving the previous year's forecast of a modest increase in segment EBITDA. The European Imaging Group purchased a majority stake in CameraNU.nl, with its registered head office in Urk/Netherlands, in February 2022 and a majority stake in Cyfrowe.pl, with its registered head office in Gdansk/Poland, in May 2022, both as add-on acquisitions. In early July 2022, the NDS Group completed the two add-on acquisitions of Hovdan Poly AS and Nordic Wash AS. BMC Benelux made two add-on acquisitions in 2022, the first being the construction materials division of De Rycke, with its registered head office in Beveren near Antwerp/Belgium, in late March 2022, and the second being the construction materials distributor Vandevoorde Bouwmaterialen NV, with its registered head office in Wortegem/Belgium, in December 2022.

A modest increase in revenues and a significant increase in EBITDA had been forecasted for AURELIUS Equity Opportunities SE & Co. KGaA. Sales revenue was down moderately in the financial year, while EBITDA declined substantially. Additional information about the company's results can be found in the section entitled "Financial performance, cash flows and financial position of AURELIUS Equity Opportunities SE & Co. KgaA" in the present report, beginning on page 89.

Reports from the Group companies and co-investments

The following comments reflect developments in the individual corporate groups (subsidiaries) that are fully consolidated in the AURELIUS Equity Opportunities Group. At the reporting date of December 31, 2022, the AURELIUS Equity Opportunities Group consisted of 22 operating groups classified as continued operations of the AURELIUS Equity Opportunities under IFRS:

Corporate group	Sector	Segment	Registered head office
HanseYachts	Manufacturer of sailing yachts	Other	Greifswald, Germany
VAG	Supplier of water valves for water infrastructure	Industrial Production	Mannheim, Germany
Zentia	Producer of mineral fiber ceiling tiles and grid systems for modular suspended ceilings	Industrial Production	Gateshead, United Kingdom
ZIM Aircraft Seating	Manufacturer of seats for commercial passenger aircraft	Industrial Production	Immenstaad, Germany
moveero	Manufacturer of off-highway wheels	Industrial Production	Armstrong, USA
SEG Electronics	Developer and producer of high-quality protection relays	Industrial Production	Kempen, Germany
ConverterTec	Manufacturer of converters and electronic components for the wind power industry	Industrial Production	Kempen, Germany
HÜPPE	Manufacturer of shower screens, shower trays, wall coverings, and bathroom accessories	Industrial Production	Bad Zwischenahn, Germany
Remi Claeys Aluminium	Producer of welded aluminum tubes for industrial products and for heating, ventilation, and air-conditioning systems (HVAC)	Industrial Production	Lichtervelde, Belgium
UNILUX	Manufacturer of premium-quality window and door solutions for residential households	Industrial Production	Salmtal, Germany
LD Didactic	Provider of technical teaching systems	Services & Solutions	Hürth, Germany
BPG Building Partners Group	Scaffold building and construction site services	Services & Solutions	Berlin, Germany
Rivus-Gruppe	Vehicle fleet operator and fleet management services	Services & Solutions	Solihull, United Kingdom
CalaChem	Provider of industrial services	Services & Solutions	Grangemouth, United Kingdom
Scholl Shoes	Supplier of orthopedic and comfort shoes	Retail & Consumer Products	Milan, Italy
Conaxess Trade Group	Distributor of fast-moving consumer goods	Retail & Consumer Products	Hvidovre, Denmark
European Imaging Group	Multichannel retail chain for photography equipment and professional lighting systems	Retail & Consumer Products	Norwich, United Kingdom
Silvan	“Do-it-yourself” retail chain	Retail & Consumer Products	Aarhus, Denmark
NDS Gruppe	Wholesaler of automotive parts	Retail & Consumer Products	Hagan, Norway
BMC Benelux	Construction materials retail chain	Retail & Consumer Products	Brussels, Belgium
Nedis	Importer and wholesaler of entertainment electronics and household appliances	Retail & Consumer Products	‘s-Hertogenbosch, Netherlands
Distrelec	Multichannel retailer with a focus on digital sales and mail-order sales of electronics components and measurement devices	Retail & Consumer Products	Nänikon, Switzerland

In total, AURELIUS Equity Opportunities SE & Co. KgaA has included 276 subsidiaries in its consolidated financial statements. Of the six significant associates, three are accounted for as financial instruments and three are included as companies accounted for using the equity method (see Note 25).

Company transactions in financial year 2022

AURELIUS Equity Opportunities completed eight addon acquisitions for existing portfolio companies and five company sales in financial year 2022.

In early January 2022, BPG Building Partners Group acquired the company Container Handelsbüro Peter Bonitz e.K. with its registered head office in Berlin. Container Handelsbüro Peter Bonitz leases and sells containers to construction industry customers.

In February 2022, the European Imaging Group purchased a majority stake in CameraNU.nl with its registered head office in Urk/Netherlands from the company's founders. CameraNU is a large independent omnichannel vendor of cameras and accessories in the Netherlands.

In late March 2022, BMC Benelux acquired the construction materials division of De Rycke with its registered head office in Beveren, near Antwerp/Belgium. De Rycke Construction Materials offers its customers a diverse assortment of products, as well as services and advice, for all kinds of construction activity from shell construction to renovation.

In late March 2022, VAG successfully concluded the acquisition of RTS Válvulas Ltda., a supplier of valve solutions with its registered head office in Guarulhos, São Paulo/Brazil, from the company's former owner.

In May 2022, the European Imaging Group purchased a 75 percent equity stake in Cyfrowe.pl, a leading omnichannel retailer of photography and video equipment with its registered head office in Gdansk/Poland.

In early July 2022, the NDS Group completed the acquisitions of Hovdan Poly AS and Nordic Wash AS. These were the third and fourth add-on acquisitions made by the NDS Group since it has belonged to the portfolio of AURELIUS Equity Opportunities. Founded in 1910, Hovdan Poly AS distributes premium-quality maritime supplies such as winches, rope, and life vests. Nordic Wash sells car wash systems designed specifically for the Norwegian market.

In December 2022, BMC Benelux acquired the construction materials distributor Vandevoorde Bouwmaterialen NV, with its registered head office in Wortegem/Belgium, as another addon acquisition.

AURELIUS Equity Opportunities completed five exits in financial year 2022:

In January 2022, Ideal Shopping Direct agreed to sell its "Create and Craft" division to Hochanda Global Limited and to sell the assets of its "Deramores" yarn and accessories business to LoveCrafts Group Limited. In February 2022, the company sold its final remaining business, the TV and web channels operating under the name Ideal World, to the British entrepreneur and investor Hamish Morjaria. With these transactions, all parts of Ideal Shopping Direct have been sold and removed from the basis of consolidation of the AEO Group.

The sale of the distance learning school AKAD University to the strategic buyer Galileo Global Education was concluded in February 2022. AKAD University, a well-established state-accredited private distance school with its registered head office in Stuttgart, specializes in distance learning "whenever and wherever" for working people.

AURELIUS Equity Opportunities completed the sale of Hammerl GmbH, a leading producer of blown film products in Germany, to Karl Bachl GmbH & Co. KG in late July 2022.

The sales of the operating activities of Transform Hospital Group to Y1 Capital was completed in September 2022. The transaction covered the cosmetic surgery and medical esthetics divisions.

AURELIUS Equity Opportunities completed the sale of Briar Chemicals, a leading contract producer and developer of agrochemical products in the United Kingdom, to Safex Chemicals in November 2022. With its registered head office in Norwich/United Kingdom, Briar Chemicals had been part of the AEO Group's portfolio since 2012 following the carve-out from Bayer CropScience.

INDUSTRIAL PRODUCTION SEGMENT (IP)

Revenues from continued operations in the Industrial Production segment rose by 24 percent to EUR 879.6 million (2021: EUR 707.8 million). The increase is mainly attributable to the acquisitions made in financial year 2021, the revenues from which were included for the full 12 months for the first time. Segment earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 51.8 million (2021: EUR 98.1 million). The decrease in EBITDA is mainly attributable to the missing bargain purchase gains in financial year 2022 compared to financial year 2021. The basis of consolidation in the IP segment changed as follows in the past financial year. In late March 2022, VAG successfully completed the acquisition of RTS Valvulas Ltda., a supplier of valve solutions with its registered head office in Guarulhos, São Paulo/Brazil, from the company's previous owner as an add-on acquisition. In late July 2022, AURELIUS Equity Opportunities closed the sale of Hammerl GmbH, a leading manufacturer of blown film products in Germany, to Karl Bachl GmbH & Co. KG. In November 2022, AURELIUS Equity Opportunities completed the sale of Briar Chemicals, a leading contract producer and developer of agrochemical products in the United Kingdom, to Safex Chemicals. In addition, CalaChem was reclassified to the Services & Solutions segment in the past financial year. Contrary to the Segment Report in Section 19, Hanse Yachts is still presented within the Industrial Production segment in the Reports from the Group companies, as in the previous years.

HANSEYACHTS

Hanse

Company

HanseYachts is the world's second-biggest series manufacturer of sailing yachts with a hull length of 29 to 67 feet (9 to 21 meters) and is one of the world's top 10 producers of motor yachts with a hull length of 28 to 54 feet (9 to 16 meters). The company manufactures sailing yachts of the Hanse, Moody, and Dehler brands and motor yachts of the Fjord, Sealine, and Ryck brands. The entire product portfolio comprises more than 40 different models. It exports about 70 percent of its products. The HanseYachts AG share is listed in the General Standard segment of the Frankfurt Stock Exchange (ISIN: DE000A0KF6M8). HanseYachts has belonged to the AURELIUS Equity Opportunities Group since 2011.

Structure and organization

HanseYachts is the parent company of the HanseYachts Group. It performs central holding company functions and manages most of the operating business of the HanseYachts Group. The management team is composed of a CEO and a COO. Some of the Group's research and development work and all central marketing coordination work are performed in Greifswald, a favorable location for production with waterway access to the Baltic Sea. Central procurement, central sales management, and central administration are also performed here. Final assembly is performed in large part in Greifswald as well. Another production site is located in Goleniów, Poland. Together with the company Balticdesign Institute Sp. z o.o., the Group also established a new development site in Stettin/Poland in 2021. The Group's yachts are sold directly to dealers and through the company's subsidiaries Hanse (Deutschland) Vertriebs GmbH & Co. KG and Hanse Yachts US, LLC. Until 17 October 2022, moreover, Privilège Marine SAS, Les Sables-d'Olonne/France, had belonged to the Group. HanseYachts AG sold its equity stake in this company as a portfolio optimization measure.

General economic and sector-specific conditions

The worldwide market for sailing and motor yachts with hull lengths of more than nine meters is subject to intense competition. While there are many yacht manufacturers that produce single-digit to double-digit unit quantities per year, there are only few competitors in the world that industrially produce at least triple-digit quantities of yachts per year, like HanseYachts, which are therefore intense competitors of HanseYachts. Demand for the products of HanseYachts has been consistently strong since the summer of 2020, in a clear sign that the company is benefiting enormously from the growth trend in this market segment. At the same time, worldwide yacht production has been much lower than earlier as a result of the pandemic and the accompanying supply chain disruptions. The order backlog of HanseYachts was historically high in 2022, having risen further above the level in 2021. The most important sales markets are Germany, Turkey, the United States, the United Kingdom, France, and the Netherlands.

Current developments and significant factors

Throughout 2022, the production operations of HanseYachts were impacted by the measures implemented to combat the spread of Covid-19. Beginning in the first quarter of 2022, these adverse effects have been exacerbated by the repercussions of the war in Ukraine. The company has been especially hard hit by the adverse effects on supply chains and by the higher costs of energy, transport, and materials. As a result of these developments, the company's EBITDA in 2022 was well below the level of the previous year. Thanks to consistently strong demand, however, it was possible to implement price increases for some of the existing orders, which partially offset the cost increases. However, these price increases will only take effect after a lag time due to the high order backlog. In spite of the foregoing, the company has adapted itself well to the difficult market environment, even managing to increase its revenues in 2022 over the level of the previous year (adjusted for the sale of Privilège Marine SAS).

Outlook

The forecast is subject to considerable risks due to the coronavirus pandemic, the war in Ukraine, and ongoing supply chain disruptions. This forecast is particularly based on the expectation that the company's performance will continue to be impaired by employee absences due to flu and coronavirus infections, as well as supply chain problems that will adversely impact the company's production operations. However, thanks to the high level of booked orders, production capacity will be fully utilized even beyond the year 2023 and HanseYachts expects a significant EBITDA improvement in the 2023 calendar year.

VAG

Company

VAG is a supplier of valves primarily for use in water treatment and distribution systems, wastewater systems, dams, and hydroelectric power plants. The company is active both in the manufacture and distribution of standard products and in the global project business. VAG has belonged to the AURELIUS Equity Opportunities Group since November 2018.

Structure and organization

Headquartered in Mannheim, VAG is led by three Managing Directors. The company has seven production facilities in Germany, Czechia, China, India, South Africa, Brazil, and the United States, as well as five independent sales offices selling to more than 100 countries.

General economic and sector-specific conditions

VAG sees its most important markets in Europe, particularly Germany and Czechia, as well as China, North America, and the Middle East. These markets are growing at an annual rate of about 3 to 4 percent. VAG is among the market leaders in Germany and the Middle East. The company also holds significant market shares in China and smaller market shares in the United States, which is dominated by local suppliers. VAG is a leader in the project business. The repercussions of the war in Ukraine, particularly including higher prices for materials and energy, are mainly affecting the company's factories in Germany and Czechia. However, the company was able to pass on these cost increases to customers over the course of the year. It was also able to largely neutralize the effects of the supply chain disruptions, plant closures, and social contact restrictions affecting its markets as a result of the pandemic. Moreover, the situation has eased as the worldwide restrictions imposed to combat the pandemic were lifted although the company is still subject to a heightened risk of plant closures and supply chain disruptions. In this regard, VAG is paying especially close attention to the situation in China.

Current developments and significant factors

As in the previous years, VAG was again able to generate organic revenue growth in 2022 in addition to the added revenues contributed by a newly acquired company in Brazil. Due to the war in Ukraine and supply chain disruptions, however, VAG was confronted with substantially higher costs for energy, transport, and materials, which were temporarily damaging to the company's performance given that the cost increases could only be passed on to customers after a certain lag time. Thanks to the successful implementation of price hikes, however, the company was able over the course of the year to stabilize its EBITDA at the level of the previous years despite the challenging business environment.

Outlook

VAG plans to continue on the successful course of the past few years. Aside from the core segment of water applications, the company intends to focus particularly on the high-growth segments of dams, hydroelectric power, and wastewater treatment. This strategy will be supported by further acquisitions to expand both the company's offering of products and its regional presence. Risks to VAG's anticipated further growth are seen in a possible recession, a slowdown of sales in China, the further course of the war in Ukraine, and potential pandemic control measures.

ZENTIA

Company

Zentia manufactures mineral fiber ceiling tiles and grid systems for modular suspended ceilings. The company's products are mainly used in office buildings, schools, and hospitals. Its broad portfolio of products is marketed by specialized wholesalers. The United Kingdom and Ireland are the home base and core markets of Zentia. The company also operates in Spain, Portugal, and the Baltic states. Zentia has belonged to the AURELIUS Equity Opportunities Group since March 2020.

Structure and organization

The company's headquarters and two production facilities are located in Gateshead/United Kingdom. Regional sales teams cover the entire value chain with the aim of securing Zentia's participation in large-scale projects with architects, designers, and acousticians and creating opportunities for collaboration with specialized wholesalers (direct customers) and partnerships with contractors in related fields. The management team is composed of four members. Overall management responsibility lies with the CEO, who is also responsible for the company's strategy.

General economic and sector-specific conditions

Zentia's most important market is the British construction industry, which proved to be resilient in the first half of 2022 despite major economic challenges in the home market. Some projects had to be postponed due to rising construction costs, which explains the decline in sales of ceiling systems. While rising inflation has been an issue since 2021, the Russian invasion of Ukraine in February 2022 and the subsequent surge in energy costs propelled it higher.

Current developments and significant factors

The war against Ukraine has fueled enormous cost increases. Because its manufacturing processes consume large quantities of natural gas, the company's input costs increased dramatically in 2022. A considerable portion of these additional costs were passed on to the market in the further course of the year. Some products, especially at the lower end of the price range, were less profitable due to the higher cost base. Although the revenues generated especially in this market segment were adversely impacted, EBITDA growth was considerably more stable. Again in 2022, Zentia's management took steps to lay the foundation for success in the future, above all the renaming of Zentia's core products as the next phase of the brand relaunch. This was a necessary step because the company was only authorized to use the older brand names for a set period of time. In the core segments of office buildings, health, education, and retail, Zentia generated single-digit percentage growth in sales to customers in the construction industry in 2022. The new direct customers acquired in 2021 also contributed to the company's overall performance during the year. Zentia restructured its business model on the Iberian peninsula in 2022 and entered into a sales agreement with a specialist distributor. This partnership has proved to be successful. In 2022, Zentia continued to implement with great energy and resolve the wide-ranging capital expenditure program it had begun in 2020 in order to be able to manufacture itself the products it had previously purchased from its former owner.

Outlook

The outlook for the British construction industry in 2023 is negative[1], insofar as production is expected to decline by an amount in the single-digit percentage range from the level of the previous year. As the year progresses, this development is expected to make for a challenging market environment in which the company will generate lower revenues on sales of its core products. As mentioned above, however, some of the market decline may have already occurred in the second half of 2022, for which reason the company's management only anticipates a moderate decline in revenues. Zentia also expects to generate the first revenues from new products introduced to the market before the end of 2022 and those to be introduced over the course of 2023. Above all, the new Sonify product segment is expected to make an important contribution to revenues beginning in the middle of 2023. Zentia continues to focus on production efficiency with the goal of continuous improvement. Zentia

1 Construction Industry Forecasts Autumn 2022 of November 7, 2022

will benefit from its own production (insourcing) of products that had previously been purchased from the former owner. The company expects to apply this insourcing approach to most of these products over the course of 2023.

ZIM AIRCRAFT SEATING

Company

ZIM Aircraft Seating (ZIM) is an established manufacturer of commercial passenger aircraft seats, including seats for newly built aircraft (Line Fit) and completely remodeled seats for aircraft already in use (Retro Fit). ZIM has belonged to the AURELIUS Equity Opportunities Group since February 2020.

Structure and organization

ZIM has its headquarters in the German city of Immenstaad am Bodensee. It also operates a production facility in Markdorf/Germany. The company is led by three Managing Directors.

General economic and sector-specific conditions

Global passenger aviation was completely upended by the Covid-19 pandemic. According to the Air Passenger Market Analysis of the International Air Transport Association (IATA) from April 2021, global air transport revenues declined by more than 55 percent from USD 838 billion in 2019 to USD 373 billion in 2020. However, the market environment improved markedly in 2022. Although passenger air transport demand was still depressed by pandemic-related effects at the beginning of the year, especially in Europe, it increased appreciably towards the end of the third quarter. In addition to strong tourist demand, airline business travel also began to pick up. The trend of recovery lasted beyond the busy summer season to the point where, in October 2022, global air passenger volume reached 74 percent of the pre-crisis level of 2019 (IATA Air Passenger Market Analysis October 2022). The aircraft seat market is dominated by only a few large manufacturers, most of which offer, in addition to seats, a far broader spectrum of products, mainly for aircraft interiors. ZIM belongs to a second group of smaller competitors that specialize entirely in aircraft seats or offer a considerably smaller line of products.

Current developments and significant factors

After overcoming the adverse effects of the coronavirus pandemic in 2021, ZIM continued to perform well in 2022 as coronavirus infection rates flattened further and decommissioned aircraft were reactivated in response to the recovery of international air travel. ZIM increased its revenues over the previous year and generated a positive EBITDA. The global economy continued to struggle with the effects of the Covid-19 pandemic in the first half of 2022. Economies across the world were confronted with rising commodity prices, interest rates, and inflation. To counter the obvious effects of higher material costs, energy prices, and personnel expenses, ZIM entered into price negotiations with its customers in the second half of 2022 in order to pass on the cost increases.

Outlook

Accommodating rising passenger volumes of both tourist and business travelers is a major challenge for the entire passenger aviation industry. The Global Market Forecasts of Boeing and Airbus predict a need for almost 40,000 new aircraft, 15,000 of which to replace ageing aircraft, over the next 20 years. The industry's recovery from the coronavirus pandemic is also reflected in ZIM's well-filled order books. The company expects to increase its revenues significantly from the level of the previous year in 2023. In 2024, the company plans to increase its revenues further from the level in 2023. As of today, 80% of this increase is already backed by actual orders. ZIM believes that the focus on premium economy seats for premium airlines puts it in a very good position to benefit from market trends. Demand for premium economy seats in particular has picked up after the coronavirus pandemic and market observers consider it to be a future growth segment as business travelers will seek to optimize costs while tourist passengers will want more space, separation, and comfort, leading to increased demand for premium economy seats. Nonetheless, the company's business outlook is subject to lingering uncertainties particularly due to the fact that the repercussions of the war in Ukraine and the effects of much higher inflation cannot be predicted with certainty.

SEG ELECTRONICS

Company

SEG Electronics is a developer and producer of premium-quality protection relays in Germany, with numerous customers throughout the world. The company has belonged to the AURELIUS Equity Opportunities Group since April 2020.

Structure and organization

Founded in 1969, the company is headquartered in Kempen, Germany, from where it manages national sales and distribution. SEG Electronics offers its customers a broad range of protection relays used for the electrical protection of generators, transformers, motors, cables, and overhead transmission lines. The company is led by a two-person management team.

General economic and sector-specific conditions

Supported by long-term trends such as electrification, distributed and renewable energy generation, and electro-mobility, the total relevant market for protection relays is growing at a rate of around 6 percent per year. Since the start of the war in Ukraine, energy prices for fossil fuels in particular have skyrocketed across the world. In response to this crisis, the nations of the European Union agreed to end their dependence on fossil fuels from Russia as soon as possible. This policy will accelerate the diversification of energy supply sources and routes and especially the development of energy from renewable sources. Wind power in particular stands to benefit from this diversification and development. The biggest customers of SEG Electronics are manufacturers of wind turbines, switchgear manufacturers, manufacturers of internal combustion engines, and grid operators. The company occupies an important niche in the growing market of grid connections for distributed energy generation systems.

Current developments and significant factors

The company's revenue performance in the 2022 financial year was positive and it generated higher total revenues than in the previous year. The revenue increase resulted mainly from higher volume sales of electronic protection devices used in certain areas of energy generation and distribution, as well as higher volume sales of convertible electricity-supplied protection devices. The order intake was in line with expectations despite the rising inflation and uncertainties resulting from the war in Ukraine and the tendencies indicative of a coming worldwide recession. On the procurement side, the company faced difficulties resulting from the supply chain problems triggered by the Covid-19 pandemic, among other factors, since the beginning of financial year 2022. Thanks to continuous management, production continued with hardly any interruptions. By taking appropriate measures to lower costs and by raising the prices of the company's products, SEG Electronics improved its profitability further and increased its EBITDA substantially over the level of the previous year.

Outlook

The company will continue to pursue its transformation process and generate positive results again in financial year 2023. Cooperation arrangements to produce white-label products and dedicated marketing activities along with the initiatives derived from them will help SEG Electronics acquire further international customers (USA, Middle East, and China) while also stabilizing the business it conducts with existing customers. In financial year 2023, the company expects to increase its revenues modestly and generate a modestly higher EBITDA.

CONVERTERTEC

Company

ConverterTec is a manufacturer of converter systems and increasingly also other control systems for variable-speed wind turbines (OEM segment) and a supplier of spare parts and services (Aftermarket & Service segment). The company has belonged to the AURELIUS Equity Opportunities Group since April 2020.

Structure and organization

The company has its headquarters in Kempen, Germany, from which national sales are managed. ConverterTec also operates a production, sales and development site in Krakow/Poland and another development site in Sofia/Bulgaria. Around the middle of 2022, the company sold its converter research and development unit to the Danish company KK Wind Solutions A/S. Consequently, ConverterTec will now focus on aftermarket sales of parts and services and the production of other wind power control cabinets. The Aftermarket & Service segment is managed from the Kempen site and is staffed by employees from Kempen, Bulgaria, the United States, Brazil, Japan, and India. The Group is led by a multi-person management team headed up by a CEO.

General economic and sector-specific conditions

Since the start of the war in Ukraine, energy prices for fossil fuels in particular have skyrocketed across the world. In response to this crisis, the nations of the European Union agreed to end their dependence on fossil fuels from Russia as soon as possible. This policy will accelerate the diversification of energy supply sources and routes and especially the development of energy from renewable sources. Wind power in particular stands to benefit from this diversification and development. The mergers of individual enterprises in the wind market

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have been largely completed, leaving three major wind turbine manufacturers: Vestas Wind Systems A/S, Siemens-Gamesa Renewable Energy SA, and General Electric.

These companies have built about 80 percent of the world's wind turbines (excluding the Chinese market). Smaller manufacturers either serve niche projects or seek to tap entirely new sales markets. The Chinese market, which is still the world's biggest market for wind turbines, is mostly supplied by national manufacturers due to the high barriers to market entry.

Current developments and significant factors

The company's business performance was adversely affected by supply shortages for materials in the first half of 2022. The supply chain disruptions caused by the Covid-19 pandemic and the war in Ukraine led to inefficiencies in production and in some cases also delayed deliveries to customers. Key raw materials and supplies, as well as electronic components and cable, could only be obtained after long delays, which also had the effect of raising costs. Moreover, logistical expenses rose sharply due to general inflation. As a result of the supply chain problems and related production difficulties, the revenues generated in the first half of the year remained well below expectations. Beginning in the second half, however, the backlog of delayed deliveries was successively reduced so that ConverterTec was able to close the 2022 financial year with revenues that were well above the level of the previous year. Consequently, the EBITDA generated in the 2022 financial year was likewise well above the level of the previous year.

Outlook

In the OEM segment, ConverterTec plans to position itself both in the highly promising offshore market and in control cabinet production according to the customer's specifications ("build-to-spec" or "build-to-print") in the coming years. Considering that large offshore turbines will represent a large share of electrical energy generation in the future, the company's positioning in this wind power segment is extremely important and is therefore already a key part of the company's strategy for the future. In the 2023 financial year, the company expects to generate revenues at a slightly lower level as compared to the 2022 financial year and a higher EBITDA thanks to the fact that profitable aftermarket activities will contribute a larger share of the company's total revenues.

MOVEERO

moveero

Company

moveero is a globally active supplier of components for off-highway applications. Among its main products are top-quality wheel systems for applications in agriculture, construction, forestry, transportation, and mining. The company conducts different kinds of activities such as internal development (in-house design), testing in the company's own engineering centers, field trials, and manufacturing. The company also produces a number of supplementary components such as wheel hubs and axles in the United States and structural components (undercarriages) for agricultural equipment and passenger vehicles in the United Kingdom. Customers in the Wheels segment include reputable manufacturers of off-highway equipment. In the Structures segment, the company only cooperates with selected, globally active vehicle manufacturers (original equipment manufacturers, OEMs). moveero has belonged to the AURELIUS Equity Opportunities Group since 2020.

Structure and organization

moveero has its headquarters in Armstrong/USA. It operates two factories in the United States, one factory in Denmark, and one factory in the United Kingdom. Research and development is conducted in two testing centers in Italy and the United States. The company also operates an assembly line in the United States, where tires are mounted on rims. The management team is composed of three members with direct business responsibility (CEO, CFO, COO).

General economic and sector-specific conditions

The demand for off-highway machinery is generally dependent on the market cycle for capital goods. In the important agriculture sector, this cycle is usually somewhat attenuated by the continuous demand for agricultural products. Demand for structural components in the segment of on-highway applications weakened as a result of the semiconductor shortage, which led to reduced production volumes on the part of OEM customers in this segment. While the negative effects of the coronavirus pandemic on demand subsided further in 2022, the pandemic disrupted international supply chains, particularly suppliers in Asia. The conflict in Ukraine led to a steel shortage and rising steel prices, as well as supply chain disruptions primarily in Europe. moveero is a major supplier of off-highway wheel systems in the European and U.S. markets.

The company's primary competitor is a large international conglomerate whose portfolio of products also includes tires and complete wheels. Many of the smaller direct competitors only sell their products regionally and are mainly based in low-wage countries of Eastern Europe and Asia. The company's Asian competitors are still struggling with delivery problems and they have not yet risen to moveero's standards of quality, flexibility, durability, and delivery dependability. In the Structures segment, the company competes with various locally active contract manufacturers.[2]

Current developments and significant factors

Like many industries in the capital goods sector, moveero too along with its major OEM customers were impacted in 2022 by the problem of supply chain fragility caused by the war in Ukraine. The second year after the acquisition by AURELIUS can also still be seen as a time of transition for the company, as restructuring measures were still being pursued in many areas of the company. Although revenues were higher as a result of both volume effects and higher steel prices, the company's EBITDA (adjusted for steel price fluctuations) was comparable with that of the previous year. Besides benefitting from volume growth, the company was able to pass on the higher steel prices to customers, as in previous years, with the aid of available adjustment mechanisms. Moreover, across-the-board price increases were made to stick with all customers, including the big OEMs, in the absence of pre-existing contractual agreements. The company's general price hikes were basically enough to offset the cost price increases driven by inflation, as well as the extraordinary increases in prices of energy and natural gas, for example.

Outlook

Markets are expected to remain stable in the first half of 2023. In the second half of 2023 and beyond, however, moveero faces the risk of a global recession accompanied by further rises in energy costs and geopolitical instability. The agricultural sector accounts for 75 percent of moveero's business activity. The output of the U.S. agricultural sector in 2023 is expected to be similar in amount to that in 2022 while the overall agricultural market in Europe is expected to contract. On the other hand, high producer prices have stoked strong demand for new ma-

2 The statements made in this paragraph are based on the assessments of the management and have not been audited.

chinery.[3] Whereas modest growth is expected for the global construction industry[4], this sector is subject to a higher risk of recession due to persistent price pressure in the market and growing competition from Asia and India. moveero will maintain its focus on improving productivity and cost base. The company also expects to reap benefits from the extensive capital investments made in the past, especially in the United States. These investments will also allow for higher production capacities to accommodate future growth.

HÜPPE

HÜPPE
SHOWER AND SOUL

Company

HÜPPE is one of the leading European manufacturers of shower screens, shower trays, wall coverings, and bathroom accessories. The products, which are mainly distributed to wholesalers, include both the company's own brands and branded products of other reputable manufacturers. The company has belonged to the AURELIUS Equity Opportunities Group since late May 2021.

Structure and organization

The headquarters of HÜPPE is located in the Lower Saxony town of Bad Zwischenahn. This is where holding company functions are performed and where most of the company's operations, as well as marketing and sales for Germany, are managed. In addition, HÜPPE operates a second production and distribution site in Cerkezköy/Turkey. The company also maintains independently managed distribution companies in France, Belgium, Poland, Czechia, and the Netherlands. Major distribution channels include wholesale sales, direct project sales (residential construction, hotel projects, passenger ships) and online sales. The management team is composed of two Managing Directors, who are supported by Country Managers in the distribution entities.

General economic and sector-specific conditions

The bathroom equipment market contracted by around 5 percent in 2022, particularly due to the expiration of government subsidies for new construction, higher borrowing rates (new construction and renovation), and increased selling prices due to higher prices for materials. The market is also characterized by intense competition and the resultant consolidation of industry players. Particularly in the segment of shower trays, there are many competitors of different sizes and from different geographical regions. The general trend in the bathroom equipment sector is in the direction of comprehensive installation solutions, as well as larger and barrier-free showers instead of bathtubs. The war in Ukraine and the ensuing price increases for natural gas have had the effect of raising the prices of key raw materials used in the production of glass and aluminum, which are important for HÜPPE. In its latest forecast, the Ifo Institute predicts a modest contraction of GDP in Germany and only modest growth in the Eurozone. Accordingly, construction activity can be expected to slow down further.[5] The development of economic conditions in the company's core markets is closely tied to the construction sector.

3 European Commission/Directorate-General for Agriculture and Rural Development- EU agricultural outlook 2022-32: production growth of major agricultural sectors to slow down;
https://agriculture.ec.europa.eu/news/eu-agricultural-outlook-2022-32-production-growth-major- agricultural-sectors-slow-down-2022-12-08_en
4 Statista Research Department- Size of the global construction market from 2020 to 2021, with forecasts from 2022 to 2030,
https://www.statista.com/statistics/1290105/global-construction-market-size-with-forecasts/
5 ifo Institute, Ifo Economic Forecast Winter 2022: Inflation and Recession,
https://www.ifo.de/fakten/2022-12-14/ifo-konjunkturprognose-winter-2022-inflation-und-rezession

Current developments and significant factors

The company's performance in the past financial year was predominantly influenced by rising prices of materials and energy. HÜPPE reacted to this trend by raising its own prices substantially. Nonetheless, revenues were roughly the same as in the previous year. Although the company has continuously pursued cost optimization measures, particularly in the areas of procurement and logistics, the company's EBITDA was adversely affected to a considerable degree by the high level of competition intensity and slowing construction activity, so that it was less than the previous year's EBITDA by a higher double-digit percentage amount.

Outlook

The repercussions of the Ukraine conflict, the consequences of the energy crisis, and the influence of changing interest rates on construction activity make it difficult, as before, to offer a reliable forecast of the market's future development. Due to the fact that the company's business is closely tied to the level of construction activity, any slowdown in this sector could adversely affect the volume of business to be conducted by the company in the first half of 2023. At the same time, however, inflation can be expected to subside even as the purchasing power of consumers is supported by government relief programs, which could boost demand for the company's products in the later course of the year. In consideration of all foreseeable factors, both positive and negative, affecting the company's business, HÜPPE expects to generate both revenues and EBITDA at the respective levels of the previous year.

REMI CLAEYS ALUMINIUM

Company

Remi Claeys Aluminium is a manufacturer of high-frequency, precision-welded aluminum tubes. It only uses recycled aluminum in its production process. Its worldwide customer base includes manufacturers of commercial-grade products such as ladders, but also sports and gardening products and tools. The company conducts the bulk of its business in Central Europe. Remi Claeys Aluminium has belonged to the AURELIUS Equity Opportunities Group since August 2021.

Structure and organization

The company has its headquarters in Lichtervelde/Belgium, where it also operates an integrated factory engaged in activities ranging from the melting of aluminum scrap to the manufacture of welded tubes. Remi Claeys is managed by a Board of Directors.

General economic and sector-specific conditions

A shift towards products manufactured in Europe can be observed in the various market segments served by Remi Claeys Aluminium due to the fact that the prices of imported, cheaper finished goods from countries outside the EU have been disadvantaged by extreme increases in shipping costs. The high energy costs and more expensive raw materials have impacted the market for end products and caused end user prices to rise accordingly. The company's most important markets are in Central Europe and the company's comparatively smaller competitors in the segment of welded tubes are mainly found in Italy and Eastern Europe. Some products are made by extrusion, a segment in which the company faces larger competitors such as Norsk Hydro ASA, for example. The demand for end products has weakened since the middle of 2022 due to the fact that end users are cutting back on spending in reaction to the high rates of inflation in Europe.

Significant factors affecting business performance

Since the acquisition by Aurelius, Remi Claeys Aluminium had been working on various carve-out projects to make the company organizationally independent of the former owner, the Norsk Hydro Group. These projects were completed in 2022. Revenues were much higher in financial year 2022 than in the previous year due to the higher selling prices charged to pass on the increased costs of raw materials and energy to the market. Nonetheless, the company's EBITDA was considerably lower in 2022 than originally planned for the year 2022 due to the disproportionately higher prices for energy and raw materials coupled with the significant drop in market demand. Most customers enter into long-term contracts to lock in quantities and prices for the next one or two quarters. If energy and commodity prices rise repeatedly and in some cases dramatically within a short period of time, as was the case in 2022, that would directly impact the company's production costs. The sharp rise in prices is being driven by shortages of raw materials and energy resulting from the coronavirus pandemic and the war in Ukraine.

Outlook

Like other market players, Remi Claeys Aluminium is confronted with substantially higher prices for raw materials and energy. Customers are rather reluctant to negotiate new contracts because end user demand has weakened as a result of the generally high rates of inflation in Europe. The development of markets and prices in the coming months is uncertain. Focal points of the company's work in the 2023 financial year include the identification of options to lower costs further, the continuation of ongoing optimization projects, and the relocation of office space and other buildings within the plant grounds. For 2023, the senior management team expects weaker market demand and increased competition in the segment of products made by extrusion, keeping up the intense pressure on selling prices. The company has entered into hedging transactions and longer-term contracts with suppliers to protect itself against further rises in energy prices.[6] On this basis, the company expects to generate a positive EBITDA in 2023.

UNILUX

UNILUX

Company

Headquartered in the Rhineland-Palatinate town of Salmtal, UNILUX is a manufacturer of premium-quality windows and doors made of plastic, wood, and wood-aluminum, as well as glass facade systems. In all its markets, UNILUX has positioned itself as a highly reliable supplier of top-quality products in the premium segment. The company has belonged to the AURELIUS Equity Opportunities Group since November 2021.

Structure and organization

UNILUX maintains a production facility at the company's headquarters in Salmtal. The products are distributed indirectly to end users by way of a broad and loyal network of specialist partners in Germany and abroad. Beyond just distribution, UNILUX supports its specialist trade partners with a wide range of advice and services. Germany is

6 This statement is based on the assessment of the management and has not been audited.

the company's principal market. Its primary export markets are Switzerland, the United States, and Eastern Europe. The company is led by a multi-member management team.

General economic and sector-specific conditions

Trends such as sustainability and subsidized residential construction provide a stable market environment for UNILUX, with good growth opportunities in Germany and abroad. UNILUX is traditionally positioned in the segment of top-quality windows and doors. Given the low margins and intense competition prevailing in the segment of plastic windows and doors, the company has focused on the wood-aluminum and wood segments, where it faces much less competition as one of the relatively few nationwide suppliers in Germany. Despite the highly fragmented nature of the German window market, which is dominated by regional players, UNILUX is able to serve the entire German market with its nationwide sales network. UNILUX sets itself apart from its competitors by its high standards of technical processing and design. The company is able to successfully serve the growing demand for sound insulation, thermal insulation, and sustainable products with high quality standards and processed materials. After weakening in September, market demand stabilized in the fourth quarter of 2022 in line with the typical demand cycle of the construction industry.

Current developments and significant factors

The company's positive business performance was supported by consistently strong demand, especially in the period from February to August, and stepped-up sales activities both in the core market of Germany and particularly also in the export markets of North America and Canada. Despite the challenging market conditions already at the start of the year, demand for the products of UNILUX was stronger throughout 2022 than in the previous year. The fragile state of global supply chains resulting already from the coronavirus pandemic worsened further as a result of the war in Ukraine. The company's cost position was heavily impacted by supplier price increases in all areas and by shortages of relevant input materials like glass, wood, and window profiles made of plastic and aluminum, as well as energy and fuel. Thanks to the efficient management of procurement prices, however, UNILUX was able to anticipate these changes in time and pass them on to customers in the form of higher selling prices.

Outlook

The company's business performance in 2023 will be largely influenced by the further development of energy prices, particularly natural gas prices, and general economic conditions, including interest rates. In its business plan for 2023, UNILUX does not expect energy and natural gas prices to ease and it does anticipate further cost increases in certain areas such as glass procurement, for example. Under the influence of substantially higher building and financing costs, the outlook for the construction industry clearly points to a significant decline in new construction accompanied by an increase in renovation work. In the core market of Germany, for example, modernization activity is expected to increase by 3.6 percent in 2023, while new construction is expected to decline by 8.6 percent. UNILUX expects to benefit from this predicted development of the market thanks to its broad portfolio of products and strong positioning in the renovation trade.

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SERVICES & SOLUTIONS SEGMENT (S&S)

Revenues from continued operations in the Services & Solutions segment rose by 36 percent to EUR 449.9 million in financial year 2022 (2021: EUR 331.0 million). Segment earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 49.7 million (2021: EUR 26.4 million). The revenue increase resulted in part from the Rivus Group, which increased both its revenues and its EBITDA over the respective figures in financial year 2021. The following changes occurred in the S&S segment in the past financial year. In early January 2022, BPG Building Partners Group acquired Container Handelsbüro Peter Bonitz e. K., with its registered head office in Berlin, as an add-on acquisition from the previous owner as part of a succession solution. The sale of the distance learning school AKAD University to the strategic buyer Galileo Global Education was completed on February 25, 2022. The operating activities of Transform Hospital Group were sold to Y1 Capital in August 2022. The transaction covered the Cosmetic Surgery and Medical Esthetics divisions. In addition, CalaChem was reclassified to the S&S segment in the past financial year.

LD DIDACTIC

LD DIDACTIC

Company

LD Didactic develops, produces, and distributes teaching systems and education technology (EdTech) for instruction in science and engineering subjects under the brands ELWE, Feedback, and LEYBOLD. The company serves secondary schools, vocational schools, and universities. It has belonged to the AURELIUS Equity Opportunities Group since January 2009.

Structure and organization

The company has its headquarters in Hürth/Germany and operates production facilities in Germany and Hungary. LD Didactic distributes its products and solutions itself in Germany and uses a network of dealers and selected partners to drive sales in other countries of Europe and beyond. The company is led by a CEO.

General economic and sector-specific conditions

The market for scientific experimentation kits grew by around 16 percent to EUR 2.2 billion in the time from 2020 to 2022. Average growth of 7.2 percent per year is expected through the year 2027. Well above-average growth is expected particularly in the emerging-market countries of Africa and Asia. Another key growth driver is the increasing digitalization of instruction and experimentation. The proportional share of digital scientific experimentation solutions is expected to increase by 150 percent through the year 2027. The conflict in Ukraine has had little effect on the education technology sector, on either the procurement side or the sales side, given that individual education markets and regions operate independently of each other. However, refugee flows could well quickly necessitate additional investments in school capacities in individual countries of Europe. LD Didactic occupies a mid-tier position in this highly fragmented market in which the 15 biggest providers combined control a market share of around 27 percent.

Current developments and significant factors

Whereas new orders declined due to the pandemic in 2020 and 2021, they increased again in 2022, rising to a level above the multi-year average. Growing demand for digitalized instruction products was observed as a general trend. In addition to new orders, the company's revenues and earnings (EBITDA) were likewise considerably higher in 2022. Thanks in particular to the successful implementation of numerous price, efficiency, and cost measures, the company improved its profit margin to a level above its long-term average despite generally higher costs.

Outlook

In 2023, LD Didactic plans to expand its offering of products in the automotive and electrical engineering categories and introduce new products on the subjects of energy transition and smart grid. In the category of natural sciences, the company will pursue the further virtualization and digitalization of its portfolio and focus on the subjects of sustainability and climate change. The company also plans to make additional investments in worldwide distribution in order to capture an even larger share of the general market growth. In view of the positive trend of new orders and the promising order pipeline, the company expects to increase both unit sales and earnings substantially in 2023 as well.

BPG BUILDING PARTNERS GROUP

BUILDING PARTNERS GROUP

Company

BPG Building Partners Group is a group of scaffold-building, construction logistics, and equipment rental companies that provide services to all kinds of construction projects throughout Germany. The Group provides services needed for the operation of construction sites in its Construction Logistics segment and supplies necessary construction site equipment in its Equipment Rental segment. The customer base includes construction firms, architects, tradesmen, and public-sector institutions. BPG Building Partners Group has belonged to the AURELIUS Equity Opportunities Group since 2014.

Structure and organization

BPG Building Partners Group is headquartered in Wandlitz, near Berlin. Offering services in multiple regions, it maintains a Germany-wide network of offices and storage facilities. BPG Building Partners Group is led by a Managing Director.

General economic and sector-specific conditions

The economic outlook for the construction industry, which is strongly correlated with the market for scaffold-building and construction logistics, was abruptly and profoundly impaired by the war in Ukraine. Apart from severe supply chain disruptions, the significant rise in energy prices and the general trend of inflation pushed construction costs higher. These developments, coupled with a significant rise in interest rates for real estate loans, will cause construction investment to fall by 1.9 percent and construction activity revenue to fall by around 5 percent in 2022. The Group's scaffold-building activities represent its biggest operating segment. Measured by the number of employees and revenue, it is also one of the biggest companies in the German construction sector, which is highly fragmented and dominated by regional competitors. In its Construction

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Logistics and Equipment Rental segments, the Group operates in a heterogeneous competition landscape composed of specialized independent suppliers, subsidiaries of larger construction firms, and equipment rental companies.

Current developments and significant factors

The company's performance in the past financial year was influenced by uncertainty in the energy markets due to the war in Ukraine, the high rate of inflation, and the negative impact of interest rate movements on the construction industry. After an optimistic start to the year, the economic situation worsened quickly as a result of the war in Ukraine. Whereas the Group was initially impacted by severe supply chain disruptions accompanied by substantial increases in the costs of both consumable goods and capital goods, the cost situation was aggravated further by rising energy prices and wages. Due to the fact that current construction projects are governed by long-term contracts, the Group's ability to pass on the higher costs to customers was limited. In addition, the uncertain outlook for investments led to a reduction of both new construction projects and energy efficiency modernization projects. Furthermore, the Group's performance in certain regions was affected by the restrained pace of public-sector contract awards in the second half of 2022. Although the associated revenue losses were more than made up by revenue gains in other regions, the net revenue increase was not enough to offset the cost increases during the year, so that the EBITDA generated in 2022 was modestly lower than in the previous year.

Outlook

On the macroeconomic level, construction investment is expected to decline further by an amount of between minus 1.9 and minus 3.3 percent in 2023, signaling a considerable slowing of construction activity leading to a drop in revenues of about 7 percent in real terms. Based on the latest construction industry forecasts, BPG Building Partners Group expects both demand and prices to fall further in 2023. Considering the solid order backlog at the end of 2022 consisting of ongoing projects and projects acquired in 2022, as well as intensive sales activities, the Group expects that revenues will be roughly the same as in the previous year. Thanks to cost-saving and efficiency-enhancing measures, the management team expects that EBITDA will be moderately higher than in the previous year. That being said, any forecast is subject to heightened uncertainty due to the fluid state of geopolitical developments. At the start of 2023, moreover, the Group will unify all its subsidiaries under a single BPG brand operating in the three segments of Scaffold-Building, Construction Logistics, and Equipment Rental. Operating under a single, nationwide brand will facilitate the Group's sales activities considerably.

RIVUS GROUP

RIVUS
FLEET SOLUTIONS

Company

The Rivus Group consists of Rivus Fleet Solutions and Pullman Fleet Solutions, both of which are commercial vehicle fleet operators in the United Kingdom with a nationwide network of automotive repair shops. The Group offers fleet management services (repair, maintenance, accident and breakdown assistance) to large corporations. Pullman Fleet Solutions is particularly focused on heavy utility vehicles. Rivus Fleet Solutions has belonged to the AURELIUS Equity Opportunities Group since September 2019 and Pullman Fleet Solutions since November 2020.

Structure and organization

The Rivus Group has its headquarters in Solihull/United Kingdom. The Group takes care of more than 120,000 vehicles for more than 30 large, well-known corporations in different sectors, including the former parent company British Telecom, which operates the second-biggest nationwide vehicle fleet in the United Kingdom. On the truck side, it has offered reliable and flexible service to major corporations like Wincanton, Tesco, and Morrisons for decades. With a joint network of almost 80 own repair shops, more than 500 partner repair shops, and more than 100 mobile technicians, the Rivus Group offers an extensive range of fleet management services for all phases of the vehicle life cycle. It specializes in commercial fleets, which mostly consist of vans and heavy transport vehicles, and on servicing complex specialty vehicles. The Group is led by a CEO and a CFO.

General economic and sector-specific conditions

The fleet management sector is exposed to stresses from macro factors such as the high level of inflation in the United Kingdom and the limited availability of new vehicles due to continuing supply chain problems. During the coronavirus pandemic, the British government classified the fleet management services of the Rivus Group as an essential business due to the fact that it serves infrastructure-relevant sectors such as telecommunications, energy, and emergency services. To this extent, the Group enjoys a unique selling proposition and a certain resilience in the face of adverse market and sector developments, representing an advantage over its competitors. However, the market suffers from a serious shortage of drivers and mechanics as a result of the UK's departure from the European Union and the coronavirus pandemic. Moreover, the automobile market is still affected by supply chain disruptions and particularly the current semiconductor shortage, which has led to longer lead times for new vehicle orders, a scarcity of rental cars, and rising costs for fleet customers, as well as increased maintenance and repair activity in the automobile market and much greater use of rented vehicles.

Current developments and significant factors

The Group's consistent revenue growth can be credited to the steady enlargement of the customer base, the cross-selling of supplementary services to existing customers, and the high incidence of vehicle rentals and repair activities. These profitable services contributed to a considerably higher EBITDA for the Group. Despite the macroeconomic challenges, the Rivus Group has managed to keep its entire network of automotive repair shops working at full capacity while also considerably boosting their profitability by means of effective cost management. The Rivus Group was able to pass on the increased supplier costs and trade union-driven wage increases successfully to its customers.

Outlook

The management team of the Rivus Group expects that the EBITDA in 2023 will be below the level of 2022, which was a record year. The Group will certainly feel the effects of a macroeconomic environment of high inflation, rising supplier prices, and tough pay negotiations with labor unions.

CALACHEM

Company

CalaChem operates an industrial services unit offering services such as the treatment of industrial wastewater, the provision of process steam, and the supply of electricity to numerous commercial customers at the site and at the connected Earls Gate industrial estate. CalaChem has belonged to the AURELIUS Equity Opportunities Group since 2010.

Structure and organization

The company has its headquarters in Grangemouth/Scotland. It conducted business primarily in two segments in 2022: contract production of fine chemicals, and industrial services. The production of fine chemicals was discontinued in the third quarter. The company is now entirely focused on providing utility services and supplementary services to a number of local enterprises. The management team is composed of a CEO and five additional members.

General economic and sector-specific conditions

As the company's customers were able to increase their production in 2022, the demand for industrial wastewater treatment rose accordingly. These customers were largely unaffected by the difficult economic environment in the United Kingdom in 2022.[7] The prices of the raw materials used in the production of fine chemicals and the ability of companies to make on-time deliveries were considerably impacted by supply chain disruptions. Deliveries of certain basic materials stalled during the extremely dry summer months. However, CalaChem was largely able to offset the consequences of this problem by operating under a reduced production plan.

Current developments and significant factors

CalaChem repositioned itself as a pure service enterprise in 2022. This transformation was successfully concluded in an environment of wildly fluctuating energy prices. The war in Ukraine and the ensuing cost-of-energy crisis in Europe took a heavy toll on CalaChem itself and its customers as energy costs more than doubled. The energy price cap enacted by the British government in the fourth quarter of 2022 softened the blow of these price increases. The revenues generated as a private-sector distribution grid operator in 2022 rose considerably. This increase was mainly due to pass-through charges to account for higher energy prices. Generally speaking, 2022 was a year of transformation for CalaChem as it continued to implement the restructuring measures needed to complete the conversion to a pure service enterprise. For this reason, the company incurred substantial costs for severance awards and remediation work. In a challenging market environment, CalaChem managed to increase both revenues and EBITDA substantially above the respective figures from the previous year and beyond the expectations.

Outlook

Under its new business model, the company will focus on its existing core areas of activity, those being utility services, wastewater treatment, and property and plant management services. Persistent price pressure caused by rising energy prices will continue to affect CalaChem's business in 2023. However, this risk will be minimized by the planned commissioning of an energy-from-waste power station in 2023/2024. The British government's energy price cap will end in March 2023. The prospects for an extension are uncertain at the present time. The company plans to conduct a dynamic marketing campaign to attract new customers who take an interest in the freed-up space and equipment, as well as CalaChem's services.

7 These statements are based on the assessments of the management and have not been audited.

RETAIL & CONSUMER PRODUCTS SEGMENT (RCP)

Revenues from continued operations in the Retail & Consumer Products segment rose by 21 percent to EUR 1,475.2 million in financial year 2022 (2021: EUR 1,218.9 million). Segment earnings before interest, taxes, depreciation and amortization (EBITDA) declined slightly by nine percent to EUR 124.8 million (2021: EUR 136.9 million). The revenue increase is attributable in part to changes in the basis of consolidation and in part to an increase in procurement prices due to macroeconomic changes. The following changes occurred in the basis of consolidation in financial year 2022. In February 2022, the European Imaging Group purchased a majority interest in CameraNU.nl, with its registered head office in Urk/Netherlands, from the company's founders as an add-on acquisition. In late March 2022, BMC Benelux acquired the construction materials division of De Rycke, with its registered head office in Beveren, near Antwerp/Belgium, as an add-on acquisition. In May 2022, the European Imaging Group purchased a majority stake in Cyfrowe.pl, a leading omnichannel retailer of photography and video equipment with its registered head office in Gdansk/Poland, as an add-on acquisition. In two other add-on acquisitions, the NDS Group completed the acquisitions of Hovdan Poly AS and Nordic Wash AS in early July 2022. These transactions represent the third and fourth add-on acquisitions since the NDS Group was acquired by AURELIUS Equity Opportunities. In yet another add-on acquisition, BMC Benelux acquired the construction materials dealer Vandevoorde Bouwmaterialen NV, with its registered head office in the Belgian town of Wortegem, in December 2022.

SCHOLL SHOES

Scholl

Company

Scholl Shoes is a shoe brand with a history dating back more than 100 years. The company is active in Europe, Asia, the Middle East, and Africa. Scholl Shoes enjoys a high level of global brand recognition. The company's shoes are distributed online and by way of a diverse international network of retail formats, distributors, and pharmacies. The company offers a broad portfolio of products ranging from fashion shoes to everyday shoes and occupational shoes. The company has belonged to the AURELIUS Equity Opportunities Group since 2014.

Structure and organization

Scholl Shoes has its headquarters in Milan/Italy. Shoe design and development is coordinated from the company's headquarters in Italy. The company also maintains a site in Southeast Asia and works with several distribution and licensing partners in that region. The CEO bears overall responsibility for the company.

General economic and sector-specific conditions

The total addressable market essentially consisting of the premium footwear segment in Europe, the Middle East, Africa, and Asia has made it back to the general level reached in 2019. Nonetheless, the company faces a difficult environment in both 2023 and 2024.[8] The repercussions of the war in Ukraine are primarily evident in the higher prices of raw materials and higher production costs. Even though brick-and-mortar shops have indeed reopened after the pandemic lockdowns, some retail chains have had to file for bankruptcy as a result of the coronavirus crisis.

8 This statement is based on the assessment of the management and has not been audited.

Current developments and significant factors

Despite the difficult market environment, Scholl Shoes generated significantly higher revenues in the 2022 financial year compared to the previous year. This positive performance was largely driven by strong growth in the distribution network and e-commerce, as well as the expansion of the product portfolio. Significantly higher revenues and earnings were generated in the Asia growth market, thanks in particular to much higher licensing income. In general, the company's growth has outpaced the growth of the market. The profitable growth of the company's business lifted EBITDA to a level well above that of previous years.

Outlook

The Ukraine crisis and global supply chain disruptions are new challenges the company is facing in addition to the coronavirus pandemic. For example, Bain & Company expects that the European shoe market, which is important for Scholl Shoes, will contract by some 13 to 17 percent in 2023, although the current order intake of Scholl Shoes gives reason to expect a significantly better performance for the company. In the coming year, the company will focus on expanding its business with distributors and partners in Europe and on tapping new markets in Asia on the basis of distribution agreements. It will also continue to place a stronger emphasis on marketing and PR investments to reposition the brand and on speeding up the digital transformation. Despite the challenging macroeconomic environment, footwear sales are generally expected to hold up relatively well compared to other sectors.

CONAXESS TRADE GROUP

conaxess TRADE

Company

The Conaxess Trade Group is a large, independent distributor of fast-moving consumer goods in Europe, primarily in the categories of food, beverages, and personal hygiene. The Group represents, promotes, and distributes more than 200 international and local brands, which as a rule do not handle their own distribution in these countries. The brand-name products are marketed systematically in various retail and wholesale channels such as international retail chains, hotels, restaurants, and catering establishments, kiosks and convenience stores. The Group has belonged to the AURELIUS Equity Opportunities Group since the beginning of 2016.

Structure and organization

The Conaxess Trade Group consists of seven companies in Denmark, Sweden, Norway, Finland, Austria, and Switzerland, as well as the Danish company Conaxess Trade Beverages AS. The main headquarters of the Conaxess Trade Group is located in Hvidovre (Copenhagen/Denmark). The Group's management team is composed of a Nordic CEO, a Nordic CFO, and a CEO for Austria/Switzerland.

General economic and sector-specific conditions

The markets for fast-moving consumer goods are generally very stable and are not subject to major fluctuations. However, the government restrictions imposed to combat the ongoing coronavirus pandemic also affected sales of consumer goods in the first half of 2022, mainly by driving shifts between sales channels, including shifts from hotel, restaurant, and catering establishments to conventional retail outlets. The Conaxess Trade Group only promotes and distributes third-party brands in the retail market. Unlike its competitors, therefore, it assumes no risks from the production of its own private-label brands. The market for fast-moving consumer goods parallels the development of retail sales. By causing shifts between retail segments, the price increases are also driving an increase in sales of private-label brands even as overall sales volumes are declining.

Current developments and significant factors

The business of the Conaxess Trade Group exhibited a highly positive development in the second half of 2022 compared to the previous year, with sales rising to a new record level. The main factors contributing to the stronger business performance include the recovery of sales channels and product groups such as travel retail (airport shops) and food service (restaurants and employee cafeterias) from the losses sustained as a result of the coronavirus pandemic, as well as price increases that could be passed on to consumers and a substantial increase in new business combined with strict cost management. Thanks to these factors, the Group's EBITDA came out above plan and above the level of the previous year. In the first half of 2022, the Group focused particularly on the resumption of activities in all distribution channels and the integration of newly acquired business into the individual companies. Two areas of focus in the second half were the negotiation and implementation of price increases in all countries. The Group's business was also impacted by rising procurement prices due to higher costs for energy and raw materials and the general trend of inflation caused in large part by the war in Ukraine. The Conaxess Trade Group was able to pass these price increases through to the market.

Outlook

The outlook for the Conaxess Trade Group in the 2023 financial year remains very positive. However, the development of inflation in the different household spending categories could change purchasing behavior in retail outlets and food service establishments. Household spending behavior could also be influenced, as before, by the enactment of government policies to soften the blow of inflation (tax offsets, subsidies, etc.). Additional growth will result from the conclusion of new contracts and the expansion of service components under existing contracts. The Group's positive outlook is generally supported by the cost pressures affecting manufacturers of consumer goods, which could lead to new outsourcing projects in favor of the Conaxess Trade Group such as the outsourcing of sales organizations.

EUROPEAN IMAGING GROUP

EUROPEAN IMAGING GROUP

Company

The European Imaging Group is the holding company for a number of brands and companies in the imaging sector, including the photography and video equipment vendors Calumet, Wex, Foto-Video Sauter, CameraNu, and Cyfrowe. The Group is Europe's leading omni-channel vendor of photography and video equipment, with an extensive portfolio of brand-name products of reputable manufacturers, as well as private-label brands and services. Calumet has belonged to AURELIUS Equity Opportunities since 2016, Wex since 2017, and Foto-Video Sauter since 2018. The Group acquired majority stakes in CameraNu Group/Netherlands and Cyfrowe/Poland in 2022.

Structure and organization

Headquartered in Norwich/Norfolk/United Kingdom, the European Imaging Group operates in the United Kingdom, Germany, Belgium, Poland, and the Netherlands and markets a wide range of products in its own online shops and in 37 specialty retail shops. The Group also operates four warehouses in total, one each in Germany, the United Kingdom, the Netherlands, and Poland, in order to ensure the quick delivery of products to retail shops and online customers. Foto-Video Sauter was merged with Calumet with the goal of simplifying the corporate structure and internal processes. Calumet Photographic BV was absorbed by CameraNu Group: The retail shops were renamed to CameraNu and the previous online shop was rerouted to CameraNu's online platform. In mid-2022, moreover, Calumet set up a new online shopping platform in Germany. The Group is led by a two-person management team consisting of a CEO and a CFO. In addition, Calumet und Wex each have their own CEO.

General economic and sector-specific conditions

Although sales of entry-level products in the camera and lens market are declining, the premium segment is growing to the benefit of the one sales channel focused on professional photographers, where higher-priced products are typically sold compared to online shops and electronic sales. A major reason for the growth of the premium segment is the increase in the recommended retail prices for both older models and new models of cameras, lenses, and accessories. As a vendor of photography and video equipment, the European Imaging Group is mainly focused on the premium segment. The Group benefits from growth in the segment of premium-quality cameras and lenses and is gaining market share in this segment. This trend contributes to the Group's strong market position as the dominant player in the European photography equipment market, far ahead of the second-biggest competitor.

Current developments and significant factors

In 2021 and also at the beginning of 2022, product availability was impaired by supply chain disruptions and/or shortages of semiconductor chips. The supply situation has improved markedly since the middle of 2022, making it possible to deliver backlogged customer orders from 2021 and boost revenues in 2022. Unlike the previous year, the Group generated strong revenue growth in 2022 thanks to factors such as price inflation, the full-year revenue effect resulting from new shop openings towards the end of 2021, the pent-up demand effect benefitting brick-and-mortar shops after the end of the coronavirus lockdowns, and the above-mentioned improvements in product availability. Thanks to steady gross profit margins, the higher revenues also fueled strong year-on-year EBITDA growth. After the pandemic, moreover, it was again possible to hold major events and photography trade fairs such as the Photography Show in Birmingham/United Kingdom with visitors attending in person.

Outlook

After the positive performance in the past financial year, the European Imaging Group anticipates revenue growth in 2023 as well. One growth driver among others is the expectation that price inflation will subside further in the coming year. The Group also plans to open new brick-and-mortar shops and relocate existing shops to known European cities. However, these plans are contingent on the assumption that consumer confidence will not be permanently damaged by the war in Ukraine, inflation, or energy prices. The Group is actively looking for potential add-on acquisitions in other regions of Europe.

SILVAN

Company

Silvan is a leading Danish "do-it-yourself" (DIY) retail chain with the highest level of brand recognition in this sector. It sells traditional DIY products such as building materials and garden supplies, as well as home improvement and smart home products. Silvan distributes more than 150 brands in total, with a particular focus on sustainability. Silvan is primarily active in the B2C segment. The company has belonged to the AURELIUS Equity Opportunities Group since September 2017.

Structure and organization

Silvan has its headquarters in the Danish city of Aarhus. It is led by a four-person management team. It operates 43 warehouses and a Danish online shop that mainly sells to individual consumers. The company's portfolio of services includes its online presence, drive-in options, and traditional retail services like click-and-collect. It also offers personalized services. The company's stores are located both in city centers and in suburbs.

General economic and sector-specific conditions

The global economy was especially challenged by the repercussions of the war in Ukraine, continuing global supply chain disruptions, and high inflation in 2022. These factors also impacted the Danish Consumer Confidence Index, which is now significantly lower than in the last few years. Moreover, the DIY sector in Denmark was locked in a sideways pattern in 2022 after strong growth in 2020 and 2021. The market is still characterized by intense competition and remains in a state of flux. The company's most important competitors in the B2C segment are Bauhaus, Jem & Fix, and Harald Nyborg, which continue to expand by opening new stores in Denmark. On top of that, the Swedish Byggmax Group entered the Danish market towards the end of 2021. It can be expected that Byggmax will open additional stores in the coming years.

Current developments and significant factors

The expectation of a positive revenue performance in 2022 that was expressed in the previous year was fulfilled despite the currently difficult macroeconomic environment, the war in Ukraine, and the still ongoing supply chain disruptions caused by the pandemic. The positive revenue performance in 2022 can be credited in part to the results of various quickly and consistently implemented measures. For example, those products that could no longer be delivered to the company due to the war in Ukraine were largely replaced with products from other suppliers. Looking forward to the rest of the year, the company also increased its operating merchandise inventories substantially and ordered imported goods earlier than usual. The company was largely able to pass on supplier price increases to its customers. Thanks in part to the success of the Danish government in combating the pandemic in 2021, no significant Covid-19 restrictions were imposed in 2022. However, disproportionately higher electricity and heating costs in particular adversely impacted the company's costs and consumer behavior, with the result that EBITDA came out below the level of the previous year. Therefore, Silvan continues to make targeted investments in its online business, among other things, in order to better neutralize cost pressures in the future.

Outlook

Silvan anticipates higher demand in 2023 than in 2022. However, this outlook is contingent upon the development of macroeconomic conditions, especially with a view to rising inflation, the further course of the war in Ukraine, and the progression of the coronavirus pandemic. To counter these uncertainties, Silvan will speed up the pace of digitalization of its business processes. Growth-promoting measures such as the opening of new city stores and the modernization and reorientation of existing stores are already in the planning phase or even in the implementation phase in some cases. These measures will be implemented incrementally over the course of the current 2023 financial year. Additional (online) upgrades of established services are being studied and implemented. Silvan expects to generate an EBITDA above the level of the previous year in 2023.

NDS GROUP

NORDIC DISTRIBUTION & SERVICE

Company

The NDS Group is one of the biggest wholesalers of automotive parts in Norway. The company offers a portfolio of parts, shop equipment, and services to a customer base that includes independent auto repair shops, car dealerships, and local wholesalers. The NDS Group also offers repair shop concepts under its own AutoMester brand and concepts for third-party customers such as Bosch Car Service, for example. The company has belonged to the AEO Group since 2018.

Structure and organization

The company has its headquarters in Hagan near Oslo/Norway and operates a central warehouse there, as well as more than 20 branches located throughout the country. The management team is composed of a CEO and two executives in charge of Finance & Operations / Sales. In June 2022, the NDS Group purchased Hovdan Poly, a leading distributor of maritime chemicals and boat care products in Norway, as an add-on acquisition. And in June 2022, the NDS Group reinforced its repair shop equipment business with the acquisition of Nordic Wash.

General economic and sector-specific conditions

The fleet of relevant automobiles for the independent spare parts market (more than four years old) continues to grow at a modest rate. The Norwegian spare parts market is mainly stable but is changing as a result of consolidation and due to the rising share of electric vehicles. The repair shop equipment market also continues to grow thanks in part to retrofitting by car dealerships and automotive repair companies and in part to the projects conducted with electric vehicle manufacturers, which are expanding their network of repair shops in Norway. Market consolidation is occurring in the original parts market (Original Equipment Suppliers, OES) and in the independent spare parts market.[9] In the OES channel, dealership chains are generating rising revenues whereas smaller car dealerships are increasingly going bankrupt. In the independent spare parts market, national repair shop chains and repair shops with multiple locations are experiencing strong growth and increasingly driving smaller shops out of business.

9 This statement is based on the assessment of the management and has not been audited.

Current developments and significant factors

The NDS Group increased its market presence further in 2022 particularly by way of add-on acquisitions. However, the company generated slightly lower revenues due to weaker demand compared to the previous year, which is mainly attributable to the unusually warm winter and generally lower consumer spending as a result of the impact that inflation has had on customers' incomes. The marine market and the accessories segment, which experienced strong growth at the height of the coronavirus pandemic, also encountered lower demand due to the easing of state-ordered restrictions and the general decline in consumer spending. The same can be said of the automotive repair segment given that customers were inclined to put off unnecessary repairs as their living costs have risen. There was a modest increase in new orders for automotive repair shop equipment even though several large-scale projects were postponed to 2023 as a result of delayed deliveries of materials. The acquisition of Nordic Wash considerably strengthened the company's offering of repair shop equipment; the company also expects to benefit from further synergies particularly in the service segment. The share of private-label products, which the company purchases directly from Asia, increased further, leading to greater product profitability. The competitive private-label program is also an important selling point in the acquisition of new customers. The company's EBITDA was lower than in the previous year as a result of higher costs, which can only be passed on to the market after a delay, and delayed deliveries of repair shop equipment. Higher costs were incurred mainly in the categories of personnel expenses, logistics expenses, and energy costs. The increase in personnel expenses resulted in part from the new wave of coronavirus infections at the beginning of the year, when it was necessary to hire temporary staff in the warehouses on account of the high rate of absence due to illness of the company's regular employees, and in part from the general inflation. The higher logistics and energy costs resulted from the general increase in commodity prices due to the war in Ukraine.

Outlook

The NDS Group expects a moderate easing of conditions in 2023 as a result of the fact that newly concluded long-term supply contracts will begin in January 2023. The company has entered into a 5-year contract with one of the largest automotive repair shop chains in Norway. It was also awarded contracts with the Norwegian police and military after prevailing in public-sector tenders. It has been possible in 2023 to pass on increased costs to the market in the form of price hikes. In addition, a cost-saving restructuring program has already been adopted. In the segment of automotive repair shop equipment, NDS expects that it will be able to deliver equipment under previously postponed projects in the first half of 2023.

BMC BENELUX

Company

BMC Benelux is a leading Belgian construction materials retail chain in the B2B sector. BMC Benelux primarily serves small and medium-sized construction industry firms under the two brands YouBuild and MPro. The retail chain boasts a dense network of stores in Belgium and offers its customers a broad product portfolio and various services such as delivery, customization, and rental of specialty tools. BMC Benelux has belonged to the AURELIUS Equity Opportunities Group since October 2019.

Structure and organization

The corporate headquarters of BMC Benelux is located in Brussels/Belgium. The company currently operates 19 stores in the greater metropolitan area of the Belgian capital, in Antwerp, and in the regions of West Flanders and Hennegau. BMC Benelux also operates its own logistics company to supply its customers. The management team is composed of a CEO, an executive in charge of Finance, an executive in charge of Procurement, and three regional managers in charge of Sales and Operations in their respective regions.

General economic and sector-specific conditions

The Belgian construction materials sector was heavily affected by the absence of foreign skilled workers and by the supply chain disruptions and the related increases in the prices of raw materials and intermediate products caused by the war in Ukraine. Despite the tough operating environment, BMC Benelux remains one of the top five companies in this sector. The business is subject to seasonal fluctuations, with demand peaks in the spring and autumn, as well as weather-driven demand fluctuations. Mild winters or warm summers prolong the building season. International suppliers are continually pulling out of the fragmented market for building supply store chains and putting their businesses up for sale. This trend creates additional opportunities for growth through add-on acquisitions for BMC Benelux.

Current developments and significant factors

The company's performance was initially boosted by strong catch-up effects across Belgium in 2022. The West Flanders and Hennegau regions had already begun to see sales pick up towards the end of 2021, after which in 2022 large-scale construction projects resumed also in the greater metropolitan region of Brussels. The shortages of construction materials occurring as an after-effect of the Covid-19 lockdowns were made much worse by the war in Ukraine, which caused certain key products to be completely unavailable. As a result, sales to certain key customers were temporarily reduced. These revenue losses were made up partially, but not completely in the further course of the year. In addition, end customers were impacted by the severe shortages and significantly higher prices of construction materials, which made construction projects much more expensive and put a lid on demand. Despite generally poor availability, the supply of nearly all goods was assured by the company's efficient procurement policy and good relationships with suppliers. Any adverse effect on EBITDA was avoided by passing on price increases to customers. Thanks to the highly diversified product assortment of BMC Benelux, demand shifts largely cancelled each other out. Thanks to extraordinarily strong sales in the busy months and the consistently high intake of construction projects, the company's revenues and EBITDA came out well above expectations. Other factors contributing to the positive business performance were the addition of specialty tool rentals to the services offered by the company's stores and the efficient implementation of cost-saving measures. Thus, the positive outlook expressed in 2021 was confirmed in spite of the war in Ukraine. The company continued to focus on small and medium-sized customers, which likewise contributed to the strong results.

Outlook

Under the current conditions, the outlook for the 2023 financial year remains volatile, but clearly positive. This assessment is supported by indicators such as the order backlog for large-scale projects. As a result of the positive sales trend in the last two months of 2022, a somewhat subdued start to the year is expected in the first two months of 2023, also in view of the currently reduced number of new building applications and the currently observable purchasing restraint of some customers seeking to avoid price increases around the turn of the year. The company continues to focus on offering an excellent assortment of products and services to small and medium-sized customers and maintaining a dense store network. It will continue to consider and where appropriate carry out further add-on acquisitions. Finally, the company plans to open new stores in 2023 after having previously postponed such openings.

NEDIS

Company

Nedis is a Dutch importer and wholesaler of electronic consumer goods in the categories of connectivity and media (such as audio and computer accessories), smart living (such as household and kitchen appliances), and seasonal products (such as fans and fan heaters). The company sells products under its own brand Nedis, as well as white-label products, predominantly in Western Europe. Its customers include both brick-and-mortar retail shops and online retailers. The company has belonged to the AEO Group since March 2020.

Structure and organization

Headquartered in 's-Hertogenbosch (Netherlands), Nedis maintains its own procurement organization in Asia and a distribution center in 's-Hertogenbosch. The distribution center operated jointly with Distrelec, which likewise belongs to the AURELIUS Equity Opportunities Group, offers the full spectrum of distribution logistics services to retailers, including pallet delivery and drop-shipment services. The Group is led by a CEO.

General economic and sector-specific conditions

Given its broad product assortment, numerous market segments are relevant for Nedis. The overall market for electronic consumer goods is not expected to grow at all in the coming years. Through the year 2027, the smart home market is expected to grow at an annual rate of around 13 percent and the market for small domestic appliances (SDAs) at an annual rate of around 4 percent, according to a study by KEARNEY. The connectivity and media segment relevant for Nedis should grow at an annual rate of around 9 percent during this period. About half of total sales of electronic consumer goods and about one third of sales of small domestic appliances are generated online. Market and sector developments may be further affected by the price increases in the energy and commodity markets and the supply chain problems caused by the war in Ukraine and the coronavirus pandemic. Nedis occupies a lower mid-tier position in the market of electronics manufacturers and B2B wholesalers.

Current developments and significant factors

Nedis increased its revenues by an amount in the single-digit percentage range over the previous year despite the significant changes in demand in some cases, caused by the war in Ukraine, and the continuing disruption of supply chains originating in Asia. Nedis had planned for higher revenues in the previous year. The demand for trend products fueled by the coronavirus pandemic (at-home products) has faded as government-imposed restrictions have been removed for the most part. Moreover, consumer purchasing restraint affecting retail sales generally can be observed in nearly all product groups. The revenues generated on sales of smart home products (Internet of Things) have remained high. Demand is especially strong for energy savings products in particular. Unit sales of electronic heaters have risen sharply against the backdrop of the war in Ukraine and feared energy shortages. The company's assortment of heating products was largely sold out already at the beginning of the winter. Sales of seasonal summer products trended in the opposite direction. The company was confronted with extraordinary procurement problems throughout 2022 as a result of the ongoing disruption of certain supply chains originating in Asia due to the coronavirus pandemic, as well as the chipset shortage. These adverse factors were exacerbated by the general increase in procurement costs, stubbornly high container rates, and unfavorable exchange rate effects, particularly in relation to the U.S. dollar, compared to the previous year. Nedis was able to pass on the higher procurement prices to customers only in part. Although the company's overall revenues were higher, the initiated cost-saving measures could not fully offset the adverse cost developments and therefore the EBITDA was negative, contrary to the company's original planning.

Outlook

Due to the unpredictability of the further course of the war in Ukraine and the further development of the high rates of inflation, the outlook for 2023 is subject to considerable uncertainty. Although the company anticipates an environment of general purchasing restraint on the part of consumers due to the fact that they have less disposable income, Nedis has proved that product categories in high demand (electronic heaters and energy-saving products) can be marketed successfully. Nonetheless, the company expects to generate modestly lower revenues in 2023. To counteract the adverse developments affecting sales and costs, the company has launched a wide-ranging program to optimize its merchandise assortment and lower overall costs.

DISTRELEC

DISTRELEC

Company

Distrelec is a Europe-wide multi-channel trading company specializing in digital sales and mail-order sales of electronic components and measurement devices. The company has more than 150,000 active customers in 19 countries of Europe. The company's highly efficient logistics center, its regional, customer-focused sales organization, and its multi-language e-commerce platform form the basis for value creation and the customer experience. Distrelec has belonged to the AURELIUS Equity Opportunities Group since March 2020.

Structure and organization

Headquartered in Nänikon/Switzerland, the company is led by three Managing Directors. Besides the European sales organization in 13 countries, the main pillars of the company's infrastructure are the central service center in Riga/Latvia, the logistics center in 's-Hertogenbosch/Netherlands, and the Sales, Marketing, and IT Office in Manchester/United Kingdom.

General economic and sector-specific conditions

The market for electronic components distribution grew at a double-digit rate in 2022. General demand in 2022 was positive on the whole, although it weakened slightly in the second half of the year. Distrelec generated substantial growth in all the countries it serves. Neither the coronavirus pandemic nor the war in Ukraine had a significant influence on the company's market. The market also did not experience any supply shortages or supply chain disruptions as a result of the war in Ukraine. As an additional precaution, the company boosted inventory levels in the first three quarters of the year to counter any supply shortages. Electronic components also became more expensive as a result of general inflation. However, the company was able to completely pass on the higher procurement prices to the market, thereby preventing any erosion of profit margins.

Current developments and significant factors

Distrelec was highly successful in 2022. Revenues were considerably higher than in the previous year and EBITDA was also higher. The company exceeded the expectations announced in 2021. Great progress was also made in the digital channels. Unit sales of the products distributed by way of cross-docking since the beginning of the year likewise exceeded expectations. Other key factors contributing to Distrelec's success in 2022 were the continuous improvement of the "digital customer journey" and the continual improvement of performance marketing results. Thanks to professional procurement management, moreover, the company assured the availability of goods and fulfilled the high demand of its customers. In the area of sales, the new sales organization in Germany, the Netherlands, and France also contributed to the company's success. The effect of higher energy prices was immaterial in 2022 by reason of the long-term contracts under which the company operates.

Outlook

The management team anticipates a modest weakening of demand in the first two quarters of 2023. Nonetheless, the company expects to grow its business at a single-digit percentage rate. To this end, Distrelec will continue to invest in optimizing both its customer-facing processes and its sales processes. The company will focus on pursuing the digitalization initiative it has already begun and thoroughly optimizing its sales processes in 2023. Neither the pandemic nor the war in Ukraine is expected to have any significant effects on the company's performance. Distrelec expects that it will be able to pass on inflation-induced price increases to the market. It also expects substantially higher energy prices in 2023. Moreover, the company anticipates heightened demand for electronic components driven by the aeronautics and defense sector.

CO-INVESTMENTS

The successful closing of AURELIUS European Opportunities Fund IV (the "Fund") was announced in April 2021. The Fund has obtained investment commitments totaling EUR 378 million from a group of institutional investors, including U.S. and European university endowments, pension funds, insurance companies, and family offices. AURELIUS Equity Opportunities SE & Co. KGaA will additionally invest up to EUR 162 million together with the Fund. Thus, a total amount of EUR 540 million will be available for investments in the European mid-market segment.

Together with the Fund, AURELIUS Equity Opportunities can continue to pursue its proven strategy of investing in corporate carve-outs and companies undergoing transformation processes in the European mid-market segment. The Fund seeks to make equity investments of up to EUR 100 million in companies domiciled in Europe. This is another key milestone for AURELIUS Equity Opportunities, one that will create additional, profitable opportunities to create value for its stakeholders.

As of the reporting date of December 31, 2022, the co-investments included Advanced Power Solutions, Enerveo, Minova, Ceramic Tiles Distributors, the Hallo Healthcare Group (formerly: McKesson UK), Footasylum, and the dental bauer/Pluradent Group. The acquisition of Minova in the form of a global carve-out from Orica Limited, Melbourne/Australia, was successfully concluded on February 28, 2022. The acquisition of Ceramic Tile Distributors in the form of a carve-out from the parent company Saint-Gobain was completed on April 4, 2022. The acquisition of Hallo Healthcare Group (formerly: McKesson UK), the parent company of numerous market-leading healthcare companies including LloydsPharmacy, John Bell & Croyden, and AAH Pharmaceuticals was successfully concluded on April 6, 2022. The acquisitions of dental bauer and significant parts of Pluradent, two German distributors of dental equipment and supplies, were successfully concluded on July 12, 2022. Finally, the acquisition of Footasylum, a leading athleisure retailer in the United Kingdom, from JD Sports Fashion Plc was successfully concluded on August 8, 2022. The co-investments are presented within the equity investment in AURELIUS European Opportunities Fund IV (the "Fund"), which is accounted for at equity in the consolidated statement of financial position (see Note 25.3).

ADVANCED POWER SOLUTIONS

aps

Company

Advanced Power Solutions is one of the leading manufacturers of consumer batteries in the European market. Having operated in this market since 1970, it has a long history of manufacturing top-of-the-line products. It has maintained close business relationships with major. Advanced Power Solutions distributes its products under the brand names Panasonic and Eneloop. It is one of Europe's leading manufacturers for private-label brands and original equipment manufacturers (OEMs). The acquisition of this company was completed in June 2021 under the co-investment structure of AURELIUS.

Structure and organization

The company has two administrative headquarters, one in Brussels/Belgium and the other in Warsaw/Poland, and it operates two production facilities in these countries. Alkali batteries and zinc-carbon batteries, rechargeable Ni-MH batteries, and specialty batteries are among the company's main products. The products are sold primarily from Belgium to more than 50 countries via the company's Europe-wide distribution network. The company is led by a senior management team.

General economic and sector-specific conditions

The market for consumer batteries is generally characterized by steady growth. At the present time, however, worldwide demand for batteries has fallen compared to 2020 and 2021. The company's principal competitors in this fiercely contested market are Duracell, Energizer, and Varta. The industry faces challenges in the form of higher commodity and energy prices, as well as the sharp increase in index-based labor costs, especially in Belgium. Price competition is exacerbated by the higher energy costs in Europe compared to the United States and China in particular.

Current developments and significant factors

Among other challenges, the company had to contend with supply chain disruptions in 2022, which affected the availability of rechargeable batteries and caused delivery delays. As a result, the company generated lower revenues in 2022 than in 2021. EBITDA was also weighed down by higher costs of materials, energy, and transport, which the company was not able to fully pass on to its customers in the market. On the other hand, the earnings performance of Advanced Power Solutions benefitted from a higher share of brand-name products compared to the previous year. The war in Ukraine has had only limited effects on the company's operating performance, at least apart from the general effect of higher energy and delivery costs. Market prices of some raw materials have risen substantially over the levels of the previous year and continue to rise. Transport and energy costs soared to new record highs in the first half of 2022 before receding a little in the third quarter. Nonetheless, energy costs remain high.

Outlook

Despite early signs of market weakening as reflected in lower wholesale order volumes, the company expects to generate a moderate increase in revenues. The higher delivery and energy costs are expected to impact the company's business performance. The company is proactively taking steps to address the impact on profitability by continually reviewing and adjusting its pricing policies on the sales side while adapting to the market development of costs and the measures taken by the company's most important competitors. To bolster its market position, Advanced Power Solutions will begin to distribute Blaupunkt-brand consumer batteries, which will be available on the market in 2023.

ENERVEO

ENERVEO

Company

Enerveo is a leading contracting firm in the United Kingdom and Ireland. It is one of the largest providers of engineering, installation, and maintenance services in the United Kingdom, servicing over one third of street lighting networks in that country. The company's diverse customer base includes blue-chip corporations and public-sector entities. The acquisition conducted under the co-investment structure of AURELIUS was completed in June 2021.

Structure and organization

Enerveo opened a new headquarters in Birmingham (United Kingdom) in February 2022. The corporate structure was streamlined by reducing the number of operating segments from five to two. The Highways Electrical segment now includes the activities of the former Lighting Solutions unit; Infrastructure Solutions now offers the services provided formerly by the units Mechanical & Electrical, Rail, Electrical & Instrumentation Services, and High-Voltage Services. Before the reorganization, Enerveo's activities had been completely decentralized, with a network of 58 branches (depots). As of the end of 2022, this number has been reduced to 46 branches in the United Kingdom and Ireland. Each one of the two business units is led by a CEO.

General economic and sector-specific conditions

Enerveo's business performance in 2022 was influenced by both positive and negative macroeconomic factors in the United Kingdom. Although the company was able to lower the extraordinary costs incurred for standby personnel and additional protective gear during the pandemic, the inflation rate nearly doubled in 2022. The already prevalent market uncertainty was exacerbated by the volatile political environment in the United Kingdom, the war in Ukraine, and rising energy prices. Inflation endangers the profitability of long-term contracts, particularly those without an indexation clause. Nonetheless, overall capacity utilization in the construction industry rose further in 2022, reaching the highest level since records began in October 2022. However, the rate of growth slowed from the pace in 2021. Thanks to Highways Electrical, the company is still the biggest provider of installation and maintenance services for street lighting networks in the United Kingdom and Ireland.

Current developments and significant factors

Due to the changed ownership situation, Enerveo was still in a transition phase in 2022. The restructuring measures that had already yielded positive results in 2021 are now being implemented in the core business of Infrastructure Solutions. Among other measures, revenue streams have been consolidated by reducing the number of locations and concentrating on more profitable customer groups and services. These operational improvement measures are bearing fruit. The company generated a positive EBITDA in 2022.

Outlook

Inflation in the United Kingdom – which the Bank of England had expected to peak at slightly below 11 percent – will likely decline at a faster rate beginning in the middle of 2023.[10] Whereas this development could indeed have a positive effect on wage and borrowing costs, the most probable scenario at the present time is that the construction sector as a whole will contract anywhere from 1.7[11] percent to 3.7 percent.[12] Despite this rather pessimistic outlook for the market, the company expects significant increases in revenues and EBITDA. Furthermore, the standardization and automation of processes throughout Enerveo's network of branches will make the company's processes more efficient and effective in the future.

10 Bank of England- Monetary Policy Summary and minutes of the Monetary Policy Committee meeting ending on 14 December 2022, https://www.bankofengland.co.uk/monetary-policy-report/2022/november-2022

11 Aaron Morby- Constructionenquirer- Construction heading for shallow recession in 2023, https://www.constructionenquirer.com/2023/01/11/construction-to-escape-with-shallow-recession-in-2023/

12 Arcadis- theconstructionindex- Construction economists at Arcadis reckon that build cost inflation has now peaked and will substantially slow next year, https://www.theconstructionindex.co.uk/news/view/arcadis-calls-peak-inflation

MINOVA

Company

Founded in 1882, Minova is a globally active manufacturer and supplier of innovative chemical and mechanical ground support and bolting systems and other support equipment. Minova supplies mission-critical, practice-proven, safety-enhancing ground stabilization products and systems to the global mining and infrastructure markets. Minova's key customers include many large and mid-sized mining enterprises across the world. The acquisition was completed under the AURELIUS co-investment structure in late February 2022.

Structure and organization

Headquartered in London (United Kingdom), Minova maintains sales offices and manufacturing facilities in numerous countries of the world. The manufacturing sites are located in the United States, Canada, Europe, South Africa, Australia, and India. Minova operates its own research and development centers at its main sites in the United States, Poland, South Africa, and Australia. Each one of the four operating regions of the United States, South Africa, Europe, and Asia-Pacific (APAC) addressing the key markets of the United States, Europe, India, and Australia is led by a Regional Vice President. The CEO and CFO make up Minova's senior management team.

General economic and sector-specific conditions

There is a large addressable market for ground support and bolting systems, with the most important segments of the company's target markets growing at annual rates of approx. four to five percent.[13] The main growth drivers are the rising demand for underground systems, along with product use and pricing. Minova is one of the world's three biggest suppliers.[14] The company's products are used primarily in underground mining (hard rock and soft rock) and infrastructure. They are critically important for operational safety under difficult working conditions underground. The infrastructure business could be temporarily impaired to a certain degree by the sharp rise in the prices of construction materials and energy across Europe and the shortage of materials and workers. Any such shortfall, however, will likely be made up by growth in the mining segment driven by higher commodity prices.

Current developments and significant factors

Minova's strong revenue growth continued after the acquisition in 2022 thanks to improved business performance in all segments. Minova achieved deeper market penetration in the most important hard rock markets in the United States, Canada, and India in 2022. The Europe team acquired more new customers in the European infrastructure segment. The company reacted proactively to the higher commodity prices by raising its own prices as allowed under the contractual agreements in effect with customers. This had a positive effect on EBITDA, which surpassed the level of the previous year.

Outlook

Minova's management team expects to continue the positive performance of the recent past in 2023. It also anticipates higher revenues and EBITDA. Growth drivers will be the global hard rock and infrastructure segments in the Asia-Pacific region and the Americas. In the soft rock segment, growth will probably be slightly slower than in 2022, although profitability will be slightly higher.

13 This statement is based on the assessment of the management and has not been audited.
14 This statement is based on the assessment of the management and has not been audited.

Home

HALLO HEALTHCARE GROUP

Company

Hallo Healthcare Group is a leading, fully integrated healthcare provider in the United Kingdom. The company holds relevant market positions in the four operating segments of Retail, Digital Platforms, In-Home Care, and Wholesale. The company's success can be credited to the strength of the LloydsPharmacy brand, the customer base, and the leading position in wholesale pharmaceuticals. The acquisition was completed under the AURELIUS co-investment structure in April 2022.

Structure and organization

Hallo Healthcare Group has its headquarters in Coventry/United Kingdom. The Group operates roughly 1,300 pharmacies throughout the UK, along with 16 warehouses and six health centers offering infusion, testing, and screening services in collaboration with the UK's National Health Service (NHS). The management team is composed of three Managing Directors.

General economic and sector-specific conditions

The British healthcare market is heavily regulated. After the two difficult years of dealing with the pandemic, the British healthcare industry is looking to the future with more confidence. The heavy financial burden of the NHS has created demand for alternative healthcare systems such as in-home care and provoked necessary discussions about the price structure for prescription drugs. However, the current instability of the British government has delayed this process, with the consequence that the shortage of qualified nurses and pharmacists, coupled with inflation and the downward trend of wages in the last few years, will have serious repercussions on the operational and financial performance of all healthcare industry players. The retail business of LloydsPharmacy is also suffering from the shortage of pharmacists and cost inflation.

Current developments and significant factors

The business performance of Hallo Healthcare Gruppe has been impacted above all by the increase in labor, energy, and transport costs associated with the high rates of inflation caused by the fragility of global supply chains and the war in Ukraine. The company also has to contend with the strict regulations applicable to sales of prescription drugs, as a result of which it can only earn low margins in retail sales and even in digital sales, in some cases. The progress made in wholesale unit sales and revenues compared to the previous year were basically wiped out by tariff clawbacks on prescription sales in the second and third quarters of 2022. Another factor weighing on the company's performance in the Retail segment is the high dependency on locums working at hourly rates, which have nearly doubled in the last 18 months. These factors have put significant financial pressure on the company's EBITDA, which came out lower than in the previous year.

Outlook

The outlook varies by operating segment. The Wholesale segment is competitive and enjoys a stable market position and is growing at a modest rate. A project to optimize pricing and shed low-margin business activities will improve the company's gross profit. However, this positive effect will be partially negated by inflation, especially of personnel expenses, building maintenance expenses, and transport costs. While the In-Home Care segment is also experiencing steady growth, both this segment and the Retail segment continue to be challenged by the shortage of skilled workers. The British pharmaceuticals market can be expected to grow at a compound annual growth rate (CAGR) of 4.2 percent in the years from 2023 to 2026. Hallo Healthcare Group anticipates lower EBITDA in 2023 due to the adverse effects of difficult reimbursement processes in the Retail segment (pharmacies) and the cost dynamic.

CERAMIC TILE DISTRIBUTORS

Company

Ceramic Tile Distributors is a UK-based specialty supplier of quality ceramic tiles. The company mainly distributes tiles, tile adhesives, grout, and related tools and consumable materials for the preparation, laying, cutting, and drilling of tiles. The acquisition under the AURELIUS co-investment structure was completed in April 2022.

Structure and organization

Headquartered in Newcastle/UK, the company operates 84 stores and five distribution centers. Its tile showrooms and retail centers located throughout the UK attract many business and retail customers.

General economic and sector-specific conditions

The company faced a challenging market environment especially in the fourth quarter of 2022. In particular, persistent inflation and rising interest rates weakened overall consumer demand, affecting business in both the B2B and the B2C segments. This is also reflected in the UK Purchasing Managers' Index for the construction sector, which dropped below 50 for the first time since January 2021, following the dynamic upturn during the coronavirus pandemic. The tile manufacturing sector has also been affected in two ways by the repercussions of the war in Ukraine. First, the production processes are extremely energy-intensive, the main source of energy being natural gas. To cushion the impact of higher natural gas prices, European manufacturers have applied energy surcharges, making their products more expensive. Second, Ukrainian exports of clay, a key ingredient in tile manufacturing, have been restricted. The resulting shortages have driven up market prices, leading in turn to renewed supply chain disruptions like those observed during the coronavirus pandemic.

Current developments and significant factors

Ceramic Tile Distributors has experienced a positive development of both revenues and EBITDA after the carve-out. However, the company's business performance has been seriously impacted by the current market conditions, both on the demand side and the supply side. As mentioned above, prices of raw materials, especially clay, have risen drastically above the level of the previous year. This trend is expected to continue in the foreseeable future despite the fact that wholesale prices for natural gas declined in December 2022. Freight costs have stabilized at a high level and have even declined recently. The positive effect of improving availability of shipping containers has been neutralized by the sharp rise in fuel costs and increasingly frequent labor strikes. The company countered these challenging market conditions by means of pro-active sales-promoting and cost-reducing measures.

Outlook

The company anticipates an increase in revenues in line with the nominal rate of inflation and a proportionally much higher increase in EBITDA in 2023, driven mainly by operational improvements. In the first half of 2023, however, Ceramic Tile Distributors is likely to face some challenges in the market to which it will have to react quickly. At any rate, the medium-term outlook is highly dependent on the future development of the British economy and consumer sentiment, which will be influenced in turn by cost-of-living and labor market trends. A primary focus for the company´s management team in 2023 will be to further refine the business strategy of Ceramic Tile Distributors and position it both as an attractive industry player for customers and an attractive employer.

DENTAL BAUER & PLURADENT

Company

Dental bauer and Pluradent are two European dental distribution groups serving dentists, orthodontists, dental care centers, and dental clinics, as well as dental laboratories. Their primary business is the distribution of capital goods such as dental treatment units, equipment such as x-ray devices and CAD/CAM units, and IT components, including the related technical and consulting services, as well as dental supplies, consumable and otherwise, including products under established private-label brands. Dental bauer and Pluradent were acquired under the co-investment structure in July 2022 and merged into a single corporate structure. The former owner family retains a minority interest in the joint corporate structure.

Structure and organization

The companies' headquarters are located in Tübingen and Frankfurt. The new group is currently undergoing a consolidation phase in which the sales and service branches will be condensed to around 40 locations in the German-speaking countries of Germany, Austria, and Switzerland, as well as the Benelux countries and Denmark. The group also plans to expand its sales activities to other European countries. The group maintains a sales subsidiary in Kassel and holds an equity stake in a joint sales subsidiary in Rodgau. In a series of steps beginning in January 2023, the group's sales activities will be consolidated within a single sales company in Kassel to ensure stable delivery processes. The responsibilities of the four Managing Directors are defined on the basis of regions and areas of activity.

General economic and sector-specific conditions

The dental sales market is fundamentally resilient to general economic trends given the need of many people for regular dental care. Nonetheless, market growth slowed as a result of the coronavirus pandemic as some dental practices postponed any investments that were not absolutely necessary. A market recovery has been underway since 2021[15], according to the senior management team. To date, the effects of inflation and rising interest rates, as well as the war in Ukraine, on international trade have been rather moderate although they led to longer lead times for orders and slightly reduced product availability in the fourth quarter. Manufacturers have announced price increases to take effect at the end of the current year and next year.

Current developments and significant factors

Since the acquisition, the revenues and EBITDA of dental bauer have been in line with the respective plan figures. By contrast, the revenues and EBITDA of Pluradent have fallen short of expectations since the acquisition.

15 This statement is based on the assessment of the management and has not been audited.

The integration of the two companies is the highest priority at the present time. The group is striving for an integrated business structure combining the qualities and expertise of both companies. Aside from the integration, the management team is currently in the process of formulating substantive measures to both transform and optimize the group's business. These measures aim to increase customer focus, introduce a digital improvement program, enhance process and sales efficiency, and optimize procurement.

Outlook

The group expects further growth in 2023 in spite of the challenges associated with the integration process and the difficulty in forecasting the medium- to long-term profitability of sales activities due to the many uncertainties involved. The group expects that the ongoing measures to strengthen Pluradent's national and international activities will drive significant growth over the level of the previous quarters. It should also be noted, however, that restructuring expenses will be incurred in connection with the necessary preparations to ensure efficient business operations.

FOOTASYLUM

FOOTASYLUM

Company

Footasylum is one of the leading British footwear and apparel retailers of fashion streetwear and sportswear by well-known major brands. The company also distributes its own brands on a wholesale basis in digital marketplaces. In addition to its retail outlets, Footasylum operates a multimedia content creation platform with numerous followers in key media social channels. The company was acquired under the co-investment structure in August 2022.

Structure and organization

Footasylum is based in Rochdale/United Kingdom. It is led by a management team composed of a CEO and a CFO. The company operates 62 stores across the United Kingdom, as well as distribution centers in Rochdale and Bury. Content for the company's marketing and photography campaigns is produced in a studio in Manchester.

General economic and sector-specific conditions

The gap between disposable income and living costs in the UK is widening. After declining noticeably over the course of 2022, consumer confidence in the amount of disposable income has stabilized at around minus 54 percent, which is close to an historic low. Nonetheless, the overall footwear and sportswear market posted modest growth of 5.5 percent, which Footasylum was able to outperform. The supply chain disruptions caused by the coronavirus pandemic led to a shortage of athletic shoes in terms of both availability and stock levels, which ultimately affected the company's revenues as well.

Current developments and significant factors

Despite the challenging market environment, Footasylum's total revenues increased by a single-digit percentage amount over 2021. However, EBITDA was lower than in the previous year due to the expiration of short-time work benefits and other forms of government assistance granted during the coronavirus pandemic. The company's performance was supported by the reopening of stores and wholesale operations, the sales from which increased by a double-digit percentage amount over the previous year, more than offsetting the countervailing development of online sales.

Outlook

The war in Ukraine and persistently high inflation continue to present challenges for the footwear and apparel sector. In the coming months, therefore, the company will place the highest priority on the rigorous implementation of initiatives to boost sales and lower costs. The most important elements of the company's transformation strategy are to expand the network of stores in central locations of the greater London metropolitan area and step up wholesale operations. The company will also conduct a comprehensive review of its digital strategy. In the current financial year, the company expects to generate higher revenues and EBITDA both on the strength of organic growth and by opening new stores.

FINANCIAL PERFORMANCE, CASH FLOWS AND FINANCIAL POSITION

Financial performance

mEUR	1/1 - 12/31/2022 [1]	1/1 - 12/31/2021 [1,2]	Change
Consolidated revenues	**2,995.0**	**2,412.4**	**24%**
Consolidated revenues (annualized)	3,023.8	2,541.4	19%
Other income	91.2	155.4	-41%
Purchased goods and services	-1,944.8	-1,514.5	28%
Personnel expenses	-626.2	-552.1	13%
Other expenses	-393.8	-319.0	23%
Result from companies accounted for by the equity method	27.1	-0.7	>100%
EBITDA	**154.4**	**205.0**	**-25%**
Depreciation, amortization and impairments of intangible assets, property, plant and equipment, and right-of-use assets	-125.0	-110.0	14%
EBIT	29.4	95.0	-69%
Net financial income/expenses	-30.5	-14.2	>-100%
Profit/loss from discontinued operations	119.0	93.6	27%
Consolidated profit/loss	78.7	151.8	-48%

[1] From continued operations.

[2] The previous year's statement of comprehensive income has been adjusted for comparison purposes in accordance with IFRS 5

The revenues from continued operations of the AURELIUS Equity Opportunities Group rose by 24 percent from the previous year to EUR 2,995.0 million in financial year 2022 (2021: EUR 2,412.4 million). This increase is mainly attributable to the Group companies acquired already in financial year 2021, which were consolidated for the full 12 months for the first time in financial year 2022, and the new add-on acquisitions made in financial year 2022. Also contributing to the overall revenue increase were the higher revenues generated by those portfolio companies that were able to pass on the inflation-driven price increases, which have affected both procurement and production, to end customers. Moreover, some of the portfolio companies increased their revenues on the strength of better-filled order books in the past financial year. Annualized consolidated revenues (i.e., extrapolated to the full 12 months) from continued operations amounted to EUR 3,023.8 million in financial year 2022, as compared to EUR 2,541.4 million in financial year 2021, which is indicative of a 19 percent increase.

The Other income of EUR 91.2 million was 41 percent less than the corresponding figure from the previous year (2021: EUR 155.4 million). The decrease can be attributed in part to deconsolidation gains, which amounted to EUR 24.4 million in financial year 2021, but did not occur in the past financial year. These gains are generated on sales of individual companies that are not to be presented within the Profit/loss from discontinued operations in accordance with IFRS 5. Another factor contributing to the decrease in Other income was the fact that bargain purchase gains amounted to only EUR 1.2 million in financial year 2022 (2021: EUR 36.4 million). Other income also included the other significant items: income from the derecognition of liabilities in the amount of EUR 17.0 million (2021: EUR 5.1 million), the increase from the previous year having resulted mainly from the reversal and recognition in profit or loss of a contingent purchase price liability, income from claims for damages in the amount of EUR 9.7 million (2021: EUR 5.5 million), income from the recharging of costs to outside third parties in the amount of EUR 11.1

million (2021: EUR 6.6 million), and miscellaneous income in the amount of EUR 17.8 million (2021: EUR 28.8 million), which mainly consisted of non-period income and income from other services.

The changes in the aforementioned income items were in line with normal business developments.

Purchased goods and services rose by 28 percent to EUR 1,944.8 million in financial year 2022 (2021: EUR 1,514.5 million). The purchased goods and services ratio came to 65 percent (2021: 63%). This increase is mainly attributable to the inflation-driven prices increases encountered in the procurement of products and raw materials, which could be passed on to customers in part. Heightened energy costs in production were another contributing factor.

Personnel expenses of EUR 626.2 million were 13 percent higher than in the previous year (2021: EUR 552.1 million). The increase is mainly due to the add-on acquisitions made in 2022 and the portfolio companies acquired in 2021, which are included in personnel expenses for the entire reporting year for the first time in 2022. are included. In addition, due to the successful disposals of portfolio companies and the associated virtual and the related virtual co-investment sub-participations granted to the former members of the Board of of the company and members of the Board of Directors, the personnel expenses in the AURELIUS Equity Opportunities SE & Co. KGaA also increased. The personnel expense ratio was therefore 21 percent in financial year 2022, compared with 23 percent in the previous year. The decrease in the personnel expenses ratio can be explained, among other things, by the fact that the inflation adjustment included in salaries was included in sales revenue. This is mainly due to the fact that salary adjustments are not negotiated until the end of the year and will therefore not take full effect until fiscal 2023.

Other expenses rose by 23 percent to EUR 393.8 million (2021: EUR 319.0 million). The increase resulted mainly from freight and transport expenses of EUR 77.0 million (2021: EUR 61.1 million), administrative expenses of EUR 50.8 million (2021: EUR 43.2 million), marketing expenses and commissions of EUR 34.6 million (2021: EUR 23.0 million), and expenses from exchange rate changes of EUR 19.0 million (2021: EUR 8.5 million). The increase in miscellaneous expenses resulted from the growth of the Group's operating companies and the higher level of prices in the service sector due to inflation. In particular, the higher freight and transport expenses resulted in part from the higher volume of operating activities and in part from higher market prices for logistics services.

The Result from companies accounted for by the equity method came to EUR 27.1 million in financial year 2022 (2021: EUR -0.7 million). The increase resulted mainly from an increase in the fair values of co-investments, which are measured separately every quarter (see Note 25.3 for further explanations).

The EBITDA of EUR 154.4 million was 25 percent less than the corresponding figure in the previous year (2021: EUR 205.0 million). The change in EBITDA from the previous year can be explained by the circumstances described above. The decrease is mainly attributable to the considerably lower amount of Other income, particularly the lower amount of bargain purchase gains (EUR 1.2 million; PY: EUR 36.4 million) and the absence of deconsolidation gains in financial year 2022 (2021: EUR 24.4 million).

Depreciation, amortization and impairments of intangible assets, property, plant and equipment, and right-of-use assets increased by 14 percent to EUR 125.0 million (2021: EUR 110.0 million). This increase is attributable in part to the transactions conducted in the Industrial Production segment in 2021, which led to higher expenses for depreciation and amortization in the full financial year 2022. Further investments in the other segments also contributed to the higher level of depreciation and amortization. In addition, the impairments recognized in financial year 2022 in the amount of EUR 15.7 million were slightly higher than in the previous year (2021: EUR 11.5 million).

The EBIT generated in financial year 2022 amounted to EUR 29.4 million (2021: EUR 95.0 million). The marked decrease in EBIT is explained by the circumstances described above.

The financial result was minus EUR 30.5 million (2021: EUR -14.2 million). The financial result included interest income from current accounts and term deposits in the amount of EUR 5.0 million (PY: EUR 11.2 million) and interest and similar expenses in the amount of EUR 35.5 million (PY: EUR 25.4 million). The increase in interest expenses resulted mainly from the higher average level of interest rates within the Group, which led to higher interest rates for new borrowings and therefore higher interest expenses within the AEO Group.

The profit/loss from discontinued operations rose to EUR 119.0 million in financial year 2022, after EUR 93.6 million in financial year 2021. This result included the deconsolidation effects of the former portfolio companies Ideal Shopping Direct, AKAD, Hammerl, Transform Hospital Group, and Briar Chemicals.

The consolidated profit/loss for the 2022 financial year came to EUR 78.7 million, that being 48 percent below the level of the previous year (2021: EUR 151.8 million).

The breakdown of revenues, EBITDA and EBIT from continued operations by the operating segments of Services & Solutions, Industrial Production, Retail & Consumer Products, and Other is presented in the table below:

mEUR	Revenues		
	1/1/-12/31/2022	1/1/- 12/31/2021	Change
Services & Solutions	449.9	331.0	36%
Industrial Production	879.6	707.8	24%
Retail & Consumer Products	1,475.2	1,218.9	21%
Other	190.3	154.8	23%
AEO Group	2,995.0	2,412.4	24%

mEUR	EBITDA		
	1/1/-12/31/2022	1/1/- 12/31/2021	Change
Services & Solutions	49.7	26.4	88%
Industrial Production	51.8	98.1	-47%
Retail & Consumer Products	124.8	136.9	-9%
Other	-71.9	-56.5	-27%
AEO Group	154.4	205.0	-25%

In the Services & Solutions segment, revenues from continued operations rose by 36 percent to EUR 449.9 million in financial year 2022 (2021: EUR 331.0 million). Segment EBITDA came to EUR 49.7 million (2021: EUR 26.4 million). The increase is mainly due to the fact that CalaChem was reclassified to Services & Solutions segment in the past financial year. In the previous year, CalaChem's revenues had been presented in the Industrial Production segment. In addition, revenues rose in all the portfolio companies comprised within the segment thanks to an improved order situation.

Home

In the Industrial Production segment, revenues from continued operations rose by 24 percent to EUR 879.6 million (2021: EUR 707.8 million). Segment EBITDA came to EUR 51.8 million (2021: EUR 98.1 million). The revenue increase is mainly attributable to the acquisitions made in financial year 2021, the revenues of which were included for the full 12 months for the first time in financial year 2022. The decrease in EBITDA resulted mainly from the lower amount of gains from bargain purchases in financial year 2022 compared to financial year 2021.

In the Retail & Consumer Products segment, revenues from continued operations rose by 21 percent to EUR 1,475.2 million in financial year 2022 (2021: EUR 1,218.9 million). The increase is mainly attributable to the additional add-on acquisitions made within the segment in financial year 2022. Segment EBITDA came to EUR 124.8 million (2021: EUR 136.9 million). The modest decrease in EBITDA is mainly attributable to one portfolio company in the segment that did not perform up to expectations in the past financial year.

Please refer to the Segment Report in Note 19 of the notes to the consolidated financial statements for additional information about the segments.

Cash flows

mEUR	1/1/ - 12/31/2022	1/1/ - 12/31/2021*	Change
Cash flow from operating activities	-41.5	42.8	>-100%
Cash flow from investing activities	2.8	-8.7	>100%
Cash flow from financing activities	-74.1	-25.9	>-100%
Free cash flow	-38.7	34.1	>-100%
Cash and cash equivalents at 12/31	331.5	444.0	-25%

* The previous year's consolidated statement of cash flows has been adjusted for comparison purposes in accordance with IFRS 5.

The AEO Group generated cash flow from operating activities in the amount of minus EUR 41.5 million in financial year 2022 (2021: EUR 69.1 million). The substantial decrease from the previous year resulted mainly from the lower profit of the AEO Group compared to the previous year and from changes in working capital in the past financial year, particularly the change in trade payables and other liabilities, which caused a decrease in cash and cash equivalents in the past financial year (2021: increase). The increases in the Group's inventories, trade receivables, and other assets were somewhat below the level of the previous year. Inventory levels rose in all segments, mainly due to higher procurement prices and the continued build-up of inventories. The increase in receivables resulted particularly from the higher level of revenues.

Cash flow from investing activities amounted to EUR 2.8 million, after minus EUR 8.7 million in financial year 2021. The cash flow from investing activities included cash outflows for purchases of shares in companies in the amount of EUR 29.1 million (2021: EUR -26.1 million), cash inflows from sales of subsidiaries in the amount of EUR 134.5 million (2021: EUR 53.6 million), cash outflows for co-investments in the amount of EUR 41.6 million (2021: EUR 3.1 million), investments in fixed assets in the amount of EUR 84.2 million (2021: EUR 84.3 million) and cash inflows from sales of non-current assets in the amount of EUR 23.2 million (2021: EUR 51.2 million). In the previous year, this item had included sales of buildings at two portfolio companies, which is why the figure was much higher in 2021 than in 2022.

The investments made in intangible assets and property, plant and equipment are broken down by operating segments in the table below:

Investments			
mEUR	1/1/-12/31/2022	1/1/-12/31/2021	Change
Services & Solutions	21.8	15.0	45%
Industrial Production	28.0	33.0	-15%
Retail & Consumer Products	26.7	27.6	-3%
Other	7.7	8.7	-11%
AEO Group	84.2	84.3	0%

The free cash flow of minus EUR 38.7 million was considerably less than the corresponding amount of EUR 34.1 million generated in financial year 2021, primarily due to the pronounced change in cash flow from operating activities that resulted from the decrease in the Group's operating profit, which was itself caused by macroeconomic changes and working capital changes. Cash flow from financing activities came to minus EUR 74.1 million (2021: EUR -25.9 million). In financial year 2022, this item included the dividend payment to the shareholders of AURELIUS Equity Opportunities SE & Co. KGaA in the amount of EUR 41.5 million (2021: EUR 28.7 million) as well as the purchase of own shares in the amount of EUR 42.7 million (2021: EUR 5.0 million). The change from the previous year is mainly attributable to the considerably higher cash outflows for purchases of treasury shares and the higher dividend payment. In addition, the amount of longer-term financial liabilities assumed was less than in the previous year, as were cash outflows in working capital.

Cash and cash equivalents amounted to EUR 331.5 million at the reporting date of December 31, 2022 (December 31, 2021: EUR 444.0 million). Of this total, an amount of EUR 27.0 million was restricted at December 31, 2022 (December 31, 2021: EUR 30.6 million). At the reporting date of December 31, 2022, no cash and cash equivalents were presented within the item of Assets held for sale in accordance with IFRS 5 (December 31, 2021: EUR 2.4 million).

Please refer to Note 53 ff. of the notes to the consolidated financial statements (Financial instruments) for information on the type, maturity, currency, and interest rate structure of liabilities in the Group. The financing position of the AEO Group was not endangered at any time and the Group was able to meet its financial obligations at all times in financial year 2022. No future financial shortfalls are discernible.

Financial position

mEUR	12/31/2022	12/31/2021	Change
Total assets	2,185.8	2,281.2	-4%
Equity	574.6	592.5	-3%
Equity ratio	26.3%	26.0%	1%
Liabilities	1,611.2	1,688.7	-5%
thereof financial liabilities	442.2	379.4	17%

At December 31, 2022, the total assets of the AURELIUS Equity Opportunities Group amounted to EUR 2,182.4 million, that being four percent lower than in the previous year (December 31, 2021: EUR 2,281.2 million). This change resulted in part from the sale of portfolio companies along with their assets and liabilities in the past financial year. The changes in the individual line items of assets and liabilities are explained in the sections that follow.

Non-current assets decreased by five percent to EUR 739.6 million (December 31, 2021: EUR 779.5 million) and represented 34 percent (December 31, 2021: 34%) of total assets.

Within non-current assets, intangible assets declined by six percent to EUR 96.7 million (December 31, 2021: EUR 102.6 million). Property, plant and equipment amounted to EUR 289.1 million, that being modestly lower than in the previous year (December 31, 2021: EUR 308.6 million). Right-of-use assets declined by 15 percent to EUR 247.0 million in financial year 2022 (2021: EUR 291.6 million). Property, plant and equipment, right-of-use assets, and intangible assets decreased in financial year 2022 as a result of depreciation, amortization and impairments, as well as the acquisitions and disposals resulting from changes in the basis of consolidation. Higher impairments were recognized particularly in intangible assets.

Assets from employee benefits declined by 83 percent to EUR 4.4 million in financial year 2022 (2021: EUR 25.2 million). This decrease is mainly attributable to an adjustment recognized in equity in the amount of EUR 15.5 million at one portfolio company in the IP segment.

Financial assets declined to EUR 9.4 million (December 31, 2021: EUR 21.4 million), mainly due to the disposal of long-term collateral at a portfolio company in the RCP segment.

Companies accounted for at equity in the amount of EUR 73.0 million (PY: EUR 3.1 million) mainly pertain to the equity interest held by AURELIUS Equity Opportunities in AURELIUS Investment Lux One Sàrl (EUR 72.5 million, PY: EUR 3.1 million). This increase resulted in part from the five acquisitions made under the co-investment structure in financial year 2022, which led to a corresponding increase in acquisition costs. In addition, co-investments with a holding period of longer than six months are measured separately every quarter. The corresponding increases in fair value over acquisition cost are normally recognized as income (see Note 25.3 for further explanations).

Current assets decreased by four percent to EUR 1,446.2 million (December 31, 2021: EUR 1,501.7 million) and represented 66 percent of total assets (December 31, 2021: 66%).

Inventories increased by nine percent to EUR 513.4 million (December 31, 2021: EUR 472.4 million). This figure included finished goods and merchandise in the amount of EUR 344.3 million (December 31, 2021: EUR 283.5 million). These inventories are mainly held by Distrelec in the amount of EUR 81.2 million (December 31, 2021: EUR 56.8 million), Silvan in the amount of EUR 47.9 million (December 31, 2021: EUR 38.2 million), European Imaging Group in the amount of EUR 47.9 million (December 31, 2021: EUR 29.6 million), the Conaxess Trade Group in the amount of EUR 41.5 million (December 31, 2021: EUR 33.4 million), Nedis in the amount of EUR 34.8 million (December 31, 2021: EUR 33.1 million), and the NDS Group in the amount of EUR 21.4 million (December 31, 2021: EUR 20.2 million). Raw materials and supplies totaling EUR 99.4 million (December 31, 2021: EUR 101.6 million) consisted mainly of inventories held by HanseYachts in the amount of EUR 20.0 million (December 31, 2021: EUR 18.0 million), VAG in the amount of EUR 18.6 million (December 31, 2021: EUR 19.1 million), moveero in the amount of EUR 16.5 million (December 31, 2021: EUR 16.4 million), ConverterTec in the amount of EUR 9.5 million (December 31, 2021: EUR 12.1 million), and ZIM Aircraft Seating in the amount of EUR 5.4 million (December 31, 2021: EUR 5.5 million). Unfinished goods and services totaling EUR 67.2

million (December 31, 2021: EUR 83.1 million) were mainly held by HanseYachts in the amount of EUR 20.4 million (December 31, 2021: EUR 29.9 million), Remi Claeys Aluminium in the amount of EUR 13.2 million (December 31, 2021: EUR 13.6 million), and moveero in the amount of EUR 10.4 million (December 31, 2021: EUR 12.6 million). The increase in inventories resulted mainly from inflation-driven price increases in procurement and a greater willingness to build up inventories, primarily in the RCP segment.

Trade receivables increased by eight percent to EUR 369.0 million (December 31, 2021: EUR 343.1 million). Most of this increase was contributed by the following portfolio companies: Rivus Group in the amount of EUR 101.5 million (December 31, 2021: EUR 74.5 million), VAG in the amount of EUR 44.6 million (December 31, 2021: EUR 40.6 million), moveero in the amount of EUR 39.8 million (December 31, 2021: EUR 37.5 million), and the Conaxess Trade Group in the amount of EUR 24.5 million (December 31, 2021: EUR 28.0 million). The increase in receivables is particularly attributable to the likewise higher revenues.

The Other financial assets (including derivatives) of EUR 121.1 million were little changed from the previous year (December 31, 2021: EUR 122.0 million). This item mainly included current loan receivables from third parties in the amount of EUR 83.5 million (December 31, 2021: EUR 86.8 million), vendor accounts with debit balances in the amount of EUR 5.7 million (December 31, 2021: EUR 3.6 million), and security deposits in the amount of EUR 8.4 million (December 31, 2021: EUR 2.1 million).

Other assets amounted to EUR 75.8 million (December 31, 2021: EUR 44.8 million). This item mainly consisted of sales tax assets in the amount of EUR 29.5 million (December 31, 2021: EUR 20.3 million), claims from down payments in the amount of EUR 6.7 million (December 31, 2021: EUR 5.1 million) and other non-financial assets amounting to 37.9 million euros (2021: 18.0 MEUR). The increase is mainly due to a cash transit receivable included in the reporting year and the increase in supplier bonuses at a portfolio company in the RCP segment.

Cash and cash equivalents decreased by 25 percent to EUR 331.5 million (December 31, 2021: EUR 444.0 million). Cash and cash equivalents were mainly held by AURELIUS Equity Opportunities SE & Co. KGaA in the amount of EUR 122 million (December 31, 2021: EUR 186.2 million), the Conaxess Trade Group in the amount of EUR 38.2 million (December 31, 2021: EUR 29.5 million), VAG in the amount of EUR 22.2 million (December 31, 2021: EUR 27.5 million), Scholl Shoes in the amount of EUR 15.4 million (December 31, 2021: EUR 16.7 million), the European Imaging Group in the amount of EUR 13.9 million (December 31, 2021: EUR 17.4 million), ConverterTec in the amount of EUR 11.1 million (December 31, 2021: EUR 4.4 million), and Distrelec in the amount of EUR 11.1 million (December 31, 2021: EUR 23.9 million). The decrease in cash and cash equivalents is particularly attributable to the dividend payment, the cash outflows in relation to share buybacks, and expenditures related to working capital changes.

Group equity declined by three percent to EUR 574.6 million (December 31, 2021: EUR 592.5 million). The Group equity ratio came to 26,3 percent at the reporting date of December 31, 2022 (December 31, 2021: 26,0%).

Non-current liabilities decreased by 12 percent to EUR 617.2 million (December 31, 2021: EUR 702.8 million). The non-current lease liabilities to be recognized in accordance with IFRS 16 totaled EUR 229.6 million at the end of 2022 (December 31, 2021: EUR 280.9 million). Non-current liabilities also included pension obligations in the amount of EUR 25.3 million (December 31, 2021: EUR 33.6 million), indicative of a 25 percent decrease. There was not a significant increase in leases in financial year 2022. Therefore, the long-term portion of lease liabilities decreased as a result of repayments under existing leases.

Non-current financial liabilities amounted to EUR 249.5 million at December 31, 2022, that being 2 percent below the level of the previous year (December 31, 2021: EUR 254.3 million). This item included liabilities from loans to third parties at AURELIUS Equity Opportunities AB in the amount of EUR 116.7 million (December 31, 2021: EUR 110.9 million). Non-current financial liabilities also included liabilities to banks in the amount of EUR 118.5 million (December 31, 2021: EUR 121.5 million).

The current liabilities of EUR 994.0 million were little changed from the previous year (December 31, 2021: EUR 985.9 million). This item included trade payables of EUR 440.1 million (December 31, 2021: EUR 422.8 million), most of which were owed by the Rivus Group in the amount of EUR 88.5 million (2021: EUR 66.8 million), the European Imaging Group in the amount of EUR 47.3 million (December 31, 2021: EUR 31.8 million), Silvan in the amount of EUR 43.6 million (December 31, 2021: EUR 39.5 million), and the Conaxess Trade Group in the amount of EUR 42.6 million (December 31, 2021: EUR 41.4 million).

Current financial liabilities amounted to EUR 192.7 million (December 31, 2021: EUR 125.1 million). This item included current financial liabilities to banks in the amount of EUR 55.2 million (December 31, 2021: EUR 27.0 million), most of which were owed by Silvan in the amount of EUR 15.5 million (December 31, 2021: EUR 1.3 million), HanseYachts in the amount of EUR 12.3 million (December 31, 2021: EUR 8.5 million), and VAG in the amount of EUR 5.9 million (December 31, 2021: EUR 9.9 million). This increase is mainly attributable to an increase in the volume of factoring agreements in the AEO Group. In addition, a higher amount of cash was borrowed from banks in the RCP segment.

The Other current liabilities of EUR 183.4 million (December 31, 2021: EUR 216.4 million) mainly included liabilities to employees in the amount of EUR 43.6 million (December 31, 2021: EUR 58.6 million), customer accounts with credit balances in the amount of EUR 19.1 million (December 31, 2021: EUR 24.8 million), and other tax liabilities in the amount of EUR 50.1 million (December 31, 2021: EUR 43.8 million).

The assets and liabilities of the segments are presented in the table below:

	Assets			Liabilities		
mEUR	**12/31/2022**	**12/31/2021**	**Change**	**12/31/2022**	**12/31/2021**	**Change**
Services & Solutions	257.7	269.9	-5%	150.3	206.4	-27%
Industrial Production	599.4	736.5	-19%	270.4	299.5	-10%
Retail & Consumer Products	864.6	817.7	6%	521.2	519.6	2%
Other	435.8	390.9	11%	159.9	195.1	-18%

Risk to continuance as a going concern

One significant subsidiary is exposed to the risk of a liquidity shortfall during the forecast period due to the fact that an agreement that previously generated important revenue for the subsidiary will end in financial year 2023, giving rise to uncertainties concerning the company's ability to conclude the follow-on agreements that would be necessary for the successful continuation of the company's business activity. If the necessary follow-on agreements are not concluded, the subsidiary would be exposed to the additional risk of breaching agreed loan covenants, in which case it would not have sufficient financial resources to settle all the liabilities that would have to be repaid if they were declared due and payable immediately. In this case, the subsidiary would be dependent on the shareholder's financial support.

Another significant subsidiary is exposed to the risk of not being able to fulfill agreed loan covenants due to negative plan variances in its financial performance that occurred in December 2022 and January 2023. If this risk materializes, the subsidiary would not have sufficient financial resources to settle the liabilities that would have to be repaid if they were declared due and payable immediately. In this case, the subsidiary would be dependent on the shareholder's financial support.

These events and circumstances indicate that both subsidiaries are subject to a material uncertainty that may cast significant doubt about their ability to continue as a going concern and, as a result, the respective subsidiary may not be able to to realize its assets and settle its liabilities in the ordinary course of business.

Overall assessment of the Group's business performance and economic position

Financial year 2022 was a year of intensive transaction activity for AURELIUS Equity Opportunities, as detailed in the Economic report. In addition to the intensive transaction activity outlined above, AURELIUS Equity Opportunities worked hard and in close cooperation with the portfolio companies to successfully meet the many challenges that arose in the past financial year, including the still intense coronavirus pandemic at the start of financial year 2022 and the macroeconomic repercussions of the war in Ukraine.

The AEO Group can look back on a solid performance in financial year 2022, when it was able to master the many challenges enumerated above. Revenues from continued operations were higher as a result of the transactions completed in both the previous year and the past financial year. Individual portfolio companies, however, encountered headwinds in the form of higher costs for raw materials and energy. This effect combined with the high level of inflation and the resulting rise in interest rates were not fully offset by the positive effects on the revenue side.

The financial position of the AEO Group is influenced in part by the positive performance of the co-investments of the AURELIUS European Opportunities Fund IV formed in 2021, in which AURELIUS Equity Opportunities is a co-investor. The positive performance can be credited particularly also to the investments acquired in 2022: Minova, Hallo Healthcare Group, CTD, dental bauer / Pluradent, and Footasylum. However, cash and cash equivalents declined as a result of the dividend payment, the share buyback programs, and numerous transactions. Other salient aspects of the Group's financial position include the solid level of non-current assets thanks to the high level of investment by the portfolio companies and a build-up of reserve inventories in reaction to supply chain disruptions that are still occurring in places. The portfolio companies were able to fund their operations well, as before, as reflected in an increase in these items in the consolidated statement of cash flows. Thanks to an equity ratio that remains solid, the AURELIUS Equity Opportunities Group is well positioned. The AEO Group will continue to tackle challenges through active management in all functions.

Employees

The AEO Group had 10,680 employees on average in financial year 2022 (2021: 12,094 employees). Of this number, 5,714 were hourly wage workers (2021: 5,806) and 4,966 were salaried employees (2021: 6,288). At the reporting date of December 31, 2022, the Group had 10,144 employees (December 31, 2021: 11,141). This decrease is mainly attributable to the absence of the employees of the sold portfolio companies AKAD University, Hammerl, Transform Hospital Group, and Briar Chemicals.

Financial and non-financial key indicators

Non-financial key indicators are not used for management purposes in the AEO Group. Please refer to the description of the internal management system of the AEO Group on page 40 of the present report for information on financial key indicators.

FINANCIAL PEFORMANCE, CASH FLOWS AND FINANCIAL POSITION OF AURELIUS EQUITY OPPORTUNITIES SE & Co. KGaA

The separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA have been prepared in accordance with the regulations of Sections 264 et seq. of the German Commercial Code (Handelsgesetzbuch, HGB) applicable to medium-sized corporations and in observance of the German Stock Corporations Act (Aktiengesetz, AktG). AURELIUS Equity Opportunities SE & Co. KGaA is the parent company of the AEO Group. The business performance of AURELIUS Equity Opportunities SE & Co. KGaA is essentially subject to the same risks and opportunities as that of the AEO Group.

The results of AURELIUS Equity Opportunities SE & Co. KGaA are influenced to a considerable degree by the directly and indirectly held subsidiaries. The outlook for the Group therefore also reflects to a large extent the expectations for AURELIUS Equity Opportunities SE & Co. KGaA due to the numerous interconnections between the parent entity and its subsidiaries.

Financial performance

The company generates revenues mainly by providing advisory services to its affiliated companies. AURELIUS Equity Opportunities SE & Co. KGaA generated revenues of EUR 19.8 million in financial year 2022 (2021: EUR 23.4 million). The decrease resulted from a lower demand for advisory services compared to the previous year.

The Other income of EUR 23.0 million (2021: EUR 29.6 million) mainly consisted of income from disposals of property, plant and equipment, income from corporate mergers, write-ups of equity investments and loans, and income from currency translation. The decrease in Other income from the previous year resulted mainly from lower income from currency translation (EUR 1.0 million; PY: EUR 8.0 million) as a result of worsening exchange rates.

The personnel expenses of EUR 28.5 million were higher than in the previous year (2021: EUR 2.2 million). This item includes the compensation of the Board of Directors of AURELIUS Management SE, the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA, and the company's former and current employees. The company had an average of three employees in financial year 2022 (2021: 4 employees). The increase resulted mainly from the successful sales of portfolio companies and the related virtual co-investment sub-interests granted to former members of the company's Executive Board or Board of Directors.

Due to the negative performance of some portfolio companies, impairments of assets were recognized in the total amount of EUR 18.2 million (PY: EUR 5.2 million), including impairments of non-current financial assets in the amount of EUR 13.4 million (2021: EUR 0.5 million) and impairments of receivables in the amount of EUR 4.8 million (2021: EUR 4.7 million). Other expenses decreased to EUR 83.6 million (2021: EUR 87.9 million). This item mainly included charges to AURELIUS Equity Opportunities SE & Co. KGaA to cover the costs of the service holding companies in the amount of EUR 52.9 million (2021: EUR 74.0 million) and expenses from currency translation in the amount of EUR 7.0 million (2021: EUR 0.3 million).

Income from equity investments amounted to EUR 151.6 million (2021: EUR 96.7 million). This item consisted exclusively of profit distributions from affiliated companies, including profit distributions from financial year 2021 and advance distributions in financial year 2022. The increase in financial year 2022 resulted in part from the profit earned on the sale of AKAD and from the good operating performance of some of the portfolio companies.

The income or expenses from profit transfer agreements consisted of income and expenses from the profit transfer agreements concluded between AURELIUS Equity Opportunities SE & Co. KgaA, its subsidiaries, and the general partner. Income from profit transfer agreements amounted to EUR 0.6 million in financial year 2022 (2021: EUR 0 million) and expenses from loss absorption amounted to EUR 1.5 million (2021: EUR 7.0 million). The Other interest and similar income totaling EUR 10.2 million (2021: EUR 11.1 million) included interest income on loans granted to affiliated companies in the amount of EUR 10.1 million (2021: EUR 10.5 million). Interest and similar expenses amounted to EUR 9.9 million (2021: EUR 5.5 million).

The EBITDA calculated in accordance with the regulations of German commercial law amounted to minus EUR 69.3 million (PY: EUR -37.1 million).

The profit of AURELIUS Equity Opportunities SE & Co. KGaA amounted to EUR 63.6 million in financial year 2022 (2021: EUR 53.3 million). The change resulted particularly from higher income from equity investments. The distributable profit for financial year 2022 amounted to EUR 110.3 million (2021: EUR 129.9 million).

Cash flows and financial position

The company's cash flows are largely characterized by the loans borrowed from and loaned to affiliated companies for interim financing purposes. The company maintains a system of liquidity control and assurance and has fulfilled its payment obligations when due. The cash flow from operating activities amounted to minus EUR 62.7 million in financial year 2022 (PY: EUR -40.6 million), the cash flow from investing activities to EUR minus 6.9 million (PY: EUR 76.4 million), and the cash flow from financing activities to EUR 1.9 million (PY: EUR 90.3 million).

The total assets of AURELIUS Equity Opportunities SE & Co. KGaA amounted to EUR 464.4 million at December 31, 2022 (December 31, 2021: EUR 479.0 million). At December 31, 2022, equity amounted to EUR 209.2 million (December 31, 2021: EUR 229.7 million) and the equity ratio came to 45.1 percent (December 31, 2020: 48%).

The non-current assets of EUR 92.6 million (December 31, 2021: EUR 64.5 million) included non-current financial assets of EUR 92.6 million (December 31, 2021: EUR 64.5 million), those being shares in the holding companies and operating companies of the AURELIUS Equity Opportunities Group and long-term loans to affiliated companies.

Current assets decreased to EUR 371.8 million (December 31, 2021: EUR 414.5 million). Of the total receivables and other assets, an amount of EUR 233.3 million (December 31, 2021: EUR 222.4 million) consisted of receivables from affiliated companies, which consisted in turn mainly of current loan receivables in the amount of EUR 215.2 million (December 31, 2021: EUR 201.8 million) and trade receivables in the amount of EUR 13.1 million (December 31, 2021: EUR 12.1 million).

Receivables from companies in which an equity interest is held amounted to EUR 13.6 million (PY: EUR 8.0 million). These receivables consisted particularly of current loan receivables (EUR 9.2 million; PY: EUR 4.7 million) and trade receivables (EUR 3.2 million; PY: EUR 3.1 million).

Trade receivables from third parties amounted to EUR 0.2 million (December 31, 2021: EUR 1.6 million). The Other assets of EUR 2.7 million (December 31, 2021: EUR 4.4 million) consisted of loan receivables from third parties (EUR 1.0 million, December 31, 2021: EUR 3.1 million), tax assets (EUR 0.5 million, December 31, 2021: EUR 0.5 million), and Other receivables and assets (EUR 1.2 million, December 31, 2021: EUR 0.8 million).

Cash and cash equivalents amounted to EUR 122.0 (December 31, 2021: EUR 186.2 million). The decrease in cash and cash equivalents is mainly attributable to the higher dividend payments compared to the previous year and the extended share buyback program.

The liabilities of EUR 246.7 million were higher than in the previous year (December 31, 2021: EUR 239.3 million). This item included trade payables in the amount of EUR 0.5 million (December 31, 2021: EUR 0.2 million), liabilities to affiliated companies in the amount of EUR 237.5 million (December 31, 2021: EUR 231.0 million), and liabilities to shareholders in the amount of EUR 6.6 million (December 31, 2021: EUR 6.3 million). Liabilities to affiliated companies include loan liabilities of EUR 114.7 million (December 31, 2021: EUR 109.4 million) due to AURELIUS Equity Opportunities AB, a wholly-owned subsidiary of AURELIUS Equity Opportunities SE & Co. KGaA, and loan liabilities due to other subsidiaries in the amount of EUR 111.7 million (PY: EUR 117.4 million).

Based on the resolution of the annual general meeting of June 21, 2022, a profit distribution of EUR 41.5 million was paid from the distributable profit of AURELIUS Equity Opportunities SE & Co. KGaA for financial year 2021 in the amount of EUR 129.9 million in the past financial year. This corresponds to a dividend of EUR 1.50 per share. An amount of EUR 88.4 million was carried forward to new account. At the date of the annual general meeting, the company held 2,087,391 treasury shares, which do not qualify for dividends pursuant to Section 71b AktG. The dividend attributable to these shares is already included in the retained amount of EUR 88.4 million.

Under the German Stock Corporations Act, the dividend that can be paid to shareholders is determined on the basis of the distributable profit presented in the separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA prepared in accordance with the regulations of German commercial law. The personally liable partner's profit utilization proposal states that a dividend of EUR 0,50 should be paid from the distributable profit of EUR 110.3 million shown in the separate 2022 financial statements prepared in accordance with German commercial law. This corresponds to a total dividend payout of EUR 13.2 million. An amount of EUR 97.1 million should be carried forward to new account.

To the extent that the Company holds treasury shares on the day of the Annual General Meeting which are not entitled to dividend pursuant to Section 71b of the German Stock Corporation Act (AktG), the amount attributable to such shares shall be carried forward to new account.

FORECAST REPORT

Anticipated development of the global economy

After a dynamic start to 2022, global economic markets weakened continuously to the end of the year. The globally felt effects of the war in Ukraine were primarily responsible for this shift of economic direction. Energy costs and general inflation have risen steadily since the start of the still ongoing war. It has been predicted that certain regions of the world will enter into recession towards the end of 2022.

Economies across the world, particularly in China, the United States, and the European Union, are expected to face headwinds again in 2023. After projected global growth of 3.4 percent in 2022, the IMF is predicting that global economic growth will slow to 2.9 percent in 2023.

According to the IMF, Eurozone growth will slow to 0.7 percent at the lowest point in 2023. The IMF expects that the ECB's substantive interest rate hikes will have a positive effect on the forecast for 2023. In the United States, growth is expected to slow from two percent in 2022 to 1.4 percent in 2023. The IMF also expects that the Fed will raise the base interest rate to above five percent in 2023 as it strives to lower inflation below the target rate of two percent.

All things considered, 2023 is likely to become another economically challenging year. According to the IMF, combating inflation and stabilizing the rise in living costs will be a top issue in a tense macroeconomic environment beset with economic headwinds.

Countering the uncertainties concerning the further course of the war in Ukraine and the ensuing consequences are factors such as the easing of disruptions affecting supply and logistics chains and the accelerated pace of coronavirus vaccinations in China. This latter development could not only aid the national economy of China, but also drive a global recovery. Considering the diverse and global uncertainties and geopolitical upheavals, an exact forecast is not possible for AURELIUS Equity Opportunities SE & Co. KgaA at the time of this report.

Forecast for the private equity market

Despite a sudden reversal in 2022 caused by economic turmoil and uncertainty in the face of rising inflation and interest rates, the Global Private Equity Report 2023 of Bain & Company shows that the PE industry remains well positioned worldwide for long-term growth. The private equity market encountered a reversal in 2022 under the influence of both macroeconomic and geopolitical developments. The private equity industry is nonetheless well positioned worldwide for long-term growth. It is to be expected that strategic handling of the ongoing flashpoints can compensate for the disruptions and that economic success can be had even in a challenging interest rate environment.

Forecast for the Group's operating segments

The revenue and earnings performance of the individual segments is essentially dependent on the acquisitions and sales of Group companies in each segment. Based on the Group portfolio at December 31, 2022, AURELIUS Equity Opportunities forecasts the following developments of the revenues and EBITDA of the three segments in financial year 2023. The war in Ukraine is not expected to have materially adverse effects on the financial position, cash flows and financial performance of the AURELIUS Equity Opportunities Group and therefore the

Group's business forecast has not been adjusted on this account. A possible expansion of the conflict to other countries could produce macroeconomic effects that would also impact the Group's forecast.

A stable development of revenues is expected for the Industrial Production segment in 2023. A moderate increase in EBITDA over the level in 2022 is expected.

A moderate decrease in revenues is expected for the Services & Solutions segment in financial year 2023. EBITDA is likewise expected to be moderately lower than in 2022.

A modest increase in revenues is expected for the Retail & Consumer Products segment in financial year 2023. A modest increase in EBITDA compared to 2022 is likewise expected.

A moderate decrease in revenues is expected for AURELIUS Equity Opportunities SE & Co. KGaA in financial year 2023. EBITDA is expected to be significantly better than in financial year 2022.

Overall assessment of the anticipated development of the AEO Group

The Executive Directors of AURELIUS Management SE, which is the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA, anticipate a modest increase in consolidated revenues and a modest increase in EBITDA in financial year 2023 compared to financial year 2022.

The Executive Directors expect to strengthen the portfolio of AURELIUS Equity Opportunities by means of further acquisitions, which will lead, in turn, to a further increase in consolidated revenues. The revenues of new Group subsidiaries are recognized from the date of completion of each transaction. Because it cannot yet be foreseen which Group companies will be acquired and sold in 2023, nor when they will be acquired or sold, it is not possible to make an exact statement on this subject. Company acquisitions and sales during the course of a financial year lead to changes in the basis of consolidation of the AURELIUS Equity Opportunities Group between reporting dates. Given the nature of the Group's business model, an exact forecast of earnings is subject to uncertainties because earnings are influenced by various factors that can only be planned in part or cannot be planned reliably. Such factors include the earnings effects of acquisitions of new Group companies (gains on bargain purchases), non-recurring and often extraordinary restructuring expenses, and complex deconsolidation effects.

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REPORT ON RISKS AND OPPORTUNITIES

Risk management plays a key role in the AEO Group's business model, helping to identify deviations from the de-fined targets at an early stage and enable appropriate counter-measures to be taken promptly. These deviations may be both positive (opportunities) and negative (risks). The opportunities and risks presented below relate both to the AEO Group as a whole and to AURELIUS Equity Opportunities as an individual company.

Opportunities and risks of the AEO Group's business model

Investment focus

The specific investment focus of the AEO Group of acquiring companies in situations of transition or distress, without a secure succession plan, with poor profitability or a need for restructuring, contains a large amount of potential for increasing value. If the AEO Group proves successful in developing the acquired companies, the value of these portfolio companies may increase greatly. To this end, the portfolio companies' strengths and weaknesses are analyzed in their market environment as part of the strategy for each company. The opportunities and potential for optimization which this process reveals are made available for the portfolio company to exploit. This also applies to the co-investments made for the first time in the 2021 financial year, by means of which the investment focus was expanded to include strategic co-investments with the launch of the AURELIUS European Opportunities Fund IV. This continues the proven strategy of investing in corporate spin-offs and companies in transformation processes in the European midmarket sector. The co-investments thus offer a significant opportunity for additional, profitable value creation for the stakeholders of the AEO Group, while the investment risk associated with the co-investments is limited for the Group due to their structure as minority interests.

Acquisition process

The acquisition of companies in situations of transition or distress regularly includes a not inconsiderable business risk. Consequently, AURELIUS Equity Opportunities has experienced experts from the Finance, Legal Affairs, Mergers & Acquisitions and Taxes departments perform detailed due diligence checks on potential subsidiaries. As a general rule, they are also supported by external advisors. Nevertheless, it is conceivable in this con-text that risks in the target companies will not be recognized or be wrongly assessed. A significant risk notably consists of an incorrect evaluation of a given company's future prospects or ability to be restructured, or in failing to ascertain or identify the subsidiary's liabilities, obligations and other commitments at the time of acquisition despite careful checks. If the achievable market position, earnings potential, profitability, growth options or other key success factors are wrongly assessed, this has consequences for the operational development of the company and hence for the return on investment. At the same time, the profitability of the corporate group could be depressed by impairment losses in subsequent financial years. Beyond the economic aspects, AURELIUS Equity Opportunities integrates ESG aspects into its investment cycle so that the sustainable investment approach of AURELIUS Equity Opportunities already comes into play during the acquisition process. In order to manage ESG risks and opportunities as best as possible during the investment phase, the company works closely with the management teams of the potential portfolio companies. The aim is to identify material ESG issues and bring them to the attention of the relevant decision-makers.

Restructuring of portfolio companies

The fundamental goals of the AEO Group are to restructure a portfolio company for profitability as fast as possible in order to keep the liquidity requirements and operating losses to a minimum after the acquisition and to increase the value of the acquired company in the medium term and realize earnings on dividends and gains on disposal. It is possible, however, that the measures initiated will not prove successful and the breakeven point will not be reached for any number of reasons. This would have the consequence that the net asset value would fall, subsidiaries would be sold below their acquisition price or, in the worst case, would ultimately have to file for bankruptcy. In this case and with a view on the risk profile of AURELIUS SE, the recoverability of such portfolio companies would no longer be given. In this instance, the AEO Group would suffer the complete loss of the capital employed, meaning that all funds that the Group had employed to acquire, support and possibly also finance the subsidiary. Apart from the exceptions explained separately in the section of the Management Report entitled Financial performance, cash flows and financial position, this scenario has a low probability with regard to the portfolio companies of the AEO Group at the present time. To minimize the effects of a possible insolvency of Group companies, the AEO Group generally does not enter into profit-and-loss-transfer agreements or cash-pooling agreements with its subsidiaries.

Sale of subsidiaries

AURELIUS Equity Opportunities can generate earnings by selling portfolio companies to private, institutional or strategic investors, or arranging an IPO. The AEO Group can, however, not give any guarantees regarding the timing of a possible sale or that the disposal of a portfolio company will be possible at all or with a given return. Notably the economic and industry-specific environment, the condition of the capital markets and also other unforeseeable factors have a decisive influence on the amount of possible proceeds upon disposal. In the event of a negative economic and/or industry environment and/or weak financial markets, disposals may not be possible or may only be possible with high price discounts. Even if the portfolio companies perform well, there is the risk that it will not be possible to realize a suitable price upon disposal due to a negative economic, industry and/or capital market environment. At the same time, a strong economic performance can have a positive im-pact on the earnings of the portfolio companies and hence on the purchase price that can be realized in the future.

Risk management

The AEO Group has a systematic, multi-level risk management system in place to avoid, mitigate and manage significant risks arising from the business activities of the corporate group to best effect. It is used to identify, track and subsequently evaluate existing and potential risks. The risk management system is designed to provide a comprehensive overview of the risk position of the corporate group. Events with significant negative financial effects on the corporate group must be identified promptly so that measures can be defined and taken to mitigate, avoid and manage such risks. Revenue and EBITDA are the central planning and control metrics in the AURELIUS Group in this context.

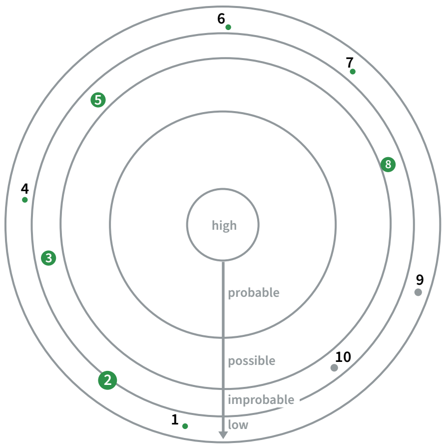
The risk management system is geared above all to identifying at an early stage developments that could endanger the continued existence of the company as a going concern. The system is required to ensure tracking of the risks and changes therein that could endanger the continued existence of the company as a going concern in its respective situation. Since the goal is to identify such risks at an early stage, the risk early warning system must be capable of tracking the risks promptly and forwarding the relevant information to the responsible decision-makers so that these people can respond in a suitable manner. At the same time, the Board of Directors of AURELIUS Equity Opportunities must be informed about risks which, alone or in conjunction with other risks, could endanger the continued existence of the company as a going concern. In order to guarantee this, the company has set up a reporting system which reports to AURELIUS Equity Opportunities on a quarterly basis within the framework of interim reporting. There are uniform guidelines in place for tracking, documenting and evaluating risk across the entire AEO Group. The Corporate Audit department is responsible for monitoring risk reporting. This department constantly reviews, evaluates and optimizes the effectiveness of the internal control systems together with the management and monitoring processes. Compliance with the internal guidelines is also monitored on the premises of the respective subsidiaries and concrete implementation steps are drawn up with the support of the subsidiary management.

The AEO Group makes a distinction between significant and insignificant opportunities and risks.

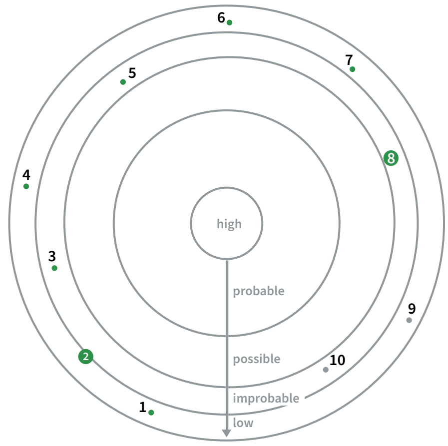
The individual subsidiaries are required to list the risks present in their respective area of influence, specifying them in a uniform, Group-wide risk matrix in detail as well as regularly reviewing and updating them. Potential risks are classified by the eight risk fields of legal disputes, financial risks, sales risks, production risks, procurement risks, IT risks, personnel risks and external risks. In addition to the listed risks, a risk related to the Ukraine war was included due to the current situation. In addition, a potential risk posed by Covid-19 was included. The maximum loss potential in euros and the probability of occurrence are determined for every risk on the level of the portfolio companies and the holding company. The aggregation of the maximum Groupwide potential losses in every risk field yields the size of the respective risk field and thus the maximum potential loss of each risk field throughout the Group.

For each risk field, the average probability of occurrence, divided into the five classes of low (<10 percent), improbable (10 - 25 percent), possible (25 - 50 percent), probable (50 - 90 percent) and high (>90 percent) is assessed. This classification determines the position of the respective risk field in the graph. In addition, counter-measures and their effectiveness in the event of occurrence should be defined for all risks and, where appropriate, the level of implementation of the counter-measure in question specified. Where early warning indicators exist to permit the prompt identification of risk, these are also to be listed. The maximum loss potential per risk field is presented in a breakdown by counter-measures in the second graph. The risk fields are reviewed and updated on a quarterly basis at the least. New risks or the occurrence of existing risks are each reported immediately to the Corporate Audit department and the Board of Directors. The risk management system is supplemented by the Group-wide controlling function. The Board of Directors receives a detailed evaluation of the indicators regarding the current situation of all the subsidiaries based on weekly and monthly reports submitted by all the subsidiaries.

PRESENTATION OF RISKS (maximum loss potential)



PRESENTATION OF RISKS (after counter-measures)



100 million to 200 million (in EUR) | 60 million to 100 million | 40 million to 60 million | 10 million to 40 million | 1 million to 10 million

Explanation of probability of occurrence:

- Low: less than 10 %
- Improbable: 10 % - 25 %
- Possible: 25 % - 50 %
- Probable: 50 % - 90 %
- High: higher than 90 %

IMPORTANCE OF RISKS 1-10:

1 – Legal disputes
2 – Financial risks
3 – Sales risks
4 – Production risks
5 – Procurement risks
6 – IT risks
7 – Personnel risks
8 – External risks
9 – Covid-19 related risks
10 – Risks related to Ukraine war

Internal control and risk management system

The AEO Group has set up an internal control system which defines rules and regulations for managing the company activities (internal control system) and for monitoring compliance with these rules and regulations (internal monitoring system). The parts of the internal control system geared to the company's business activities are designed to ensure their effectiveness and efficiency and to protect the company's assets. It is also the task of the internal control system to ensure the orderliness and reliability of the internal and external reporting and ensure compliance with the regulations and laws applicable to the portfolio company.

The Board of Directors bears overall responsibility for the internal control system. In addition, the management teams of the subsidiaries are responsible for designing, setting up, monitoring, modifying and refining their respective internal control systems. The size, legal form, organization and type of business activity of the company in question are taken into account in the design and practical application of the internal control system. Companies are exposed to a wide range of risks that could endanger achievement of the company's objectives in accordance with the business strategy defined by company management. Such business risks include financial, legal, performance and strategic risks. Consequently, the internal control system of the AEO Group encompasses the components described below.

The control environment represents the framework within which the principles, procedures and measures of the internal control system are introduced and applied. It has a major influence on the awareness of staff for

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control issues. Risk assessments are performed to identify and analyze such risks. Thorough risk assessments form the basis for decisions made by company management locally regarding how to deal with the risks arising from business activity. They help to ensure that measures required to counter business risk are adopted, and must be documented appropriately.

Control activities are principles and procedures that are intended to ensure that the decisions taken by company management locally are observed. They help to ensure that measures required to counter business risk are adopted. Control activities are to be documented appropriately. Information and communication serve to obtain and collate the information required by company management to take business decisions in a suitable and timely manner and to forward such information to the responsible offices in the company locally. This also includes the information required for the risk assessments and the information given to employees regarding the tasks and responsibilities within the framework of the internal control system.

Company management and the integrated control officers assigned to the processes and workflows are responsible for monitoring the internal control system. Organizational safeguards for the portfolio companies have been set up within the framework of subsidiary documentation in the AEO Group in the form of by-laws, payment guidelines and requirements for subsidiary documentation (offices, branches, outlets, etc.). The documentation and conduct of business activities must comply with the requirements arising from the company's legal form, articles of incorporation, by-laws and organizational charts. The documentation of business activities in this context follows the main commercial and administrative processes and workflows, and contains instructions and guidelines based on the respective operational performance process (such as sales, purchasing, production, logistics, internal and external reporting, corporate reporting, HR, administration, research and development, and so on).

Furthermore, additional monitoring measures have been introduced such as comprehensive contract and insurance management, instructions regarding retention periods under commercial and tax law, and authorization and competence arrangements. Compliance rules and regulations have been defined in the subsidiaries to ensure compliance with data protection and foreign trade laws, among other things.

The internal control and risk management system regarding the corporate reporting process ensures that re-porting is uniform and in compliance with the statutory provisions and generally accepted accounting principles as well as the International Financial Reporting Standards (IFRS). Information relevant for reporting is to be provided promptly and in full. To this end, an accounting manual has been drawn up for corporate reporting, defining the accounting rules for all AEO Group companies. The goal is to employ various control and monitoring mechanisms to ensure that correct, rule-compliant consolidated financial statements are prepared. The reporting, controlling and accounting systems of the subsidiaries are examined during regular visits by corporate controllers. The Corporate Audit department carries out the regular monitoring of the portfolio companies that is independent of the business process.

All information from the portfolio companies is collated and analyzed by the Subsidiary Controlling, Financial Accounting and Valuation, Risk Control and Cash Management departments in the Finance division of AURELIUS Equity Opportunities. The accounting data are audited regularly to ensure they are complete, orderly and correct. The independent auditors and other audit bodies such as the Internal Audit department with process-neutral audit activities are integrated in the control environment of the AEO Group. The Supervisory Board is similarly involved in the internal monitoring system of AURELIUS Equity Opportunities with process-neutral audit activities. In addition, an Audit Committee was already formed within the Supervisory Board in the last financial year 2020.

A standardized, professional consolidation and reporting system forms the basis for the planning and reporting process in the AEO Group. The relevant data are entered into this system either manually or via automated interfaces. A qualitative analysis and monitoring function is ensured at all times by means of internal reports.

Risk management in the individual elements of the business model

Risk management has been established at all levels of the AEO Group's business model. The AEO Group already begins to identify business risk at the start of the acquisition process. Once attractive acquisition targets have been selected, potential risks arising from a possible purchase are analyzed in a detailed due diligence process. A team of internal specialists filters out individual risks from all areas of operational activity of the acquisition target and calculates the maximum aggregate risk of the underlying transaction in accordance with specified steps. The AEO Group uses the calculated aggregate risk to determine a maximum purchase price as the basis for submitting an offer to the seller. This already contains an adequate risk premium. In order to further limit the maximum extent of specific risks, the Group makes use of a holding structure in which the operating risk of each individual subsidiary is ring-fenced in a legally independent intermediate company. This approach ensures that the aggregate total of any risks that arise cannot exceed the maximum risk calculated previously. This generally corresponds to the purchase price paid plus further financing measures less reimbursements from the operating activity of the company received during the course of the holding period.

The introduced level of Vice President and Operating Partner to the management hierarchy as an intermediate hierarchy level between the Board of Directors and middle management makes it possible to respond even faster to changing market conditions. The introduced level maintains even closer contact with the subsidiary managers and identified emerging risk potential even faster as a result. The Vice Presidents and Operating Partner report on the current situation of the subsidiaries and provide concrete decision proposals in regular meetings with the Board of Directors of AURELIUS Management SE, personally liable shareholder of AURELIUS Equity Opportunities SE & Co. KGaA.

Description of significant individual risks

Major risk fields and individual risks can be derived from the aggregate risks identified as part of the risk management process, as described below. The risks are presented on the basis of the gross method according to the rules of the German accounting standard DRS 20 (see chart on page 104).

Legal disputes

With respect to the two companies Old BCA Ltd. and Book Club Trading Ltd., AURELIUS is exposed to the risk of continuing liability for pension obligations based on mistakes made during the implementation of the pension fund in the 1990s. The amount varies and could possibly reach an amount in the middle single-digit millions. Rectification proceedings are currently being carried out by the companies before a British court through which the past mistakes should be rectified. The AEO Group considers the prospects for success to be good overall.

A claim for payment of an amount in the low-double digit millions is being asserted against AURELIUS Equity Opportunities SE & Co. KGaA and three additional defendants as joint and several debtors by the insolvency administrator of a former company of the Getronics Group. The defendants unanimously assume that it will be possible to successfully defend against the suit based on numerous factual and legal grounds.

The insolvency administrator of ACC Compressors S.p.A. is asserting a claim for damages against two former Group companies for allegedly anti-competitive behavior. The amount in question is in the low double-digit mil-lions. If the administrator prevails, AURELIUS Equity Opportunities SE & Co. KGaA could bear a contractual liability. The lawsuit was won in the first instance, after which the opposing side filed an appeal. The AEO Group currently expects that the appeal will not be successful.

AURELIUS Equity Opportunities SE & Co. KGaA and other defendants are being sued as joint and several debtors for payment of an amount in the low double-digit millions by employees of Office Dépôt France SAS. For numerous reasons of fact and law, AURELIUS Equity Opportunities SE & Co. KGaA expects that it will be able to successfully defend itself against the lawsuit.

In connection with its general business activities, AURELIUS Equity Opportunities SE & Co. KGaA was otherwise a party to various legal disputes as of the reporting date, but none of them is to be considered material in terms of the risks or amounts involved.

Please refer to Note 63 of the notes to the consolidated financial statements for a detailed description of contingent liabilities, guarantees and legal disputes.

Financial risks

Loss of receivables

It has been observed in the past that commercial credit insurers may be inclined to withdraw from current commitments in full or in part, or subject them to intensive audits or adjust the insurance terms to the detriment of the insured. Depending on the circumstances, such behavior could potentially lead to heightened liquidity needs on the part of individual portfolio companies. It would also increase the risk of heightened losses on receivables if commercial credits would prove to be uninsurable. The AEO Group attempts to counter these risks by conducting receivables management in a manner appropriate for the given market situation.

In addition, most portfolio companies work with commercial credit insurers that cover most of the potential loss on receivables. If it would not be possible to obtain adequate insurance for the given business partner, the AEO Group would have the option of demanding payment in advance.

Please refer to Note 60 of the notes to the consolidated financial statements for a detailed description of default risk management in the AEO Group.

Changes in market interest rates

In the ordinary course of business, AURELIUS Equity Opportunities invests surplus funds in the capital markets. Changes in the level of interest rates could impair the value of AEO Group's financial investments, which would have a negative effect on its financial performance. Furthermore, the level and development of interest rates could also influence the AEO Group's funding costs. The extent of this risk depends on the general funding need that must be covered with borrowed funds, on the current level of interest rates, and on the fixed interest periods of borrowed loans or credits. Moreover, rising interest rates increase the funding costs of the portfolio companies, which could have a lasting negative effect on the restructuring, dividend-paying capacity and even the sale prospects of the portfolio companies. Please refer to Note 58 of the notes to the consolidated financial statements for a detailed description of interest rate risk management in the AEO Group.

Change in exchange rates

Currency and exchange rate risk can arise when, for instance, subsidiaries are acquired from foreign companies and paid for in foreign currency, or when the portfolio companies conduct business with international ramifications, or when the portfolio companies have foreign subsidiaries. The Corporate Finance department identifies and analyzes financial risks in cooperation with the AEO Group's operating units. A large part of the revenues, earnings and expenses of the AEO Group are still generated and incurred in the eurozone. Consequently, the AEO Group is relatively independent of changes in exchange rates with respect to these amounts. Where appropriate, derivative financial instruments are used to hedge exchange rate risk arising on transactions that are denominated in foreign currency. Please refer to Note 57 of the notes to the consolidated financial statements for a detailed description of currency risk management in the AEO Group.

Nordic Bond

In December 2019, AURELIUS Equity Opportunities AB, a 100% subsidiary of AURELIUS Equity Opportunities SE & Co. KGaA (ISIN DE000A0JK2A8), placed unsecured, unsubordinated bonds of EUR 75 million with a term of five years and an interest rate equal to 3-month Euribor (kept at a minimum of zero) plus a margin of 425 basis points. The bonds can be increased to an amount of up to EUR 200 million.

On October 1, 2021, a new tranche of EUR 45 million was placed under the existing bond. The subsequent bond issue was oversubscribed and placed with institutional investors in Europe at a price of 98.50 percent of par. With the new tranche, the aggregate nominal amount of the bonds outstanding is EUR 120 million. AURELIUS Equity Opportunities SE & Co. KGaA guarantees the bond.

Tax risks

The AEO Group is currently not aware of any tax risks that would have a significant influence on the financial position, cash flows and financial performance.

Liabilities on the level of the portfolio companies

Because the portfolio companies of AURELIUS Equity Opportunities are usually in a state of transition, the financial position ratios agreed with the banks (covenants) could be missed, which would entitle the respective lenders to terminate the loan. If the portfolio company would fail to attain its budget targets, moreover, it could be impossible to repay liabilities, or such repayment could be delayed. To minimize this risk and promptly counter it where necessary, AURELIUS Equity Opportunities continually reviews the business plans of each portfolio company, in close consultation with the respective management team, and regularly analyzes budget variances.

Risks from the use of financial instruments

In addition to the risks of using financial instruments described above, additional qualitative and quantitative information on individual risks is provided in Notes 57 ff. of the notes to the consolidated financial statements.

Sales risks

The introduction of new brands or product innovations is an important aspect of the restructuring of the individual portfolio companies of the AEO Group. Such product launches harbor the risk that the funds invested in product launches are not recouped by the planned cash flows and budgeted profit contributions are not attained. To reduce this risk, products are developed with due care and various tests are conducted. The loss of key customers or the postponement of primarily larger orders could lead to negative effects on the financial performance, cash flows and financial position of individual AEO Group portfolio companies. The company counters this risk by actively cultivating customer relationships and conducting systematic sales and marketing work. The AEO Group strives to enter into long-term agreements particularly with customers that make up a large percentage of the revenues of the respective portfolio company, as a means of enhancing planning security.

In addition, periodic analyses are conducted, particularly in those companies that operate in the consumer goods and services segment, for the purpose of enhancing the effectiveness of marketing and customer retention programs.

Production risks

The individual portfolio companies of the AEO Group are exposed to various production risks, including the risk that the production optimization and production cost reduction measures conducted after the acquisition by AURELIUS Equity Opportunities do not yield the intended effects, or only after a delay, and cost savings in production cannot be realized, or only after a delay. Quality problems and delays in the introduction of new products and developments could lead to a loss of orders and customers for the respective company. This could adversely affect the financial performance, cash flows and financial position of the respective company. AURELIUS Equity Opportunities counters these risks by deploying its own, experienced functional specialists and by closely monitoring production processes.

Procurement risks

With regard to procurement, the AEO Group portfolio companies are exposed to risks such as the loss of suppliers, late deliveries or quality-deficient deliveries, and price fluctuations particularly of raw materials. The AEO Group counters these risks by engaging in professional procurement management and by closely monitoring the respective suppliers. Price fluctuations are neutralized by hedging transactions whenever possible.

IT risks

The business and production processes, as well as the internal and external communications of the AEO Group and its portfolio companies, are increasingly based on information technologies. A serious disturbance or even failure of these systems could result in data losses and impair the portfolio company's business and production processes. This may also be caused as a result of targeted manipulation attempts by third parties, for example through hacker attacks, phishing e-mails or other forms of cyber fraud, which can occur more frequently as digital networking progresses. IT documentation and continuous monitoring are integral aspects of the internal control and risk management system of the AEO Group. Other measures include compliance with security guidelines, access control and data back-up concepts, and documentation of licenses and internally developed software.

Personnel risks

The extensive experience of the management is crucial to the future success of the AEO Group. However, the planned growth of the AEO Group is also dependent on having a sufficiently large number of staff available to handle the acquisition, restructuring and operational management of the portfolio companies in the future. Particularly the restructuring of companies in challenging situations places the highest demands on the management. The availability of qualified personnel, whether internal or external, with industry-relevant practical experience and considerable managerial talent is critical to the success of the AEO Group's business model.

External risks

Economic changes

The commercial success of the portfolio companies is influenced by the general economic situation and the cyclical development of the markets in which the subsidiary in question operates. A positive economic environment has a positive effect on the financial position, cash flows and financial performance, and hence on the company value, of the portfolio companies, which in the final analysis also has a positive impact on the financial position, cash flows and financial performance of the AEO Group. Economic downturns, on the other hand, generally also have a negative impact on the operational development and restructuring of the individual portfolio companies. With regard to the acquisition activities of the AEO Group, it should be noted that more companies or divisions are put for sale during periods of weak economic growth. Given fewer potential buyers at the same time, this can sometimes result in lower purchase prices.

Industry-specific changes

The AEO Group does not focus on any specific industries when identifying suitable acquisition targets. Instead, the ability to be restructured and the future prospects are the main criteria when selecting companies. Despite a careful selection process, there is a risk for every subsidiary that the restructuring efforts will fail, which could result in the bankruptcy of the subsidiary in extreme cases. The AEO Group does, however, make every effort to minimize the risk arising from the economic development of individual companies, industries or regions within the portfolio of subsidiaries by means of diversification.

Changes in the competitive situation

Building on its long-standing network of contacts with M&A consultants, corporate groups and other potential sellers and its experience in dealing with companies in exceptional situations, the AEO Group is regularly involved in disposal processes and on occasion even benefits in the form of lower purchase prices. Greater interest in companies in situations of transition or distress could lead to stronger competition for the companies that are for sale and an increase in the average purchase prices to be paid. This would reduce the return prospects on the investment in question and increase the financial risk for the AEO Group.

Risks associated with the coronavirus pandemic

In the time since the beginning of the coronavirus pandemic in early 2020, AURELIUS Equity Opportunities always responded quickly to changing conditions and therefore made it through the crisis very well. The Management of AURELIUS Equity Opportunities always promptly analyzed the situation of the Group companies in close consultation with the local operating management team. This close relationship with the Group companies made it possible to devise and implement extensive measures to protect the health of employees, minimize the risks for business processes, and cushion the blow of challenging exogenic conditions at different levels – holding companies and Group companies – immediately after the outbreak of the coronavirus pandemic.

The company assesses as low the risk of further significant restrictions of economic activity as a result of global developments involving the Covid-19 virus, and the potentially adverse effects associated with such developments. If such restrictions do arise, however, AURELIUS Equity Opportunities expects that it will be able to deal with them successfully by taking suitable measures on the basis of the experience made since the outbreak of the coronavirus pandemic in early 2020.

Risks arising from the Ukraine war

Russia's military invasion of Ukraine on February 24, 2022, is a turning point for Europe. Relations between West and East have worsened tremendously in the shortest time. The European Union and the United States reacted to the Russian invasion with a comprehensive package of sanctions. In late February 2023, the EU enacted its 10th sanctions package comprising further restrictions worth around EUR eleven billion. Moreover, the new sanctions package further widens the list of sanctioned companies and economic sectors considerably. According to the EU Commission, the EU has now imposed restrictions on exports worth a total amount of nearly EUR 44 billion, which is equal to almost half of all exports to Russia in the year before the war. The purpose of the sanction packages is to isolate the Russian Federation internationally and inflict maximum damage to its economy. Surging energy prices are one negative consequence of the sanctions packages. The previously present trend of inflation has been exacerbated. Various central banks have responded by raising interest rates, which correlates to reduced economic expectations.

The AURELIUS Equity Opportunities Group and its portfolio companies are likewise affected directly or indirectly by the risks, which has adverse effects in some cases on the financial position, cash flows, and financial performance, as well as the budget planning of individual portfolio companies and therefore also the AURELIUS Equity Opportunities Group. The higher energy and commodity prices resulting from the war in Ukraine pose an additional challenge for the portfolio companies. The AEO Group is closely monitoring the situation of the portfolio companies in close consultation with the local operating management teams. Thanks to the Group's great closeness to the portfolio companies, potential countermeasures can be implemented quickly.

The revenues generated on trade with Ukraine and Russia represented less than one percent of the Group's total consolidated revenues in the 2022 financial year. The EBITDA generated in Ukraine and Russia represent about two percent of total EBITDA. Based on the estimated indications above, the expected effects on the AEO Group can be described as immaterial based on the current circumstances.

Overall assessment of the opportunities and risks of the Group

However, there are still good opportunities for the AEO Group's business model arising from the trend that corporations are focusing on their core businesses and divesting themselves of peripheral activities. Because these peripheral activities were often neglected in the past, there is above-average potential for the AEO Group to enhance the profitability and therefore ultimately the value of these companies. Furthermore, unsettled succession arrangements create the potential for a considerable number of company sales in the future as well. To take advantage of these significant opportunities, the Group relies upon a team of in-house M&A specialists who constantly analyze the market for company acquisitions and sales and identify suitable opportunities. In restructuring their businesses, the portfolio companies benefit from the intensive operational deployment of the functional specialists of AURELIUS Equity Opportunities. The active operational and financial support provided by the Group can ensure the future viability and jobs of the subsidiaries, improve their market position, and so permanently enhance their profitability and company value. Based on the knowledge available today, the overall risk situation of the AEO Group is limited and manageable, although the ongoing war in Ukraine and the potentially resulting further changes of an economic and political nature are deemed to be relevant risks. According to the currently available information, no risks that could individually or in combination endanger the continuation of the AEO Group as a going concern, can be identified. Particularly given the still uncertain future development of worldwide economic conditions, however, it is fundamentally possible that future events differ from the current expectations of the Board of Directors of AURELIUS Equity Opportunities. There is no single risk in the AEO Group that could endanger the continuation of the overall Group as a going concern.

Corporate Governance Statement of the Board of Directors

Since November 2020, the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA, the AURELIUS Management SE, has been subject to a monistic management system under the leadership of a Board of Directors.

All members of the Executive Board and Supervisory Board have been united under one governing body, the Board of Directors of AURELIUS Management SE, which has since replaced the Supervisory Board and Executive Board of AURELIUS Management SE. Under the chairmanship of Dr. Dirk Markus, the Board of Directors manages the company, defines the basic principles of its activity, and monitors the implementation of those principles.

The following persons serve as Executive Directors. Matthias Täubl, who has been with AURELIUS since 2008, exercises the function of Chief Executive Officer of AURELIUS Management SE. The other Executive Directors are Fritz Seemann and Richard Schulze-Muth, who have been with AURELIUS since 2009 and 2015, respectively. Matthias Täubl and Fritz Seemann are members of the Board of Directors.

Another important topic of corporate governance and a key objective of the Board of Directors is to employ women at all levels of the company's organization. In financial year 2021, the Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA adopted a resolution stating that the company will strive for the goal of having women represent 30 percent of Supervisory Board members. This ratio now stands at 50 percent thanks to the election of Ms. Rosa Riera to the Supervisory Board at the 2022 Annual General Meeting.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of AURELIUS Equity Opportunities SE & Co. KGaA for the period from January 1 to December 31, 2022

mEUR	Note	1/1/ - 12/31/2022	1/1/ - 12/31/2021*
Continued operations			
Revenues	11	**2,995.0**	**2,412.4**
Change in inventories of finished and unfinished goods		5.9	23.5
Other income	12	91.2	155.4
Purchased goods and services	13	-1,944.8	-1,514.5
Personnel expenses	14	-626.2	-552.1
Other expenses	15	-393.8	-319.0
Share of results of investments accounted for using the equity method	25	27.1	-0.7
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**154.4**	**205.0**
Amortization, depreciation and impairments of intangible assets, property, plant and equipment and right-of-use assets		-125.0	-110.0
Earnings before interest and taxes (EBIT)		29.4	95.0
Interest and similar income		5.0	11.2
Interest and similar expense		-35.5	-25.4
Net financial income/expenses	16	-30.5	-14.2
Earnings before taxes (EBT)		-1.1	80.8
Income taxes	20	-39.2	-22.6
Profit/loss after taxes from continued operations		-40.3	58.2
Discontinued operations			
Profit/loss from discontinued operations	17	119.0	93.6
Consolidated profit/loss		**78.7**	**151.8**
Other comprehensive income/loss (to be recognized in profit or loss in the future)			
Currency translation differences	20	1.5	9.5
Other comprehensive income/loss (not to be reclassified to profit or loss in the future)			
Revaluation IAS 19	20	-11.6	-26.4
Other comprehensive income/loss		**-10.1**	**-16.9**
Comprehensive income/loss		**68.6**	**134.9**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

continued

mEUR	Note	1/1/ - 12/31/2022	1/1/ - 12/31/2021*
Share of consolidated profit/loss attributable to:			
Shareholders of the parent company		82.3	139.3
Not-controlling interests		-3.6	12.5
Share of comprehensive income/loss attributable to			
Shareholders of the parent company		72.2	122.4
Not-controlling interests		-3.6	12.5
Earnings per share	18		
Basic in EUR			
From continued operations		-1.33	1.59
From discontinued operations		4.32	3.27
Total from continued and discontinued operations		2.99	4.86
Diluted in EUR			
From continued operations		-1.33	1.59
From discontinued operations		4.32	3.27
Total from continued and discontinued operations		2.99	4.86

* The prior-year consolidated statement of comprehensive income was adjusted for comparison purposes in accordance with IFRS 5 (see also Note 17).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of AURELIUS Equity Opportunities SE & Co. KGaA at December 31, 2022

ASSETS			
mEUR	**Note**	**12/31/2022**	**12/31/2021**
Non-current assets			
Intangible assets	21/22	96.7	102.6
Property, plant and equipment	23	289.1	308.6
Right-of-use assets	24	247.0	291.6
Employee benefits assets	52	4.4	25.2
Financial assets	25	9.4	21.4
Investments accounted for using the equity method	25	73.0	3.1
Deferred tax assets	20	20.0	27.0
Total non-current assets		**739.6**	**779.5**
Current assets			
Inventories	26	513.4	472.4
Trade receivables	27	369.0	343.1
Other financial assets *	29	121.1	122.0
Derivative financial instruments	32	- / -	1.2
Other assets	30	75.8	44.8
Income tax assets	28	2.6	2.2
Deferred expenses	31	32.8	33.4
Cash and cash equivalents	33	331.5	444.0
Assets held for sale	35	- / -	38.6
Total current assets		**1,446.2**	**1,501.7**
Total assets		**2,185.8**	**2,281.2**

* From the financial year 2022, the balance sheet item „Derivative financial instruments“ is reported here. The previous year was not corrected.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

continued

EQUITY AND LIABILITIES			
mEUR	**Note**	**12/31/2022**	**12/31/2021**
Equity			
Subscribed capital	35	29.4	30.3
Retained earnings	36	618.9	619.9
Other reserves	37	-107.3	-97.5
Share of equity attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA		541.0	552.7
Non-controlling interests	38	33.6	39.8
Total equity		**574.6**	**592.5**
Non-current liabilities			
Pension obligations	52	25.3	33.6
Provisions	42	7.0	7.6
Financial liabilities	43	249.5	254.3
Lease liabilities	46	229.6	280.9
Other financial liabilities	48	5.9	21.1
Contract liabilities	47	- / -	0.1
Other liabilities	49	53.3	58.8
Deferred tax liabilities	20	46.6	46.4
Total non-current liabilities		**617.2**	**702.8**
Current liabilities			
Pension obligations	52	0.5	0.5
Provisions	42	38.9	39.6
Financial liabilities	43	192.7	125.1
Lease liabilities	46	47.7	41.4
Other financial liabilities *	48	4.9	- / -
Derivative financial instruments		- / -	0.4
Trade liabilities	44	440.1	422.8
Contract liabilities	47	62.7	80.1
Income tax liabilities	45	17.6	11.2
Deferred income	50	5.5	8.7
Other liabilities	49	183.4	216.4
Liabilities held for sale		- / -	39.7
Total current liabilities		**994.0**	**985.9**
Total equity and liabilities		**2,185.8**	**2,281.2**

* From the financial year 2022, the balance sheet item „Derivative financial instruments“ is reported here. The previous year was not corrected.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of AURELIUS Equity Opportunities SE & Co. KGaA for the period from January 1 to December 31, 2022

mEUR				Other reserves				
	Note	Subscribed capital	Retained earnings	Currency translation differences	Revaluations IAS 19	Share of equity attributable to shareholders of AURELIUS	Non-controlling interests	Total equity
January 1, 2021		**29.5**	**515.2**	**-11.3**	**-69.4**	**464.0**	**28.0**	**492.0**
Comprehensive income/loss								
Consolidated profit/loss for the period		**- / -**	**139.3**	**- / -**	**- / -**	**139.3**	**12.5**	**151.8**
Other comprehensive income								
Revaluation IAS 19, net after taxes	20	- / -	- / -	- / -	-26.4	-26.4	- / -	-26.4
Currency translation differences	20	- / -	- / -	9.5	- / -	9.5	- / -	9.5
Comprehensive income/loss		**- / -**	**139.3**	**9.5**	**-26.4**	**122.4**	**12.5**	**134.9**
Equity transactions with shareholders								
Dividend	36	- / -	-28.7	- / -	- / -	-28.7	- / -	-28.7
Changes in shareholdings in subsidiaries that do not lead to a loss of control		- / -	-0.1	- / -	- / -	-0.1	-0.7	-0.8
Changes in shareholdings in subsidiaries that lead to a loss of control	8	- / -	- / -	- / -	- / -	- / -	- / -	- / -
Treasury shares	41	0.8	-5.8	- / -	- / -	-5.0	- / -	-5.0
Non-controlling interests through company acquisitions	6	- / -	- / -	- / -	- / -	- / -	- / -	- / -
December 31, 2021		**30.3**	**619.9**	**-1.8**	**-95.8**	**552.7**	**39.8**	**592.5**

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mEUR	Note	Subscribed capital	Retained earnings	Other reserves: Currency translation differences	Other reserves: Revaluations IAS 19	Share of equity attributable to shareholders of AURELIUS	Non-controlling interests	Total equity
January 1, 2022		**30.3**	**619.9**	**-1.8**	**-95.8**	**552.7**	**39.8**	**592.5**
Comprehensive income/loss								
Consolidated profit/loss for the period		**- / -**	**82.3**	**- / -**	**- / -**	**82.3**	**-3.6**	**78.7**
Other comprehensive income								
Revaluation IAS 19, net after taxes	20	- / -	- / -	- / -	-11.6	-11.6	- / -	-11.6
Currency translation differences	20	- / -	- / -	1.8	- / -	1.8	-0.3	1.5
Comprehensive income/loss		**- / -**	**82.3**	**1.8**	**-11.6**	**72.5**	**-3.9**	**68.6**
Equity transactions with shareholders								
Dividend	36	- / -	-41.5	- / -	- / -	-41.5	- / -	-41.5
Changes in shareholdings in subsidiaries that do not lead to a loss of control		- / -	- / -	- / -	- / -	- / -	-6.0	-6.0
Changes in shareholdings in subsidiaries that lead to a loss of control	8	- / -	- / -	- / -	- / -	- / -	2.3	2.3
Treasury shares	41	-0.9	-41.8	- / -	- / -	-42.7	- / -	-42.7
Non-controlling interests through company acquisitions	6	- / -	- / -	- / -	- / -	- / -	1.4	1.4
December 31, 2022		**29.4**	**618.9**	**- / -**	**-107.4**	**541.0**	**33.6**	**574.6**

CONSOLIDATED STATEMENT OF CASH FLOWS

of AURELIUS Equity Opportunities SE & Co. KGaA for the period from January 1 to December 31, 2022

mEUR	Note	1/1/-12/31/2022	1/1/-12/31/2021*
Earnings before taxes (EBT)		**-1.1**	**80.8**
Profit/loss from discontinued operations	17	119.0	93.6
Gains on bargain purchases	12	-1.2	-36.4
Gains (-) / losses (+) on deconsolidations	12/17	-125.6	-95.6
Amortization, depreciation and impairments of intangible assets, property, plant and equipment and right-of-use assets	21/22/23/24	125.0	110.0
Share of results of investments accounted for using the equity method	25	-27.1	0.7
Increase (+) / decrease (-) in pension obligations and other provisions		-1.7	3.0
Gains (-) / losses (+) on disposal of property, plant and equipment		-5.9	-29.3
Gains (-) / losses (+) on disposal of non-current financial assets		- / -	0.6
Gains (-) / losses (+) on currency translation	12/15	4.1	-9.9
Other non-cash expenses and income		-16.7	-0.8
Net financial income/expenses	17	30.5	14.2
Interest received		3.2	4.0
Interest paid		-24.3	-23.6
Income taxes paid		-6.9	-7.3
Gross cash flow		**71.3**	**104.0**
Change in working capital and other items			
Increase (-) / decrease (+) in inventories		-32.1	-69.7
Increase (-) / decrease (+) in trade receivables and other assets		-64.1	-87.7
Increase (+) / decrease (-) in trade payables and other liabilities		-21.9	108.8
Increase (+) / decrease (-) in other items of the statement of financial position		5.3	-12.6
Cash flow from operating activities (net cash flow)		**-41.5**	**42.8**

CONSOLIDATED STATEMENT OF CASH FLOWS

continued

mEUR	Note	1/1/-12/31/2022	1/1/-12/31/2021*
Cash inflows (+) / cash outflows (-) from the acquisition of shares in subsidiaries including cash acquired	6	-29.1	-26.1
Cash inflows (+) / cash outflows (-) from the sale of subsidiaries less cash sold	7	134.5	53.6
Cash inflows (+) / cash outflows (-) for companies accounted for using the equity method		-41.6	-3.1
Proceeds from sales of non-current assets		23.2	51.2
Payments for investments in non-current assets		-84.2	-84.3
Cash flow from investing activities		**2.8**	**-8.7**
Free cash flow		**-38.7**	**34.1**
Cash inflows from the borrowing (+) of current financial liabilities	43	68.6	21.8
Cash outflows for the repayment (-) of current financial liabilities	43/46	-52.5	-65.6
Cash inflows from the borrowing (+) of non-current financial liabilities	43	27.6	126.7
Cash outflows for the repayment (-) of non-current financial liabilities	43	-32.5	-70.9
Sale (+) / purchase (-) of treasury shares	41	-42.7	-5.0
Cash inflows (+) / cash outflows (-) from transactions with non-controlling interests without change of status		-6.0	-0.8
Cash inflows (+) / cash outflows (-) from transactions with non-controlling interests with change of status		3.7	- / -
Decrease (+) / increase (-) in restricted cash	33	3.6	-5.7
Decrease (-) / increase (+) of cash and cash equivalents shown under assets held for sale in accordance with the provisions of IFRS 5	33	-2.4	2.3
Dividend of AURELIUS Equity Opportunities SE & Co. KGaA	36	-41.5	-28.7
Cash flow from financing activities		**-74.1**	**-25.9**
Effects of currency fluctuations on cash and cash equivalents		1.5	9.5
Cash and cash equivalents. beginning of period		415.8	398.0
Change in cash and cash equivalents		-112.8	8.2
Cash and cash equivalents. end of period		**304.5**	**415.8**
Cash and cash equivalents subject to restrictions on disposal	33	27.0	30.6
Cash and cash equivalents shown under assets held for sale in accordance with the provisions of IFRS 5	33	- / -	-2.4
Cash and cash equivalents as per Statement of Financial Position		**331.5**	**444.0**

* The prior-year consolidated statement of cash flows was adjusted for comparison purposes in accordance with IFRS 5 (see also Note 17).

KEY TO ABBREVIATIONS

A

AB	Aktiebolag (stock corporation under Swedish law)
AED	United Arab Emirates dirham (currency)
AG	Aktiengesellschaft (stock corporation under German law)
AktG	Aktiengesetz (German Stock Corporations Act)
ApS	Anpartsselskab (limited liability company under Danish law)
AS	Aksjeselskap (stock corporation under Norwegian law)
A/S	Aktieselskab (stock corporation under Danish law)
AUD	Australian dollar (currency)

B

B2B	Business-to-Business
B2C	Business-to-Consumer
BCA	Book Club Associates
BGN	Bulgarian lev (currency)
BRL	Brasilian real (currency)
BV	Besloten vennootschap met beperkte aansprakelijkheid (limited liability company under Dutch law)

C

CAD	Canadian dollar (currency)
CCO	Chief Commercial Officer
CDO	Chief Development Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CHF	Swiss franc (currency)
CLP	Chilean peso (currency)
CNY	Chinese yuan (currency)
Co.	Company
COO	Chief Operating Officer
CRO	Chief Restructuring Officer
CZK	Czech koruna (currency)

D

d.o.o.	Druzba z omejeno odgovornostjo (limited liability company under Slovenian law)
DBO	Defined benefit obligation
DCF	Discounted cash flow
DKK	Danish krone (currency)
Dr.	Doctor

E

EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, amortization and depreciation
EBT	Earnings before taxes
EDP	Electronic data processing
e.g.	exempli gratia (for example)
EOOD	Limited liability company under Bulgarian law
etc.	et cetera
EU	European Union
EUR	Euro (currency)
excl.	excluding
e.V.	Eingetragener Verein (registered association under German law)

F

FFA-AC	Financial assets measured at amortized cost
FA-FVTPL	Financial assets (financial instruments) designated as at fair value through profit or loss
ff.	and following
FL-AC	Financial liabilities measured at amortized cost
FL-FVTPL	Financial liabilities (financial instruments) designated as at fair value through profit or loss
FVTOCI	Measured at fair value through other comprehensive income

G

GBP	British pound (currency)
GewStG	Gewerbesteuergesetz (German Local Trade Tax Act)
GesmbH	Gesellschaft mit beschränkter Haftung (limited liability company under Austrian law)
GfK	GfK SE, Nuremberg („Growth from Knowledge“)
GmbH	Gesellschaft mit beschränkter Haftung (limited liability company under German law)
GmbH & Co. KG	Gesellschaft mit beschränkter Haftung & Compagnie Kommanditgesellschaft (limited liability company and limited partnership under German law)

H

HGB	Handelsgesetzbuch (German Commercial Code)
HKD	Hong Kong dollar (currency)
HR	Human Resources
HRB	Handelsregister, Abteilung B (German Commercial Register, Section B)
HUF	Hungarian forint (currency)

I

i.e.	id est (that is)
Inc.	Incorporated Company (stock corporation under United States law)
IAS	International Accounting Standards
IASB	International Accounting Standard Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IFRS IC	IFRS Interpretation Commitee
incl.	including
INR	Indian rupee (currency)
IP	Industrial Production (operating segment)
IT	Information technology
ITV	Independent Television
IMF	International Monetary Fund

J

JPY	Japanese yen (currency)

K

Kft.	Korlátolt Felelösségü Társaság (limited liability company under Hungarian law)
KGaA	Kommanditgesellschaft auf Aktien (limited joint stock partnership under German law)
KRW	South Korean won (currency)
KStG	Körperschaftsteuergesetz (German Corporate Income Tax Act)

L

LaR	Loans and receivables
Lda.	Limitada (limited liability company under Portuguese law)
LLC	Limited Liability Company (limited liability company under United States law)
Ltd.	Limited (limited liability company under British law)
Ltda.	Limitada (limited liability company under Brazilian law)

M

mEUR	Euro millions
MXN	Mexican peso (currency)
MYR	Malaysian ringgit (currency)

N

NAV	Net Asset Value
NOK	Norwegian kroner (currency)
No.	Number
N.V.	Naamloze vennootschap (stock corporation under Dutch law)

O

OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
Oy	Osakeythiö (stock corporation under Finnish law)

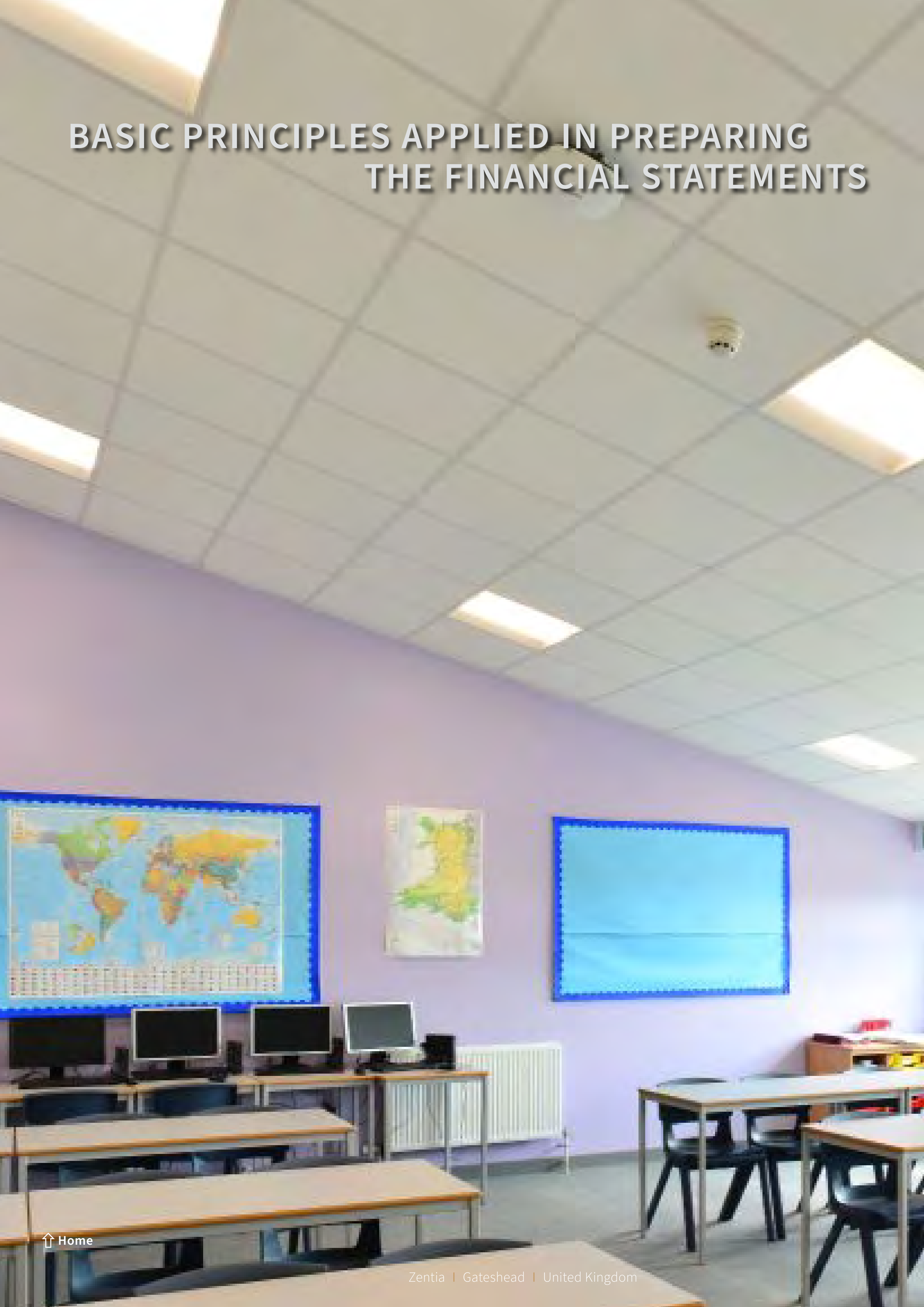
P

PLN	Polish zloty (currency)
Pty Ltd.	Proprietary Limited (limited liability company under Australian law)
Pte Ltd.	Private Limited (limited liability company under Singapore law)

R

RCP	Retail & Consumer Products (operating segment)
RON	Romanian leu (currency)
RUB	Russian ruble (currency)

BASIC PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS



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BASIC PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS

BASIC PRINCIPLES APPLIED IN PREPARING THE FINANCIAL STATEMENTS

1. Reporting entity

AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald (“AURELIUS Equity Opportunities”, “AURELIUS SE” or the “company”) is a German partnership limited by shares that was originally formed in Munich on March 20, 2006 as AURELIUS AG. After entry in the Commercial Register on October 1, 2015, the reorganization of AURELIUS AG from a stock corporation (Aktiengesellschaft, AG) into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) was completed. The company’s registered head office is located at Ludwig-Ganghofer-Strasse 6 in 82031 Grünwald. The company is registered with the Munich Registry Court (record HRB 221100).

AURELIUS SE today is a holding company with a long-term investment horizon, which specializes in acquiring companies with development potential. By providing operational and financial support, the company offers its subsidiaries a GOOD HOME for innovation, long-term growth, and a secure future. Sustainable business concepts and responsible actions provide a stable environment for the subsidiaries, in the interest of all stakeholders. The acquisition activity of AURELIUS Equity Opportunities is not limited to any one economic sector. Thus, the operating Group companies are active in a wide range of industries and pursue different business models.

The activities of the current portfolio companies of AURELIUS SE include mainly lifestyle and consumer goods, as well as industrial companies.

The consolidated financial statements of AURELIUS SE for the financial year from January 1 to December 31, 2022 were prepared in accordance with the International Financial Reporting Standards as applicable in the European Union and the German commercial regulations to be applied additionally in accordance with Section 315e (1) of the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with Section 315e (3) HGB. They were prepared on March 27, 2023 by AURELIUS Management SE, the personally liable partner of AURELIUS SE, represented by its Board of Directors and subsequently presented to the Supervisory Board for review and approval. The consolidated financial statements cover the company and its subsidiaries (referred to collectively as the “AURELIUS Equity Opportunities Group”, the “AEO Group” or the “Group” and individually as a “portfolio company” or “Group company”), as well as the Group’s interests in associates managed companies.

The consolidated financial statements and the Group management report, which is combined with the management report for the separate financial statements, are available in the electronic Federal Gazette and on the company’s website, www.aureliusinvest.de.

2. Basic accounting policies

Since the enactment of the Directive of the European Parliament and Council of Ministers of the European Union on the Application of International Financial Reporting Standards of June 6, 2002, all capital markets-oriented companies are obligated to prepare their consolidated financial statements for financial years that begin after December 31, 2004 in accordance with International Financial Reporting Standards.

In the period from June 26, 2006 to April 9, 2012, the shares of AURELIUS Equity Opportunities SE & Co. KGaA were traded in the Open Market section (OTC) of the Frankfurt Stock Exchange. Effective April 10, 2012, the shares of the company have been listed in the small and medium-sized enterprises segment m:access (OTC) of the Munich Stock Exchange, which is not an organized market within the meaning of Section 2 (11) WpHG. Thus, the company is not a capital markets-oriented company within the meaning of this regulation.

The present consolidated financial statements of AURELIUS SE for financial year 2022 were voluntarily prepared pursuant to Section 315e (3) HGB in conjunction with Section 315e (1) HGB in accordance with International Financial Reporting Standards and International Accounting Standards (IAS), as published by the International Accounting Standards Board (IASB) in London up until December 31, 2022 in the manner in which they have been interpreted by the Standard Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). All IFRS and IFRIC that had been adopted by the European Union (EU) as of December 31, 2022 and are applicable to the company were observed. A Group management report and the obligatory disclosures to be made under German commercial law pursuant to Section 315e (1) HGB were added to the consolidated financial statements.

Please refer to the comments in Note 9 of the notes to the consolidated financial statements for information on significant recognition and measurement methods. The changes to significant accounting policies are described in Note 8 of the notes to the consolidated financial statements.

The consolidated financial statements of AURELIUS Equity Opportunities comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the notes to the consolidated financial statements.

For the sake of improving the clarity and usefulness of the financial statements, individual items of the consolidated statement of financial position and consolidated statement of comprehensive income have been aggregated and explained separately in the notes.

3. Functional currency and presentation currency

The present consolidated financial statements are presented in euros in accordance with Section 315e para. 1 HGB in conjunction with Section 244 HGB (German Commercial Code). The reporting currency is the euro. Unless otherwise stated, all figures are in millions of euros. Totals and percentages have been calculated on the basis of euro amounts before rounding and may differ from a calculation based on the stated million euro amounts.

4. Use of discretionary judgments and estimates

The preparation of financial statements according to IFRS requires that the management make certain assumptions and estimates that have an effect on the amounts presented in the financial statements and the related disclosures. Estimates and discretionary judgments are made primarily in connection with the assessment of the recoverability of goodwill, other intangible assets, and trade receivables, the adoption of uniform Group-wide useful lives for property, plant and equipment and intangible assets, and the recognition and measurement of provisions.

The assumptions underlying such discretionary judgments and estimates are based on the information available at the time of preparing the financial statements, particularly with regard to the expected future business performance and the circumstances prevailing at the time when the consolidated financial statements are prepared. Assumptions must also be made regarding realistic expectations of future market conditions. If actual conditions in the future differ from the assumptions made, or if future developments differ from the underlying assumptions and are beyond the control of the management, the resulting amounts could differ from the originally estimated amounts. Estimates are made on the basis of experience values and other assumptions that are deemed to be accurate given the prevailing circumstances. Estimates and assumptions are reviewed on a regular basis. When changes in estimates only affect a single period, they are only taken into account in this period. Revisions of estimates that relate to both the current and the subsequent reporting periods are recognized correspondingly in this period and the following periods.

Also in connection with company acquisitions, estimates are generally made for the purpose of measuring the fair value of the assets acquired and the liabilities assumed. Land and buildings are usually measured on the basis of standard land values or appraisals conducted by independent experts; such appraisals are used also for measuring the value of technical equipment, plant and machinery. Marketable securities are measured at their respective market values. In case of intangible assets, depending on the nature of the asset in question and the difficulty of measuring the value of such an asset, an independent external expert is consulted or the fair value of an intangible asset is determined internally using a suitable valuation method, usually based on a forecast of all future cash flows. Depending on the nature of the asset and the availability of information, different valuation techniques are applied. Such techniques are based either on cost, market price, or other net present value methods.

AURELIUS Equity Opportunities considers the estimates made with regard to the expected useful lives of certain assets and the assumptions made with regard to the future macroeconomic conditions and developments in the industries in which AURELIUS Equity Opportunities operates, as well as the estimates made with respect to the present value of future cash flows, to be appropriate. Nonetheless, changes in assumptions or changed circumstances may necessitate corrections. This can lead to impairment losses or reversals of impairments in the future if the developments expected by AURELIUS Equity Opportunities are not fully realized.

AURELIUS Equity Opportunities tests property, plant and equipment, other intangible assets and right-of-use assets for impairment whenever events or changed conditions indicate that the carrying amount of an asset or group of assets of a CGU could possibly be unrecoverable. In the annual impairment test of property, plant and equipment, intangible assets and right-of-use assets, estimates must be made for the purpose of determining the recoverable amount of CGUs. This can have a significant influence on the respective values and ultimately on the amount of a possible impairment. Conversely, reversals of impairments may be made up to the amortised acquisition and production costs if the reasons for the impairment no longer apply.

The portfolio companies of the AURELIUS Equity Opportunities Group are obligated to pay income taxes. Assumptions need to be made for the purpose of measuring tax provisions. The final taxation of certain transactions and calculations cannot be conclusively determined in the normal course of business. Provisions for the costs of anticipated tax payments are measured on the basis of estimates concerning whether and in what amount additional taxes will be owed. If the final taxation of such transactions differs from the initially assumed taxation, that difference will have an effect on current and deferred taxes in the period when the final taxation is conclusively determined.

At the time of preparing the present consolidated financial statements, no significant changes in the underlying assumptions and estimates are to be expected, so that from the current perspective, there is no reason to expect that significant adjustments will be made to the assets and liabilities presented in the statement of financial position in financial year 2023.

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5. List of portfolio companies

The Group's portfolio companies that are to be classified as continued operations according to IFRS are presented in the table below:

Corporate group	Head-Office	Main activity	Share of equity held in 2022	Share of equity held in 2021
HanseYachts	Germany	Manufacturer of sailing yachts	79.53%	79.53%
CalaChem	United Kingdom	Provider of industrial services	100.00%	100.00%
VAG	Germany	Supplier of valves for water infrastructure	91.07%	91.07%
Zentia	United Kingdom	Producer of mineral fiber ceiling tiles and grid systems for modular suspended ceilings	92.00%	92.00%
ZIM Aircraft Seating	Germany	Manufacturer of aircraft seats for commercial passenger aircraft	78.89%	78.89%
moveero	USA	Manufacturer of off-highway wheels	92.00%	92.00%
SEG Electronics	Germany	Developer and producer of premium-quality protection relays	91.95%	91.95%
ConverterTec	Germany	Manufacturer of converters and electronic components for the wind power industry	91.95%	91.95%
HÜPPE	Germany	Manufacturer of shower screens, shower trays, wall coverings and bathroom accessories	74.00%	74.00%
Remi Claeys Aluminium	Belgium	Producer of welded aluminum tubes for industrial products and for heating, ventilation, and air conditioning systems	74.00%	74.00%
UNILUX	Germany	Manufacturer of premium-quality window and door solutions for private households	73.50%	73.50%
LD Didactic	Germany	Provider of technical teaching systems	100.00%	100.00%
BPG Building Partners Group	Germany	Scaffold building and construction site equipment services	75.00%	75.00%
Rivus Group	United Kingdom	Vehicle fleet operator and fleet management services	92.00%	92.00%
Scholl Shoes	Italy	Supplier of orthopedic and comfort shoes	100.00%	100.00%
Conaxess Trade Group	Denmark	Distributor of fast-moving consumer goods	100.00%	100.00%
European Imaging Group	United Kingdom	Multi-channel retail chain for photography accessories and professional lighting systems	96.41%	96.41%
Silvan	Denmark	"Do-it-yourself" retail chain	100.00%	100.00%
NDS Gruppe	Norway	Wholesaler of automotive spare parts	93.70%	93.70%
BMC Benelux	Belgium	Construction materials retail chain	92.82%	92.82%
Nedis	Netherlands	Importer and wholesaler of entertainment electronics and household appliances	91.95%	91.95%
Distrelec	Switzerland	Multi-channel trading company with a focus on digital distribution and mail-order sales of electronics parts and measurement devices	91.95%	91.95%

All material companies in which AURELIUS SE can indirectly or directly exercise governance or control are included in the consolidated financial statements, in addition to AURELIUS Equity Opportunities SE & Co. KGaA as the parent company.

In accordance with IFRS 10.27, a parent company must determine whether it is an investment entity on the basis of the following criteria, all of which must be met. If this is the case, the presentation of financial position, cash flows and financial performance must conform to the rules applicable to such companies. An investment entity is an entity

- that collects funds from one or more investors for the purpose of providing those investor(s) with investment management services (IFRS 10.27 (a)),
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation and/or investment income (IFRS 10.27 (b)),
- Measures and evaluates the performance of substantially all of its investments on a fair-value basis (IFRS 10.27 (c)).

The condition set out in IFRS 10.27 (a) initially pertains to typical private-equity or venture-capital companies because such companies usually raise funds off-market from both institutional and private capital providers for the purpose of investing in companies. Some of the investors of AURELIUS SE fit this description, but it cannot be said that funds are collected in this case, and no investment funds are created with such funds. The stock exchange listing in the over-the-counter market can be regarded as a collection of funds, but it contradicts both the wording and the underlying concept of the IASB. Considering the fact that AURELIUS SE has only conducted two capital increases since it was founded, it cannot be said that the company regularly collects funds; moreover, no funds were ever requested directly in connection with the acquisition of companies. Furthermore, the Company does not provide investment management services. AURELIUS SE actively influences the companies' operational activities from the first day onward, and this is its primary focus. Therefore, the criterion of IFRS 10.27 (a) is not met.

At first glance, it could be said that AURELIUS SE meets the criterion of IFRS 10.27 (b). Thus, the company's business object and purpose comprises the acquisition, subsequent restructuring, and afterwards the possible sale of companies or sub-groups. Furthermore, the collection of dividends from subsidiaries is an important element of the business model of AURELIUS SE. However, there is neither a fixed exit time, nor a clearly defined exit plan. In this regard, the question arises again as to what active role AURELIUS SE plays in relation to the companies it acquires. In most cases, the top management level of the purchased company is replaced and staffed with employees of AURELIUS Equity Opportunities. Furthermore, the active role played by AURELIUS SE is also evidenced by the development of innovations among many of its Group companies. Therefore, it can be concluded that AURELIUS SE is not a passive investor by reason of the very close operational support provided to the purchased companies, and therefore the criterion of IFRS 10.27 (b) is not met.

Finally, the third criterion stating that the performance of investments is measured on a fair-value basis is not met in the case of AURELIUS SE, and moreover the company never even contemplated such a practice in the past. Company values (Net Asset Value, NAV) have been published at the request of foreign investors in order to ensure even greater transparency beyond the consolidated financial statements according to IFRS. AURELIUS Equity Opportunities would like to accommodate this request by regularly publishing current NAVs. AURELIUS SE does not manage the portfolio companies and does not devise potential exit strategies on the basis of NAVs and also does not plan to do so in the future. The NAVs only serve to assist the analysts of institutional investors who are accustomed to this fair-value approach in appraising private-equity and venture-capital companies.

Based on the foregoing, AURELIUS SE is not an investment entity according to IFRS 10.

The composition of the Group in the reporting period and previous year is presented in the table below:

	12/31/2022	12/31/2021
Number of fully consolidated companies (subsidiaries) in		
Germany	103	107
Countries other than Germany	162	163
Number of companies (subsidiaries) not consolidated for materiality reasons, in		
Germany	- / -	- / -
Countries other than Germany	5	- / -
Number of companies accounted for at equity (associates) in		
Germany	- / -	- / -
Countries other than Germany	3	1
Number of at equity companies (associates) not consolidated for materiality reasons, in		
Germany	- / -	- / -
Countries other than Germany	3	2
Total number of companies	**276**	**273**

Compared to the previous year, 31 companies were included in the consolidation group for the first time, and 28 companies were deconsolidated or sold, liquidated, or merged.

With the exception of HanseYachts, the reporting date of the companies included in the consolidated financial statements is the same as the reporting date of AURELIUS Equity Opportunities SE & Co. KGaA. The aforementioned company prepared an IFRS reporting package at the reporting date of December 31, 2022, which served as the basis for inclusion in the present consolidated financial statements.

The List of Shareholdings of AURELIUS SE pursuant to Section 313 (2) nos. 1 to 4 HGB is presented in Note 68 of the notes to the consolidated financial statements.

The exchange-listed company HanseYachts AG last updated the Declaration of Conformity with the Corporate Governance Code required by Section 161 AktG in December 2022 and made it available on its website at www.hanseyachtsag.com.

6. Acquisitions of subsidiaries

The company acquisitions made in the 2022 and 2021 financial years are disclosed in aggregate in accordance with IFRS 3.B65. AURELIUS Equity Opportunities acquired eight companies as add-on acquisitions for existing subsidiaries and consolidated them for the first time in the 2022 financial year.

In early January 202, BPG Building Partners Group acquired the company Container Handelsbüro Peter Bonitz e.K. with its registered head office in Berlin. Container Handelsbüro Peter Bonitz leases and sells containers to construction industry customers.

In February 2022, the European Imaging Group purchased a 75 percent equity stake in CameraNU.nl with its registered head office Urk/Netherlands from the company's founders. CameraNU is a large independent omnichannel vendor of cameras and accessories in the Netherlands.

In late March 2022, BMC Benelux acquired the construction materials division of De Rycke with its registered head office in Beveren, near Antwerp/Belgium. The acquisition was made in the form of an asset deal. De Rycke offers its customers a diverse assortment of products, as well as services and advice, for all kinds of construction activity from shell construction to renovation.

In late March 2022, VAG successfully concluded the acquisition of RTS Válvulas Ltda., a supplier of valve solutions with its registered head office in Guarulhos, São Paulo/Brazil, from the company's former owner.

In May 2022, the European Imaging Group purchased a 75 percent equity stake in Cyfrowe.pl, a leading omnichannel retailer of photography and video equipment with its registered head office in Gdansk/Poland.

In early July 2022, the NDS Group completed the acquisitions of Hovdan Poly AS and Nordic Wash AS. Founded in 1910, Hovdan Poly AS distributes premium-quality maritime supplies such as winches, rope, and life vests. Nordic Wash sells car wash systems in Norway.

In December 2022, BMC Benelux acquired the construction materials dealer Vandevoorde Bouwmaterialen NV with its registered head office in Wortegem/Belgium.

With the exception of the European Imaging Group's add-on acquisitions, all these companies were acquired in full. The cited acquisition dates are the dates of transfer of control.

The purchase prices for the acquired companies totaled EUR 40.2 million (PY: EUR 40.1 million). The purchase prices to be settled in cash amounted to EUR 30.5 million (PY: EUR 37.6 million). Contingent consideration in the sense of purchase price clauses deemed to be probable was incurred in the amount of EUR 5.8 million in financial year 2022 (PY: none). The corresponding cash flows and the amount of assets acquired and liabilities assumed resulted in bargain purchase gains of EUR 1.2 million (PY: EUR 36.4 million), which was recognized as Other income in the consolidated statement of comprehensive income. The gains realised in the 2022 financial year from an acquisition at a price below market value essentially result from the revaluation of fixed assets and the associated disclosure of hidden reserves.

After analyzing the purchase prices and net assets of the acquired companies, goodwill was recognized in the total amount of EUR 19.0 million in the reporting period (PY: EUR 9.1 million) mainly to account for future synergies between the acquired companies and the AEO Group.

As in the previous year, no equity shares were issued and no share-based compensation awards were reimbursed in these acquisitions.

As of December 31, 2022, the purchase price allocation for Vandevoorde Bouwmaterialen NV had not yet been completed and is therefore provisional according to the definition of IFRS 3.45 ff. It is not yet final because AURELIUS SE does not yet have all the relevant information for a final purchase price allocation at the present time. The process of disclosing hidden reserves and liabilities is still ongoing. The other purchase price allocations have been completed. No further adjustments were made in the past financial year with respect to the purchase price allocation for UNILUX, which had been classified as provisional in the 2021 financial year.

The aggregated results of the acquired companies in the time from the date of initial consolidation to December 31, 2022 was EUR 2.7 million. This figure includes start-up and acquisition losses, as well as restructuring losses.

This figure does not contain bargain purchase gains. The revenues of the acquired companies from the date of initial consolidation to December 31, 2022 amounted to 113.9 million euros. The respective results and revenues for the period from January 1, 2022 to the acquisition date were not calculated because AURELIUS does not have all the necessary information to do this. The cash and cash equivalents of continued operations and outstanding adjustment payments acquired in connection with company acquisitions amounted to EUR 1.4 million (PY: EUR 8.4 million), leading to an overall cash outflow of EUR 29.1 million (PY: EUR 29.2 million).

The amounts recognized for the acquired assets and liabilities at the date of acquisition are summarized below:

mEUR	Carrying amount	Carrying amount	Fair value	Fair value
	1/1-12/31/2022[1]	1/1-12/31/2021[1]	1/1-12/31/2022[1]	1/1-12/31/2021[1]
Intangible assets	- / -	1.0	3.6	6.7
Right-of-use assets	2.2	5.1	2.2	5.1
Land	0.3	2.7	3.9	16.9
Buildings	0.7	9.0	1.3	13.9
Technical equipment, plant and machinery	0.4	6.1	1.0	14.1
Other non-current assets	4.4	8.2	4.4	9.3
Deferred tax assets	0.2	3.6	0.2	3.6
Non-current assets	**8.2**	**35.7**	**16.6**	**69.6**
Inventories	16.3	30.1	19.3	33.4
Trade receivables	4.2	31.9	4.2	31.9
Other assets	5.4	8.0	5.4	8.0
Cash and cash equivalents	1.4	8.4	1.4	8.4
Current assets	**27.3**	**78.4**	**30.3**	**81.7**
Provisions	0.9	23.1	0.9	23.1
Trade payables	8.6	22.2	8.6	22.2
Other liabilities	9.8	22.9	10.2	22.7
Lease liabilities	2.2	5.1	2.2	5.3
Deferred tax liabilities	- / -	0.6	3.1	10.6
Liabilities	**21.5**	**73.9**	**25.0**	**83.9**
Net asset values	**14.0**	**40.2**	**21.9**	**67.4**
Thereof attributable to non-controlling interests	2.5	9.8	3.6	16.8

1 Carrying amounts and fair values at the respective acquisition date.

The gross amounts of the contractual receivables taken over in connection with acquisitions are not significantly different from their carrying amounts. The valuation techniques used to determine the fair value of the acquired material assets were as follows:

Assets	Valuation method
Property, plant and equipment	Market comparison method and cost method: The measurement model takes into account the listed market prices for similar assets if they are available, and amortized replacement cost if necessary. Amortized replacement cost reflects adjustments for physical deterioration as well as functional reconditioning and economic obsolescence.
Intangible assets	Relief-from-royalty and net realizable value method: The relief-from-royalty method takes into account the discounted estimated payments of usage fees that are expected to be saved because the assets are owned by the company. The net realizable value method takes into account the present value of the expected net cash flows that the intangible assets generate, with the exception of all cash flows that are linked to supporting assets.
Inventories	Market comparison method: The fair value is calculated based on the estimated sales price in the ordinary course of business less estimated completion and selling costs, as well as a reasonable profit margin that is based on the necessary efforts for completion and sale of the inventories.

If new information becomes known within one year after the acquisition date about facts and circumstances that existed at the acquisition date and would have led to corrections to the existing amounts or to additional provisions, then the accounting treatment of the company acquisition will be adjusted retroactively.

7. Sales of subsidiaries

In the 2022 financial year, Ideal Shopping Direct, AKAD University, Hammerl, Transform Hospital Group and Briar Chemicals left the scope of consolidation of the Group as material groups of companies that meet the definition of a discontinued operation in accordance with IFRS 5 and are listed below. In the 2022 financial year, individual companies were sold that are immaterial from a Group perspective and are therefore not listed individually below. The sales prices amount to 146.5 million euros (previous year: 50.3 MEUR) and consisted entirely of cash and cash equivalents.

In January 2022, Ideal Shopping Direct agreed to sell its “Create and Craft” division to Hochanda Global Limited and to sell the assets of its “Deramores” yarn and accessories business to LoveCrafts Group Limited. In February 2022, the company sold its final remaining business, the TV and web channels operating under the name Ideal World, to the British entrepreneur and investor Hamish Morjaria. With these transactions, all parts of Ideal Shopping Direct have been sold and removed from the basis of consolidation of the AEO Group.

The sale of the distance learning school AKAD University to the strategic buyer Galileo Global Education was concluded on February 25, 2022. AKAD University is an established and state-recognised private distance learning university with its headquarters in Stuttgart. It specialises in time and location-independent distance learning alongside work and offers 78 study programmes with Bachelor’s, Master’s and MBA degrees as well as more than 100 continuing education options.

Including all deconsolidation effects, these transactions gave rise to a Group-level deconsolidation gain of EUR 44.5 million, which is included in the Profit/loss from discontinued operations.

in MEUR	2/25/2022
Balance sheet item	
ASSETS	
Intangible assets	4.2
Property, plant and equipment	0.1
Right-of-use assets	2.1
Trade receivables, other assets	2.4
Cash and cash equivalents	2.3
Assets from discontinued operations	**11.1**
LIABILITIES	
Provisions	0.3
Lease liabilities	2.4
Trade payables	0.8
Other liabilities	3.7
Liabilities from discontinued operations	**7.2**
Net assets from discontinued operations	**3.9**

AURELIUS Equity Opportunities completed the sale of Hammerl, a leading producer of blown film products in Germany, to Karl Bachl GmbH & Co. KG in early August 2022. Including all deconsolidation effects, this transaction gave rise to a Group-level deconsolidation gain of EUR 1.9 million, which is included in the Profit/loss from discontinued operations.

mEUR	7/31/2022
Balance sheet item	
ASSETS	
Intangible assets	0.7
Property, plant and equipment	0.9
Right-of-use assets	0.1
Inventories	2.3
Trade receivables, other assets	0.8
Cash and cash equivalents	1.3
Assets from discontinued operations	**6.1**
LIABILITIES	
Provisions	1.3
Lease liabilities	0.1
Financial liabilities	0.3
Trade payables	0.8
Other liabilities	0.3
Liabilities from discontinued operations	**2.8**
Net assets from discontinued operations	**3.3**

The sale of the operating activities of Transform Hospital Group to Y1 Capital was completed in September 2022. The transaction covered the cosmetic surgery and medical esthetics divisions.

AURELIUS Equity Opportunities completed the sale of Briar Chemicals, a leading contract producer and developer of agrochemical products in the United Kingdom, to Safex Chemicals in November 2022.

Including all deconsolidation effects, these transactions gave rise to a Group-level deconsolidation gain of EUR 56.5 million, which is included in the Profit/loss from discontinued operations.

mEUR	11/25/2022
Balance sheet item	
ASSETS	
Intangible assets	0.1
Property, plant and equipment	25.0
Right-of-use assets	0.1
Inventories	6.6
Trade receivables, other assets	9.1
Cash and cash equivalents	4.8
Assets from discontinued operations	**45.7**
LIABILITIES	
Provisions	5.7
Lease liabilities	0.1
Trade payables	8.1
Other liabilities	3.4
Liabilities from discontinued operations	**17.3**
Net assets from discontinued operations	**28.4**

8. Non-controlling interests

Information on corporate group within the AURELIUS Group with significant non-controlling interests is presented in the table below:

12/31/2022 in mEUR	HanseYachts
Percentage of non-controlling interests	20.47%
Carrying amount of non-controlling interests	-2.6
Profit or loss of non-controlling interests	-4.3
Total current assets	50.2
Total non-current assets	61.1
Total current liabilities	87.6
Total non-current liabilities	27.9
Profit or loss	-20.9

12/31/2021 in mEUR	HanseYachts
Percentage of non-controlling interests	20.47%
Carrying amount of non-controlling interests	-0.4
Profit or loss of non-controlling interests	-1.7
Total current assets	70.3
Total non-current assets	52.3
Total current liabilities	94.5
Total non-current liabilities	26.7
Profit or loss	-8.5

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9. Basic principles applied in preparing the financial statements

AURELIUS SE prepared its consolidated financial statements at December 31, 2022 in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the Interpretations of the IFRS Interpretations Committee (IFRS IC) adopted by the IASB, as they are to be applied in the European Union (EU).

The cost summary method is applied for the consolidated statement of comprehensive income.

The consolidated financial statements were prepared on the basis of historical cost, with the exception of derivative financial instruments, other equity investments, plan assets, and contingent consideration, which were measured at fair value.

In view of the fact that the Group's business activities have been and are expected to remain profitable, as well as the Group's access to appropriate financial resources, the present consolidated financial statements have been prepared on a going-concern basis.

One significant subsidiary is exposed to the risk of a liquidity shortfall during the forecast period due to the fact that previously important revenue sources for the subsidiary will end in financial year 2023, giving rise to uncertainties concerning the company's ability to conclude the follow-on agreements that would be necessary for the successful continuation of the company's business activity. If the necessary follow-on agreements are not concluded, the subsidiary would be exposed to the additional risk of breaching agreed loan covenants, in which case it would not have sufficient financial resources to settle all the liabilities that would have to be repaid if they were declared due and payable immediately. In this case, the subsidiary would be dependent on the shareholder's financial support.

Another significant subsidiary is exposed to the risk of not being able to fulfill agreed loan covenants due to negative plan variances in its financial performance that occurred in December 2022 and January 2023. If this risk materializes, the subsidiary would not have sufficient financial resources to settle the liabilities that would have to be repaid if they were declared due and payable immediately. In this case, the subsidiary would be dependent on the shareholder's financial support.

9.1 New Accounting Standards and Interpretations with effects on the 2022 financial statements

The company implemented all the Internal Financial Reporting Standards adopted by the EU for which application is mandatory.

Standard/Interpretation	First-time application
COVID-19-Related Rent Concessions after June 30, 2021 (Amendments to IFRS 16)	April 1, 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Property, plant and equipment: Proceeds Before Intended Use (Amendments to IAS 16)	January 1, 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022

The mandatorily applicable Standards did not have material effects on the 2002 consolidated financial statements.

9.2 Published, but not yet applied new Standards and Interpretations

AURELIUS Equity Opportunities has not yet applied the following Standards and Interpretations, which were published by the IASB before December 31, 2022, but were not yet mandatory in the 2022 financial year, although they can be applied ahead of the mandatory application date.

Standard/Interpretation	First-time application
IFRS 17 Insurance Contracts	January 1, 2023
Disclosure Initiative (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
Definition of Estimates (Amendments to IAS 8)	January 1, 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2024
Lease Liability from a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024

With the exception of IFRS 17 "Insurance Contracts" the adoption is not expected to have any impact on the consolidated financial statements. IFRS 17 replaces the currently applicable standard IFRS 4 and aims to increase transparency and comparability in the accounting for and presentation of insurance contracts. In view of the fact that the scope of the requirements is to be interpreted on the basis of the product and not the industry, the Group has analyzed all contracts existing in the segments as of December 31, 2022 that have the characteristics of an insurance contract under IFRS 17. The analysis has shown that only the Services & Solutions segment will be affected and the impact is immaterial.

10. Significant recognition and measurement methods

The separate financial statements of the associates included in consolidation were consolidated on the uniform basis of the recognition and measurement methods applied at AURELIUS SE. The recognition and measurement methods applied in the past financial year were applied without changes in financial year 2022. Standards applicable since January 1, 2022 and amended IFRSs to be applied in the EU did not lead to significant changes in the reporting period. Unless otherwise noted, the methods described in 2021 were applied continuously in the two reporting periods covered in this report.

The significant recognition and measurement methods of AURELIUS SE that were applied in the present financial statements or are important for understanding the financial statements are described in the following. A recognition and measurement method can be material due to the type of entrepreneurial activity, even if the amounts are not material in the current period or earlier periods. When making the decision as to whether a particular method must be disclosed, the management must consider whether such a statement makes it easier for the reader to understand how the transaction, as well as other events and conditions, are reflected in the company's financial position, cash flows, and financial performance. The company's management considers it useful for the reader of the financial statements particularly when a method is selected from a number of methods permitted by a Standard or an Interpretation.

Certain comparative amounts in the statement of comprehensive income have been reclassified or adjusted due to the discontinuation of operations in financial year 2022. This applies to Ideal Shopping Direct, AKAD University, Hammerl, Transform Hospital Group, and Briar Chemicals.

10.1 Consolidation

10.1.1 Acquisitions of subsidiaries

The capital consolidation of subsidiaries is performed by application of the acquisition method according to IFRS 3 in conjunction with IFRS 10, by netting the acquisition cost with the fair value of the acquired assets, liabilities, and contingent liabilities at the acquisition date. The acquisition cost of a purchase is equal to the fair value of the assets transferred, the equity instruments issued, and the liabilities incurred or assumed at the acquisition date. The fair values of assets and liabilities under contingent consideration agreements in exchange for control of the acquired company, known as earn-outs, are likewise included.

The acquired identifiable assets and assumed liabilities are measured at fair value. The following exceptions apply in this context:

- Deferred tax assets and deferred tax liabilities and assets or liabilities related to agreements for employee benefits are recognized and measured in accordance with IAS 12 and IAS 19.
- Liabilities and equity instruments that relate to share-based compensation or the reimbursement of share-based compensation granted by the Group are measured at the acquisition date according to IFRS 2.
- Assets or disposal groups that are classified as assets held for sale or discontinued operations according to IFRS 5 are measured according to IFRS 5.

Any excess of net assets measured at fair value over the acquisition cost (goodwill) is recognized as goodwill. If the acquisition costs are less than the proportional share of the acquired portfolio company's net assets measured at fair value (negative goodwill), the matter is first reviewed again and any remaining difference is recognized directly in the consolidated statement of comprehensive income (gains on bargain purchases).

The shares of other shareholders that currently convey ownership rights and grant the holder the right in case of liquidation to receive a proportional share of the net assets of AURELIUS SE are measured at the corresponding share of the recognized assets and liabilities upon acquisition and recognized in equity. If other components of non-controlling interests exist, they are measured at fair value or by application of the measures of value derived from other Standards.

If the transferred consideration includes contingent consideration, it is measured at the fair value in effect at the acquisition date. Changes in the fair value of contingent consideration during the measurement period are corrected retroactively and applied in the same amounts to goodwill or gains on bargain purchases. These retroactive changes during the measurement period are only applied when the Group has gained better knowledge of the factors and circumstances in effect at the respective acquisition dates. However, the measurement period is not permitted to exceed one year after the acquisition date. Recognition of changes in the fair value of contingent consideration that do not represent corrections during the measurement period depends on how the contingent consideration is classified. If it is classified as equity, subsequent measurement is not done on successive reporting dates because the settlement is recognized in equity. If the contingent consideration is an asset or a liability, then measurement is done on successive reporting dates pursuant to IAS 37 or IFRS 9 and any resulting profit or less is recognized in the Group's statement of comprehensive income.

In the case of step acquisitions, the shares already held at the time when the company attains control are remeasured at the new acquisition date. Any gain or loss arising from the restatement is recognized in profit or loss. Changes in the value of the equity shares previously held in the acquired company recognized in other comprehensive income before the acquisition date are reclassified in the statement of comprehensive income if the company attains control of the acquired company.

If the initial recognition of a business combination under IFRS 3 has not been finally concluded at the end of the financial year, the company indicates provisional amounts for the corresponding items. If new information that illuminates the circumstances at the acquisition date becomes known during the measurement period, the amounts recognized on a provisional basis are corrected or additional assets or liabilities are recognized if necessary.

10.1.2 Subsidiaries

As a general rule, all domestic and foreign companies that are controlled by AURELIUS SE are included in the consolidated financial statements at December 31, 2022, in addition to AURELIUS Equity Opportunities SE & Co. KGaA. According to IFRS 10.7, the investor controls an investee if and only if the following criteria are met:

- The investor has power over the investee;
- The investor is exposed to risk in the form of variable returns from its involvement with the investee or in some other form;
- The investor uses its power over the investee to affect the amount of the investor’s returns.

AURELIUS SE carries out a new assessment of whether an investee is or is not controlled when facts and circumstances indicate that one or more of the three control criteria listed above have changed.

If the company does not hold a majority of voting rights, an investee is nevertheless controlled if the company has the practical possibility of unilaterally directing the primary activities of the portfolio company by exercising its voting rights. In assessing whether its voting rights are sufficient for decision-making power, AURELIUS SE takes all facts and circumstances into account, including:

- The extent of the company’s voting rights in relation to the extent and distribution of the voting rights of other holders of voting rights;
- Potential voting rights of the company, other shareholders, other holders of voting rights, and other parties,
- Rights derived from other contractual relationships; and
- Other facts and circumstances that indicate that the company does or does not have the present possibility of directing the primary activities at those dates on which decisions must be made, taking into account the voting behavior at earlier shareholder or general meetings.

Subsidiaries are generally included in the consolidated financial statements by way of full consolidation from the time when the Group obtains control of or the ability to control the subsidiary. They are deconsolidated at the date when the Group no longer has control or the ability to control, meaning that the Group derecognizes the assets and liabilities of the subsidiary, as well as any shares of other non-controlling shareholders and other components of the subsidiary’s equity, at this date. The profit or loss and every component of other comprehensive income must be attributed to the shareholders of AURELIUS SE and the interests of non-controlling shareholders. This also applies if the non-controlling interests show a negative balance.

Revenues, other income and expenses, receivables, liabilities and provisions between fully consolidated companies, as well as intermediate profits on internal transactions within the Group that are not generated on sales to third parties, are completely eliminated in the consolidation process. The results of companies that are fully consolidated or deconsolidated for the first time in the past financial year are included in the consolidated statement of comprehensive income from the date when the power to control the respective companies is attained or lost, respectively.

The shares of Group equity and the share of the period profit or loss and comprehensive income that are attributable to non-controlling interests are presented separately from the shares attributable to shareholders of AURELIUS SE.

The separate financial statements of the subsidiaries are prepared by application of the same recognition and measurement methods applied in the separate financial statements of the parent company. If necessary, the separate financial statements of the subsidiaries are adjusted accordingly in order to align the recognition and measurement methods with the methods applied in the Group.

10.1.3 Changes in the share of equity held by the Group in existing subsidiaries

Changes in the share of equity held by the Group in portfolio companies that do not lead to a loss of control over such companies are recognized as equity transactions.

If AURELIUS Equity Opportunities SE & Co. KGaA loses control over a portfolio company, the remaining equity share is remeasured at fair value and the resulting difference is recognized as a deconsolidation gain or loss in the statement of comprehensive income.

The deconsolidation result is calculated as the difference between:

- The total amount of the fair value of the consideration received and the fair value of the retained shares, and
- The aggregate carrying amount of the assets including any possible goodwill, the liabilities of the subsidiary, and all non-controlling interests.

The amounts presented in the item of other comprehensive income are recognized as income or expenses in the income statement.

If AURELIUS SE retains shares in the former portfolio company, they are measured at the fair value determined at the date of loss of control.

10.1.4 Associates

Companies over which the company can exert significant influence, but does not control (associates) or over which AURELIUS SE shares control indirectly or directly (joint ventures) are accounted for by the equity method according to IAS 28. Significant influence is the power to participate in the financial and operating policy decisions of the company in which the equity interests are held, but is not control or joint control of the decision processes. A joint venture is a joint arrangement in which the parties have joint control of the arrangement and have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement. Joint control only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. If an associate or joint venture is classified as held for sale, the provisions of IFRS 5 must be observed.

In these cases, AURELIUS SE normally holds between 20 and 50 percent of the voting rights. Upon initial recognition, such entities are measured at cost; in subsequent periods, the carrying amount is increased or decreased by the share of profit or loss or the share of other comprehensive income of the associate or joint venture attributable to AURELIUS SE, minus profit distributions to AURELIUS SE and any impairments. Any losses of an associate or joint venture in excess of the company's interest in these entities are not recognized. Such excess losses are only recognized if AURELIUS SE has incurred legal or constructive obligations to absorb losses or has made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for by the equity method from the time when the conditions for this classification are met. Any excess of the cost of the investment over the entity's share of the fair value of the identified assets, liabilities, and contingent liabilities is recognized as goodwill. This goodwill is not separately tested for a possible impairment, but is part of the carrying amount of the investment. Any excess of the Group's share of the fair values of the identified assets, liabilities, and contingent liabilities over the cost of the investment (bargain purchase gain) is immediately recognized as income after a repeated review.

The provisions of IFRS 9 are applied for the purpose of determining whether there are indications of an impairment of the interests held in associates or joint ventures. If an impairment test is to be performed, the carrying amount of the investment, including any goodwill, is tested for impairment according to the provisions of IAS 36. To this end, the recoverable amount, i.e. the higher of the value in use and the fair value less costs of disposal of the investment, is compared with the carrying amount of the investment. Any required impairment is deducted from the carrying amount of the investment. An impairment loss is not allocated to the assets, including goodwill, included in the carrying amount of the investment. If the recoverable amount increases again in subsequent periods, a reversal of the earlier impairment is performed in accordance with IAS 36.

A market price listed in an active market does not exist for the companies accounted for by the equity method at AURELIUS SE. The recognition and measurement methods of associates are basically adapted to the Groupwide recognition and measurement methods of AURELIUS SE in order to ensure uniform Groupwide accounting. As an exception to this rule, an associate that is an investment entity according to the definition of IFRS 10.27 applies the specific accounting regulations applicable to investment entities.

If the investment in an associate becomes an investment in a joint venture or vice versa, AURELIUS SE continues to apply the equity method and does not conduct a remeasurement at fair value due to changes in the type of investment. If the Group's share of equity in an associate or joint venture changes, but if the Group continues to apply the equity method, the share of the profit or loss attributable to the reduction of the share of equity held that was previously recognized in other comprehensive income is reclassified to profit or loss if this profit or loss would have to be reclassified to profit or loss upon the sale of the corresponding assets and liabilities.

The equity interests in the investment entity associate are measured at fair value in accordance with the Group's Valuation Guidelines. This measurement method was chosen for the accounting treatment of co-investments in the consolidated financial statements by exercising the elective option allowed in IAS 28.36A. Please refer to Note 25.3 for additional information on the recognition and measurement methods applied to account for the investment entity associate.

Profits and losses from transactions between Group companies and associates or joint ventures are eliminated to the extent of the Group's share of the joint venture.

10.2 Revenue recognition

The Group recognizes revenues when the control of distinct goods or services is transferred to the customer, meaning that the customer has the ability to direct the use of and obtain substantially all the remaining benefits from the transferred goods or services. The preconditions for this transfer of control are the conclusion of a contract with enforceable rights and obligations and the probable receipt of consideration. Control of goods and services is transferred to the customer either at a point in time or over time. Therefore, revenue is also recognized either at a point in time or over time when control is transferred according to the terms of each contract.

The revenues are equal to the transaction price that the Group expects to receive for the transfer of the goods or services. Variable consideration is included in the transaction price when it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. The amount of variable consideration is determined either on the basis of experience values or as the most probable amount, depending on which value represents the most accurate estimate of the variable consideration.

Any rights of return granted to the customer are considered in measuring the consideration that it expects to receive. Accordingly, revenue is only recognized when there are sufficient experience values to determine the probability that such rights of return will be exercised. Based on these experience values, revenue is reduced by the amount of the expected returns.

If the period of time between the transfer of goods and services and the payment date exceeds 12 months and a significant benefit for the customer or the Group results from the financing, the consideration is adjusted for the time value of money. Due to the broadly diversified range of the Group's products and services, there are no general, uniform payment terms for all goods and services. Payment terms may differ by contract or product or country. In most cases, however, the main part of goods and services is payable within 14 to 30 days after transfer to the customer. When a contract provides for multiple distinct goods or services, the transaction price is allocated to the identified performance obligations on the basis of the relative stand-alone selling prices. If stand-alone selling prices are not directly observable, the Group estimates them on the basis of appropriate amounts.

However, sales tax or other kinds of tax are deducted from revenues only when the AEO Group is not the economic tax debtor, as in the case of pass-through taxes. Revenues between Group companies are eliminated.

Through its Group companies, AURELIUS SE offers its customers a broadly diversified portfolio of products and services; therefore, the goods and services sold are very different from each other from the perspective of the Group.

10.2.1 Sales of goods

Revenues from sales of goods are generally recognized when control of a good passes to a customer. The transfer of control includes all rights to the good. It includes the ability of the customer to obtain benefits from the good, including all the cash flows generated by the good during the rest of its useful life.

The Group generates revenues from multi-component contracts only to an immaterial extent.

10.2.2 Provision of services

Revenues from the provision of services are recognized as soon as control passes to the customer. This typically happens over a certain period of time. Control is transferred over a certain period of time when at least one of the following criteria is met:

- The customer simultaneously receives and consumes all of the benefits of the service as it is provided;
- he service creates or enhances an asset that the customer controls as the asset is created; or
- There is no alternative use for the asset and a legal claim to payment for services already provided is established.

Revenues from services provided over a certain period of time are recognized according to the progress of performance. The Group employs both input-oriented and output-oriented methods to measure the progress of performance. Output-oriented methods are based on measurement by reference to completed milestones, percentage of time expended, or units produced and delivered. By contrast, input-oriented methods are based on the percentage of inputs already provided by the Group (e.g. cost-to-cost method).

The Group applies the method that faithfully reflects the transfer of control. Selected methods are applied uniformly to similar performance obligations. At the end of every reporting period, the progress of satisfaction of the performance obligation is determined anew on the basis of the selected method. If the AEO Group has a right to compensation from the customer of an amount that represents the value to the customer of the goods or services provided, revenues are recognized in the amount which the Group is permitted to invoice, in accordance with IFRS 15.B16.

When one of the parties to the contract with the customer has performed its contractual obligations, a contract asset, a contract liability, or a receivable is recognized, depending on the relationship between the provision of service by the Group and payment by the customer. Contract assets and liabilities are presented as current assets and liabilities if they are due within 12 months or within the customary business cycle.

Receivables are recognized when the claim to payment of consideration is no longer subject to any conditions. Impairments of contract assets and receivables to account for credit standing risks are recognized on the basis of the measurement method applied for receivables (see Note 10.12.3.).

If a service is not provided over a period of time, revenues are recognized after the transfer of control.

In most cases, warranties are only granted within the scope of legal regulations (assurance-type warranties). If in individual cases warranties beyond the scope of the applicable legal regulations are granted and represent an independent performance obligation according to IFRS 15 (service-type warranties), the corresponding revenue is deferred and recognized as income over the warranty period. In these cases, revenue is generally recognized in proportion to the expected costs to be incurred on the basis of experience values, as a general rule.

10.2.3 Use fees

Income from use fees (licenses) is recognized on a period accrual basis, at a point in time or over a period of time, in accordance with the provisions of the underlying contract. For this purpose, the AEO Group determines whether the license conveys the right to use intellectual property over the entire period of time or only at the time when the license is granted. The precondition for revenue recognition over a period of time is that essential activities are undertaken to influence or modify the intellectual property. Revenues from revenue-based or use-based licenses are recognized at the later of the following times: (i) the time when the subsequent sale of the licensee is effected or the subsequent use occurs, or (ii) the time when the performance obligation is completely satisfied. The Group only recognizes revenues when there are no uncertainties concerning the amount.

10.2.4 Dividends and interest income

Dividend income is recognized when the shareholder's right to receive the dividend has been legally established, as by way of a dividend resolution, for example. As a precondition for recognition, it must be probable that the economic benefit will accrue to the Group and the amount of the income can be reliably determined.

Interest income and expenses are recognized in the corresponding period, with due consideration given to the outstanding loan amount and the interest rate to be applied in accordance with the effective interest method as set forth in IFRS 9. The interest rate to be applied upon initial recognition is the rate that exactly discounts the estimated future cash payments and receipts through the life of the financial asset to the net carrying amount of the asset.

10.3 Income taxes

Total income tax expenses are calculated as the sum of current tax expenses and deferred tax expenses. Both types of tax expenses are recognized as expenses in the statement of comprehensive income, unless they are levied on items that are recognized directly in equity or in other comprehensive income, in which case the corresponding taxes are also recognized directly in equity or in other comprehensive income. When current or deferred taxes arise from the initial recognition of a business combination, the tax effects are included in the accounting treatment of the business combination.

10.3.1 Current taxes

For the purpose of measuring current German taxes, a uniform corporate income tax rate of 15 percent is applied to distributed and retained earnings and a solidarity surtax rate of 5.5 percent is applied to that amount. That yields a tax rate of 15.83 percent. In addition, the German local trade tax is imposed on profits earned in Germany. The local trade tax is based on the assessment rates of the various municipalities and the basic federal rate, which is a flat rate of 3.5 percent. Trade tax varies based on the different assessment rates applied by municipalities, but is stated in the consolidated financial statements of the AEO Group at the German parent company's tax rate of 8.4 percent.

The profits earned by the non-German Group companies are calculated on the basis of the national tax laws applicable in each country and taxed at the tax rates in effect in those countries. The country-specific tax rates range from five to 35 percent. The Group tax of approximately 24 percent is based on the tax rate of the German parent company since this is the most appropriate rate for the purpose of informing the users of the financial statements. Current tax expenses are calculated on the basis of the taxable income for the year. Taxable income differs from the net profit presented in the consolidated statement of comprehensive income as a result of the expenses and income that will not be taxable or tax-exempt in later years, or ever. The Group's liability for current taxes is calculated on the basis of the tax rates currently in effect or that will be in effect in the near future.

10.3.2 Deferred taxes

Deferred tax liabilities in respect of temporary differences related to the Group's investments in subsidiaries and associates are recognized in the consolidated financial statements unless the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, based on the control exerted by the Group. Deferred taxes are also only recognized to the extent that it is likely that sufficient taxable income will be available against which the claims arising from the temporary differences can be applied.

Deferred taxes represent the tax liabilities or assets expected to result from differences between the carrying amounts of assets and liabilities in the financial statements according to IFRS and the tax bases of those assets and liabilities. The liability method, which is oriented to the statement of financial position, is applied for that purpose. Deferred tax liabilities are recognized in respect of all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available in the future against which the deductible temporary differences can be applied. Such deferred tax assets and deferred tax liabilities are not recognized if the temporary differences from goodwill or from the initial recognition (except with respect to business combinations under IFRS 3) of other assets and liabilities arise as a result of events that affect neither taxable income nor the profit for the year.

Deferred tax assets and deferred tax liabilities should be netted when the conditions of IAS 12 are met, that is, when the reporting entity has a legal right to settle on a net basis and when the deferred tax assets and deferred tax liabilities refer to income taxes that are levied by the same taxing authority on the same entity or on different entities that intend to recover the asset and settle the liability at the same time.

The carrying amount of deferred tax assets is reviewed every year at the reporting date and adjustments are made when necessary. Deferred taxes are calculated on the basis of the tax rates that apply or are expected to apply when the liability is settled or the asset is recovered, based on tax laws that have been enacted as of the reporting date. The measured value of deferred tax assets and liabilities reflects the tax consequences of the manner in which the AEO Group expects as of the reporting date to settle the liability or recover the asset. As a general rule, deferred taxes are recognized in profit or loss, except in the case of items that are recognized directly in equity.

10.4 Foreign currencies

The items presented in the present consolidated financial statements are measured on the basis of the currency of the primary economic environment, also known as the functional currency. It is the currency in which the respective company operates. By reason of the financial, economic, and organizational autonomy of the foreign subsidiaries, the functional currency is mostly identical to the national currency.

The consolidated financial statements are denominated in euros, as the functional currency of AURELIUS SE. Unless otherwise stated, all figures are presented in euro millions (mEUR).

The items presented in the statements of comprehensive income and statements of financial position of all Group companies that have a different functional currency than the Group's reporting currency are translated to the reporting currency as follows:

- Assets and liabilities are translated at the exchange rate on the respective reporting date, whereas equity is translated at historical exchange rates
- The income and expenses presented in the statement of comprehensive income are translated at the average exchange rate,
- Currency translation differences are recognized in equity, in a separate sub-item within Other reserves.

Foreign currency transactions are translated at the exchange rate at the transaction date. The profits and losses arising on such transactions and on currency translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income, unless they are to be recognized in Other comprehensive income as qualifying cash flow hedges.

Foreign currency gains and losses resulting from the currency translation of cash and cash equivalents and financial liabilities are recognized in profit or loss and presented within the Financial result in the statement of comprehensive income. All other foreign currency gains and losses are presented in the statement of comprehensive income within the item of Other income or Other expenses.

For the sale of a foreign operation (a subsidiary, an associate, a joint venture, or a branch office whose activities are located in a country outside of Germany), all accumulated translation adjustments attributable to the Group from this foreign operation are reclassified to profit or loss in the consolidated statement of comprehensive income.

The following transactions are regarded as the sale of a foreign operation:

- Sale of the Group's entire share of a foreign operation,
- Partial sale with loss of control of a foreign subsidiary, or
- Partial sale of an investment in a joint arrangement or an associate that includes a foreign operation.

If parts of a portfolio company that includes a foreign operation are sold without a loss of control, the share of the amount of translation adjustments attributable to the part of the company that has been sold are attributed to the non-controlling interests from the date of sale. By contrast, in the case of a partial sale of interests in an associate or joint arrangement without a change in status, the corresponding share of the amount of translation differences is reclassified to profit or loss.

Goodwill arising from the acquisition of a foreign operation and adjustments to the fair values of the identifiable assets and liabilities are treated as assets and liabilities of the foreign operation and translated at the exchange rate on the reporting date. Resulting translation differences are recognized in the currency translation reserve.

Since the middle of 2022, Turkey is considered to be a hyperinflationary economy according to the definition of IAS 29. One subsidiary with immaterial balance sheet values from the AEO Group's perspective is affected, therefore no further adjustments are necessary. Aside from that, none of the currencies used within the Group are the currencies of hyperinflationary economies.

10.5 Earnings per share

In accordance with the provisions of IAS 33, basic earnings per share are calculated by dividing the consolidated profit after taxes to which the shareholders of the parent company are entitled by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share are presented when the Group has issued equity instruments that could lead to a higher number of shares in the future, in addition to the common and preferred shares outstanding at the given reporting date. Diluted earnings per share are calculated on the assumption that all potentially diluting securities and share-based compensation plans will be converted or exercised.

10.6 Research and development costs

Costs incurred in connection with the attainment of new technical and/or scientific knowledge (research activities) are always recognized as expenses in the full amount. On the other hand, costs of development activities, meaning activities by means of which research results are implemented in the form of a plan and/or a prototype for the production of new or substantially improved products or processes, must be capitalized. The necessary preconditions for recognizing an internally generated intangible asset resulting from the development activity or from the development phase of an internal project are the following: (1) The costs attributable to the development of the intangible asset can be measured reliably; (2) The research phase can be distinguished from the development phase; (3) The technical and commercial feasibility has been established, so that the asset can be made ready for use or sale; (4) The reporting entity is able and intends to use or sell the asset; (5) Sufficient technical, financial, and other resources are available to complete the development phase; and (6) The inflow of future economic benefits is probable.

Capitalizable costs include all directly allocable costs required to create, produce, and prepare the asset for its intended use. As a general rule, that includes material costs, manufacturing wages, and directly allocable overhead costs. Other development costs are recognized as expenses.

The amount at which an internally generated intangible asset is measured upon initial recognition represents the sum of costs incurred from the date on which the intangible asset fulfills the above-mentioned conditions for the first time. If an internally generated intangible asset cannot be capitalized or if there is no intangible asset, the development costs are recognized in profit or loss in the period in which they are incurred.

Capitalized development costs are presented within the item of "Other intangible assets" in the statement of changes in non-current assets. They are measured at historical production cost, less accumulated amortization and accumulated impairments from subsequent periods.

10.7 Leases

The Group companies only act as lessees. The Group recognizes an asset for the granted right of use and a lease liability at the commencement date. The right-of-use asset is initially measured at the cost corresponding to the initial measurement of the lease liability, adjusted for payments made on or before the commencement date, plus any initial direct costs and the estimated costs of disassembly or removal of the underlying asset or the estimated costs to restore the underlying asset or location where it is located, minus any lease incentives received.

In subsequent periods, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of the lease term unless ownership of the underlying asset is transferred to the AEO Group at the end of the lease term or the costs of the right-of-use asset are determined on the assumption that the Group will exercise a purchase option. In this case, the right-of-use asset is depreciated over the duration of use of the underlying asset, which is determined in accordance with the principles applied for property, plant and equipment. In addition, the right-of-use asset is continually adjusted for impairments, where necessary, and for certain remeasurements of the lease liability.

Upon initial recognition, the lease liability is measured at the present value of the lease payments not yet made at the commencement date, discounted at the interest rate implicit in the lease, or if that cannot be readily determined, at the Group's incremental borrowing rate. The Group usually applies its incremental borrowing rate as the discount rate.

The incremental borrowing rate is calculated on the basis of the interest rate of the Nordic Bond issued by AURELIUS Equity Opportunities AB, which is adjusted by risk-adjusted premiums and discounts that reflect the individual lease terms and the type of underlying asset.

The lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including de facto fixed payments;
- Variable lease payments that are tied to an index or (interest) rate, measured initially with reference to the valid index or (interest) rate at the commencement date;
- Amounts expected to be payable on the basis of a residual value guaranty;
- The exercise price of a purchase option if the Group is sufficiently certain that it will exercise it;
- Lease payments for a renewal option if the Group is sufficiently certain that it will exercise it; and
- Penalty payments for early termination of the lease unless the Group is sufficiently certain that it will not terminate the lease ahead of term.

The lease liability is measured as the amortized carrying amount by application of the effective interest method. It is remeasured if (1) the future lease payments change as a result of a change in the index or (interest) rate, (2) the Group adjusts its estimate of expected payments on the basis of a residual guaranty, (3) the Group changes its expectation of exercising a purchase, renewal or termination option or a de facto fixed lease payment changes.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero as a result of such an adjustment, any excess adjustment is recognized in profit or loss.

Upon the inception or modification of a contract that contains a lease component, the Group allocates the contractually agreed consideration on the basis of the relative stand-alone prices.

Right-of-use assets that do not meet the definition of investment property are recognized within the item of Property, plant and equipment in the statement of financial position.

The AEO Group applies the recognition exemptions allowed for short-term leases with a term of less than 12 months and leases for low-value assets (less than EUR 5,000) and does not recognize such leases as assets in the statement of financial position. Lease payments under such leases are recognized as expenses on a straight-line basis over the lease term. The Group also exercises the option of not capitalizing leases for certain intangible assets.

10.8 Borrowing costs

Borrowing costs are added to the acquisition cost only in the case of certain assets known as qualifying assets. According to IAS 23.8 ff., borrowing interest should be capitalized in full or proportionately when it can be attributed directly or indirectly to the funds borrowed for the purpose of financing the acquisition or production of the asset. Borrowing costs are included in the cost of the asset until it is ready for its intended use or sale.

Qualifying assets are those assets that take a substantial period of time to get ready for their intended use or sale. Such assets may include factory equipment and land or buildings held as investment property. If, however, the assets are manufactured on a repetitive basis or over a short period of time, they may not be classified as qualifying assets.

Income earned from the interim investment of debt accepted for special purposes until it is spent on qualified assets is subtracted from the borrowing costs that can be capitalized. All other borrowing costs are recognized in profit or loss in the period in which they occur.

10.9 Intangible assets

10.9.1 Goodwill

Goodwill arising on consolidation represents the excess of acquisition costs of a business acquisition over the Group's proportionate share of the fair values of the identifiable assets and liabilities and contingent liabilities of a subsidiary at the acquisition date (net assets). Upon initial recognition, goodwill is measured at cost; in subsequent periods, it is measured at cost minus accumulated impairments. In accordance with IFRS 3, goodwill is not subjected to systematic amortization; instead, it is subjected to an annual impairment test according to IAS 36.

For purposes of the impairment test, goodwill is allocated to the cash-generating units (CGUs), i.e. to those groups of cash-generating units based on identified operating segments that are expected to benefit from the synergies of the business combination on which the goodwill arose. When necessary, the CGUs must be written down to their recoverable amounts and the corresponding impairments must be recognized in profit or loss ("impairment-only approach"). Any impairment loss in excess of the full impairment of goodwill is allocated proportionately to the other assets on the basis of the carrying amounts of each asset in proportion to the total carrying amount of the assets within the cash-generating unit.

When so-called "triggering events" meaning indications of a possible impairment occur during the year, an impairment test is conducted already at that time and the goodwill is written down to the recoverable amount, if necessary. This means that it may be necessary to carry out impairment tests more frequently during the year. For that purpose, the recoverable amount is the higher of the fair value less costs to sell and the present value of future cash flows expected to be generated from the continued use of the asset in question. A subsequent reversal of impairment losses recognized in goodwill is not permitted. When a subsidiary or joint venture is sold, the attributable amount of goodwill is included in the determination of the profit or loss on the sale.

10.9.2 Intangible assets acquired in a business combination

Intangible assets acquired in the context of a business combination under IFRS 3 are recognized separately from goodwill and measured at fair value at the acquisition date. This may include customer relationships and customer base, order backlog, technologies, brand rights, etc.

They are recognized as an intangible asset in accordance with IAS 38, measured at fair value, and amortized over their expected useful lives in the same way as separately purchased intangible assets.

When so-called "triggering events" meaning indications of a possible impairment occur during the year, an impairment test is conducted already at that time and the goodwill is written down to the recoverable amount, if necessary.

10.9.3 Other, separately purchased intangible assets

Purchased patents, licenses, and trademarks that are not acquired in connection with a business combination, as well as other intangible assets, are measured at their historical acquisition or production costs. They have determinable useful lives. They are measured at their acquisition or production costs minus accumulated amortization and impairments. The amortizations are expensed on a straight-line basis over the expected useful life. The expected useful lives and the amortization method applied are reviewed at every reporting date and all changes in estimates are taken into consideration prospectively.

10.9.4 Internally generated intangible assets

In the case of internally generated intangible assets, IAS 38 makes a distinction between the research phase and the development phase. Costs incurred during the research phase may not be capitalized, but must be recognized as expenses. On the other hand, costs incurred during the development phase must be capitalized provided that the reporting entity demonstrably fulfills all six objectification criteria set out in IAS 38.57 ff. (See also Note 10.6 of the notes to the consolidated financial statements.)

10.9.5 Impairments of intangible assets

Intangible assets with determinable useful lives are amortized on a straight-line basis over their estimated useful lives. Amortization begins from the time when the intangible asset is ready for use. The useful lives are as follows:

- Customer base, customer relationships: 3 - 5 years
- Brands, brand rights: 5 - 25 years
- Technologies: 3 - 7 years
- Order backlog: 1 - 3 years
- Software and licenses: 1 - 10 years
- Patents, utility designs, trademarks, publishing rights, copyrights, and performance rights: 3 - 5 years
- ERP software and Internet domain names: 5 - 15 years
- Copyrighted software: 3 - 10 years

Depending on the type of intangible asset, the expected useful lives of customer bases or customer relationships are determined on the basis of the extrapolated average termination rate and the average term of the individual user agreements.

The expected useful lives and the amortization method applied are reviewed at the end of every financial year and all changes in estimates are taken into consideration prospectively. If there are signs of impairment, depreciable intangible assets are subjected to an impairment test and, if appropriate, written down to the recoverable amount within the meaning of IAS 36.

For intangible assets with indefinite useful lives or those that are not yet available for use, an impairment test is carried out at least annually and always when there is an indication of an impairment.

10.9.6 Derecognition of intangible assets

Intangible assets must be derecognized upon disposal or when no further economic benefits are expected from their use or disposal. The profit or loss from the derecognition of an intangible asset, measured as the difference between the net realizable value and the carrying amount of the asset, is recognized in the statement of comprehensive income at the time when the asset is derecognized. Derecognition results are presented in Other income or Other expenses.

10.10 Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or production cost, minus accumulated straight-line depreciation and accumulated impairments. Production cost comprises all costs that are directly allocable to the production process. That also includes appropriate proportions of production-related overhead costs; on the other hand, borrowing costs are usually not capitalized. Borrowing costs are added to the acquisition cost only in the case of certain assets known as qualifying assets. According to IAS 23.8 ff., borrowing costs should be capitalized in full or proportionately when they can be attributed directly or indirectly to the funds borrowed for the purpose of financing the acquisition or production of the asset. Qualifying assets are those assets that take a substantial period of time to get ready for their intended use or sale. Such assets may include factory equipment and land or buildings held as investment property. If, however, the assets are manufactured on a repetitive basis or over a short period of time, they may not be classified as qualifying assets.

Subsequent acquisition or production costs are added to the acquisition or production cost of a tangible asset only when it is probable that economic benefits will flow to the Group as a result and when the costs can be measured reliably. Maintenance costs, i.e. expenses for repairs and maintenance that do not represent any material replacement investment (day-to-day servicing), are recognized as expenses in the reporting period, whereas the costs of measures that expand the capacity or improve the use of a tangible asset are capitalized, as a general rule.

Assets under construction are assigned to an appropriate category of Property, plant and equipment upon completion and achieving operational status. Depreciation of these assets begins on an identical basis to other assets upon achieving operational status.

10.10.1 Impairments of property, plant and equipment

While land is not subjected to systematic depreciation, all other items of property, plant and equipment are depreciated in a manner that reflects their loss of economic value. Buildings are deemed to have useful lives of between ten and 35 years. Under normal usage conditions, operational devices, operational equipment, and office equipment are deemed to have useful lives of between three and ten years. Machinery and technical plant and equipment are depreciated over useful lives of two to 15 years.

Depreciation is charged in such a way that the acquisition and production costs less their residual values are generally depreciated on a straight-line basis over their useful lives. The residual values and economic lives are reviewed every year as of the reporting date and adjusted as necessary. All necessary changes in estimates are taken into consideration prospectively.

If the carrying amount of a tangible asset exceeds the recoverable amount, an impairment loss is recognized, in addition to systematic depreciation, in order to lower the carrying amount to the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell (net selling price) and the present value of the net cash flows expected to result from the continued use of the asset. Whenever possible, the net selling price is derived from the most recently observed market transactions. Gains and losses on disposals of property, plant and equipment are determined as the difference between the sale proceeds and the carrying amounts of the

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property, plant and equipment and recognized in profit or loss for the period in the items of Other income or Other expenses.

If it is not possible to estimate the expected future cash flows for an individual asset, the expected future cash flows for the next-higher group of assets are estimated and discounted to present value by application of a risk-adjusted discount factor, and then the recoverable amount is allocated proportionately to the carrying amounts of the individual assets.

10.10.2 Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from the continued use of the asset. The profit or loss from the sale or decommissioning of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset. It is recognized in profit or loss in the statement of comprehensive income. It is presented within Other income or Other expenses.

10.11 Government grants

Government grants are forms of assistance that can be granted to an enterprise in the form of financial resources and serve as compensation for the past or future fulfillment of certain conditions related to the operating activities of the enterprise. Other forms of government assistance that cannot be measured reliably or business dealings with government entities that cannot be distinguished from the company's normal activities are not covered by the definition of government grants. By contrast, other forms of government assistance are defined as measures that serve the purpose of granting an economic advantage to one or more companies, subject to the fulfillment of certain criteria, as opposed to advantages created indirectly through measures that influence general economic conditions.

The recipient of government grants should recognize them as consideration for the past or future fulfillment of certain conditions attached to the grant only when the company in question fulfills those conditions and the grant is received. According to IAS 20, it must be reasonably assured that both conditions will be met.

According to IAS 20, any contingent liabilities or contingent assets arising in connection with government grants that have already been recognized must be accounted for in accordance with IAS 37. Applying the income approach, government grants are properly recognized as income on a systematic basis over the periods in which the Group recognizes the corresponding expenses that the grants are intended to compensate. The AEO Group does not exercise the option set forth in IAS 20 of recognition in equity (capital approach) with no effect on income. Government grants that are paid as compensation for expenses or losses already incurred or for immediate financial support without future related expenses are recognized in the statement of comprehensive income in the period in which the corresponding claim arises.

With regard to the presentation of an asset in the statement of financial position, the AURELIUS Group recognizes the grant as deferred income. The AEO Group does not exercise the option of deducting the grant from the carrying amount of the asset; thus, any asset acquired with the aid of government grants is always measured at the full purchase price and the amount of the government grant is recognized as deferred income. In addition, government grants are presented as Other income and not reduced by the amount of costs related to the grant.

Any repayment of government grants, due to non-fulfillment of contractual conditions, for example, must be accounted for as a change in estimates according to IAS 8. Furthermore, any such repayment must be deducted from the deferred income that has not yet been reversed and recognized in profit or loss; if the repayment amount exceeds the amount of deferred income, the latter is charged to expense.

The benefit of a government loan at an interest rate below the market interest rate is treated as a government grant and measured as the difference between the payments received and the fair value of a loan at the market interest rate.

10.12 Financial assets

Financial assets and liabilities are to be recognized initially on the transaction date when a Group company becomes a party to the contractual provisions of the financial instrument. Trade receivables and issued bonds are recognized at the time when they are issued. With the exception of trade receivables without a significant financing component, a financial asset is measured at fair value upon initial recognition. Trade receivables without a significant financing component are measured at the transaction price upon initial recognition. Transaction costs that are directly allocable to the acquisition or issuance of a financial instrument are added to financial instruments that are not measured at fair value.

Transaction costs of financial assets measured at fair value are recognized in profit or loss. Financial instruments with embedded derivative financial instruments are accounted for in their entirety if it is determined that the cash flows are solely payments of principal and interest. If the trade date is different from the settlement date, the settlement date is determining for initial recognition.

For subsequent measurement, financial assets are assigned to different categories. Depending on the classification, they are measured either at amortized cost or at fair value.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards incidental to ownership.

10.12.1 Classification

The Group assigns its financial assets to one of the following measurement categories:

- Financial instruments measured subsequently at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL), or
- Financial instruments measured at amortized cost (AC).

The classification depends on the business model by which the Group company manages the financial assets and on the contractual cash flows. Financial assets are not subsequently reclassified unless the Group company changes the business model by which it manages the financial assets. In this case, they are reclassified on the first day of the reporting period following the change of business model.

The assessments of the objectives of the business model under which the financial asset is held are made on the portfolio level. This means that the intentions of the management are not based on a single financial instru-

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ment, but on a higher level of aggregation because this is the best reflection of how the business is managed and information is provided to the management. Such information includes:

- The guidelines and objectives of the portfolio and the implementation of these guidelines in practice. This includes the strategy of the management for collecting the contractual interest, maintaining a certain interest rate profile, matching the term of a financial asset with the term of a related liability or expected cash outflows, or generating cash flows from the sale of assets;
- Evaluation of portfolio results and the manner in which they are reported to the management;
- Risks that affect the results of the business model and the manner in which they are managed;
- The compensation of senior managers; and
- The frequency, scope, and timing of sales of financial assets in previous periods and the expectations for future selling activities.

Financial assets that are held or managed for trading purposes, the performance of which is determined with reference to fair value, are measured at FVTPL.

For the purpose of determining whether the contractual cash flows are solely payments of principal and interest, the principal is defined as the fair value of the financial asset upon initial recognition. Interest is defined as the compensation for the time value of money and the default risk associated with an outstanding principal amount over a certain period of time, and for other fundamental credit risks, costs, and a profit margin.

In performing this analysis, the AEO Group considers the contractual provisions of the instrument. It also considers contractual provisions that could modify the timing or amounts of contractual cash flows in such a way that they would no longer meet the requirements.

The following additional factors are considered in the analysis:

- Certain events that could modify the amount or timing of cash flows;
- Conditions that would adjust the fixed or variable interest rate;
- Early repayment and extension options; and
- Conditions that could limit the Group's right to cash flows from a certain asset.

In performing this analysis, contractually fixed early repayment options meet the criterion when the repayment amount mainly consists of payments of principal and interest on the outstanding principal.

10.12.2 Subsequent measurement of financial assets

The AEO Group assigns its debt instruments to one of three measurement categories depending on the Group's business model for managing the assets and the corresponding cash flow characteristics:

- **Amortized Cost – AC:** Debt instruments that are held for the purpose of collecting the contractual cash flows and are solely payments of principal and interest are measured at amortized cost. Interest income on these financial assets is presented in the Financial result by application of the effective interest method. Gains or losses on derecognition are recognized directly in profit or loss and presented within Other income or Other expenses after consideration of currency translation gains or losses.

- **Fair Value Through Other Comprehensive Income – FVTOCI:** Debt instruments that are held for the purpose of collecting contractual cash flows and for sale, and the cash flows which are solely payments of interest and principal are measured at fair value through other comprehensive income. Changes in the carrying amounts are presented in Other comprehensive income. Impairments of financial assets, interest income, and currency translation gains or losses are recognized in profit or loss. When such assets are derecognized, the accumulated gain or loss recognized in Other comprehensive income is reclassified from equity to Other income or Other expenses. The interest income is presented within Other interest and similar income by application of the effective interest method. Currency translation gains and losses are presented within Other income or Other expenses.
- **Fair Value Through Profit and Loss – FVTPL:** Debt instruments that are measured neither at amortized cost nor at FVTOCI are assigned to the FVTPL category. Subsequent gains or losses are presented on a net basis within Other income or Other expenses in the period in which they occur.

Subsequent to initial recognition, the AEO Group measures all equity instruments at fair value. If the equity instruments are classified as at FVTOCI, the accumulated gain or loss is not subsequently reclassified to Other income or Other expenses upon derecognition of the instrument.

10.12.3 Impairments of financial assets

The AEO Group assesses the expected credit losses associated with its debt instruments measured at amortized cost or at fair value through other comprehensive income on a forward-looking basis. Impairments are measured at the amount of credit losses to be expected over the life of the financial instruments. Impairment of bonds exhibiting a low level of risk and bank balances are measured at the amount of the 12-month expected credit losses.

The AEO Group applies the simplified approach allowed by IFRS 9 to trade receivables and contract assets. Under this approach, the expected lifetime credit losses are recognized upon the initial recognition of the receivables.

In determining whether the default risk of a financial asset has increased significantly since initial recognition and in estimating the expected credit losses, the Group evaluates all appropriate and reliable information that is relevant and available at a reasonable cost of time and money. This includes both quantitative and qualitative information and analyses that are based on past experience and reasoned judgments, including forward-looking information.

Expected lifetime credit losses are expected credit losses that will result from all default events over the expected life of the financial instrument. Twelve-month expected credit losses are the credit losses that will result from default events in the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months). The maximum period to be considered in estimating expected credit losses is the maximum contractual term during which the AEO Group is exposed to credit risk.

Loss allowances are measured on the basis of probability-weighted estimates of credit losses. This is done by each Group company itself on the basis of historical data or forward-looking data and coordinated with Group headquarters. The amount of the credit loss is determined as the difference between the payments owed to the given Group company under the corresponding contractual provisions and the payments that are actually collected. The resulting amount is discounted to present value by application of the effective interest rate for the financial asset in question.

At every reporting date, the AEO Group determines whether financial assets measured at amortized cost or at FVTOCI are credit-impaired. This is the case when one or more events occur that have detrimental effects on the future cash flows from the financial asset. The following indications may be considered in making this determination:

- Significant financial difficulties of the issuer or borrower,
- A breach of contract, such as a default or past-due event,
- Restructuring of a loan or credit facility,
- Probable assumption of imminent insolvency or other financial reorganization proceedings of the borrower, or
- The disappearance of an active market for the financial asset because of financial difficulties.

A financial asset is classified as in default when it is improbable that the debtor can completely satisfy its credit obligation without the AEO Group having to resort to the execution of collateral.

Impairments of financial assets measured at amortized cost are deducted from the gross carrying amount. Impairments of bonds measured at FVOCI are recognized in profit or loss.

Assumptions that the default risk of a financial asset has increased significantly or that defaults of financial assets will occur are made by reference to average, probability-oriented weighting factors and are based on estimates of the individual Group companies.

A financial asset is completely derecognized when it cannot reasonably be expected that the gross carrying amount of the asset will be recovered in full or in part.

10.12.4 Derecognition of financial assets

The AEO Group derecognizes a financial asset when the contractual rights to the payment flows from the financial asset expire or when it transfers the financial asset, as well as substantially all the risks and rewards incidental to ownership of the asset, to a third party.

Insofar as the AEO Group neither transfers nor retains substantially all the risks and rewards incidental to ownership, but continues to have the power to dispose of the transferred asset, the Group recognizes its remaining share of the assets and a corresponding liability in the amount that must possibly be paid. If all the risks and rewards incidental to ownership of a financial asset are retained, the Group continues to recognize the financial asset, as well as a secured loan for the consideration received.

In case of full derecognition of a financial asset, the delta between the carrying amount and the sum of the remuneration received or to be received and all accumulated profits or losses that were recognized in other comprehensive income and accumulated in equity are recognized in the statement of comprehensive income. In case of incomplete derecognition, for instance when the AEO Group retains an option to repurchase a portion of the transferred asset, the Group divides the former carrying amount of the financial asset between the portion that continues to be recognized by the Group according to its continuing involvement and the portion that the Group no longer recognizes based on the relative fair values of these portions at the transfer date. The difference between the carrying amount that was allocated to the portion no longer recognized and the sum of the remuneration received for the portion no longer recognized and all accumulated gains and losses allocated to it that were recognized in other comprehensive income is recognized in the statement of comprehensive income.

Any accumulated gain or loss that was recognized in other comprehensive income is divided between the portion that continues to be recognized and the component that is no longer recognized based on the relative fair values of these portions.

10.13 Factoring

According to IFRS 9, a distinction must be made between non-recourse factoring and recourse factoring. If the default risk associated with the receivable is transferred to the buyer (non-recourse factoring), the receivable is to be derecognized because the contractual right to receive the cash flows from the receivable is completely transferred. If the non-payment risk associated with the receivable remains with the seller (recourse factoring), the receivable may not be derecognized because the contractual right to receive the cash flows from the receivable remains with the Group. In this case, the del credere risk (among others) is the significant risk in factoring. Payments received under recourse factoring arrangements are classified as secured borrowings and are therefore recognized as liabilities.

If the default risk is divided between the seller and buyer of a receivable, it must be recognized as an asset in the amount of the seller's continuing involvement and concurrently as a liability. The amount of the liability is calculated such that the net balance of the asset and liability is equal to the actual amount of the claim or obligation, respectively.

Any interest income earned from the sale of receivables is recognized in the financial result, while any administrative fees incurred are recognized as Other expenses.

10.14 Inventories

The line item of inventories comprises raw materials and supplies, down payments rendered, unfinished and finished goods and services, and purchased goods. All such items are measured at the lower of acquisition or production cost and the net realizable value at the reporting date. Consumption of inventories is recognized within the items of Purchased goods and services or Change in inventories in the statement of comprehensive income.

Production costs comprise direct material costs and direct manufacturing costs, as well as an appropriate proportion of manufacturing overhead costs. Borrowing costs are added to the acquisition cost only in the case of certain assets known as qualifying assets. According to IAS 23.8 ff., borrowing costs should be capitalized in full or proportionately when they can be directly or indirectly attributed to the funds borrowed for the purpose of financing the acquisition or production of the asset. Examples of qualifying assets are assets that take a substantial period of time to get ready for their intended use or sale. If, however, the assets are manufactured on a repetitive basis or over a short period of time, they may not be classified as qualifying assets. The same rule applies to inventories that are ready to sell or use already when they are purchased.

Acquisition or production cost is calculated using the weighted average method. The net realizable value is the estimated selling price, less production costs still to be incurred and the estimated costs of making the sale. If the net realizable value so determined is less than the historical acquisition or production costs, the carrying amount is written down to the lower value. As a general rule, the net realizable value of the final product is applied. By reason of the orientation to the sales market, raw materials and supplies and unfinished goods are written down only when the net realizable value of the finished goods incorporating those items does not allow for a positive profit margin. If the reasons for such a write-down cease to apply, the write-down is reversed. In that case, the new carrying amount is equal to the acquisition or production costs or the corrected net realizable value, whichever is lower.

Inventories resulting from intragroup deliveries are adjusted for intermediate profits and are measured at the Group's production cost.

When necessary, write-downs are charged to account for long inventory turnover rates, obsolescence, and reduced salability, subject to the condition that lower selling prices will lead to negative profit margins.

10.15 Assets held for sale and discontinued operations

Assets (and groups of assets) classified as held for sale are measured at the lower of their carrying amount or their fair value less costs to sell. Systematic depreciation must be discontinued from the time when they are classified as held for sale. Assets and groups of assets are classified as held for sale when their carrying amounts will likely be recovered through sale, rather than through continued use. This condition is deemed to be fulfilled when a sale is highly probable and when the asset (or group of assets held for sale) can be sold immediately in its current condition. It is necessary to assume that the selling transaction will be concluded within one year after such a classification. This applies regardless of whether the Group does or does not retain a non-controlling interest in the former portfolio company after the sale.

Components of the company that meet the IFRS 5 requirements for discontinued operations are classified as discontinued operations and presented separately in the consolidated statement of comprehensive income and the consolidated statement of cash flows. All changes made in the current reporting period to amounts that are directly related to the sale of discontinued operations in one of the previous reporting periods are likewise presented within this separate category. If a component of the company is no longer classified as held for sale, the profit or loss of this component, which had previously been presented within discontinued operations, is reclassified to continued operations in all reporting periods presented.

10.16 Derivative financial instruments

The AEO Group concludes derivative financial instruments in order to manage interest rate risks and currency risks. These include, for instance, forward exchange deals, interest rate swaps, and currency swaps. Under certain conditions, embedded derivative financial instruments are separated from the host contract and accounted for separately.

The derivative financial instruments are initially recognized at the date of contract conclusion at their fair value and subsequently measured at fair value through profit or loss (FVTPL) on each reporting date. The profit or loss resulting from the measurement is recognized in profit or loss unless the derivative is designated as a hedging instrument within the scope of a hedging relationship (hedge accounting).

10.17 Hedge accounting

When financial instruments are employed for the purpose of hedging the risks associated with future cash flows or for hedging fair values, IFRS 9 applies hedge accounting insofar as certain conditions are met. The purpose is to reduce the volatility of the Group's profit or loss for the period. Hedges are classified as fair value hedges, cash flow hedges, or hedges of a net investment in a foreign operation, depending on the type of hedged item.

At the inception of a designated hedging relationship, the Group documents the entity's risk management objectives and strategies for undertaking the hedge. It also documents the economic relationship between the hedged item and the hedging instrument and indicates whether it expects that the changes in the cash flows from the hedged item will offset those from the hedging instrument.

11.17.1 Fair value hedges

Under a fair value hedge, the hedging instrument is measured at fair value and any changes in fair value are recognized as income or expenses. The purpose of such fair value hedges is to hedge the assets and liabilities presented in the statement of financial position, as well as any obligations that are not measured at fair value in the statement of financial position. In the case of a perfect hedge, the effects emanating from the hedged item and the hedging instrument offset each other exactly.

Changes in fair value of derivative financial instruments that are suitable as fair value hedges and have been designated as such are recognized directly in the statement of comprehensive income, along with the changes in fair value of the underlying instrument that are attributable to the hedged risk. The changes in fair value of the hedging instrument and the underlying instrument that are attributed to the hedged risk are presented in the line item to which the underlying instrument belongs in the statement of comprehensive income.

A hedging relationship is discontinued when the Group revokes the hedge designation, when the hedging instrument expires or is sold, terminated or exercised, or when it is no longer suitable for hedging purposes. At this time, the adjustments made to the carrying amount of the underlying instrument as a result of the hedged risk begin to be reversed and recognized in profit or loss.

11.17.2 Cash flow hedges

The effective portion of changes in the fair value of derivative financial instruments designated as hedging instruments for cash flow hedges is recognized as a component of equity in the equity reserves. The gain or loss on the ineffective portion is recognized directly in profit or loss within the items of Other income or Other expenses.

The AEO Group only recognizes the change in the fair value of the cash component of forward exchange transactions used to hedge cash flows. The change in fair value of the "forward points" of forward exchange forwards is recognized separately as a cost of the hedging relationship and presented as an equity reserve for the costs of hedging relationships.

If a hedged forecast transaction subsequently results in the recognition of a non-financial item, as in the case of inventories for example, the amount that has been accumulated in the cash flow hedge reserve and the equity reserve for the costs of hedging relationships is removed and included directly in the initial cost of the non-financial item as soon as it is recognized.

For all other hedges, the accumulated amount is removed from the reserves and reclassified to profit or loss in the period in which the hedged forecast future cash flow influences profit or loss.

A hedging relationship is discontinued when the Group revokes the hedge designation, when the hedging instrument expires or is sold, terminated or exercised, or when it is no longer suitable for hedging purposes. The profit or loss recognized completely in other comprehensive income and accumulated within equity at this time remains within equity and is recognized in profit or loss only when the expected transaction is also recognized in the statement of comprehensive income. If the expected transaction is no longer expected to occur, the entire profit recognized in equity is reclassified immediately to the statement of comprehensive income.

10.18 Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, and other current, highly fungible financial assets with an original maturity of no more than three months. Such assets are measured at face value. Drawdowns under overdraft facilities are presented in the consolidated statement of financial position within current financial liabilities as liabilities due to banks.

10.19 Equity

The shares of the company are classified as equity. An equity instrument is a contract that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities. Equity instruments are measured at the amount of issue proceeds collected, minus directly allocable issuance costs, meaning that those costs that are directly related to the issuance of new shares or share options are accounted for in equity on a net basis and thus they are deducted from the issue proceeds after taxes. Issuance costs include all costs that would not have been incurred if the equity instrument had not been issued. For additional information on the equity of the AEO Group, please refer to Note 35 ff. of the present notes to the consolidated financial statements.

In addition to currency translation differences, unrealized gains or losses arising from the market valuation of financial assets classified as at FVTPL and derivative financial instruments that serve to hedge future cash flows (cash flow hedges) or to hedge a net investment in a foreign operation are recognized not in profit or loss, but in other reserves, in accordance with IFRS 9. The same treatment is applied to amounts arising from the revaluation of the net defined benefit liability or post-employment benefits according to IAS 19.

Buybacks of the company's own equity instruments are deducted directly from equity. The nominal value of the company's own equity instruments is deducted from subscribed capital and the issue premium is deducted from retained earnings. Neither the purchase or sale nor the issuance or retirement of the company's own equity instruments are recognized in the consolidated statement of comprehensive income.

10.20 Employee benefits

The projected unit credit method prescribed in IAS 19 Employee Benefits is applied for the purpose of measuring the actuarial value of employee pension obligations. An actuarial measurement is conducted at every reporting date by an independent, qualified actuarial expert.

There are various pension plans in effect in the AEO Group, both at the Group's subsidiaries and at AURELIUS SE. Under defined contribution plans, the company pays fixed amounts to an independent entity such as a pension fund or insurance company, which will then pay post-termination benefits to employees; in such cases, the company does not have a legal or constructive obligation to pay any further amounts in the event that the entity in question would not have sufficient financial resources to satisfy all the pension claims of all employees for current and previous years. All pension plans that promise to pay post-termination benefits to employees, but do not fall under the definition of a defined contribution plan, are considered to be defined benefit plans.

A liability for post-employment benefits is recognized for expected compensation after the departure of a member of the Board of Directors if compensation has been committed to the departed member of the Board of

Directors for work performed during his time as a member of the Board of Directors. Such compensation may include the virtual co-investment sub-interests granted with respect to portfolio companies acquired during his time as an active member of the Board of Directors.

10.21 Share-based compensation

The recognition and measurement of share-based compensation agreements at AUELIUS SE follow the rules of IFRS 2.

For compensation settled in the form of the company's equity instruments, the fair value of compensation granted to the employee on the grant date (calculated by application of the Black-Scholes option price model) is recognized as a personnel expense, accompanied by a commensurate increase in equity over the period in which the employee acquires an unrestricted right to the compensation/bonuses. The amount recognized as an expense is adjusted to reflect the number of bonuses for which the corresponding employment conditions and non-market performance conditions are expected to be fulfilled, so that the amount ultimately recognized as an expense is based on the number of bonuses that fulfill the corresponding employment conditions and non-market performance conditions at the end of the vesting period. For share-based compensation bonuses with non-exercise conditions, the fair value at the grant date is determined with due regard to these conditions; no adjustment is made to account for the differences between expected and actual results.

For share-based compensation settled in cash, the fair value of the amount to be paid to the employee in respect of share appreciation rights is recognized as a personnel expense, accompanied by a commensurate increase in liabilities over the period in which the beneficiaries acquire an unrestricted right to these payments. The liability is remeasured at every reporting date and at the settlement date on the basis of the fair value of the share appreciation rights. All changes in this liability are recognized in the consolidated statement of comprehensive income.

10.22 Other provisions

In accordance with IAS 37, provisions are recognized when the Group has a present legal or constructive obligation to a third party, arising from a past event, and when it is more likely than not that the settlement of the obligation will lead to an outflow of economic resources, and when the amount of the provision can be measured reliably. Other provisions are recognized accordingly in respect of all discernible risks and uncertain obligations. Uncertain obligations are measured at the best possible estimate. In this regard, consideration must be given to the risks and uncertainties inherent in the obligation. Recourse claims are not deducted from the carrying amount of such liabilities. Thus, if it can be assumed that the necessary economic benefits required to settle the liability will be reimbursed in full or in part by an outside third party, this claim is recognized as an asset if the reimbursement is more likely than not and the amount can be estimated reliably. In the case of a large population of similar obligations, the probability of a future outflow of economic resources is determined on the basis of the overall population.

Warranty provisions are recognized as of the date of sale of the corresponding goods or services in accordance with the national law of purchase contracts. The amount of expenditure necessary to satisfy the Group's obligation is determined on the basis of past experience values and an estimate of future probabilities.

Restructuring provisions are recognized when there exists a detailed restructuring plan that meets the requirements of IAS 37, or in case of a new acquisition in conjunction with IFRS 3. However, this is only the case when the Group has adopted a detailed, formal restructuring plan, which has created a justified impression in the minds of the affected persons that the restructuring measures will be carried out, either because implementation of the plan has commenced or significant elements of the plan have been announced. Only the direct expenses for the restructuring are included in the measurement. These are only those amounts that were caused by the restructuring and are related to the continued business operations of the Group.

Particularly in connection with company acquisitions, provisions are recognized to account for any onerous contracts identified as part of the purchase price allocation process. The existence of an onerous contract is assumed when the assumed contractual conditions are detrimental in comparison with current market conditions.

Non-current provisions that will not result in an outflow of economic resources in the following year are discounted to present value by application of the currently prevailing risk-free interest rate, provided that the effect is material. Any increases in provisions resulting from pure compounding are likewise recognized in profit or loss in the statement of comprehensive income. Both such effects are presented in the financial result.

10.23 Financial liabilities

Financial liabilities are recognized when a Group company becomes a party to the contractual provisions of a financial instrument. They are classified and measured either at amortized cost or at fair value through profit or loss (FVTPL).

Financial liabilities must be measured at fair value upon initial recognition. Transaction costs that are directly attributable to the issuance of financial liabilities that are not measured at fair value through profit or loss reduce the fair value of the financial liability upon initial recognition. If these directly attributable transaction costs are connected to the issuance of financial liabilities that are measured at fair value through profit or loss, they are recognized directly in the statement of comprehensive income.

10.23.1 Financial liabilities measured at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is defined as held for trading and when a derivative is or was designated as such upon initial recognition. Financial liabilities are classified as held for trading on the basis of the company's business model, following the approach described in Note 10.12.1. A voluntary designation as at FVTPL (fair value option) may be elected upon initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

In subsequent periods, financial liabilities classified as at FVTPL are measured at fair value and net gains or losses, as well as interest expenses, are recognized in profit or loss. In the case of financial liabilities measured in accordance with the fair value option, the Group recognizes in other comprehensive income that part of the change in fair value that is attributable to changes in its own credit risk.

Upon initial recognition, financial liabilities in general, and particularly also financial liabilities arising from purchase price adjustment clauses or earn-out clauses, are measured at fair value, which is usually equal to cost. As preconditions for recognizing such liabilities in the statement of financial position, however, they must be probable at the acquisition date and their amount must be reliably measurable. Gains or losses resulting from the measurement are recognized in the statement of comprehensive income. The net gain or loss recognized in the statement of comprehensive income includes the interest paid for the financial liability and is presented within Other income or Other expenses.

10.23.2 Other financial liabilities

Other financial liabilities, for instance loans accepted, trade payables, and other liabilities, are measured at amortized cost. Trade payables are amounts owed as consideration for goods or services provided to the company in the normal course of business. In the normal business cycle, all liabilities are due in one year or less and are therefore classified as current; otherwise, they are presented as non-current liabilities. For current liabilities, that means they are measured at their repayment or settlement amount, while non-current liabilities and long-term debts are measured at amortized cost by application of the effective interest method. The effective interest method is used to calculate the amortized cost of a financial liability and to allocate interest expenses to the respective periods. The effective interest rate is the interest rate that is necessary to discount the estimated future cash outflows, including all fees and remuneration paid and received that are an integral component of the effective interest rate, transaction costs, and other premiums or discounts, through the expected life of the financial instrument or a shorter period, such that they equal the net carrying amount upon initial recognition.

In subsequent periods, other financial liabilities are measured at amortized cost by application of the effective interest method. Interest expenses and currency translation gains or losses are recognized in profit or loss.

10.23.3 Derecognition of financial liabilities

The Group derecognizes a financial liability when the related obligation has been paid, cancelled, or has expired. The difference between the carrying amount of the derecognized financial liability and the consideration received or to be received is recognized in the statement of comprehensive income.

10.24 Financial guaranties

The components of a compound financial instrument issued by the company are recognized separately in accordance with the economic substance of the agreement and the definitions as a financial liability and as an equity instrument, for instance a convertible bond. A conversion option that is only satisfied by exchanging a fixed amount of liquid assets or other financial assets for a fixed number of company-owned equity instruments is an equity instrument.

At the issue date, the fair value of the debt component is measured using the market interest rate applicable to comparable non-convertible instruments. This amount is recognized as a financial liability based on amortized cost using the effective interest method until the conversion or maturity of the instrument.

The conversion option recognized as equity is determined by subtracting the value of the debt component from the fair value of the entire instrument. The resulting value, less income tax effects, is recognized as part of equity in additional paid-in capital and is subsequently not subject to measurement. Moreover, the conversion option classified as equity remains in equity until the conversion option is exercised. Upon exercise, the amount recognized in equity is reclassified to retained earnings. If a conversion option is not exercised when due, the amount recognized in equity is reclassified to retained earnings. No gains or losses arise upon the exercise or expiration of the conversion option.

Transaction costs incurred in connection with the instrument are allocated to the debt and equity components in proportion to the distribution of the net revenues. The transaction costs attributable to the equity component are recognized directly in equity. The transaction costs attributable to the debt component are included in the carrying amount of the liability and are amortized over the term of the convertible bond by application of the effective interest method.

10.24 Compound financial instruments

The components of a compound financial instrument issued by the company are recognized separately in accordance with the economic substance of the agreement and the definitions as a financial liability and as an equity instrument, for instance a convertible bond. A conversion option that is only satisfied by exchanging a fixed amount of liquid assets or other financial assets for a fixed number of company-owned equity instruments is an equity instrument.

At the issue date, the fair value of the debt component is measured using the market interest rate applicable to comparable non-convertible instruments. This amount is recognized as a financial liability based on amortized cost using the effective interest method until the conversion or maturity of the instrument.

The conversion option recognized as equity is determined by subtracting the value of the debt component from the fair value of the entire instrument. The resulting value, less income tax effects, is recognized as part of equity in additional paid-in capital and is subsequently not subject to measurement. Moreover, the conversion option classified as equity remains in equity until the conversion option is exercised. Upon exercise, the amount recognized in equity is reclassified to retained earnings. If a conversion option is not exercised when due, the amount recognized in equity is reclassified to retained earnings. No gains or losses arise upon the exercise or expiration of the conversion option.

Transaction costs incurred in connection with the instrument are allocated to the debt and equity components in proportion to the distribution of the net revenues. The transaction costs attributable to the equity component are recognized directly in equity. The transaction costs attributable to the debt component are included in the carrying amount of the liability and are amortized over the term of the convertible bond by application of the effective interest method.

10.25 Contingent liabilities resulting from a business combination

Upon initial recognition, contingent liabilities resulting from a business combination are measured at fair value at the date of acquisition. Such contingent liabilities are recognized at subsequent reporting dates using the higher amount of initial recognition less any cumulative reversals to be recognized under IFRS 15 or the value resulting from applying IAS 37.

10.26 Estimation uncertainties and discretionary judgments

For the Group accounting policies presented here, the management of AURELIUS SE must assess circumstances, make estimates, and apply assumptions with regard to the carrying amounts of assets and liabilities that cannot be determined easily from other sources. The estimates and the underlying assumptions result from past experience, as well as other factors considered relevant. The actual values may differ from these estimated values.

The assumptions underlying the estimates are subjected to regular review. When changes in estimates only affect a single period, they are only taken into account in this period. If the changes affect the current and subsequent reporting periods, they are taken into account accordingly in this and subsequent periods. The estimates or discretionary judgments applied correspond to the carrying amounts presented in these consolidated financial statements for the assets and liabilities explained in the notes (see Note 21 ff.).

10.27 Segment information

According to the requirements of IFRS 8, it must first be determined which companies have the status of an operating segment in order to then assess whether the segments are reportable or whether they should be aggregated for qualitative or quantitative reasons. Based on the composition of the Group, it has three reportable segments (Retail & Consumer Products, Industrial Production, and Services & Solutions) according to IFRS 8 at the reporting date of December 31, 2022, as well as the "Other" category.

As a general rule, the same accounting policies applied in preparing the consolidated financial statements were applied in preparing the segment report, which does not include any information on discontinued operations.

10.28 Legal disputes, claims for damages, and liability risks

In connection with their general business activities, the portfolio companies of AURELIUS SE are involved in various legal and administrative proceedings or such proceedings could be initiated or asserted in the future. Although the outcome of individual proceedings cannot be predicted with certainty due to the imponderabilities associated with legal disputes, no materially detrimental effects on the financial position, cash flows or financial performance of the AEO Group are expected at the present time beyond the risks accounted for as liabilities or provisions in the financial statements. Any contingent liabilities arising from collateral furnished or liability assumed are separately disclosed in Note 63 of the Notes to the consolidated financial statements.


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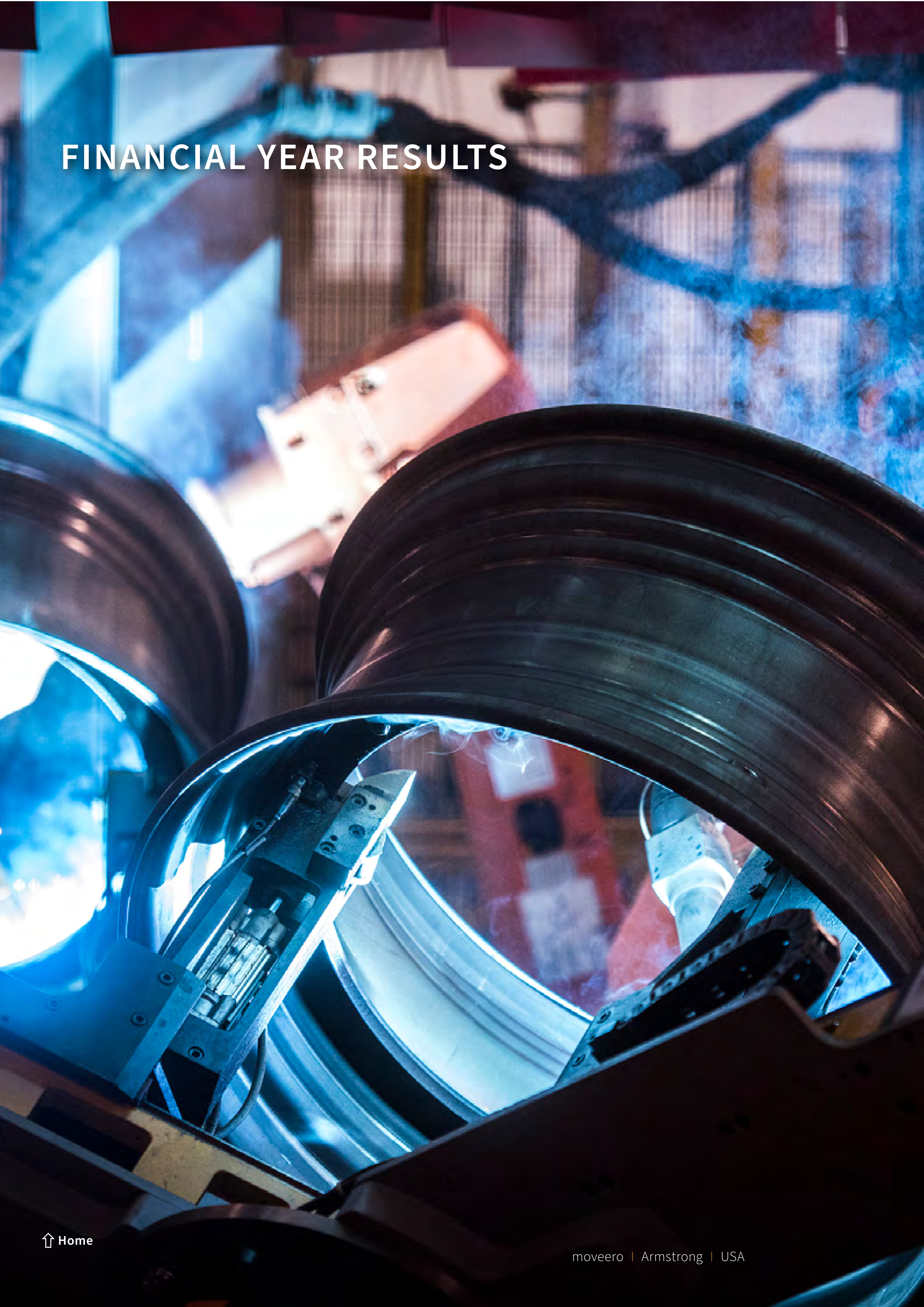
FINANCIAL YEAR RESULTS



FINANCIAL YEAR RESULTS

FINANCIAL YEAR RESULTS

11. Revenues

The Group's revenues break down as follows, separated by continued and discontinued operations:

mEUR	1/1/-12/31/2022	1/1/-12/31/2021
Revenues from sales of goods	2,517.0	2,060.9
Revenues from sales of services	478.0	351.5
Total continued operations	**2,995.0**	**2,412.4**
Discontinued operations	113.2	848.8
Total revenues	**3,108.2**	**3,261.2**

The increase in revenues from continued operations resulted particularly from the acquisitions of new portfolio companies in the past financial year and the first-time, full-year consolidation of companies acquired in 2021. In addition, the increase in sales revenue was supported in particular by the increase in these at Distrelec, Moveero and Remi Claeys Aluminium.

Of the total revenues from continued operations, an amount of EUR 93.2 million (PY: EUR 134.9 million) will be recognized over a period of time in accordance with IFRS 15 and consist exclusively of revenues from sales of services. The performance obligations not yet fulfilled at the reporting date per IFRS 15 amounted to EUR 253.4 million (PY: EUR 136.9 million), which are mainly expected to be fulfilled within twelve months.

All revenues consist entirely of revenues from contracts with customers. The AEO Group does not incur significant costs for the initiation or performance of contracts with customers. In addition, many companies in the AEO Group grant their customers rights of return and warranties on products sold, for which corresponding provisions have been made (see Note 42). The Group's significant revenue recognition rules are described in Note 10.2.

In accordance with the IFRS 5 rules for discontinued operations, both the current-year revenues and the previous-year revenues are included in discontinued operations.

The breakdown of revenues by geographic regions and operating segments is presented in the notes to the Segment Report in Note 19 of the present notes to the consolidated financial statements.

The current and non-current contract liabilities recognized at December 31, 2022 in the amount of EUR 62.7 million (PY: EUR 80.2 million) were mainly composed of down payments received on account of customer contracts for the construction of yachts by HanseYachts, as well as project down payments at VAG.

Company acquisitions led to increases in contract liabilities in the amount of EUR 0.4 million in the past financial year (PY: EUR 1.2 million). The revenues recognized in the reporting period from contract liabilities recognized at December 31, 2021 amounted to EUR 63.3 million (PY: EUR 38.6 million).

12. Other income

The breakdown of Other income in the reporting period is presented in the table below::

mEUR	1/1/-12/31/2022	1/1/-12/31/.2021
Income from the derecognition of liabilities	17.0	5.1
Income from exchange rate changes	14.9	18.4
Income from the recharging of costs to outside third parties	11.1	6.6
Income from claims for damages	9.7	5.5
Income from reversal of provisions	6.6	4.4
Income from disposal of non-current assets	5.8	5.3
Internal production capitalized	4.4	3.7
Income from write-ups of non-current and current assets	1.9	10.9
Income from bargain purchase gains	1.2	36.4
Income from government grants and support benefits	0.8	5.9
Income from deconsolidation	-/-	24.4
Miscellaneous income	17.8	28.8
Total continued operations	**91.2**	**155.4**
Discontinued operations	133.3	179.1
Total Other income	**224.5**	**334.5**

Bargain purchase gains of EUR 1.2 million (PY: EUR 36.4 million) are presented in accordance with IFRS 3.34 ff., provided that the fair values of the identifiable assets, liabilities, and contingent liabilities exceed the acquisition cost of the business combination. After repeated review, any remaining excess is recognized immediately in profit or loss in accordance with IFRS 3.34 ff.

The income from the derecognition of liabilities in the financial year mainly results from the derecognition of an earn-out liability of a subsidiary in the amount of EUR 15.1 million, due to a lack of probability of occurrence.

In the previous year, the benefits granted under government coronavirus aid programs that meet the recognition criteria of IAS 20 amounted to EUR 3.8 million (PY: EUR 2.9 million) and were recognized within the item of Income from government grants and support benefits. These benefits were mainly granted to Group companies domiciled in the United Kingdom and Denmark. No support benefits were claimed in the past financial year.

13. Purchased goods and services

The Group's purchased goods and services in financial year 2022 break down as follows, separated by continued and discontinued operations:

mEUR	1/1/-12/31/2022	1/1/-12/31/2021
Purchased goods	1,054.8	853.4
Raw materials and supplies	616.7	464.9
Purchased services	178.7	134.6
Other purchased goods and services	94.6	61.6
Total continued operations	**1,944.8**	**1,514.5**
Discontinued operations	59.6	506.3
Total purchased goods and services	**2,004.4**	**2,020.8**

The Other purchased goods and services in the amount of EUR 94.6 million (PY: EUR 61.6 million) consisted mainly of energy costs (EUR 61.9 million, PY: EUR 32.7 million), other consumable supplies (EUR 12.8 million, PY: EUR 11.4 million), waste disposal costs (EUR 2.9 million, PY: EUR 2.1 million), and storage costs (EUR 4.8 million, PY: EUR 3.7 million). Purchased goods and services also included research and development expenses of EUR 0.8 million (PY: EUR 0.5 million).

14. Personnel expenses

The Group's personnel expenses in financial year 2022 break down as follows, separated by continued and discontinued operations:

mEUR	1/1/-12/31/2022	1/1/-12/31/2021
Wages and salaries	542.0	485.0
Social security contributions	66.7	54.0
Pension and other benefit expenses	17.5	13.1
Total continued operations	**626.2**	**552.1**
Discontinued operations	30.6	153.6
Total personnel expenses	**656.8**	**705.7**

In the previous year, various benefits were granted to the AEO Group, mainly in the United Kingdom, and Denmark, under government coronavirus aid programs. Such benefits included the temporary payment of social security contributions or the payment of 60 to 80 percent of employee compensation in the form of the short-time working benefit or similar measures. These benefits reduced personnel expenses by EUR 1.8 million in the previous year. The AEO Group received no benefits in the reporting period.

15. Other expenses

The Group's other expenses in financial year 2022 break down as follows:

mEUR	1/1/-12/31/2022	1/1/-12/31/2021
Freight and transport costs	77.0	61.1
Consulting	65.7	65.5
Administration	50.8	43.2
Buildings and machinery	44.2	38.3
Office expenses	40.6	36.5
Marketing expenses and commissions	34.6	23.0
Expenses from exchange rate changes	19.0	8.5
Personnel leasing	13.8	7.3
Costs charged by third parties	8.4	8.1
Miscellaneous expenses	39.7	27.5
Total continued operations	**393.8**	**319.0**
Discontinued operations	26.3	214.6
Total Other expenses	**420.1**	**533.6**

The other building expenses consisted mainly of incidental rental expenses. Building and machinery expenses consisted of rental expenses (EUR 13.8 million, PY: EUR 12.9 million), maintenance expenses (EUR 13.9 million, PY: EUR 11.8 million) and other building expenses (EUR 16.5 million, PY: EUR 12.4 million). The other building expenses consisted mainly of incidental rental expenses.

Important elements of administrative expenses included travel and entertainment expenses (EUR 13.9 million, PY: EUR 8.6 million), bank and insurance fees (EUR 14.5 million, PY: EUR 12.9 million) and motor vehicle expenses (EUR 8.2 million, PY: EUR 6.7 million). Office expenses consisted mainly of IT expenses (EUR 28.2 million, PY: EUR 26.2 million) and other communication expenses (EUR 3.8 million, PY: EUR 4.7 million).

Miscellaneous expenses included expenses for other taxes (EUR 2.7 million, PY: EUR 1.3 million) and value adjustments on receivables and inventories (19.0 MEUR, previous year: 7.7 MEUR).

16. Financial result

Other interest and similar income of EUR 5.0 million (PY: EUR 11.2 million) consisted of interest income on both current accounts and term deposits.

Interest and similar expenses of EUR 35.5 million (PY: EUR 25.4 million) resulted mainly from the interest effects of IFRS 16 Leases in the amount of EUR 12.5 million (PY: EUR 10.8 million) and from higher interest paid on liabilities due to banks and outside third parties.

17. Discontinued operations

The provisions of IFRS 5 prescribe special measurement and presentation requirements for discontinued operations and non-current assets held for sale.

The purpose of these provisions is to draw a distinction between business operations that are expected to continue in the future and discontinued business operations, so as to clarify the effects of discontinuation or disposal plans for the users of the financial statements. For that reason, the financial reporting of AURELIUS Equity Opportunities is primarily geared to continued operations, in the interest of improved transparency and comparability. Therefore, information on discontinued operations is presented separately in the consolidated statement of comprehensive income, and the consolidated statement of cash flows.

The prior-year consolidated statement of comprehensive income has been adjusted in accordance with the provisions of IFRS 5 and the accepted definition of a "cash generating unit" at AURELIUS Equity Opportunities. This mainly relates to the equity interests in AKAD University and Transform Hospital Group in the Services & Solutions segment, Ideal Shopping Direct in the Retail & Consumer Products segment, and Hammerl and Briar Chemicals in the Industrial Production segment.

The cash flows for discontinued operations according to IFRS 5 in financial year 2022 included EUR 13.7 million from operating activities and minus EUR 3.4 million from investing activities.

In January 2022, Ideal Shopping Direct agreed to sell its "Create and Craft" division to Hochanda Global Limited and to sell the assets of its "Deramores" yarn and accessories business to LoveCrafts Group Limited. In February 2022, the company sold its final remaining business, the TV and web channels operating under the name Ideal World, to the British entrepreneur and investor Hamish Morjaria. With these transactions, all parts of Ideal Shopping Direct have been sold and removed from the basis of consolidation of the AEO Group.

mEUR	1/1/- 2/15/2022	1/1/- 312/31/2021
Income	14.2	169.4
Current expenses	-15.1	-176.0
Financial result	-0.1	-0.4
Earnings before taxes (EBT)	-1.0	-7.0
Deconsolidation gain	12.6	- / -
Taxes	-1.7	1.0
Profit/loss from discontinued operations before non-controlling interests	**9.9**	**-6.0**
Result from remeasurement of assets and liabilities held for sale	- / -	- / -
Taxes	- / -	- / -
Profit/loss from discontinued operations in the current financial year	**9.9**	**-6.0**
– thereof attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA	9.2	-5.1
– thereof attributable to non-controlling interests	0.7	-0.9

The sale of the distance learning school AKAD University to the strategic buyer Galileo Global Education was concluded at the end of February 2022. AKAD University is an established state-accredited private distance school headquartered in Stuttgart, specializes in distance learning "whenever and wherever" for working people. It offers 78 courses for bachelor's, master's, and MBA degrees and more than 100 continuing education courses.

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Along with a summarized income statement for the past financial year and the previous year, the results of the market valuation of AKAD University's assets and liabilities held for sale are presented in the table below.

in MEUR	1/1/- 2/25/2022	1/1/-312/31/2021
Income	3.3	17.5
Current expenses	-3.0	-16.6
Financial result	- / -	-0.3
Earnings before taxes (EBT)	0.3	0.6
Deconsolidation gain	44.5	- / -
Taxes	- / -	-0.2
Profit/loss from discontinued operations before non-controlling interests	**44.8**	**0.4**
Result from remeasurement of assets and liabilities held for sale	- / -	- / -
Taxes	- / -	- / -
Profit/loss from discontinued operations in the current financial year	**44.8**	**0.4**
– thereof attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA	44.8	0.4
– thereof attributable to non-controlling interests	- / -	- / -

AURELIUS Equity Opportunities completed the sale of Hammerl, a leading producer of blown film products in Germany, to Karl Bachl GmbH & Co. KG in early August 2022. Along with a summarized income statement for the past financial year and the previous year, the results of the market valuation of Hammerl's assets and liabilities held for sale are presented in the table below.

mEUR	1/1/- 7/31/2022	1/1/- 12/31/2021
Income	13.9	20.5
Current expenses	-12.8	-18.8
Financial result	- / -	- / -
Earnings before taxes (EBT)	1.1	1.7
Deconsolidation gain	1.9	- / -
Taxes	-0.3	-0.5
Profit/loss from discontinued operations before non-controlling interests	**2.7**	**1.2**
Result from remeasurement of assets and liabilities held for sale	- / -	- / -
Taxes	- / -	- / -
Profit/loss from discontinued operations in the current financial year	**2.7**	**1.2**
– thereof attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA	2.7	1.2
– thereof attributable to non-controlling interests	- / -	- / -

The sales of the operating activities of Transform Hospital Group to Y1 Capital was completed in September 2022. The transaction covered the cosmetic surgery and medical esthetics divisions. Along with a summarized income statement for the past financial year and the previous year, the results of the market valuation of Transform Hospital Group's assets and liabilities held for sale are presented in the table below.

mEUR	1/1/- 9/16/2022	1/1/- 12/31/2021
Income	32.7	66.4
Current expenses	-35.3	-59.3
Financial result	-0.9	-1.3
Earnings before taxes (EBT)	-3.5	5.8
Deconsolidation gain	11.3	- / -
Taxes	0.6	-1.3
Profit/loss from discontinued operations before non-controlling interests	**8.4**	**4.5**
Result from remeasurement of assets and liabilities held for sale	- / -	- / -
Taxes	- / -	- / -
Profit/loss from discontinued operations in the current financial year	**8.4**	**4.5**
– thereof attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA	8.4	4.5
– thereof attributable to non-controlling interests	- / -	- / -

AURELIUS Equity Opportunities completed the sale of Briar Chemicals, a leading contract producer and developer of agrochemical products in the United Kingdom, to Safex Chemicals in November 2022. Headquartered in Norwich/United Kingdom, Briar Chemicals had been part of the AEO Group's portfolio since 2012 following the carve-out from Bayer CropScience. Along with a summarized income statement for the past financial year and the previous year, the results of the market valuation of Briar Chemicals' assets and liabilities held for sale are presented in the table below.

mEUR	1/1/- 11/25/2022	1/1/- 12/31/2021
Income	54.9	61.4
Current expenses	-54.7	-53.2
Financial result	- / -	-0.2
Earnings before taxes (EBT)	0.2	8.0
Deconsolidation gain	56.5	- / -
Taxes	-1.0	-0.7
Profit/loss from discontinued operations before non-controlling interests	**55.7**	**7.3**
Result from remeasurement of assets and liabilities held for sale	- / -	- / -
Taxes	- / -	- / -
Profit/loss from discontinued operations in the current financial year	**55.7**	**7.3**
– thereof attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA	55.7	7.3
– thereof attributable to non-controlling interests	- / -	- / -

18. Earnings per share

In accordance with IAS 33 Earnings per Share, the undiluted and diluted earnings per share are calculated by dividing the consolidated profit/loss after non-controlling interests by the average weighted shares outstanding.

mEUR	1/1/- 12/31/2022	1/1/- 12/31/2021
Profit/loss after taxes	-40.3	58.2
Profit/loss attributable to non-controlling interests	-3.6	12.5
Profit/loss attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA	-36.7	45.7
Profit/loss from discontinued operations	119.0	93.6
Average weighted shares outstanding	27,579,689	28,672,299
Effect of potentially diluting shares: Weighted average of issued stock options	- / -	- / -
Average weighted shares outstanding for diluted earnings per share	27,579,689	28,672,299
Undiluted earnings per share in EUR		
From continued operations	-1.33	1.59
From discontinued operations	4.32	3.27
From continued and discontinued operations	2.99	4.86
Diluted earnings per share in EUR		
From continued operations	-1.33	1.59
From discontinued operations	4.32	3.27
From continued and discontinued operations	2.99	4.86

19. Segment information

AURELIUS SE is a holding company with a long-term investment horizon, which specializes in acquiring companies with development potential. Thus, the Group's portfolio comprises companies from a wide range of industries.

According to the requirements of IFRS 8, operating segments are to be formed on the basis of the internal reports of the Group companies, which are reviewed regularly by the Board of Directors and Supervisory Board of AURELIUS Equity Opportunities to make decisions about resources to be allocated to each segment and assess its performance. Thus, the internal organization and management structure and the internal reports to the Board of Directors and Supervisory Board form the basis for the segment report format of the AEO Group. Primary emphasis is placed on the indicator EBITDA. The accounting policies of the reportable segments correspond to the Group accounting policies described in Note 10.

The Management of AURELIUS Equity Opportunities has decided to organize its internal and therefore also its external reporting separately for companies in the production sector, the retail sector, and the services sector. This approach has been unchanged since 2008. These companies are aggregated in accordance with the criteria of "similar economic characteristics" according to IFRS 8, which are based on the internal reporting. Due to the fact that the product portfolio of the AEO Group is very extensive, other indicators related to the business object are applied, primarily including the target margins of individual Group companies that have a similar target corridor for restructuring and optimization measures. In addition, the measures and expertise of the functional specialists of AURELIUS Equity Opportunities may be apportioned among these three segments. Optimization measures depend on the depth of value-added and exhibit similar characteristics in each segment.

The manner of value-added generation, the type of sales, the ratio of non-current assets to total assets, and the relationship between material input and personnel deployment are also comparable within the segments. The portfolio companies are assigned to the categories of retail, production, and services on the basis of the depth of value-added. Due to changes in the Group structure and operational changes within the existing Group companies, the Group was again reviewed and segmented according to the criteria of IFRS 8. Based on the Group's composition, it reports the following three segments at the reporting date of December 31, 2022:

1) The Services & Solutions segment (S&S) comprises companies that operate specifically in the services sector, including LD Didactic, BPG Building Partners Group, the Rivus Group, and CalaChem. CalaChem was reclassified to the S&S segment in the fourth quarter of the past financial year due to the fact that the primary activity of this portfolio company will consist in the future of services such as industrial wastewater treatment and the supply of process steam and electricity to the connected industrial park Earls Gate. Previously, CalaChem's primary activity had been the production of fine chemicals, for which reason the portfolio company had been presented within the IP segment. The previous year's values in the affected segments were not corrected.

2) The Retail & Consumer Products segment (RCP) comprises companies that sell their products directly to consumers, including Scholl Shoes, the Conaxess Trade Group, European Imaging Group, Silvan, the NDS Group, BMC Benelux, Distrelec, and Nedis.

3) The Industrial Production segment (IP) comprises companies that operate primarily in the area of industrial production, including VAG, ZIM Aircraft Seating, Zentia, SEG Electronics, ConverterTec, moveero, HÜPPE, Remi Claeys Aluminium, and UNILUX.

The Other segment is composed of AURELIUS Equity Opportunities SE & Co. KGaA and other intermediate holding companies; thus, it comprises all activities related to corporate management and administration. Based on the size criteria prescribed by IFRS 8, there are three reportable segments in the AEO Group. HanseYachts is presented within the Other category because it could not be assigned to any one of the three operating segments on the basis of the classification criteria of end customers and products (IFRS 8). The assets and results of the companies accounted for at equity are also presented within the Other segment.

All transfer prices applied in dealings between the segments are the same as the prices charged to outside third parties. In addition, administrative services are charged in the form of cost allocations.

In accordance with IFRS 8.33 (b), non-current assets are attributable to Germany in the amount of EUR 165.5 million (PY: EUR 176.8 million) and to other countries in the amount of EUR 467,3 million (PY: EUR 525.9 million). Significant other countries with non-current assets in the past financial year were the United Kingdom with EUR 133,0 million (PY: EUR 230.1 million) and Denmark with EUR 141.5 million (PY: EUR 131.1 million).

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In financial year 2022, the AEO Group generated significant revenues with portfolio companies in the third countries of the United Kingdom in the amount of EUR 672.1 million (PY: EUR 577.1 million) and in Denmark in the amount of EUR 394.4 million (PY: EUR 363.9 million).

Due to the fact that total revenues are generated with numerous customers of all the Group's portfolio companies, there are no dependencies on major customers within the AEO Group that could endanger the Group's overall success.

All assets except equity interests in associates, other financial assets, and current and deferred taxes are assigned to the reportable segments for the purpose of assessing performance and resource allocation between the segments. All liabilities except loans and other financial liabilities, as well as current and deferred taxes, are assigned to the reportable segments. Non-current assets and liabilities held for sale are not assigned to the reportable segments.

The segment reports for the years 2022 and 2021 are presented in the tables below:

2022 in mEUR	Services & Solutions	Industrial Production	Retail & Consumer Products	Other	Consolidation	AEO Group
Revenues with third parties	485.5	947.3	1,485.1	190.3	- / -	3,108.2
– thereof from discontinued operations	35.6	67.7	9.9	- / -	- / -	113.2
– thereof from continued operations	449.9	879.6	1,475.2	190.3	- / -	2,995.0
Revenues between Group segments	- / -	- / -	- / -	48.6	-48.6	- / -
Total revenues	**485.5**	**947.3**	**1,485.1**	**238.9**	**-48.6**	**3,108.2**
EBITDA from continued operations	**49.7**	**51.8**	**124.8**	**-71.9**	**- / -**	**154.4**
EBIT from continued operations	**15.4**	**19.9**	**81.8**	**-87.7**	**- / -**	**29.4**
Financial result						-30.5
Earnings before taxes (EBT)						**-1.1**
Income taxes	0.6	-22.4	-15.5	-1.9		-39.2
Profit/loss after taxes from continued operations						**-40.3**
Profit/loss from discontinued operations						119.0
Non-controlling interests						-3.6
Share of period result attributable to companies accounted for at equity	- / -	- / -	0.1	27.0		27.1
Consolidated profit/loss attributable to shareholders of the parent company						**82.3**
Balance sheet – Assets						
Segment assets	257.7	599.4	864.6	435.8		2,157.5
Unassigned assets						28.3
Group assets						2,185.8
Balance sheet – Liabilities						
Segment liabilities	150.3	270.4	521.2	159.9		1,101.8
Unassigned liabilities						509.4
Group liabilities						1,611.2
Other information						
Current capital expenditures	-21.8	-28.0	-26.7	-7.7		-84.2
Capital expenditures for acquisitions	-6.5	-9.4	-14.6	-41.6		-72.1
Depreciation and amortization	-26.3	-31.8	-43.1	-8.1		-109.3
Impairments (IAS 36)	-7.9	- / -	- / -	-7.8		-15.7
Interest income	- / -	0.3	0.5	4.2		5.0
Interest expenses	- / -	-7.0	-15.5	-13.0		-35.5

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2021 in mEUR	Services & Solutions	Industrial Production	Retail & Consumer Products	Other	Consolidation	AEO Group
Revenues with third parties	402.2	793.4	1,910.8	154.8	- / -	3,261.2
– thereof from discontinued operations	71.2	85.6	691.9	0.0	- / -	848.8
– thereof from continued operations	331.0	707.8	1,218.9	154.8	- / -	2,412.4
Revenues between Group segments	- / -	- / -	- / -	48.0	-48.0	- / -
Total revenues	**402.2**	**793.4**	**1,910.8**	**202.8**	**-48.0**	**3,261.2**
EBITDA from continued operations	**26.4**	**98.1**	**136.9**	**-56.5**		**205.0**
EBIT from continued operations	**4.8**	**70.9**	**84.5**	**-65.2**		**95.0**
Financial result						-14.2
Earnings before taxes (EBT)						**80.8**
Income taxes	-0.5	-4.6	-7.7	-9.8		-22.6
Profit/loss after taxes from continued operations						**58.2**
Profit/loss from discontinued operations						93.6
Non-controlling interests						12.5
Share of period result attributable to companies accounted for at equity	- / -	- / -	- / -	-0.7		-0.7
Consolidated profit/loss attributable to shareholders of the parent company						**139.3**
Balance sheet – Assets						
Segment assets	269.9	736.5	817.7	390.9		2,215.0
Unassigned assets						66.2
Group assets						2,281.2
Balance sheet – Liabilities						
Segment liabilities	206.4	299.5	510,6	390.9		1,211.6
Unassigned liabilities						477.1
Group liabilities						1,688.7
Other information						
Current capital expenditures	-15.0	-33.0	-27.6	-8.7		-84.3
Capital expenditures for acquisitions	-9.1	-14.7	-10.7	-3.1		-37.6
Depreciation and amortization	-21.6	-27.2	-40.9	-8.8		-98.5
Impairments (IAS 36)	- / -	- / -	-11.5	- / -		-11.5
Interest income	- / -	0.1	0.7	10.4		11.2
Interest expenses	-1.8	-3.8	-12.4	-7.4		-25.4

The table below provides a breakdown of revenue by geographic market:

mEUR	1/1/- 12/31/2022	1/1/-12/31/2021
Germany	486,6	390,2
Europe – European Union	1,376.3	1,038.4
Europe – Other	750,3	685,6
Third countries	381,8	298,2
Total continuing operations	**2,995.0**	**2,412.4**
discontinued operations	113,2	848,8
Total revenues	**3,108.2**	**3,261.2**

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20. Income taxes

The taxes recognized in the consolidated statement of comprehensive income have the following structure:

mEUR	2022	2021
Current taxes for the current period	-29.9	-23.4
Adjustments of current taxes for previous years recognized in the current period	-/-	1.5
Deferred taxes for the current period	-2.1	6.5
Impairments and reversals of earlier impairments of deferred taxes	-7.2	-7.2
Total income tax expenses	**-39.2**	**-22.6**

The tax expenses for the profit/loss from discontinued operations amounted to EUR 2.5 million (PY: EUR 5.8 million).

Deferred taxes result from differences in the values presented in the consolidated financial statements prepared in accordance with IFRS and the corresponding tax bases, and from consolidation measures. The Group assumes that the tax provisions are adequate for all outstanding tax years, taking into account numerous factors including interpretations of tax law and past experience.

The respective country-specific income tax rates applied for foreign companies range from five percent to 35 percent, unchanged from the previous year.

The breakdown of income taxes recognized directly in other comprehensive income in the consolidated statement of comprehensive income for the reporting period and previous year, including the reclassification amounts, is presented in the table below:

1/1/-12/31/2022 (mEUR)	Amount before income taxes	Income taxes	Amount after income taxes
Foreign currency differences	1.5	- / -	1.5
– Reclassified for profit or loss	- / -	- / -	- / -
– Unrealized change	1.5	- / -	1.5
Revaluations IAS 19	-15.1	3.5	-11.6

The deferred taxes on pension assets attributable to other comprehensive income according to IAS 19 amounted to EUR 10.1 million in financial year 2022 (PY: EUR 6.7 million).

1/1/-12/31/2021 (mEUR)	Amount before income taxes	Income taxes	Amount after income taxes
Foreign currency differences	9.5	- / -	9.5
– Reclassified to profit or loss	- / -	- / -	- / -
– Unrealized change	9.5	- / -	9.5
Revaluations IAS 19	-26.5	0.1	-26.4

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The differences between the actual income tax expenses/income recognized in the statement of comprehensive income and the expected income tax expenses/income are presented in the following reconciliation statement. The expected income tax expenses/income were calculated by multiplying the profit/loss before income taxes by the expected tax rate. The total expected income tax rate, which is composed of the statutory German corporate income tax, the solidarity surtax, and the German local trade tax, was about 24 percent.

The expected income tax result can be reconciled to the stated income taxes as follows:

mEUR	1/1/- 12/31/2022	1/1/- 12/31/2021
Profit/loss before taxes from continued operations	-1.1	80.8
Expected income tax rate	24%	24%
Expected income tax expenses (-) or income (+)	0.3	-19.4
Different tax burden	-6.8	-3.8
Tax-exempt income from bargain purchases	-/-	8.7
Local trade tax additions and reductions	-0.9	-0.7
Non-deductible operating expenses	-8.6	-1.9
Tax-exempt gain or loss on sales of portfolio companies	2.6	0.3
Tax-exempt income	-/-	0.7
Permanent differences from balance sheet items	7.2	-0.2
tax effects from at equity investments	6.5	-/-
Tax effects of unused tax losses not recognized as deferred tax assets	-31.7	-0.7
Change in the value adjustment for the current year	-7.2	-7.2
Non-period income taxes	-/-	1.5
Dividend-related effects	-0.1	-0.1
Other effects	-0.5	0.4
Stated income tax expenses (-) or income (+)	**-39.2**	**-22.6**

The tax effects of unused tax losses not recognized as deferred tax assets included an amount of EUR 1.0 million resulting from the reduction of actual current tax expenses due to the use of previously not capitalized tax loss carry-forwards.

Deferred tax assets in respect of temporary differences in the amount of EUR 147.6 million (PY: EUR 96.4 million) were not recognized. Deferred tax assets are recognized for existing corporate income tax and trade tax loss carry-forwards. The total underlying loss carry-forwards amounted to EUR 67.2 million in financial year 2022 (PY: EUR 66.9 million) for the corporate income tax and EUR 5.9 million (PY: EUR 6.6 million) for the local trade tax. No deferred tax assets were recognized for other existing corporate income tax (EUR 570.5 million; PY: EUR 389.4 million) and local trade tax loss carry-forwards (EUR 465.2 million; PY: EUR 349.3 million), and interest carry-forwards (EUR 27.5 million; PY: EUR 16.8 million) because the use of these carry-forwards is subject to legal or economic restrictions.

Existing tax loss carry-forwards can be applied in full against positive taxable income in Germany in any tax assessment period up to an amount of EUR 1.0 million; above that amount, however, corporate income tax and local trade tax loss carry-forwards can only be applied at the rate of 60 percent (minimum taxation). These tax loss carry-forwards are generally not subject to time limits, but can no longer be transferred to other companies by way of mergers or similar transactions after the introduction of the SEStEG on December 13, 2006. In Germany, due consideration must be given to Section 8c KStG, which was introduced with the 2008 corporate tax reform. Deferred tax assets are not recognized for existing tax loss carry-forwards obtained from company acquisitions at the acquisition date. A separate review is conducted at the reporting date to determine whether the tax loss carry-forwards can be used in the future. Due to the special characteristics of the AURELIUS SE business model, an individual planning period of one to three years is considered for the capitalization of tax loss carry-forwards.

The amounts and dates of expiration of not yet used tax losses are presented in the table below:

12/31/2022		mEUR
Corporate income tax		
Carry-forwardable	No time limit	512.9
Carry-forwardable	1 year	8.0
Carry-forwardable	2 years	- / -
Carry-forwardable	3 years	- / -
Carry-forwardable	4 years	0.1
Carry-forwardable	5 years	0.1
Carry-forwardable	6 years	1.3
Carry-forwardable	7 years	- / -
Carry-forwardable	More than 7 years	48.1
Local trade tax		
Carry-forwardable	No time limit	465.2
Carry-forwardable	1 year	- / -
Carry-forwardable	2 years	- / -
Carry-forwardable	3 years	- / -
Carry-forwardable	4 years	- / -
Carry-forwardable	5 years	- / -
Carry-forwardable	6 years	- / -
Carry-forwardable	7 years	- / -
Carry-forwardable	More than 7 years	- / -
Interest carry-forward from upper-bound interest deduction		
Carry-forwardable	No time limit	27.5

12/31/2021		mEUR
Corporate income tax		
Carry-forwardable	No time limit	388.7
Carry-forwardable	1 year	- / -
Carry-forwardable	2 years	- / -
Carry-forwardable	3 years	- / -
Carry-forwardable	4 years	0.3
Carry-forwardable	5 years	0.3
Carry-forwardable	6 years	0.1
Carry-forwardable	7 years	- / -
Carry-forwardable	More than 7 years	- / -
Local trade tax		
Carry-forwardable	No time limit	349.3
Carry-forwardable	1 year	- / -
Carry-forwardable	2 years	- / -
Carry-forwardable	3 years	- / -
Carry-forwardable	4 years	- / -
Carry-forwardable	5 years	- / -
Carry-forwardable	6 years	- / -
Carry-forwardable	7 years	- / -
Carry-forwardable	More than 7 years	- / -
Interest carry-forward from upper-bound interest deduction		
Carry-forwardable	No time limit	16.8

No deferred taxes were recognized for outside basis differences according to IAS 12.39 in the amount of EUR 8.6 million (PY: EUR 8.8 million) in the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA. As in the previous year, no deferred tax liabilities were recognized for companies being considered for a near-term investment or from which it is planned to receive a dividend.

Deferred tax assets and liabilities are presented in the table below:

mEUR	12/31/2022	12/31/2021
Deferred tax assets		
Intangible assets	0.6	3.4
Property, plant and equipment	5.7	10.9
Inventories	1.6	1.2
Current assets	0.8	0.7
Pension provisions	0.9	3.9
Other provisions	1.0	0.9
Liabilities	8.3	6.2
Tax loss carry-forwards	12.1	14.8
Reclassified to “Assets held for sale”	- / -	-4.0
Netting	-11.0	-11.0
Total deferred tax assets	**20.0**	**27.0**

mEUR	12/31/2022	12/31/2021
Deferred tax liabilities		
Intangible assets	11.6	13.7
Property, plant and equipment	28.0	25.4
Non-current financial assets	2.9	1.4
Receivables and other current assets	11.0	9.3
Liabilities	4.1	7.8
Reclassified to "Liabilities related to assets held for sale"	- / -	-0.2
Netting	-11.0	-11.0
Total deferred tax liabilities	**46.6**	**46.4**

For Group subsidiaries that suffered losses in the current period or in the previous period, a total surplus of deferred tax assets of EUR 2.9 million (previous year: EUR 4.8 million) was recognised. For these companies, it is currently assumed that these deferred tax assets can be realised through future profits.

The changes in deferred taxes are presented in the table below:

mEUR	2022	2021
Balance at January 1	**-19.4**	**-3.7**
Reclassified per IFRS 5	- / -	-2.5
Acquisitions or sales of subsidiaries	-1.5	-13.3
Profit/loss presented in the income statement	-9.3	-0.2
Deferred taxes recognized in Other comprehensive income	3.5	0.1
Foreign currency effects	0.1	0.2
Balance at December 31	**-26.6**	**-19.4**

Deferred tax assets recognized and derecognized in equity consisted mainly of tax loss carry-forwards (EUR -0.8 million). On a net basis, deferred tax liabilities recognized and derecognized in equity related mainly to property, plant and equipment (EUR 0.6 million), inventories (EUR -0.9 million), and intangible assets (EUR -0.8 million).

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21. Goodwill

For the purpose of conducting impairment tests, goodwill is assigned to cash-generating units (CGUs). The recoverable amount of a cash-generating unit is determined as the fair value less estimated costs to sell (2 percent of fair value), applying the third valuation level. Because directly observable market prices generally do not exist for the item to be measured, the fair value is determined by discounting future cash flows to present value. An exception to this rule is represented by the exchange-listed Group company HanseYachts, which is measured at its pro-rated market capitalization at the reporting date.

No impairments of goodwill arising in connection with purchase price allocations were recognized in the 2021 financial year. Impairments totaling to EUR 6.5 million (PY: EUR 0 million) was recognized in goodwill arising from purchase price allocations in financial year 2022. Of this total, an impairment of EUR 5.5 million was recognized in the goodwill of a company allocated to the HanseYachts CGU, which was sold in financial year 2022. HanseYachts is assigned to the Other segment. This impairment is presented within the item of Depreciation, amortization and impairments in the statement of comprehensive income.

The total amount of goodwill at December 31, 2022 was EUR 40.7 million (PY: EUR 28.2 million).

The acquisition costs of goodwill can be reconciled as follows:

Acquisition costs	mEUR	2022	2021
Balance at 1/1		**45.8**	**37.9**
Additionally recognized amounts from business combinations according to IFRS 3 in the reporting period		19.0	9.1
Disposal due to sale of subsidiaries		-6.5	- / -
Reclassified to “Assets held for sale”		- / -	-1.2
Balance at 12/31		**58.3**	**45.8**

The recognized and accumulated impairments have the following structure:

Impairments	mEUR	2022	2021
Balance at 1/1		**-17.6**	**-17.6**
Impairment losses in the current year		-6.5	- / -
Disposal due to sale of subsidiaries		6.5	- / -
Balance at 12/31		**-17.6**	**-17.6**

Goodwill items are subjected to an annual impairment test in accordance with IAS 36. With respect to goodwill, the cash-generating unit is the portfolio company in its entirety, as a general rule. There are no exceptions to this rule. At the reporting date, goodwill existed mainly at the European Imaging Group in the amount of EUR 20.7 million (PY: EUR 10.9 million), at the Conaxess Trade Group in the amount of EUR 8.1 million (PY: EUR 8.1 million), and at VAG in the amount of EUR 4.9 million (PY: EUR 0 million).

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The bases for the impairment tests conducted for the material CGUs have the following structure:

CGU	Carrying amount of goodwill at 12/31/2022 (mEUR)	Carrying amount of intangible assets with indefinite useful lives at 12/31/2022 (mEUR)	Perpetuity growth rate	Discount rate (WACC) after taxes	Revenues	EBIT
HanseYachts	- / -	10.0	0.5%	12.45%	Moderate growth	Solid growth
European Imaging Group	20.7	- / -	0.5%	13.08%	Moderate growth	Moderate growth
Conaxess Trade Group	8.1	- / -	0.5%	16.22%	Moderate growth	Moderate growth
VAG	4.9	- / -	0.5%	10.92%	Modest growth	Moderate growth

CGU	Carrying amount of goodwill at 12/31/2021 (mEUR)	Carrying amount of intangible assets with indefinite useful lives at 12/31/2021 (mEUR)	Perpetuity growth rate	Discount rate (WACC) after taxes	Revenues	EBIT
HanseYachts	5.5	10.0	0.5%	10.15%	Moderate growth	Solid growth
Conaxess Trade Group	8.1	- / -	0.5%	14.81%	Modest growth	Moderate growth
European Imaging Group	10.9	- / -	0.5%	11.83%	Moderate growth	Moderate growth

The scale comprises three levels, from “modest growth” to “moderate growth” to “solid growth.” The average annual growth rates range from 4.1 percent to 12.1 percent (PY: 3.6%-13.8%) for revenues and from 22.7 percent to > 100 percent (PY: 17.6%-81.6%) for EBIT. The above-average growth rates in some cases result naturally from ongoing restructuring processes in the indicated planning period.

For conducting the impairment test, the total carrying amounts of the group of cash-generating units are checked against the recoverable amount. The recoverable amount is calculated as the fair value less costs to sell, based on discounted future cash flows. Expected cash flows are based on a qualified planning process, with due consideration given to internal experience values and external macroeconomic data. The detailed planning period covers three years, as a general rule. In most cases, a growth rate of 0.5 percent is applied for the time after the three-year period. The discount factor is generally calculated as the weighted average cost of capital (WACC) by application of the capital asset pricing model. For this purpose, an individual group of comparison companies (“peer group”) is applied for all groups of cash-generating units operating in the same business segment.

Furthermore, the discount factors are determined on the basis of the following assumptions for Germany, for example: a base interest rate of 2.45 percent (PY: 0.12%) and a market risk premium of 8.0 percent (PY: 8.0%) at December 31, 2022 for a term of 30 years in Germany. Country-typical risk premiums are applied to both the equity capital cost rate and the debt capital cost rate, based on the credit rating of the country in question.

For the purpose of estimating the development of revenues, EBIT, and EBIT margin, specific growth rates were assumed in conducting the impairment test of the respective CGUs. The determination of sustainably attainable earnings is based on assumptions regarding various cost reduction measures. Furthermore, customary market EBIT margins were assumed for calculating the sustainably attainable earnings. The medium-term increase in EBIT results from the current transformation process. In addition to the impairment test, three sensitivity analyses were conducted. Zero growth in the perpetual annuity was assumed for the first sensitivity analysis. For the second sensitivity analysis, the discount factor was raised by one percentage point for each group of cash-generating units. For the third sensitivity analysis, a flat-rate discount of ten percent was applied to the EBIT assumed in the perpetual annuity. These changes in the underlying assumptions would also not have made it necessary to recognize an impairment loss.

22. Other intangible assets

The Other intangible assets of EUR 56.0 million (PY: EUR 74.4 million) are mainly composed of purchased software, industrial property rights, brands, orders on hand, and customer relationships. Along with the franchises and industrial property rights, the significant amounts relate to brands with definite or indefinite useful lives in the amount of EUR 17.1 million (PY: EUR 19.8 million) and customer relationships in the amount of EUR 7.2 million (PY: EUR 17.2 million). This item also includes internally generated intangible assets in the form of capitalized development costs in the amount of EUR 4.6 million (PY: EUR 5.4 million) and other internally generated intangible assets, which mainly consist of capitalized IT costs, in the amount of EUR 4.8 million (PY: EUR 3.3 million). The Group's research and development expenses amounted to EUR 5.8 million in the reporting period (PY: EUR 10.2 million), of which an amount of EUR 4.6 million (PY: EUR 5.4 million), was capitalized in the form of intangible assets, leaving EUR 1.2 million (PY: EUR 4.8 million) to be expensed.

As in the previous year, there were no contractual commitments to purchase intangible assets at the reporting date.

The development of the carrying amounts of Other intangible assets is presented in the table below:

mEUR	Franchises, industrial property rights, and other similar rights	Miscellaneous intangible assets	Down payments	Total
Acquisition or production costs				
Balance at January 1, 2021	**126.5**	**205.2**	**1.6**	**333.3**
Discontinued operations	-106.7	-64.7	- / -	-171.4
Continued operations	19.8	140.5	1.6	161.9
Changes in the basis of consolidation	0.3	6.1	0.3	6.7
Acquisitions	3.3	7.4	4.6	15.3
Disposals	- / -	-5.6	-0.8	-6.4
Reclassifications	0.1	1.8	-1.9	- / -
Currency effects	0.1	4.5	0.3	4.9
Balance at December 31, 2021	**23.6**	**154.7**	**4.1**	**182.4**
Discontinued operations	-5.7	-10.6	- / -	-16.3
Continued operations	17.9	144.1	4.1	166.1
Changes in the basis of consolidation	- / -	3.6	- / -	3.6
Acquisitions	1.5	7.5	7.0	16.0
Disposals	-3.9	-3.2	-0.5	-7.6
Reclassifications	0.2	2.3	-2.5	- / -
Currency effects	-0.1	-3.1	0.1	-3.1
Balance at December 31, 2022	**15.6**	**151.2**	**8.2**	**175.0**
Amortization and impairments				
Balance at January 1, 2021	**-73.8**	**-136.1**	**- / -**	**-209.9**
Discontinued operations	63.7	55.9	- / -	119.6
Continued operations	-10.1	-80.2	- / -	-90.3
Acquisitions	-2.4	-17.7	- / -	-20.1
Impairments (IAS 36)	- / -	-0.3	- / -	-0.3
Disposals	- / -	5.3	- / -	5.3
Reclassifications	- / -	- / -	- / -	- / -
Currency effects	-0.1	-2.5	- / -	-2.6
Balance at December 31, 2021	**-12.6**	**-95.4**	**- / -**	**-108.0**
Discontinued operations	3.3	7.5	- / -	10.8
Continued operations	-9.2	-87.9	- / -	-97.1
Acquisitions	-1.9	-17.7	- / -	-19.6
Impairments (IAS 36)	- / -	-8.0	- / -	-8.0
Disposals	0.3	3.4	- / -	3.7
Reclassifications	- / -	- / -	- / -	- / -
Currency effects	-0.1	2.1	- / -	2.0
Balance at December 31, 2022	**-10.9**	**-108.1**	**- / -**	**-119.0**
Carrying amount at December 31, 2021	**11.0**	**59.3**	**4.1**	**74.4**
Carrying amount at December 31, 2022	**4.7**	**43.1**	**8.2**	**56.0**

For the purpose of conducting impairment tests, brands with indefinite useful lives are assigned to cash-generating units. The recoverable amount of a cash-generating unit is determined as the fair value less the costs to sell (2 percent of fair value), applying the third valuation level. Because directly observable market prices generally do not exist for the intangible assets in question, the fair value is determined by discounting future cash flows to present value. No impairments were recognized in any intangible assets with indefinite useful lives in financial year 2022. Impairments are presented under Depreciation, amortization and impairments in the statement of comprehensive income. Reversals of impairments in earlier years were also not required in the reporting period (PY: EUR 0 million).

Brands with indefinite useful lives are subjected to an annual impairment test in accordance with IAS 36 (see also Note 21). They are not subjected to straight-line amortization because they are so-called umbrella brands. The cash-generating unit is the portfolio company in its entirety, as a general rule. There are no exceptions to this rule.

An impairment test according to IAS 36 was conducted at a portfolio company of the Services & Solutions segment, in financial year 2022. The discount rate (WACC) applied was set at 14.43 percent. In planning the revenue and EBITDA expectations for the detailed planning period of four years, decreases were assumed in the first two plan years and stable revenues and modestly rising EBITDA were assumed for the period beginning in 2025. A growth rate of 0.5 percent p.a. was assumed for the period after that. The recoverable amount of EUR 23.2 million was defined as the fair value less costs to sell. The impairment test found an impairment of EUR 6.7 million in Other intangible assets at the Group level. The impairment was presented within the line item of Depreciation, amortization and impairments in the statement of comprehensive income.

Intangible assets in the amount of EUR 8.6 million (PY: EUR 7.1 million) have been pledged as security for the Group's financial liabilities, in the amount of EUR 2.3 million (PY: EUR 0.3 million) as security for lease liabilities, and in the amount of EUR 8.1 million (PY: 0 EUR) as security for trade payables.

23. Property, plant and equipment

Property, plant and equipment in the amount of EUR 52.8 million (PY: EUR 53.5 million) have been pledged as security for financial liabilities and in the amount of EUR 4.9 million (PY: EUR 4.0 million) as security for lease liabilities. Contractual commitments for purchases of property, plant and equipment (purchase commitments) totaled EUR 3.2 million at the reporting date of December 31, 2022 (PY: EUR 6.2 million).

The development of the carrying amounts of property, plant and equipment at December 31, 2022 is presented in the table below:

mEUR	Land and leasehold rights	Buildings, including buildings on non-owned land	Technical equipment, plant and machinery	Other equipment, operational and office equipment	Down payments and assets under construction	Total
Acquisition and production costs						
Balance at January 1, 2021	**39.5**	**126.3**	**157.7**	**94.8**	**14.6**	**432.9**
Discontinued operations	-3.2	-16.3	-5.1	-15.4	-3.8	-43.8
Continued operations	36.3	110.0	152.6	79.4	10.8	389.1
Changes in the basis of consolidation	16.9	14.0	14.2	9.1	0.1	54.3
Acquisitions	- / -	2.9	21.5	18.8	14.2	57.4
Disposals	-22.8	-22.5	-7.5	-11.2	-1.2	-65.2
Reclassifications	1.9	0.8	4.6	2.1	-9.4	- / -
Currency effects	1.0	3.0	8.7	1.2	0.7	14.6
Balance at December 31, 2021	**33.3**	**108.2**	**194.1**	**99.4**	**15.2**	**450.2**
Discontinued operations	- / -	-1.5	-55.2	-3.4	-5.6	-65.7
Continued operations	33.4	106.7	138.9	96.0	9.5	384.5
Changes in the basis of consolidation	3.9	1.3	1.0	3.4	4.4	14.0
Acquisitions	0.5	3.7	22.8	28.6	12.6	68.2
Disposals	-0.6	-0.1	-21.2	-2.9	-4.9	-29.7
Reclassifications	- / -	2.5	4.2	0.5	-7.2	- / -
Currency effects	-0.1	-0.9	-3.3	-1.1	-0.1	-5.5
Balance at December 31, 2022	**37.1**	**113.2**	**142.4**	**124.5**	**14.3**	**431.5**
Depreciation and impairments						
Balance at January 1, 2021	**-2.3**	**-23.1**	**-51.0**	**-46.2**	**-0.7**	**-123.3**
Discontinued operations	1.2	0.5	1.8	13.3	0.7	17.5
Continued operations	-1.1	-22.6	-49.2	-32.9	- / -	-105.8
Acquisitions	-0.1	-7.0	-22.9	-16.8	- / -	-46.8
Impairment (IAS 36)	- / -	- / -	-0.9	-2.0	- / -	-2.9
Disposals	- / -	2.9	5.9	9.9	- / -	18.7
Reclassifications	- / -	- / -	- / -	- / -	- / -	- / -
Currency effects	- / -	-0.5	-3.9	-0.4	- / -	-4.8
Balance at December 31, 2021	**-1.2**	**-27.2**	**-71.0**	**-42.2**	**- / -**	**-141.6**
Discontinued operations	- / -	0.3	35.2	1.5	- / -	37.0
Continued operations	-1.2	-26.8	-35.9	-40.7	- / -	-104.6
Acquisitions	-0.2	-5.7	-21.7	-17.9	- / -	-45.5
Impairment (IAS 36)	- / -	- / -	- / -	-1.2	- / -	-1.2
Disposals	- / -	- / -	5.7	0.9	- / -	6.6
Reclassifications	- / -	- / -	- / -	- / -	- / -	- / -
Currency effects	- / -	0.2	1.6	0.5	- / -	2.3
Balance at December 31, 2022	**-1.4**	**-32.3**	**-50.3**	**-58.4**	**- / -**	**-142.4**
Carrying amount at December 31, 2021	**32.1**	**81.0**	**123.1**	**57.2**	**15.2**	**308.6**
Carrying amount at December 31, 2022	**35.7**	**80.9**	**92.1**	**66.1**	**14.3**	**289.1**

An impairment test according to IAS 36 was conducted at a portfolio company of the Services & Solutions segment, in financial year 2022 (see previous note for further disclosures). The impairment test found an impairment of EUR 1.2 million in Property, plant and equipment at the Group level. The impairment is presented within the line item of Depreciation, amortization and impairments in the statement of comprehensive income.

24. Right-of-use assets

As a lessee, the AURELIUS Equity Opportunities Group mainly leases real estate, motor vehicles, production equipment and machinery, and IT equipment. In accordance with the requirements of IFRS 16, right-of-use assets and lease liabilities are recognized in the consolidated statement of financial position for most of these leases. The AEO Group as lessee exercises the recognition exemptions allowed in IFRS 16 by recognizing neither right-of-use assets nor lease liabilities for leases with a term of no more than twelve months and leases for low-value assets (e.g., IT equipment).

The development of the carrying amounts of right-of-use assets at December 31, 2022 is presented in the table below:

mEUR	Right-of-use assets
Acquisition and production costs	
Balance at January 1, 2021	**499.7**
Discontinued operations	-154.1
Continued operations	345.6
Changes in the basis of consolidation	5.1
Acquisitions	91.4
Disposals	-36.2
Reclassifications	- / -
Currency effects	8.0
Balance at December 31, 2021	**413.9**
Discontinued operations	-36.0
Continued operations	377.9
Changes in the basis of consolidation	2.2
Acquisitions	78.8
Disposals	-49.8
Reclassifications	- / -
Currency effects	-4.6
Balance at December 31, 2022	**404.5**
Depreciation and impairments	
Balance at January 1, 2021	**-184.8**
Discontinued operations	98.9
Continued operations	-85.9
Acquisitions	-40.4
Impairments (IAS 36)	-8.3
Disposals	10.6
Reversals of earlier impairments (IAS 36)	3.8
Reclassifications	- / -
Currency effects	-2.1
Balance at December 31, 2021	**-122.3**
Discontinued operations	3.6
Continued operations	-118.6
Acquisitions	-44.1
Impairment (IAS 36)	- / -
Disposals	3.7
Reversal of earlier impairments (IAS 36)	- / -
Reclassifications	- / -
Currency effects	1.5
Balance at December 31, 2022	**-157.5**
Carrying amount at December 31, 2021	**291.6**
Carrying amount at December 31, 2022	**247.0**

The total amount of right-of-use assets of EUR 247.0 million at December 31, 2022 (PY: EUR 291.6 million) can be sub-divided into the following categories of assets:

- Land and leasehold rights: EUR 5.6 million (PY: EUR 34.1 million),
- Buildings, including buildings on non-owned land: EUR 214.8 million (PY: EUR 241.6 million),
- Technical equipment, plant and machinery: EUR 17.2 million (PY: EUR 5.3 million),
- Other equipment, operational and office equipment: EUR 9.5 million (PY: EUR 10.6 million).

The systematic depreciation of right-of-use assets in the amount of EUR 44.1 million is sub-divided into the following categories of assets:

- Land and leasehold rights: EUR 0.5 million (PY: EUR 0.0 million),
- Buildings, including buildings on non-owned land: EUR 34.3 million (PY: EUR 31.2 million),
- Technical equipment, plant and machinery: EUR 2.6 million (PY: EUR 1.7 million), and
- Other equipment, operational and office equipment: EUR 6.7 million (PY: EUR 6.1 million).

In the previous year, the systematic depreciation of right-of-use assets amounted to EUR 39.0 million. This figure was adjusted for comparison purposes in accordance with IFRS 5.

Interest expenses for lease liabilities amounted to EUR 12.5 million in the past financial year (PY: EUR 10.8 million). Gains on sale-and-leaseback transactions amounted to EUR 0 million (PY: EUR 11.7 million).

Cash outflows for the Group's leases amounted to EUR 59.7 million in the 2022 financial year (PY: EUR 45.7 million). Rental expenses for leases with a term of no more than twelve months amounted to EUR 13.9 million (PY: EUR 12.9 million) and rental expenses for leases for low-value assets amounted to EUR 1.5 million (PY: EUR 1.3 million). These rental expenses are presented within Other expenses.

25. Financial assets and companies accounted for at equity

25.1 Other equity investments

The position mainly consisted of an equity investment of the Conaxess Trade Group in the amount of EUR 5.8 million (PY: EUR 6.3 million).

25.2 Other non-current loans

The total amount of EUR 3.6 million (PY: EUR 15.1 million) consisted mainly of non-current loans at Silvan in the amount of EUR 2.4 million (PY: EUR 2.4 million).

25.3 Companies accounted for at equity

The following are the Group's significant associates as of December 31, 2022. The country of incorporation or registration is also their principal place of business:

Company name	Registered head office	Share of equity held	Type of relationship	aluation method	Carrying amount 2022	Carrying amount 2021
AURELIUS Investment Lux One Sàrl	Luxembourg	29.4%	Associate	At equity	72.5	3.1

The investment focus of AURELIUS Equity Opportunities SE & Co. KGaA was expanded in financial year 2021 to include larger transaction volumes to be handled under the newly launched co-investment program. These investments are not consolidated because AURELIUS Equity Opportunities SE & Co. KGaA does not exercise control as defined by IFRS 10 over any of the co-investments. AURELIUS Investment Lux One Sàrl, in which AURELIUS Equity Opportunities SE & Co. KGaA holds a 29.4% equity stake, is the joint acquisition vehicle of AURELIUS European Opportunities Fund IV, Luxembourg, which was founded in 2021, and AURELIUS Equity Opportunities SE & Co. KGaA. AURELIUS Investment Lux One Sàrl itself is accounted for by the equity method in the consolidated financial statements.

At the reporting date of December 31, 2022, the investments of AURELIUS Investment Lux One Sàrl were measured at fair value in accordance with the Valuation Guidelines of the AURELIUS Equity Opportunities Group. Fair value measurement was chosen as the basis for the accounting treatment of co-investments in the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA by exercising the option allowed in IAS 28.36A.

In accordance with the Valuation Guidelines of the AURELIUS Equity Opportunities Group, a multiplier method is used to calculate the fair value of the investments held by AURELIUS Investment Lux One Sàrl, as a general rule. Under this method, the total value of the respective investment held by AURELIUS Investment Lux One Sàrl is determined on the basis of EV/EBITDA multipliers (where EV stands for enterprise value and EBITDA stands for earnings before interest, taxes, depreciation and amortization of intangible assets, property, plant and equipment, and right-of-use assets) and deductions from net debt. Adjusted EBITDA for the last twelve months ("LTM Adjusted EBITDA") is applied as the reference value. The LTM Adjusted EBITDA and the respective deductions from net debt are derived from IFRS financial data on the investments held by AURELIUS Investment Lux One Sàrl at December 31, 2022. EBITDA is adjusted for exceptional effects such as non-recurring effects, for example, in order to reflect a sustainably achievable reference value.

The median value of the EV/EBITDA multipliers of a comparison group of similar companies (peer group) is applied as the multiplier. The peer group companies are identified and continually reassessed to reaffirm their suitability with the aid of external data sources (S&P Capital IQ) on the basis of standardized criteria. A separate peer group is identified for each investment of AURELIUS Investment Lux One Sàrl.

Premiums or discounts are initially applied to the median value of the EV/EBITDA multipliers calculated for the peer group. Compared to the identified peer group companies, the individual investments of AURELIUS Investment Lux One Sàrl are not listed on a stock exchange, which also allows for other capital-raising possibilities and funding vehicles. Furthermore, the regular status of the individual investments as carve-outs from larger organizations (including exchange-listed entities) is taken into account in the overall analysis. For this purpose, it is assumed that the company in question must undergo an intensive transformation process at the operational level after the acquisition, the intensity of which varies by the length of the holding period. The successful implementation of the transformation process is subject to higher uncertainty in the early part of the holding period. This uncertainty is expressed in the form of a higher risk premium compared to the peer group of exchange-listed enterprises. Because the individual investees are mostly carve-outs from larger organizational structures, higher investments are needed to create a stand-alone organizational structure. For purposes of subsequent measurement, the premiums or discounts are reviewed on a quarterly basis to reaffirm their suitability. The premium or discount applied to the EV/EBITDA multiple of the peer group is chosen individually for each investment on the basis of factors such as the holding period to date and the progress of the respective transformation process or implementation of individual projects by which this progress is determined. This can also be determined by assessing the progress of implementation of the various functional practices or operations of the AURELIUS Equity Opportunities Group in the form of measures or milestones within the given company. Such functional practices are implemented in different areas such as finance, procurement, IT, sales and e-commerce. Due to the fact that the timeframes of individual projects are very different from each other particularly due to different business models, company sizes, target countries, corporate structures, etc., the premiums or discounts applied to the peer group EV/EBITDA multiplier for valuation purposes must be considered on a case-by-case basis.

In measuring the value of non-exchange-listed companies, a liquidity discount must be applied additionally. The liquidity discount can be calculated, for instance, on the basis of minority transactions within exchange-listed companies. This discount is usually between 20 and 30 percent.

An appropriate premium must also be applied when the company to be valued is subject to the control of the shareholder whose equity share is to be measured. This premium is usually between 20 and 30 percent.

It can usually be assumed that the liquidity discount and the majority-ownership premium will cancel each other out and will therefore not prove to be decisive factors affecting the valuation. An exception to this general rule arises when the company in question launches an IPO to become an exchange-listed company or if control is lost due to the sale of share.

As in the previous year, there are no commitments and contingent liabilities related to associates at December 31, 2022.

Aggregated financial information of the associates that are material for the Group is presented in the table below. The figures are the amounts presented in the financial statements of the relevant associates, not the shares of those amounts attributable to AURELIUS Equity Opportunities SE & Co. KGaA. The amounts are based on financial statements prepared in accordance with the principles of the International Financial Reporting Standards:

Aggregated line items from the statement of financial position mEUR	**12/31/2022**	**12/31/2021**
Non-current assets	260.0	11.0
Current assets	13.7	1.3
Non-current liabilities	- / -	- / -
Current liabilities	27.0	2.1
Net assets	**246.7**	**10.2**
Attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA	72.5	3.1

Aggregated line items from the statement of comprehensive income mEUR	**2022**	**2021**
Revenues	7.8	- / -
Profit/loss after taxes from continued operations	91.8	-2.2
Other comprehensive income	- / -	- / -
Total comprehensive income	**91.8**	**-2.2**
Attributable to shareholders of AURELIUS Equity Opportunities SE & Co. KGaA	27.0	-0.7

26. Inventories

Inventories break down as follows:

mEUR	12/31/2022	12/31/2021
Finished goods and trading stock	344.3	283.5
Raw materials and supplies	99.4	101.6
Unfinished good, unfinished services	67.2	83.1
Down payments made	2.5	4.2
Total continued operations	**513.4**	**472.4**
Discontinued operations	- / -	8.1
Total inventories	**513.4**	**480.5**

Finished goods and trading stock are mainly held by Distrelec in the amount of EUR 81.2 million (PY: EUR 56.8 million), Silvan in the amount of EUR 47.9 million (PY: EUR 38.2 million), the European Imaging Group in the amount of EUR 47.9 million (PY: EUR 29.6 million), the Conaxess Trade Group in the amount of EUR 41.5 million (PY: EUR 33.4 million), Nedis in the amount of EUR 34.8 million (PY: EUR 33.1 million), and the NDS Group in the amount of EUR 21.4 million (PY: EUR 20.2 million).

Raw materials and supplies consisted mainly of stocks held by HanseYachts in the amount of EUR 20.0 million (PY: EUR 18.0 million), VAG in the amount of EUR 18.6 million (PY: EUR 19.1 million), moveero in the amount of EUR 16.5 million (PY: EUR 16.4 million), ConverterTec in the amount of EUR 9.5 million (PY: EUR 12.1 million), and ZIM Aircraft Seating in the amount of EUR 5.4 million (PY: EUR 5.5 million).

Unfinished goods and services were mainly held by HanseYachts in the amount of EUR 20.4 million (PY: EUR 29.9 million), Remi Claeys Aluminium in the amount of EUR 13.2 million (PY: EUR 13.6 million), and moveero in the amount of EUR 10.4 million (PY: EUR 12.6 million).

Inventories amounting to EUR 56.9 million (PY: EUR 17.5 million) have been pledged as security for financial liabilities and inventories amounting to EUR 30.1 million (PY: EUR 22.1 million) have been pledged as security for trade payables.

Inventories totaling EUR 3.3 million (PY: EUR 5.6 million) were measured at fair value less costs to sell at the reporting date.

Impairments of inventories are recognized within Purchased goods and services. The change in accumulated impairments of inventories is presented in the table below:

Impairments of inventories mEUR	2022	2021
Balance at 1/1	**42,5**	**31,3**
Discontinued operations	-1,7	- / -
Impairments	9,3	20,3
Reversals of earlier impairments	-6,8	-9,6
Foreign currency effects	0,7	0,5
Balance at 12/31	**44,0**	**42,5**

Reversals of impairments were carried out in the reporting period based on the observed development of markets. The reversals of impairments relate to previously recognized impairments for which the current circumstances make it necessary to increase the carrying amounts to the lower of acquisition or production cost and the corrected net realizable value.

27. Trade receivables

The trade receivables totaling EUR 369.0 million (PY: EUR 343.1 million) were mainly held by the Rivus Group in the amount of EUR 101.5 million (PY: EUR 74.1 million), VAG in the amount of EUR 44.6 million (PY: EUR 40.6 million), moveero in the amount of EUR 39.8 million (PY: EUR 37.5 million), and the Conaxess Trade Group in the amount of EUR 24.5 million (PY: EUR 28.0 million).

All stated receivables are due in one year or less. Receivables amounting to EUR 114.1 million (PY: EUR 80.7 million) are administered under recourse factoring agreements.

Receivables totaling EUR 10.0 million (PY: EUR 21.7 million) have been pledged as security for financial liabilities and receivables totaling EUR 15.9 million (PY: EUR 22.9 million) have been pledged as security for trade payables.

Changes in accumulated impairments of trade receivables are presented in the table below:

Impairments mEUR	2022	2021
Balance at 1/1	**7.9**	**13.6**
Discontinued operations	-0.3	-5.1
Impairments	1.9	2.4
Reversals of earlier impairments	-1.6	-2.4
Foreign currency effects	-0.6	-0.6
Balance at 12/31	**7.3**	**7.9**

Please refer to Note 57 ff. of the present notes to the consolidated financial statements for information about the default risks, maturity analysis, and risk concentration of receivables.

28. Income tax assets

The income tax assets totaling EUR 2.6 million (PY: EUR 2.2 million) were mainly held by Zentia in the amount of EUR 0.9 million (PY: EUR 0.3 million) and Nedis in the amount of EUR 0.7 million (PY: EUR 0 million).

29. Other financial assets incl. derivatives

The Other financial assets incl. derivatives totaling EUR 121.1 million (PY: EUR 122.0 million) mainly consisted of current loan receivables from third parties in the amount of EUR 83.5 million (PY: EUR 86.8 million), debit balances in vendor accounts in the amount of EUR 5.7 million (PY: EUR 3.6 million), and security deposits in the amount of EUR 8.4 million (PY: EUR 2.1 million). Derivative financial instruments held as assets in the amount of EUR 0.9 million (PY: EUR 1.2 million) are meant to hedge commodity risks (in the previous year, this was shown separately in the consolidated statement of financial position item derivative financial instruments (see note 32).

30. Other assets

The stated Other assets totaling EUR 75.8 million (PY: EUR 44.8 million) mainly consisted of sales tax assets in the amount of EUR 29.5 million (PY: EUR 20.3 million), money transit in the amount of EUR 11.6 million (PY: EUR 0 million) and claims from down payments in the amount of EUR 6.7 million (PY: EUR 5.1 million).

31. Prepaid expenses

The prepaid expenses totaling EUR 32.8 million (PY: EUR 33.4 million) mainly related to the Rivus Group in the amount of EUR 23.4 million (PY: EUR 21.9 million), Silvan in the amount of EUR 2.0 million (PY: EUR 1.8 million) and the Conaxess Trade Group in the amount of EUR 1.5 million (PY: EUR 1.3 million). The stated amounts are mainly prepayments of rents, purchase orders, maintenance work, insurance, and customer discounts.

32. Derivative financial instruments

From the 2022 financial year onwards, derivative financial instruments are reported in the item Other financial assets incl. derivativs (note 29).

33. Cash and cash equivalents

The stated cash and cash equivalents of EUR 331.5 million (PY: EUR 444.0 million) were mainly held by AURELIUS Equity Opportunities SE & Co. KGaA in the amount of EUR 122.0 million (PY: EUR 186.2 million), the Conaxess Trade Group in the amount of EUR 38.2 million (PY: EUR 29.5 million), VAG in the amount of EUR 22.2 million (PY: EUR 27.5 million), Scholl Shoes in the amount of EUR 15.4 million (PY: EUR 16.7 million), the European Imaging Group in the amount of EUR 13.9 million (PY: EUR 17.4 million), ConverterTec in the amount of EUR 11.1 million (PY: EUR 4.4 million), and Distrelec in the amount of EUR 11.1 million (PY: EUR 23.9 million).

Of the total cash and cash equivalents, an amount of EUR 27.0 million (PY: EUR 30.6 million) has been pledged as security (restricted cash). In the past financial year, cash and cash equivalents amounting to EUR zero million (PY: EUR 2.4 million) were presented as held-for-sale assets in accordance with IFRS 5. In this way, the cash and cash equivalents held at the end of the financial year as presented in the consolidated statement of cash flows can be reconciled with the related items in the consolidated statement of financial position.

The reconciliation is presented in the table below:

in MEUR	12/31/2022	12/31/2021
Cash and cash equivalents	**331.5**	**444.0**
Restricted cash	-27.0	-30.6
Cash presented as held-for-sale assets in accordance with IFRS 5	- / -	2.4
Cash and cash equivalents from continued and discontinued operations as presented in the statement of cash flows	**304.5**	**415.8**

34. Assets held for sale and liabilities related to assets held for sale

No assets held for sale or liabilities related to assets held for sale are presented in the consolidated statement of financial position at the reporting date of December 31, 2022. In the previous year, the stated amount related to Ideal Shopping Direct, which was sold in financial year 2022.

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35. Subscribed capital

The share capital of AURELIUS Equity Opportunities SE & Co. KGaA amounting to EUR 31,680 thousand (PY: EUR 31,680 thousand) is fully paid in. After the retirement of 1,000,000 treasury shares in financial year 2022, the share capital is divided into 28,769,944 no-par shares, each representing a proportional share of capital equal to EUR 1.10 (PY: EUR 1.06). There were 26,682,553 shares outstanding at December 31, 2022 (PY: 28,496,553). AURELIUS Equity Opportunities SE & Co. KGaA purchased 1,814,000 treasury shares in financial year 2022 (PY: 186,000 treasury shares). As in the previous year, no treasury shares were sold in the past financial year. Therefore, the company held 2,087,391 treasury shares at December 31, 2022 (PY: 1,273,391).

36. Retained earnings

By resolution of the annual general meeting of June 21, 2022, a dividend totaling EUR 41.5 million was paid in the past financial year from the distributable profit of AURELIUS Equity Opportunities SE & Co. KGaA for the 2021 financial year totaling EUR 129.9 million. This corresponds to a dividend of EUR 1.50 per share. An amount of EUR 88.4 million was carried forward to new account. On the date of the annual general meeting, the company held 2,087,391 treasury shares, which do not qualify for dividends pursuant to Section 71b AktG. The amount accruing to these shares is included in the retained amount of EUR 88.4 million.

Under the German Stock Corporations Act, the amount of dividends that can be paid to shareholders is determined on the basis of the distributable profit presented in the separate financial statements of AURELIUS Equity Opportunities SE & Co. KGaA, which are drawn up in accordance with the accounting regulations of the German Commercial Code. The profit utilization proposal of the personally liable partner states that a dividend of EUR 0.50 should be paid from the distributable profit of EUR 110.3 million presented in the separate financial statements for 2022 prepared in accordance with German commercial law. This corresponds to a dividend payout of EUR 13.2 million. An amount of EUR 97.1 million should be carried forward to new account. To the extent that the Company holds treasury shares on the day of the Annual General Meeting which are not entitled to dividends pursuant to § 71b of the German Stock Corporation Act (AktG), the amount attributable to such shares shall be carried forward to new account.

37. Other reserves

The Other reserves include the results of foreign currency translation for the foreign business operations, the revaluation reserve for defined benefit pension obligations, and the recognized liabilities for post-employment benefits for former members of the Executive Board of AURELIUS SE and former employees of the AEO Group. The changes in the reporting period are presented in the consolidated statement of changes in equity.

38. Non-controlling interests

The adjustment item for non-controlling interests totaling EUR 33.6 million (PY: EUR 39.8 million) related particularly to HanseYachts. The total share of non-controlling interests in the activity and cash flows of the Group is of subordinate importance (see also Note 8).

39. Authorized Capital

The Authorized Capital 2015/I was annulled by resolution of the annual general meeting of July 19, 2019. By the same resolution, the share capital was conditionally increased by up to EUR 15.8 million by the issuance of up to 15,840,000 new bearer shares (Authorized Capital 2019/I). The Authorized Capital 2019/I is meant to enable the company to increase its equity considerably when needed. The new Authorized Capital authorizes the personally liable partner to increase the company's share capital, with the consent of the Supervisory Board, by up to EUR 15,840,000.00 by issuing up to 15,840,000 new bearer shares in exchange for cash and/or non-cash capital contributions on one or more occasions in the time until July 18, 2024 (Authorized Capital 2019/1). At the reporting date of December 31, 2022, the Authorized Capital amounted to EUR 15.8 million (PY: EUR 15.8 million).

40. Conditional Capital

By resolution of the annual general meeting of May 18, 2018, the share capital was raised conditionally by up to EUR 5.0 million through the issuance of up to 5,000,000 new bearer shares qualifying for dividends (Conditional Capital 2018/I). The conditional capital increase serves the purpose of granting shares, upon execution of conversion and option rights or upon fulfillment of conversion or option obligations, to the holders of convertible bonds, warrant bonds, participation rights, and/or participating bonds (or combinations of these instruments), which may be issued by virtue of the authorization granted by the annual general meeting of May 18, 2018. The conditional capital increase will only be carried out to the extent that the holders of convertible bonds, warrant bonds, participation rights, and/or participating bonds issued by the company in the time until May 17, 2023 on the basis of the authorization granted by the annual general meeting of May 18, 2018 exercise their conversion or warrant rights or to enable the company to fulfill its conversion obligations under such bonds, and to the extent that other forms of settlement are not employed to service such rights.

41. Purchases of treasury shares

By resolution of May 18, 2018, the personally liable partner was authorized to purchase treasury shares up to a total of 10 percent of the share capital existing at the time when the resolution was adopted or at the time when the authority is exercised, if this value is lower, in the time until May 17, 2023. The shares purchased on the basis of this authority are not permitted to exceed ten percent of the respective share capital at any time, together with other shares in the company that the company has acquired and still holds, or are attributable to it pursuant to Sections 278 (3) and 71a AktG. This resolution was partially exercised in financial year 2020. The 1,000,000 treasury shares purchased in financial year 2020 in the months of February to June represent a share of 3.25 percent of the original share capital of EUR 31,680,000.00. The resolution of May 18, 2018 was annulled by resolution of the annual general meeting of June 18, 2020. By the same resolution, the personally liable partner was authorized to purchase treasury shares up to a total of ten percent of the share capital existing at the time when the resolution was adopted or at the time when the authority is exercised, if this value is lower, in the time until June 17, 2025. The shares purchased on the basis of this authority are not permitted to exceed ten percent of the respective share capital at any time, together with other shares in the company that the company has acquired and still holds, or are attributable to it pursuant to Sections 278 (3) and 71a AktG. The purchase is meant to enable the company to conserve liquidity by using treasury shares also for the early buyback of convertible bonds or warrant bonds or participation rights with conversion or warrant rights, for example. The company partially exercised this authorization in financial year 2021. The 186,000 treasury shares purchased in financial year 2021 in the months of November and December represents 0.62 percent of the original share capital of EUR 31,680,000.00.

The resolution of June 18, 2020 was annulled by the resolution of June 21, 2022. By the same resolution, the personally liable partner was authorized to purchase treasury shares up to a total of ten percent of the share capital existing at the time when the resolution was adopted or at the time when the authority is exercised, if this value is lower, in the time until June 20, 2027. The shares purchased on the basis of this authority are not permitted to exceed ten percent of the respective share capital at any time, together with other shares in the company that the company has acquired and still holds, or are attributable to it pursuant to Sections 278 (3) and 71a AktG. In the financial year 2022, AURELIUS Equity Opportunities SE & Co. KGaA acquired 1,814,000 treasury shares, corresponding to 5.73 percent of the original share capital of EUR 31,680,000.00.

At December 31, 2022, AURELIUS Equity Opportunities SE & Co. KGaA held a total of 2,087,391 treasury shares, each representing a proportional share of capital equal to EUR 1.10. In total, this represents 7.26 percent of the original share capital of EUR 31,680,000.00.

Exercising the authorization granted by the company's annual general meeting on June 18, 2020, the Managing Directors of the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA resolved on March 9, 2021 to retire 1,000,000 bearer shares held as treasury shares that had been purchased under share buyback programs by means of the simplified procedure according to Section 71 (1) no. 8 sentence 6, Section 237 (3) no. 3, Section 278 (3) AktG. This corresponds to approx. 3.16 percent of the company's share capital. The shares were retired without reducing the company's share capital. Therefore, the proportional share of capital represented by the other individual shares increased by the same amount in accordance with Section 278 (3), Section 8 (3) AktG.

Exercising the authorization granted by the company's annual general meeting on June 18, 2020, the Managing Directors of the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA resolved on June 15, 2022 to retire 1,000,000 bearer shares held as treasury shares that had been purchased under share buyback programs by means of the simplified procedure according to Section 71 (1) no. 8 sentence 6, Section 237 (3) no. 3, Section 278 (3) AktG. This corresponds to approx. 3.16 percent of the company's share capital. The shares were retired without reducing the company's share capital. Therefore, the proportional share of capital represented by the other individual shares increased by the same amount in accordance with Section 278 (3), Section 8 (3) AktG.

According to IAS 32.33, treasury shares are not to be capitalized, but rather recognized as a deduction from equity. According to the par value method, the nominal amount of purchased treasury shares is deducted from subscribed capital and any acquisition costs in excess of that amount is deducted from retained earnings.

The purpose of the authorization and purchases is to enable the Board of Directors to offer shares of the company for sale to institutional investors in Germany and abroad, and to adjust the company's equity in a flexible manner to suit the business needs of the company and to be able to react to stock market situations at short notice. Furthermore, the authorisation enables the Company to use treasury shares as consideration for the acquisition of companies or participations in companies as acquisition currency.

42. Provisions

The structure of provisions at the reporting date of December 31, 2022 is presented in the table below:

mEUR	1/1/2022	Change in basis of consolidation	Utilization	Addition	Reversal	Reclassification	Currency translation	12/31/2022
Onerous contracts	1.1	- / -	- / -	3.2	-2.8	- / -	- / -	1.5
Warranties	5.5	0.3	-0.4	1.0	-0.3	- / -	- / -	6.1
Restructuring	8.7	- / -	-6.3	1.2	-0.8	- / -	-0.1	2.7
Commissions	4.6	-0.4	-1.3	2.2	- / -	- / -	-0.1	5.0
Personnel	1.8	-0.2	-0.1	1.5	-0.2	- / -	-0.1	2.7
Other	25.5	-7.6	-8.9	22.0	-2.5	- / -	-0.6	27.9
Provisions	**47.2**	**-7.9**	**-17.0**	**31.1**	**-6.6**	**- / -**	**-0.9**	**45.9**

The restructuring provisions of EUR 2.7 million (PY: EUR 8.7 million) consisted mainly of provisions for personnel measures and risk provisions.

The personnel provisions of EUR 2.7 million (PY: EUR 1.8 million) consisted mainly of provisions for employee anniversary bonuses in the amount of EUR 1.3 million (PY: EUR 0.7 million) and provisions for partial early retirement arrangements (known in Germany as Altersteilzeit) in the amount of EUR 0.7 million (PY: EUR 0.7 million).

The Other provisions of EUR 27.9 million (PY: EUR 25.5 million) consisted mainly of environmental provisions, tax provisions, provisions for site restoration obligations, and various individual obligations to third parties.

The maturity structure of provisions is presented in the table below:

mEUR 2022	Onerous contracts	Warranties	Restructuring	Commissions	Personnel	Other	Total
Non-current provisions	- / -	1.1	- / -	- / -	1.3	4.6	7.0
Current provisions	1.5	5.0	2.7	5.0	1.4	23.3	38.9
Total provisions	**1.5**	**6.1**	**2.7**	**5.0**	**2.7**	**27.7**	**45.9**

mEUR 2021	Onerous contracts	Warranties	Restructuring	Commissions	Personnel	Other	Total
Non-current provisions	- / -	0.9	- / -	- / -	1.2	5.5	7.6
Current provisions	1.1	4.6	8.7	4.6	0.6	20.0	39.6
Total provisions	**1.1**	**5.5**	**8.7**	**4.6**	**1.8**	**25.5**	**47.2**

Provisions were measured as the best possible estimate of the amount corresponding to the future cash outflows expected at the reporting date. The cash outflow for current provisions is expected to occur within financial year 2023. The cash outflow for non-current provisions is expected to occur mainly within the next three years. Non-current provisions are discounted to present value by application of discount rates in a range of zero to two percent. As in the previous year, however, the compounding did not have a material effect in the past financial year.

43. Financial liabilities

Non-current financial liabilities break down as follows:

mEUR	12/31/2022	12/31/2021
Liabilities to banks	118.5	121.5
Other financial liabilities	131.0	132.8
Total continued operations	**249.5**	**254.3**
Discontinued operations	- / -	- / -
Total non-current financial liabilities	**249.5**	**254.3**

Liabilities to banks were mainly found with VAG in the amount of EUR 38.8 million (PY: EUR 35.2 million), moveero in the amount of EUR 31.5 million (PY: EUR 35.2 million), and HanseYachts in the amount of EUR 18.8 million (PY: EUR 19.1 million). The average effective interest rate of non-current liabilities to banks in the reporting period was 3.00 percent p. a. (PY: 2.66%). The terms are mostly five years (PY: 6 years).

The Other financial liabilities mainly consisted of liabilities from loans to third parties at AURELIUS Equity Opportunities AB in the amount of EUR 116.7 million (PY: EUR 110.9 million).

At the reporting date of December 31, 2022, current financial liabilities break down as follows:

mEUR	12/31/2022	12/31/2021
Liabilities to banks	55.2	27.0
Liabilities from factoring	114.1	80.7
Other financial liabilities	23.4	17.4
Total continued operations	**192.7**	**125.1**
Discontinued operations	- / -	- / -
Total current financial liabilities	**192.7**	**125.1**

Current financial liabilities to banks were mainly found at Silvan in the amount of EUR 15.5 million (PY: EUR 1.3 million), HanseYachts in the amount of EUR 12.3 million (PY: EUR 8.5 million), and VAG in the amount of EUR 5.9 million (PY: EUR 9.9 million). The current average interest rate on current financial liabilities to banks is 3.19 percent (PY: 2.98%). The terms are no longer than 12 months. Fixed-interest loans accounted for 49.0 percent at the end of the reporting period (PY: 64.6%).

Liabilities from factoring were mainly found at the Rivus Group in the amount of EUR 37.6 million (PY: EUR 19.5 million), Distrelec in the amount of EUR 22.6 million (PY: EUR 20.2 million), YouBuild in the amount of EUR 15.5 million (PY: EUR 8.4 million), and Remi Claeys in the amount of EUR 13.0 million (PY: EUR 5.8 million).

The Other financial liabilities included Other loans to third parties.

The reconciliation of financial liabilities for the two years 2021 and 2022 is presented in the table below:

mEUR	Non-current financial liabilities	Current financial liabilities
January 1, 2022	**254.3**	**125.1**
Cash flows		
Cash inflows	27.6	68.6
Cash out flows	-29.3	-5.7
Non-cash items		
Initial consolidations	-1.9	-0.1
Deconsolidations	- / -	0.3
Other	-1.2	4.5
December 31, 2022	**249.5**	**192.7**

mEUR	Non-current financial liabilities	Current financial liabilities
January 1, 2021	**184.2**	**202.5**
Cash flows		
Cash inflows	126.7	21.7
Cash outflows	-44.5	-47.8
Non-cash items		
Initial consolidations	5.0	6.4
Deconsolidations	-15.5	-59.6
Other	-1.6	1.8
December 31, 2021	**254.3**	**125.1**

44. Trade payables

Trade payables totaling EUR 440.1 million (PY: EUR 422.8 million) are due in full in one year or less. The largest sub-items were found at the Rivus Group in the amount of EUR 88.5 million (PY: EUR 66.8 million), the European Imaging Group in the amount of EUR 47.3 million (PY: EUR 31.8 million), Silvan in the amount of EUR 43.6 million (PY: EUR 39.5 million), and the Conaxess Trade Group in the amount of EUR 42.6 million (PY: EUR 41.4 million). The other sub-items were distributed among the other Group companies.

45. Income tax liabilities

The income tax liabilities totaling EUR 17.6 million (PY: EUR 11.2 million) were mainly found at moveero in the amount of EUR 1.4 million (PY: EUR 2.3 million), the Conaxess Trade Group in the amount of EUR 2.5 million (PY: EUR 1.8 million), and Distrelec in the amount of EUR 6.6 million (PY: EUR 1.1 million).

46. Lease liabilities

The Group's non-current lease liabilities recognized in accordance with IFRS 16 in the total amount of EUR 229.6 million (PY: EUR 280.9 million) were mainly found at Silvan in the amount of EUR 94.8 million (PY: EUR 92.9 million), Distrelec in the amount of EUR 29.7 million (PY: EUR 30.3 million), and BMC Benelux in the amount of EUR 20.9 million (PY: EUR 22.6 million).

The Group's current lease liabilities totaling EUR 47.7 million (PY: EUR 41.4 million) were mainly found at Silvan in the amount of EUR 14.9 million (PY: EUR 14.6 million), the Rivus Group in the amount of EUR 6.1 million (PY: EUR 6.5 million), and the Conaxess Trade Group in the amount of EUR 4.1 million (PY: EUR 4.5 million).

The cash outflows for the Group's leases totaled EUR 59.7 million in financial year 2022 (PY: EUR 47.1 million). In accordance with IFRS 16, the liability reduction component of EUR 46.8 million (PY: EUR 36.1 million) is presented within the cash flow from financing activities and the finance component of EUR 12.7 million (PY: EUR 11.0 million) is presented within the cash flow from operating activities.

47. Contract liabilities

The contract liabilities recognized in accordance with IFRS 15 in the total amount of EUR 62.7 million (PY: EUR 80.2 million) resulted mainly from HanseYachts in the amount of EUR 42.2 million (PY: EUR 60.8 million) and VAG in the amount of EUR 14.8 million (PY: EUR 16.9 million).

Of the total amount, EUR 62.7 million (PY: EUR 80.1 million) consisted of current contract liabilities due in one year or less. These are mainly down payments received on account of customer orders at the two portfolio companies VAG and HanseYachts, which were booked as consideration received before the performance obligation under the customer contract was satisfied. The liability is derecognized and concurrently recognized as revenue as soon as the customer obtains control of the goods or services.

48. Other financial liabilities

The Other non-current financial liabilities totaling EUR 5.9 million (PY: EUR 21.1 million) consisted mainly of interest-bearing liabilities in the amount of EUR 3.5 million (PY: EUR 3.0 million). This item also includes commitments under purchase price adjustment clauses (earn-outs) resulting from the acquisition of shares in companies in the amount of EUR 2.2 million (PY: EUR 18.1 million). The fair values were determined using the acquisition method as part of the purchase price allocation process conducted in respect of acquired companies. When such fair values are determined with reference to expected profits and losses, they are updated on the basis of the budgets of the affected companies.

The Other current financial liabilities totaling EUR 4.9 million (PY: EUR 0.0 million) consisted mainly of commitments under purchase price adjustment clauses (earn-outs) in the amount of EUR 4.0 million (PY: EUR 0.0 million). This item also included derivative financial instruments in the amount of EUR 0.3 million (PY: EUR 0.4 million), which were still shown as a separate balance sheet item in the previous year.

49. Other liabilities

The Other non-current liabilities totaling EUR 53.3 million (PY: EUR 58.8 million) consisted mainly of liabilities to employees in the amount of EUR 49.6 million (PY: EUR 51.0 million). This item also included government grants in the amount of EUR 1.0 million (PY: EUR 1.9 million).

The Other current liabilities totaling EUR 183.4 million (PY: EUR 216.4 million) consisted mainly of Other tax liabilities in the amount of EUR 50.1 million (PY: EUR 43.8 million), liabilities to employees in the amount of EUR 43.6 million (PY: EUR 58.6 million), and credit balances in customer accounts in the amount of EUR 19.1 million (PY: EUR 24.8 million). This item also included liabilities to social insurance carriers in the amount of EUR 1.3 million (PY: EUR 2.0 million).

50. Deferred income

At the reporting date of December 31, 2022, deferred income totaling EUR 5.5 million (PY: EUR 8.7 million) was mainly found at Silvan in the amount of EUR 1.1 million (PY: EUR 1.0 million), the Conaxess Trade Group in the amount of EUR 1.0 million (PY: EUR 0.9 million), and the Rivus Group in the amount of EUR 0.7 million (PY: EUR 0.7 million). This item mainly consisted of customer prepayments and customer rebates.

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51. Share-based compensation agreements

At December 31, 2022, share-based compensation agreements were in effect in the form of cash-settled Share Appreciation Rights (SARs) in the AURELIUS Equity Opportunities Group.

On February 17, 2021, the Group granted a total of 1,200,000.00 SARs to the members of its Board of Directors. This grant entitles the employees to receive cash payments in tranches after nine months, 21 months, and 33 months of employment. The SARs have a term of five years from the grant date. The amount of the cash payment depends on the appreciation of the share price of AURELIUS Equity Opportunities SE & Co. KGaA between the grant date and the exercise date. In accordance with the conditions of the agreements made with the employees, the number of granted SARs was proportionally reduced to 1,122,002 after AURELIUS Equity Opportunities SE & Co. KGaA conducted capital decreases by retiring shares with effect as of March 9, 2021 and June 15, 2022. As of February 7, 2023, the stock option program of some of the Executive Directors was cancelled. No SARs were exercised in the past 2022 financial year (PY: 250,000), whereas the remaining SARs outstanding at December 31, 2022 numbered 872,002 (PY: 911,001).

As of December 31, 2022, the fair value of the corresponding liability amounted to EUR 5.2 million (PY: EUR 6.3 million), which is presented within Other non-current liabilities. The share of the corresponding liability representing the period of employment is recognized in Personnel expenses. The income resulting from the remeasurement of the liability at the reporting date amounted to EUR 3.1 million (PY: expense of EUR 1.9 million), which is presented within the Financial result. The intrinsic value of liabilities for vested benefits was EUR 2.9 million at the reporting date.

The fair value of the SARs was determined by application of the Black-Scholes formula. The employment conditions and non-market performance conditions associated with the transactions were not considered in the determination of the fair value. The following parameters were applied in determining the fair value at the grant date and measurement date of the Share Appreciation Rights:

Parameter	Measurement date 12/31/2022
Fair value of SARs (weighted average in EUR)	6.61
Share price (in EUR)	18.91
Exercise price (in EUR)	13.70
Expected volatility (weighted average in %)	29.66
Expected term (weighted average in years)	0.35
Expected dividends (in %)	7.93%
Risk-free interest rate (based on government bonds, in %)	1.23%

The expected volatility is based on an assessment of the historical volatility of the company's share price, particularly in the period of time corresponding to the expected term. The expected term of the instruments is based on historical experience values and the general behavior of option holders.

52. Employee benefits

The assets from employee benefits presented in the statement of financial position in the amount of EUR 4.4 million (PY: EUR 25.2 million) consisted mainly of the plan assets of a portfolio company in the United Kingdom. The reduction from the previous year resulted mainly from the transfer of assets by the portfolio company's trustee to an insurance policy.

Pension provisions and liabilities for post-employment benefits are recognized in accordance with IAS 19 (Employee Benefits). The pension provisions mainly consist of benefits payable under company pension plans. The liabilities for post-employment benefits in the amount of EUR 38.0 million (PY: EUR 43.9 million) represent the future commitments under the co-investment sub-interests granted to former members of the Executive Board of AURELIUS SE for the portfolio companies of the AEO Group in the amount of EUR 28.0 million (PY: EUR 30.4 million), as well as future commitments under the virtual co-investment sub-interests granted to former employees for the portfolio companies of the AEO Group in the amount of EUR 10.0 million (PY: EUR 13.5 million).

Due to these plans, the Group is normally exposed to various actuarial risks, which are described below.

- **Investment risk**

The present value of defined benefit obligations arising from the plans is calculated using a discount rate that is determined based on the returns of first-seniority, fixed-interest corporate bonds. If the income from the plan assets falls below this interest rate, the plan would be underfunded.

- **Interest rate risk**

A decline in the bond interest rate leads to an increase in the plan obligation, but this is partially offset by increased income from investment of the plan assets in fixed-interest debt instruments.

- **Longevity risk**

The present value of the defined benefit obligation arising from the plans is calculated based on the best possible estimate of the expected mortalities of the entitled employees both during the employment relationship and after its termination. An increase in the life expectancy of the entitled employees leads to an increase in the plan obligation.

- **Salary risk**

The present value of the defined benefit obligation arising from the plans is calculated based on the future salaries of the entitled employees. Salary increases for the entitled employees thus lead to an increase in the plan obligation. Defined benefit obligations are owed by virtue of direct commitments to employees and commitments to external pension entities (pension funds or insurance companies in foreign countries).

The characteristics of the defined benefit plans vary, depending on the legal, tax, and economic conditions in each country. Material features of the defined benefit plans are described in the following.

Germany

The pension obligations in Germany are governed by different pension plans. They mainly include old-age, disability, and widow's pensions. In most cases, the amount of pension benefits is determined on the basis of the pension-eligible compensation, years of service with the company, and the employee's age. The regular retirement age is normally 60 to 67. The pension obligations are funded mainly by means of employer's pension liability insurance, investment funds, and from the operating cash flow of the companies. Securities-linked pension benefits have been granted in the form of deferred compensation to two active members of the Board of Directors of AURELIUS SE. These pension obligations specify a pension fund at retirement age and a survivor's fund in the event of early death. The retirement fund is due at the end of the 67th year of life or departure from the company.

United Kingdom

Defined benefit pension plans are in effect in the United Kingdom. The amount of pension benefits is determined on the basis of the pension-eligible compensation. This amount depends on the vested pension claims at the reporting date (retirement account). To some extent, these plans are closed to new hires and no further claims can be earned. By virtue of the applicable laws and regulations, the vested benefits must be adjusted to account for inflation effects, which are capped at a maximum limit. The obligations are funded by assets administered by a trustee. The funding terms are determined in accordance with the relevant laws and regulations. The necessary funding amounts are resolved jointly by the employer and the trustee. The investment strategy is defined by the trustee, together with the employer. The Board of Trustees is composed of both employer and employee representatives. An agreement signed by a Group company in the United Kingdom with a leading insurance company in the 2018 financial year to replace the former pension fund and cover all future obligations under pension agreements was carried out in the 2021 financial year.

Sweden

In Sweden, a general agreement is in force for salaried employees in the private sector. The ITP pension plan (Industrins och handelns tilläggspension), which is continually replacing defined benefit plans with defined contribution plans, consists of two parts: ITP-1 (for insured persons born 1979 or later) and ITP-2 (for all other insured persons). Employers pay 4.5 percent on income below the statutory income threshold and 30 percent on income above the threshold. The ITP-2 used in the Swedish company applies to persons born in 1978 or earlier and pays a fixed proportion of the final salary after 30 working years: 10 percent of the final salary below the statutory income threshold, 65 percent of income between 46,215 and 123,241 euros, and 32.5 percent of income between 123,242 and 184,862 euros. The defined benefit pension payments from the ITP-2 are supplemented by the ITPK defined contribution plan. An amount equal to two percent of the assessment basis is paid into individual accounts.

Switzerland

There is one pension plan with a pension fund for one company in Switzerland. The amount of pension benefits is based on the length of service with the company, age at departure, and the individually accumulated sum of contributions. The contributions are paid at a particular percentage rate by the employer and the employee. The amount of payable contributions depends on the individual contractual provisions. When starting to draw pension benefits, it is possible to choose between monthly payments or a single lump-sum payment of the amount accumulated up to that time.

Other pension obligations are immaterial when considered separately and are recognized as a total amount in the Other category.

Important actuarial assumptions applied at the reporting date in the Group's different geographical locations are described in the table below:

Germany		
	12/31/2022	12/31/2021
Discount factor	3.6%	1.04%
Pension trend	1.2%	1.05%

United Kingdom		
	12/31/2022	12/31/2021
Discount factor	4.8%	1.90%
Salary trend	2.7%	2.90%

Sweden		
	12/31/2022	12/31/2021
Discount factor	3.7%	1.90%
Salary trend	2.5%	2.70%

Switzerland		
	12/31/2022	12/31/2021
Discount factor	2.0%	0.33%
Salary trend	1.8%	1.00%

Other		
	12/31/2022	12/31/2021
Discount factor	3.9%	2.18%
Salary trend	2.6%	4.06%

In the case of the German Group companies, for example, the assumptions concerning future mortality rates are based on the Mortality Tables 2018 G of Prof. Dr. Klaus Heubeck; for the British Group companies, these assumptions are based on the S3 Tables and the CMI 2020 Projections of the British Institute and Faculty of Actuaries (IFoA). In the other countries, actuarial computations are conducted on the basis of country-specific mortality tables.

Other assumptions remaining constant, possible changes in material valuation parameters would have produced the following effects on the projected unit credit value:

Germany		
mEUR	12/31/2022	12/31/2021
Discount factor + 1%	-1.4	-0.7
Discount factor - 1%	1.6	0.9
Pension trend + 0.5%	0.7	0.4
Pension trend - 0.5%	-1.0	-0.3
Life expectancy + 1 year	1.0	0.4
Life expectancy - 1 year	-0.9	-0.5

United Kingdom		
mEUR	12/31/2022	12/31/2021
Discount factor + 1%	-2.1	-11.2
Discount factor - 1%	2.7	14.5
Pension trend + 0.5%	1.6	8.1
Pension trend - 0.5%	-1.4	-7.5
Life expectancy + 1 year	0.5	2.9
Life expectancy - 1 year	-0.5	-2.9

Sweden		
mEUR	12/31/2022	12/31/2021
Discount factor + 1%	-1.0	-1.3
Discount factor - 1%	1.1	1.5
Pension trend + 0.5%	0.1	0.2
Pension trend - 0.5%	-0.1	-0.2
Life expectancy + 1 year	0.4	0.6
Life expectancy - 1 year	-0.4	-0.6

Switzerland		
mEUR	12/31/2022	12/31/2021
Discount factor + 1%	-3.5	-5.5
Discount factor - 1%	4.5	6.0
Pension trend + 0.5%	0.2	0.4
Pension trend - 0.5%	-0.2	-0.5
Life expectancy + 1 year	0.8	1.2
Life expectancy - 1 year	-0.8	-1.2

Other		
mEUR	12/31/2022	12/31/2021
Discount factor + 1%	-0.4	-0.4
Discount factor - 1%	0.5	0.5
Pension trend + 0.5%	0.1	0.1
Pension trend - 0.5%	-0.2	-0.2
Life expectancy + 1 year	0.1	0.1
Life expectancy - 1 year	-0.1	-0.1

The foregoing sensitivity analysis is unlikely to be representative of the actual change in the defined benefit obligation because it can be considered improbable that deviations from the assumptions would occur in isolation from each other given that the assumptions are partially related to each other.

For defined benefit pension obligations, payments of approximately EUR 4.0 million (PY: EUR 2.7 million) and contributions to plan assets of approximately EUR 1.8 million (PY: EUR 0.9 million) are expected for the 2023 financial year.

A uniform asset-liability matching strategy is not implemented at the Group level. Such strategies are implemented individually at the level of the portfolio companies and are backed inter alia by plan assets and internal funding.

The development of the DBO is presented in detail in the table below:

mEUR	2022	2021
Projected unit credit value of pension obligations at 1/1	**249.9**	**428.3**
Changes in the basis of consolidation	-/-	16.6
Acquisitions and disposals	-/-	-/-
Interest expenses	3.8	3.6
Service cost (including employee contributions)	10.1	2.4
Actuarial gain (-)or loss (+) from demographic assumptions	-0.1	-2.6
Actuarial gain (-)or loss (+) from financial assumptions	-59.1	-23.1
Actuarial gain (-) or loss (+) from experience-based adjustments	1.9	3.6
Employer payments on account of pension obligations	-/-	-1.0
Employee contributions	0.4	0.3
Benefit payments (including tax payments)	-13.3	-12.7
Plan modifications / transfers	- / -	-186.5
Exchange rate changes	-5.5	21.0
Projected unit credit value of pension obligations at 12/31	**188.1**	**249.9**
thereof:		
Unfunded	26.0	36.5
Fully or partially funded	162.1	213.4

At the reporting date, the weighted average duration of defined benefit obligations was ten years in Germany (PY: 14 years), six years in the United Kingdom (PY: 14 years), 18 years in Sweden (PY: 21 years), 13 years in Switzerland (PY: 16 years), and eleven years in the other countries (PY: 11 years).

The breakdown of the total projected unit credit obligation by group of employees is presented in the table below:

12/31/2022	Germany	United Kingdom	Sweden	Switzerland	Other
Active employees	6%	- / -	10%	69%	74%
Former employees with vested benefits	86%	- / -	26%	31%	- / -
Pension recipients	8%	100%	64%	- / -	26%

12/31/2021	Germany	United Kingdom	Sweden	Switzerland	Other
Active employees	8%	- / -	11%	70%	71%
Former employees with vested benefits	83%	- / -	64%	- / -	- / -
Pension recipients	9%	100%	25%	30%	29%

The reconciliation of the change in the fair value of plan assets is presented in the table below:

mEUR	2022	2021
Fair value of plan assets at 1/1	**248.1**	**426.7**
Changes in the basis of consolidation	7.9	1.5
Acquisitions and disposals	-/-	-/-
Interest income	3.7	3.5
Gains (+) or losses (-) on plan assets, excluding the amount presented in interest income	-68.9	1.3
Benefit payments	-11.9	-11.7
Employer contributions	1.2	1.0
Contributions of plan participants	0.6	0.5
Plan modifications / transfers	-/-	-197.8
Cost reimbursements	-/-	-/-
Exchange rate changes	-5.0	23.1
Fair value of plan assets at 12/31	**175.7**	**248.1**

The reconciliation of the funding status to the amounts presented in the consolidated statement of financial position is presented in the table below:

mEUR	2022	2021
Projected unit credit value of pension obligations at 12/31	**188.1**	**249.9**
Less fair value of plan assets at 12/31	175.7	248.1
Non-capitalized assets from plan assets (asset ceiling)	9.0	7.1
Assets from employee benefits	4.4	25.2
Net obligation presented in the statement of financial position at 12/31	**25.8**	**34.1**

The breakdown of defined benefit obligations and plan assets by geographical location is presented in the table below:

mEUR	12/31/2022				
	Germany	United Kingdom	Sweden	Switzerland	Other
Defined benefit obligations	39.5	100.4	9.9	32.7	5.6
Fair value of plan assets	-24.5	-105.5	- / -	-41.0	-4.7
Total	**15.0**	**-5.1**	**9.9**	**-8.3**	**0.9**

mEUR	12/31/2021				
	Germany	United Kingdom	Sweden	Switzerland	Other
Defined benefit obligations	33.4	156.8	13.8	39.7	6.2
Fair value of plan assets	-19.7	-179.0	- / -	-45.0	-4.4
Total	**13.7**	**-22.2**	**13.8**	**-5.3**	**1.8**

The plan assets of AURELIUS break down as follows:

mEUR	12/31/2022			
	Germany	United Kingdom	Switzerland	Other
Cash and cash equivalents	- / -	3.7	1.5	- / -
Investment funds, stocks	- / -	- / -	11.9	- / -
Derivatives	- / -	- / -	- / -	- / -
Bonds	24.1	- / -	14.6	0.2
Real estate	- / -	- / -	13.0	- / -
Other	0.4	101.8	- / -	4.5
Total plan assets	**24.5**	**105.5**	**41.0**	**4.7**

mEUR	12/31/2021			
	Germany	United Kingdom	Switzerland	Other
Cash and cash equivalents	- / -	24.9	2.1	- / -
Investment funds, stocks	- / -	8.1	13.0	0.1
Derivatives	- / -	- / -	- / -	- / -
Bonds	19.3	47.0	16.0	0.2
Real estate	- / -	- / -	13.9	0.1
Other	0.4	99.0	- / -	4.0
Total plan assets	**19.7**	**179.0**	**45.0**	**4.4**

The investment funds are traded in active markets. Therefore, market prices are available. Risks are minimized by means of geographical and strategic diversification. The bonds consist mainly of corporate bonds and government bonds, which are likewise traded in active markets. These bonds have high credit ratings. By contrast, the derivative financial instruments are not traded in an active market.

The Other plan assets consist primarily of claims due from insurance companies in the United Kingdom. These are leading global insurance companies.

No material payments were made in connection with defined contribution pension plans in financial year 2022.

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53. Capital risk management

Generally speaking, the overriding objective of the Group's capital management program is to ensure that it can effectively achieve its goals and strategies, in the interest of its shareholders, employees, and other stakeholders. The AEO Group focuses on the acquisition of companies in transitional or exceptional situations. Consequently, the primary objective is to ensure the continued operation of all Group companies on a going concern basis and to ensure a good balance between equity and debt in order to maintain the funding sources and flexibility required to keep up the business growth of the portfolio companies and invest in strategic business opportunities. Capital management is mostly performed in the Group's operating entities. Capital is monitored on the Group level by means of a regular reporting system so that the Group can intervene with support and optimization measures when necessary. Furthermore, decisions concerning dividend payments and capital measures are made on a case-by-case basis with reference to the internal reporting system and in consultation with the subsidiaries.

The capital to be managed encompasses current and non-current liability items, as well as equity components. The Group is not subject to any externally imposed capital requirements.

mEUR	12/31/2022	12/31/2021
Non-current liabilities	617.2	702.8
Current liabilities	994.0	985.9
Total liabilities	**1,611.2**	**1,688.7**
Equity	**574.6**	**592.5**

The Group's capital structure consists of the Group's net liabilities and equity, the latter comprising shares outstanding, additional paid-in capital, other reserves, retained earnings, and non-controlling interests. The net gearing ratio of the AURELIUS Equity Opportunities Group increased in the reporting period, with the result that the Group's net debt was backed by equity at the rate of 45 percent (PY: 48%) at the reporting date of December 31, 2022. The increase in the net gearing ratio from the previous year is mainly attributable to the lower amount of cash and cash equivalents and the lower amount of equity as well.

mEUR	12/31/2022	12/31/2021
Non-current liabilities	617.2	702.8
Current liabilities	994.0	985.9
Total liabilities	**1,611.2**	**1,688.7**
Cash and cash equivalents	331.5	444.0
Net debt	**1,279.7**	**1,244.7**
Equity	**574.6**	**592.5**
Net gearing ratio	**2.23**	**2.10**

54. Categories of financial instruments

The classification of financial instruments to the various categories at December 31, 2022 is presented in the table below:

mEUR	Note	Measurement category per IFRS 9	Carrying amount 12/31/2022	Fair value 12/31/2022
ASSETS				
Non-current assets				
Financial assets	25	FA-AC	3.6	3.6
	25	FA-FVTPL	5.8	5.8
Current assets				
Trade receivables	27	FA-AC	369.0	369.0
Other financial assets incl. derivatives	29	FA-AC	120.2	120.2
Other financial assets incl. derivatives	29	FA-FVTPL	0.9	0.9
Cash and cash equivalents	33	FA-AC	331.5	331.5
LIABILITIES				
Non-current liabilities				
Financial liabilities	43	FL-AC	249.5	293.8
Other financial liabilities	48	FL-AC	3.6	3.6
Other financial liabilities	48	FL-FVTPL	2.3	2.3
Current liabilities				
Financial liabilities	43	FL-AC	192.7	194.5
Trade payables	44	FL-AC	440.1	440.1
Other financial liabilities incl. derivatives	48	FL-AC	0.6	0.6
Other financial liabilities incl. derivatives	48	FL-FVTPL	4.3	4.3
Thereof aggregated by measurement categories per IFRS 9				
Financial assets: At amortized cost (FA-AC)			824.3	824.3
Financial assets: At fair value through profit or loss (FA-FVTPL)			6.7	6.7
Financial liabilities				
Financial liabilities: At amortized cost (FL-AC)			886.5	932.6
Financial liabilities: At fair value through profit or loss (FL-FVTPL)			6.6	6.6

The breakdown according to IFRS 9 at the previous-year reporting date of December 31, 2021 is presented in the table below:

mEUR	Note	Measurement category per IFRS 9	Carrying amount 12/31/2021	Fair value 12/31/2021
ASSETS				
Non-current assets				
Financial assets	25	FA-AC	15.1	15.1
	25	FA-FVTPL	6.3	6.3
Current assets				
Trade receivables	27	FA-AC	343.1	343.1
Other financial assets	29	FA-AC	122.0	122.0
Cash and cash equivalents	29	FA-AC	444.0	444.0
Derivative financial instruments	32	FA-FVTPL	1.2	1.2
LIABILITIES				
Non-current liabilities				
Financial liabilities	43	FL-AC	254.3	282.6
Other financial liabilities	48	FL-AC	3.0	3.0
Other financial liabilities	48	FL-FVTPL	18.1	18.1
Current liabilities				
Financial liabilities	43	FL-AC	125.1	125.1
Trade payables	44	FL-AC	422.8	422.8
Derivative financial instruments	48	FL-FVTPL	0.4	0.4
Thereof aggregated by measurement categories per IFRS 9				
Financial assets: At amortized cost (FA-AC)			924.2	924.2
Financial assets: At fair value through profit or loss (FA-FVTPL)			7.5	7.5
Financial liabilities				
Financial liabilities: At amortized cost (FL-AC)			805.2	833.5
Financial liabilities: At fair value through profit or loss (FL-FVTPL)			18.5	18.5

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55. Goals of financial risk management

A financial instrument is defined as a contract that gives rise to a financial asset of one party to the contract and a financial liability of the other party. In the AEO Group, financial assets mainly include cash and cash equivalents, trade receivables, and loan receivables. Financial liabilities mainly include trade payables and financial liabilities to banks and/or third parties. The AEO Group is exposed to the following risks related to the use of such financial instruments:

- Credit risk and default risk,
- Liquidity risk, and
- Market risk (comprising exchange rate risk, interest rate risk, and other price risks)

The objective of financial risk management is to limit such risks by means targeted measures and to provide information concerning the amount, timing, and probability of cash flows that are expected to result from financial instruments. Risk management is conducted on the level of AURELIUS SE and the Group's individual operating entities, which apply the guidelines and principles adopted by the Board of Directors. The financing of the AEO Group is coordinated by the Group's Corporate Finance Department, which provides services to the portfolio companies and coordinates access to national and international financial markets. It also monitors and manages the financial risks of the portfolio companies on the basis of internal risk reports comprising the analysis, identification, and assessment of risks, which serve as the basis for the adoption of targeted countermeasures.

These financial risks and the manner in which they are managed are described in detail in the following sections.

56. Market risk

The market risks of financial assets and liabilities mainly include interest rate risks, exchange rate risks, and other price risks. Market risk positions can be measured by means of a value-at-risk analysis (VaR analysis) and/or sensitivity analysis.

57. Exchange rate risk management

Exchange rate risk refers to the risk of adverse effects on the Group's income statement and balance sheet positions resulting from currency fluctuations. Financial instruments such as forward exchange deals, currency options, or currency swaps can be used to limit such risks as needed.

Of the financial instruments presented in the consolidated financial statements, an amount of EUR 345.8 million (PY: EUR 328.2 million) consisted of financial assets denominated in major foreign currencies and an amount of EUR 686.7 million (PY: EUR 705.7 million)consisted of financial liabilities denominated in major foreign currencies. The risk distribution of major foreign currencies is presented in the table below.

mEUR	Carrying amount 12/31/2022	in %	Carrying amount 12/31/2021	in %
Financial assets				
Trade receivables	369.0	75.28%	343.1	73.77%
Other financial assets	121.1	24.72%	122.0	26.23%
	490.1	**100.00%**	**465.1**	**100.00%**
– thereof in foreign currencies				
GBP (British pound)	205.5	59.40%	196.9	59.98%
CHF (Swiss franc)	25.3	7.32%	25.2	7.68%
DKK (Danish krone)	23.8	6.86%	27.0	8.22%
SEK (Swedish krona)	20.7	5.99%	12.7	3.88%
USD (U.S. dollar)	20.6	5.96%	23.0	7.00%
CNY (Chinese yuan)	18.4	5.32%	16.8	5.13%
SEK (Swedish krona)	11.5	3.34%	13.4	4.07%
PLN (Polish zloty)	4.2	1.21%	0.8	0.24%
AED (UAE dirham)	3.1	0.92%	- / -	- / -
THB (Thai baht)	2.7	0.79%	2.6	0.78%
MYR (Malaysian ringgit)	2.6	0.75%	2.9	0.87%
CZK (Czech koruna)	2.0	0.57%	2.2	0.66%
BRL (Brazilian real)	1.4	0.41%	0.4	0.13%
TRY (Turkish lira)	1.2	0.37%	1.0	0.31%
RUB (Russian ruble)	1.0	0.30%	1.0	0.30%
INR (Indian rupee)	1.0	0.28%	1.2	0.36%
ZAR (South African rand)	0.4	0.11%	1.0	0.30%
HUF (Hungarian forint)	0.2	0.06%	0.1	0.05%
BGN (Bulgarian lev)	0.1	0.02%	0.1	0.03%
JPY (Japanese yen)	0.1	0.02%	0.1	0.03%
	345.8	**100.00%**	**328.3**	**100.00%**

mEUR	Carrying amount 12/31/2022	in %	Carrying amount 12/31/2021	in %
Financial liabilities				
Trade payables	440.1	37.60%	422.8	36.91%
Financial liabilities	442.2	37.78%	379.4	33.11%
Other financial liabilities	10.8	0.92%	21.1	1.84%
Lease liabilities	277.3	23.69%	322.3	28.14%
	1,170.4	**100.00%**	**1,145.6**	**100.00%**
– thereof in foreign currencies				
GBP (British pound)	270.3	39.29%	314.7	44.60%
DKK (Danish krone)	204.6	29.74%	188.6	26.72%
CHF (Swiss franc)	58.4	8.49%	59.5	8.43%
NOK (Norwegian kroner)	48.4	7.04%	43.9	6.22%
USD (U.S. dollar)	32.4	4.70%	35.5	5.04%
SEK (Swedish krona)	17.9	2.60%	15.2	2.16%
PLN (Polish zloty)	17.1	2.49%	7.9	1.12%
CNY (Chinese yuan)	14.6	2.12%	23.0	3.26%
CZK (Czech koruna)	11.9	1.72%	8.8	1.25%
THB (Thai baht)	5.1	0.74%	3.9	0.55%
ZAR (South African rand)	2.3	0.33%	1.3	0.18%
MYR (Malaysian ringgit)	1.9	0.27%	1.7	0.24%
BRL (Brazilian real)	1.5	0.21%	- / -	- / -
INR (Indian rupee)	1.0	0.14%	1.1	0.16%
RUB (Russian ruble)	0.3	0.04%	0.1	0.01%
HUF (Hungarian forint)	0.2	0.02%	0.2	0.03%
TRY (Turkish lira)	0.2	0.02%	0.2	0.02%
AED (UAE dirham)	0.1	0.01%	0.0	0.00%
	687.9	**100.00%**	**705.7**	**100.00%**

For the purpose of presenting market risks, the Group conducts a sensitivity analysis in accordance with IFRS 7.40 in order to identify the effects on the Group's equity and financial performance that would result from assumed, hypothetical changes in relevant risk variables. The hypothetical changes in risk variables are applied to the holdings of financial instruments at the reporting date so as to identify the effects relative to the reporting period. This analysis is conducted under the assumption that the portfolio of financial instruments at December 31, 2022 is representative of the entire year.

If the value of the functional currency had been assessed at ten percent higher (lower) at the reporting date than the other above-mentioned currencies used in the Group, the presented equity or comprehensive income would have been higher (lower) by EUR 36.2 million (PY: EUR 37.7 million). The Danish krone would have had a higher (lower) effect on comprehensive income of EUR 18.1 million and the British pound would have had a higher (lower) effect on comprehensive income of EUR 8.6 million. In general, the sensitivity analysis does not represent the actual currency risk because the risk at the end of the reporting period does not reflect the risk during the financial year just ended. In addition, possible new hedging transactions would be concluded in the case of a ten percent change in the euro against all other currencies. The Group was exposed to currency risk only to a minor degree also in the financial year just ended, as in previous years, due to the fact that most transactions were conducted in the euro zone (functional currency).

At the reporting date of December 31, 2022, as well as at the preceding reporting date of December 31, 2021, the outstanding forward exchange deals were of subordinate importance from the standpoint of the AEO Group.

58. Interest rate risk management

Interest rate risk refers to the risk of adverse effects on interest income and expenses from medium- and long-term receivables and payables bearing interest at variable rates due to changes in market interest rates. The Group manages this risk by maintaining an appropriate relationship between funds raised at fixed and variable interest rates.

The sensitivity analysis conducted for interest rate risk identifies the effects on the Group's equity and financial performance that would result from a change in the risk-free market interest rate. If the level of market interest rates had been higher (lower) by 100 basis points than the level at December 31, 2022 and if all other variables were held constant, the Group's profit would have been lower (higher) by EUR 2.8 million (PY: EUR 1.6 million).

Hedges such as interest rate swaps and futures are regularly reviewed in order to coordinate them with the expected development of interest rates. Under an interest rate swap, the Group exchanges fixed and variable interest payments that were calculated on the basis of agreed notional amounts. Such agreements enable the AEO Group to reduce the risk of adverse effects of interest rate changes on the cash flows from issued variable-interest debt instruments. The fair value of interest rate swaps is determined by discounting future cash flows to present value based on the yield curves at the reporting date and the credit risk associated with the contracts. The average interest rate is based on the open positions at the end of the reporting year. Interest rate futures are understood to be agreements between two parties with different interest rate interests and/or interest rate expectations that wish to protect themselves against future changes in interest rates. They specify an interest rate at a fixed point in time for a certain period and calculate the difference between the fixed and current interest rates at a later date. The calculated difference triggers a compensation payment.

At the reporting date of December 31, 2022, open interest rate swaps or interest rate forwards were of subordinate importance from the standpoint of the AEO Group.

59. Other price risks

With regard to other price risks, IFRS 7 particularly requires that the reporting entity present the effects on the price of financial instruments that would result from hypothetical changes in risk variables. As the risk variables analyzed for that purpose, AURELIUS examines the risks related to the procurement of raw materials, as well as stock exchange prices and indexes.

In order to rule out significant risks related to the procurement of raw materials, the affected operating portfolio companies can enter into master agreements with suppliers, most of which with terms of one year, so as to exclude greater risks. At the reporting date, there were contracts to hedge raw materials procurement risks with a total fair value of EUR 0.9 million (PY: EUR 0.7 million).

At the reporting date of December 31, 2022, there were long-term supply contracts with suppliers for an amount of EUR 0.2 million (PY: EUR 0.5 million), of which EUR 0 million Euro (PY: EUR 0.0 million) had a term of up to 12 months and EUR 0.2 million (PY: EUR 0.5 million) had a term of more than 12 months.

60. Default risk management

The companies of the AEO Group operate in different industries and have customers all over the world. Credit and default risk refers to the risk of payment default on the part of a contractual partner, which can cause financial assets to be impaired if contractual partners do not fulfill their payment obligations. Major risk exposures are present in financial assets (loans), trade receivables, and other financial assets. The maximum risk exposure from those financial assets that are fundamentally subject to credit risk is equal to the sum of their carrying amounts.

Most business models in the AEO Group are based on broadly diversified, heterogeneous customer bases in different industries and geographical regions. Therefore, the risk of significant defaults is deemed to be low. To the extent that credit risks are discernible, they are reduced by means of active receivables management, credit limits, and credit checks of business partners, which are performed on the basis of an internal ratings system (credit scoring method), and the use of trade credit insurers. Appropriate impairments are recognized in the statement of financial position to account for credit risks from receivables and other non-derivative financial assets (see note 10.12.3). The default risk from cash and cash equivalents and derivative financial instruments is deemed to be immaterial because the contractual parties are banking and financial institutions with positive credit ratings assigned by international credit rating agencies.

The carrying amounts of past-due and not past-due financial assets and the impairments recognized in every case are presented in the table below.

mEUR	Not past due	Past due	Impaired	Carrying amount at 12/31/2022
Measured at amortized cost				
– Financial assets	3.5	0.1	- / -	3.6
– Trade receivables	266.3	102.7	7.3	369.0
– Other financial assets	120.1	0.1	12.6	120.2

mEUR	Not past due	Past due	Impaired	Carrying amount at 12/31/2021
Measured at amortized cost				
– Non-current financial assets	21.4	- / -	- / -	21.4
– Trade receivables	282.4	60.7	10.3	343.1
– Other financial assets	121.5	0.5	2.7	122.0

The age structure of past-due financial assets at the reporting date is presented in the table below:

2022 mEUR	Past due up to 30 days	Past due between 31 and 60 days	Past due between 61 and 90 days	Past due between 91 and 120 days	Past due for more than 120 days	Total
– Non-current financial assets	- / -	- / -	- / -	- / -	0.1	0.1
– Trade receivables	74.4	9.9	5.1	2.0	11.3	102.7
– Other financial assets	- / -	- / -	- / -	- / -	0.1	0.1

2021 mEUR	Past due up to 30 days	Past due between 31 and 60 days	Past due between 61 and 90 days	Past due between 91 and 120 days	Past due for more than 120 days	Total
– Non-current financial assets	- / -	- / -	- / -	- / -	- / -	- / -
– Trade receivables	33.0	10.2	3.7	5.6	8.2	60.7
– Other financial assets	0.3	- / -	- / -	- / -	0.2	0.5

The regional breakdown of past-due financial assets at the reporting date is presented in the table below:

mEUR	Carrying amount at 12/31/2022	Carrying amount at 12/31/2021
Trade receivables	**369.0**	**343.1**
– thereof: Germany	59.7	56.0
– thereof: Europe – EU	102.7	92.6
– thereof: Europe – Other	156.1	150.7
– thereof: Rest of World	50.5	43.8
Other financial assets	**121.1**	**122.0**
– thereof: Germany	2.7	10.9
– thereof: Europe – EU	8.6	20.4
– thereof: Europe – Other	99.3	84.7
– thereof: Rest of World	10.5	6.0

The AURELIUS Equity Opportunities Group applies the simplified approach according to IFRS 9 to measure impairments in the amount of the expected credit losses from trade receivables (see note 10.12.3).

The following impairments matrix provides information about estimated default risk and expected credit losses at December 31, 2022:

2022 mEUR	Loss rate	Carrying amount before impairment	Impairment	Carrying amount at 12/31/2022	Credit rating downgrade
Measured at amortized cost					
Not past due	0.5%	267.6	1.3	266.3	No
Past due up to 30 days	0.3%	74.6	0.2	74.4	No
Past due between 31-60 days	4.0%	10.3	0.4	9.9	No
Past due between 61-90 days	6.1%	5.4	0.3	5.1	No
Past due between 91-120 days	12.0%	2.3	0.3	2.0	Yes
Past due for more than 120 days	29.8%	16.1	4.8	11.3	Yes
Total		**376.3**	**7.3**	**369.0**	

2021 mEUR	Loss rate	Carrying amount before impairment	Impairment	Carrying amount at 12/31/2021	Credit rating downgrade
Measured at amortized cost					
Not past due	0.5%	283.7	1.4	282.4	No
Past due up to 30 days	1.3%	33.5	0.4	33.0	No
Past due between 31-60 days	5.0%	10.7	0.5	10.2	No
Past due between 61-90 days	15.3%	4.4	0.7	3.7	No
Past due between 91-120 days	14.6%	6.6	1.0	5.6	Yes
Past due for more than 120 days	43.2%	14.5	6.3	8.2	Yes
Total		**353.4**	**10.3**	**343.1**	

Loss rates are calculated on the basis of the weighted average of actual credit losses over the last three years. Where appropriate, the Group companies adjust the loss rates to account for the differences between the economic conditions at the time of collection of historical data, the current conditions, and the economic conditions to be in effect over the expected term of the receivables from the Group's standpoint.

The credit loss provision for Other financial assets was measured on the basis of the expected credit losses over the next twelve months given that the credit risk at the reporting date is not significantly higher than at the time of initial recognition (see note 10.12.3). The carrying amount before impairments was EUR 133.6 million at December 31, 2022 (PY: EUR 124.6 million).

At December 31, 2022, the Group disposed of cash and cash equivalents in the amount of EUR 331.5 million (PY: EUR 440.0 million). The cash and cash equivalents are on deposit with banks that have ratings of BB- to AA+ according to the rating agency Standard & Poor's.

The default risk of trade receivables and Other financial assets in the amount of EUR 490.0 million (PY: EUR 465.1 million) is limited to a maximum default risk of EUR 445.2 million (PY: EUR 413.4 million) by means of trade credit insurance, letters of credit, and other credit protections. The default risk in the Group was slightly higher on a percentage basis than in the previous year.

The various forms of security backing trade receivables and Other financial assets are presented in the table below:

2022 mEUR	Trade credit insurance	Letters of credit	Other credit protections	Secured portion	Carrying amount at 12/31/2022	Secured portion as %
– Trade receivables	37.3	1.5	5.3	44.1	369.0	11.96%
– Other financial assets	- / -	- / -	0.7	0.7	121.1	0.57%

2021 mEUR	Trade credit insurance	Letters of credit	Other credit protections	Secured portion	Carrying amount at 12/31/2021	Secured portion as %
– Trade receivables	43.3	0.4	6.7	50.4	343.1	14.69%
– Other financial assets	0.3	- / -	1.0	1.3	122.0	1.07%

61. Liquidity risk management

Liquidity risk is defined as the risk of not being able to fulfill present or future payment obligations due to a lack of cash or cash equivalents. The Group's Corporate Finance Department identifies and manages liquidity risks. In the reporting periods, this department acted as finance coordinator for the Group's companies, ensuring that they always had the necessary financial resources to fund their operating activities and their investments in the most cost-efficient manner possible. The necessary information is made available by way of a Groupwide liquidity planning system and monthly cash flow analysis reports. The Group also disposes of liquidity reserves in the form of cash, lines of credit with banks, and other credit facilities. Additional information about financial liabilities is provided in Notes 43 to 44 and 46 to 48.

The contractually agreed cash outflows that are expected to result from financial instruments based on the earliest date on which the Group can be required to make payment are presented in the table below:

mEUR	Due in one year or less	Due in 1 – 5 years	Due in more than 5 years	Carrying amount at 12/31/2022
Trade payables	440.1	- / -	- / -	440.1
Financial liabilities	192.7	227.8	21.7	442.2
Other financial liabilities	4.9	5.9	- / -	10.8
Lease liabilities	47.7	110.8	118.8	277.3
Total	**685.4**	**344.5**	**140.5**	**1,170.4**

mEUR	Due in one year or less	Due in 1 – 5 years	Due in more than 5 years	Carrying amount at 12/31/2021
Trade payables	422.8	- / -	- / -	422.8
Financial liabilities	125.1	244.1	10.2	379.4
Other financial liabilities	- / -	15.9	5.2	21,1
Lease liabilities	41.4	135.0	145.9	322.3
Total	**589.3**	**395.0**	**161.3**	**1,145.6**

Interest payments falling due over the remaining terms to maturity of non-current financial liabilities amounted to EUR 28.1 million at the reporting date (PY: EUR 35.9 million).

Of the financial liabilities presented in the amount of EUR 1,170.4 million at the reporting date of December 31, 2022 (PY: EUR 1,145.6 million), an amount of EUR 220.8 million (PY: EUR 184.9 million) or 18.9 percent (PY: 16.1%) was secured.

The structure of financial liabilities broken down by type of security is presented in the table below.

mEUR	Intangible assets	Property, plant and equipment, land and buildings	Inventories	Trade receivables	Other	Secured portion	Carrying amount at 12/31/2022	in %
Trade payables	8.1	- / -	30.1	15.9	- / -	54.1	440.1	12.3%
Financial liabilities	8.6	52.8	56.9	10.0	31.2	159.5	442.2	36.1%
Other financial liabilities	- / -	- / -	- / -	- / -	- / -	- / -	10.8	- / -
Lease liabilities	2.3	4.9	- / -	- / -	- / -	7.2	277.3	2.6%

mEUR	Intangible assets	Property, plant and equipment, land and buildings	Inventories	Trade receivables	Other	Secured portion	Carrying amount at 12/31/2021	in %
Trade payables	- / -	- / -	22.1	22.9	- / -	45.0	422.8	10.6%
Financial liabilities	7.1	53.5	17.5	21.7	35.8	135.6	379.4	35.7%
Other financial liabilities	- / -	- / -	- / -	- / -	- / -	- / -	21.1	- / -
Lease liabilities	0.3	4.0	- / -	- / -	- / -	4.3	322.3	1.3%

The structure of financial liabilities broken down by region is presented in the table below:

mEUR	Carrying amount at 12/31/2022	Carrying amount at 12/31/2021
Trade payables	**440.1**	**422.8**
– thereof: Germany	74.0	65.8
– thereof: Europe – EU	157.4	134.4
– thereof: Europe – Other	165.7	176.2
– thereof: Rest of World	43.0	46.4
Financial liabilities	**442.2**	**379.4**
– thereof: Germany	100.7	95.6
– thereof: Europe – EU	210.9	160.9
– thereof: Europe – Other	114.0	104.0
– thereof: Rest of World	16.6	18.9
Other financial liabilities	**10.8**	**21.1**
– thereof: Germany	3.3	3.2
– thereof: Europe – EU	5.7	- / -
– thereof: Europe – Other	- / -	16.2
– thereof: Rest of World	1.8	1.7
Lease liabilities	**277.3**	**322.3**
– thereof: Germany	36.6	37.0
– thereof: Europe – EU	180.3	162.2
– thereof: Europe – Other	56.4	121.7
– thereof: Rest of World	4.0	1.4

62. Measurement at fair value

The fair values of derivative financial instruments are calculated by application of present value and option price models. Whenever possible, the relevant market prices and interest rates at the reporting date taken from recognized external sources are applied as the inputs for such valuation models.

The fair values of other equity interests (equity investments) are calculated by application of a DCF model. The calculation is performed on the basis of average revenue growth rates of 1.50 percent (PY: 1.50%) over a planning period of three years and an average weighted cost of capital (WACC) rate of 8.49 percent (PY: 6.83%). A sensitivity analysis based on a change in these input values would not lead to a material change in the fair value at the reporting date. A sensitivity analysis based on a change in these input values would not lead to a material change in the fair values at the reporting date.

The fair values of purchase price adjustment clauses are calculated on the basis of expected future cash flows, discounted to present value at the reporting date. The discounting is performed by application of a maturity-matched, risk-adjusted borrowing rate of zero to two percent. The fair values were calculated by the acquisition method in connection with the purchase price allocations of the respective companies. They are updated on the basis of the companies' budgets insofar as they are not based on forecast earnings. In addition, the probabilities of activation of the corresponding clauses are estimated anew at every reporting date. A sensitivity analysis based on a change in these input values would not lead to a material change in the fair values at the reporting date.

The fair values of financial assets and liabilities with terms to maturity of more than one year are equal to the discounted present values of the cash flows expected to result from the corresponding assets and liabilities, based on currently valid interest rate parameters. Cash and cash equivalents, trade receivables and trade payables, current financial assets and liabilities have short terms to maturity, so that their carrying amounts are usually equivalent to their fair values. Non-current financial assets and liabilities measured at cost are assigned to Level 2 of the measurement hierarchy.

The financial instruments analyzed in accordance with the measurement hierarchy of IFRS 13 and measured at fair value are presented in the table below:

Assets mEUR	Level 1	Level 2	Level 3	Total 12/31/2022
Non-current assets				
Other equity interests	- / -	- / -	5.8	5.8
Current assets				
Other financial assets incl. derivatives	- / -	0.9	- / -	0.9

Assets mEUR	Level 1	Level 2	Level 3	Total 12/31/2021
Non-current assets				
Other equity interests	- / -	- / -	6.3	6.3
Current assets				
Derivative financial instruments	- / -	1.2	- / -	1.2

Liabilities mEUR	Level 1	Level 2	Level 3	Total 12/31/2022
Non-current liabilities				
Financial liabilities	- / -	293.8	- / -	293.8
Purchase price adjustment clauses (earn-outs)	- / -	- / -	2.2	2.2
Derivative financial instruments	- / -	0.1	- / -	0.1
Current liabilities				
Purchase price adjustment clauses (earn-outs)	- / -	- / -	4.0	4.0
Derivative financial instruments	- / -	0.3	- / -	0.3

Liabilities mEUR	Level 1	Level 2	Level 3	Total 12/31/2021
Non-current liabilities				
Financial liabilities	- / -	282.6	- / -	282.6
Purchase price adjustment clauses (earn-outs)	- / -	- / -	18.1	18.1
Current liabilities				
Derivative financial instruments	- / -	0.4	- / -	0.4

The income of EUR 0.1 million (PY: EUR 0.5 million) resulting from the fair value measurement of financial assets attributable to the reporting period is presented within the Financial result. This item consists exclusively of unrealized changes not resulting from sale. The change in the earn-out liabilities compared to the previous year resulted from the acquisition of new portfolio companies, repayments, compounding, and exchange rate changes not recognized in profit or loss.

Of the stated derivatives held as assets, an amount of EUR 0.9 million (PY: EUR 0.5 million) was not netted. Of the derivatives held as liabilities, an amount of EUR 0.4 million (PY: EUR 0.4 million) consisted of unnetted instruments. These unnetted derivatives do not meet the criteria for netting in the statement of financial position because they are employed in different portfolio companies, so that the Group does not have a legal right to netting at the present time.

In accordance with IFRS 13.95, transfers between the levels of the measurement hierarchy are recognized as if the transfers had occurred as of the reporting date. There were no such transfers in the reporting period.

The different levels are described in the following.

- Level 1:

he (unadjusted) prices quoted in active markets for identical assets and liabilities at the reporting date are assigned to this level. The market is deemed to be active, for example, when prices are quoted on a stock exchange or when prices can be easily and regularly obtained from a trade association or regulatory authority, and when the prices in question are applied in regularly occurring market transactions conducted on an arm's length basis.

- Level 2:

Inputs other than the market prices indicated in Level 1 that are observable for an asset or liability either directly, for example as prices, or indirectly and therefore derived from prices are assigned to this level. The fair value of financial instruments assigned to this level is determined on the basis of valuation methods. The estimate conducted on the basis of a valuation method should be grounded in market data to the greatest possible extent and should rely as little as possible on company-specific data. When all the inputs required to determine the fair value are observable, the financial instrument is assigned to Level 2.

- Level 3:

If one or more inputs for the given asset or liability are not based on observable market data, the financial instrument is assigned to Level 3.

The net gains or losses on financial instruments for financial years 2022 and 2021 are presented in the table below.

	Upon subsequent measurement, mEUR					
Category IFRS 9	From interest	At fair value	Currency translation	Impairment	From disposals	Net result 2022
FA-AC	- / -	- / -	- / -	-15.0	- / -	-15.0
FA-FVTPL	- / -	0.1	- / -	- / -	- / -	0.1
FL-AC	-0.5	- / -	-0.9	- / -	1.2	-0.2
FL-FVTPL	-0.2	- / -	- / -	- / -	- / -	-0.2

	Upon subsequent measurement, mEUR					
Category IFRS 9	From interest	At fair value	Currency translation	Impairment	From disposals	Net result 2021
FA-AC	- / -	- / -	-0.2	-5.1	- / -	-5.3
FA-FVTPL	- / -	0.5	- / -	- / -	- / -	0.5
FL-AC	- / -	- / -	- / -	- / -	1.6	1.6
FL-FVTPL	-0.6	- / -	0.4	- / -	- / -	-0.2

Upon initial recognition, derivative financial instruments are measured at the fair value attributable to them on the transaction date. In subsequent periods, they are likewise measured at the fair value attributable to them on the respective reporting date. The method to be applied for recognizing gains and losses depends on whether the derivative financial instrument has been designated as a hedging instrument; if so, the method to be applied depends further on the nature of the hedged item.

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63. Contingent liabilities, guaranties, and legal disputes

Contingent liabilities and guaranties

The Group was bound by guarantees totaling EUR 164.9 million at the reporting date of December 31, 2022 (PY: EUR 104.8 million), which mainly result from guarantee claims. Guarantees that expired in the 2022 financial year are not discussed in the following.

In connection with the sale of the SECOP Group that was completed in late July 2017, AURELIUS Equity Opportunities SE & Co. KGaA assumed joint and several liability for certain obligations of the seller related to possible warranty claims of the buyer, possible tax indemnification claims of the buyer, possible claims of the buyer related to any refund claims under the financial purchase price determination mechanism, and possible claims related to indemnification of certain matters. In the meantime, the obligations related to possible claims of the buyer based on a breach of regular warranties and possible claims of the buyer with respect to any refund claims under the financial purchase price determination mechanism have expired due to the passage of time.

IIn connection with the sale of Getronics that was completed in early July 2017, AURELIUS Equity Opportunities SE & Co. KGaA was required to assume guaranty undertakings for certain obligations of the seller related to possible warranty claims of the buyer, possible tax indemnification claims of the buyer, possible claims of the buyer with respect to any refund claims due to impermissible transfers, possible claims related to the indemnification for certain matters, and possible claims due to the breach of post-contractual obligations. In the meantime, the guaranty undertaking for any claims related to impermissible transfers and for possible warranty claims of the buyer that do not relate to fundamental warranties have expired due to the passage of time.

Effective September 5, 2019, AURELIUS Equity Opportunities SE & Co. KGaA sold SOLIDUS. In this connection, AURELIUS Equity Opportunities SE & Co. KGaA made an independent guaranty undertaking in the purchase agreement to guarantee any payment obligations of the seller related to possible impermissible transfers, the existence of payment claims of the AEO Group against SOLIDUS after the closing date, or the breach of fundamental warranties under the purchase agreement. Guaranty claims of the buyer become time-barred at the latest 84 months after the closing date of the purchase agreement.

Through its affiliate AURELIUS Development Seventeen GmbH, AURELIUS Equity Opportunities SE & Co. KGaA acquired ZIM Flugsitz GmbH in December 2019. AURELIUS Equity Opportunities SE & Co. KGaA assumed a funding commitment to the seller in which it undertook to provide sufficient capital resources to the buyer to enable it to service the purchase price and certain other claims.

Effective May 31, 2021, AURELIUS Equity Opportunities SE & Co. KGaA acquired, through a subsidiary, Hüppe GmbH and its subsidiaries from Masco Germany Holding GmbH. In the corresponding share purchase agreement, AURELIUS Equity Opportunities SE & Co. KGaA guaranteed the fulfillment of certain indemnification obligations of the buyer. The indemnification obligations related to claims (i) asserted after the closing date against the seller or its affiliated companies due to the repayment of shareholder loans before the closing date, or (ii) asserted after the closing date against the seller or its affiliated companies due to repayments of shareholder loans or distributions to

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the buyer and its affiliated companies in the context of any possible insolvency of Hüppe GmbH. The amount of the guaranty under (i) is limited to EUR 1.7 million; the amount of the guaranty under (ii) is limited to the amount received by the buyer or its affiliated companies.

In connection with the sale of AKAD Bildungsgesellschaft mbH completed in February 2022, AURELIUS Equity Opportunities SE & Co. KGaA issued a limited-amount guaranty covering the guaranties and indemnifications assumed by the seller under the purchase agreement.

In connection with the sale of Hammerl GmbH and the corresponding property notarized in June 2022, AURELIUS Equity Opportunities SE & Co. KGaA issued a limited-amount guaranty covering the guaranties and indemnifications assumed by the seller under the purchase agreement.

In connection with the sale of Briar Chemicals Limited completed in October 2022, AURELIUS Equity Opportunities SE & Co. KGaA issued a limited-amount guaranty covering the guaranties and indemnifications assumed by the seller under the purchase agreement.

The acquisition of the European consumer battery business from Panasonic Europe B.V. (today: Advanced Power Solutions), which was conducted under the co-investment program, was completed on June 4, 2021. In connection with the acquisition, AURELIUS Equity Opportunities SE & Co. KGaA undertook to make payments from the purchase price mechanism as of the effective closing date and for subsequent purchase price elements. The payment undertaking is limited to a maximum amount of EUR 20.6 million for all investors and will expire on October 5, 2024 at the latest.

A purchase agreement for the acquisition of Agfa Offset BV was concluded under the co-investment program in August 2022. In connection with the acquisition, AURELIUS Equity Opportunities SE & Co. KGaA made payment undertakings for the purchase price payments to be made on the transaction closing date. The economic risk associated with the payment undertakings is shared with the co-investing enterprises in proportion to their shares of the acquisition.

A protocol of signature for the planned acquisition of Sappi Stockstadt GmbH, Sappi Maastricht Real Estate B.V., Sappi Finland I Oy, and Sappi Finland Operations Oy was concluded under the co-investment program in August 2022. In connection with this protocol of signature, AURELIUS Equity Opportunities SE & Co. KGaA made payment undertakings for the purchase price payments to be made on the transaction closing date. The economic risk associated with the payment undertakings is shared with the co-investing enterprises in proportion to their shares of the acquisition.

Based on past developments and our findings up to the date of preparation, AURELIUS Equity Opportunities SE & Co. KGaA considers the risk of a claim under these guarantees to be low.

Legal disputes

With respect to the two companies Old BCA Ltd. and Book Club Trading Ltd., AURELIUS is exposed to the risk of continuing liability for pension obligations based on mistakes made during the implementation of the pension fund in the 1990s. The amount varies and could possibly reach an amount in the middle single-digit millions. Rectification proceedings are currently being carried out by the companies before a British court through which the past mistakes should be rectified. The AEO Group considers the prospects for success to be good overall.

A claim for payment of an amount in the low-double digit millions is being asserted against AURELIUS Equity Opportunities SE & Co. KGaA and three additional defendants as joint and several debtors by the insolvency administrator of a former company of the Getronics Group. The defendants unanimously assume that it will be possible to successfully defend against the suit based on numerous factual and legal grounds.

The insolvency administrator of ACC Compressors S.p.A. is asserting a claim for damages against two former Group companies for allegedly anti-competitive behavior. The amount in question is in the low double-digit millions. If the administrator prevails, AURELIUS Equity Opportunities SE & Co. KGaA could bear a contractual liability. The lawsuit was won in the first instance, after which the opposing side filed an appeal. The AEO Group currently expects that the appeal will not be successful.

Employees of Office Depot France SAS are suing AURELIUS Equity Opportunities SE & Co. KGaA and other defendants as joint and several debtors for payment of an amount in the low double-digit millions. AURELIUS Equity Opportunities SE & Co. KGaA expects that it will be able to defend successfully against the suit based on numerous factual and legal grounds.

In connection with its general business activities, AURELIUS Equity Opportunities SE & Co. KGaA was otherwise a party to various legal disputes as of the reporting date, but none of them is to be considered material in terms of the risks or amounts involved.

64. Related persons and entities

In accordance with IAS 24, persons or entities that can be influenced by the reporting entity or can influence the reporting entity are defined as related parties. This includes controlled or controlling entities, as well as associates and fellow subsidiaries that are not consolidated. This also includes natural persons with significant influence in the form of voting rights and members of management in key positions (members of the Board of Directors and Supervisory Board), as well as their close family members.

At AURELIUS Equity Opportunities SE & Co. KgaA, such persons are the members of the Board of Directors and Supervisory Board, as well as Mr. Richard Schulze-Muth, Chief Financial Officer and Managing Director of the company, and the close family members of these persons. Aside from the spouse or life partner, close family members include children and step children and other dependents of the persons named above. In addition to family members, the definition of related persons also includes those non-consolidated entities over which these persons can exert control or joint management. IAS 24.10 requires an overall appraisal of the economic substance of a relationship. Balances and transactions between the company and its subsidiaries that are related entities and persons were eliminated during consolidation and are not explained in this note. Details regarding transactions between the Group and other related entities and persons are provided below.

Dr. Dirk Markus is Chairman of the Board of Directors of AURELIUS Management SE, which is the general partner of AURELIUS Equity Opportunities SE & Co. KGaA. Olive Tree Invest GmbH, which is controlled by Dr. Dirk Markus, provided personnel services for AURELIUS Beteiligungsberatungs AG in the financial year 2022 with a total fee of EUR 0.1 million (previous year: 0 MEUR). AURELIUS Services Luxembourg Sàrl, a company controlled by Dr. Dirk Markus, invoiced GIP Development Sàrl for rental services totaling EUR 0.1 million in the financial year 2022 (previous year: 0 MEUR). As of December 31, 2022, there is no outstanding balance, as in the previous year. In addition, a subsidiary of AURELIUS Equity Opportunities SE & Co. KGaA granted a loan of EUR 11.6 million to Centaury Management Ltd. a company controlled by Dr. Dirk Markus (previous year: 0 MEUR). The amount is outstanding in full as of December 31, 2022. A company attributable to a family member of Dr. Dirk Markus invoiced AURELIUS Investments Ltd. for consulting services amounting to EUR 12.8 million in the financial year 2022 (previous year: 0 MEUR). The same company provided loans to AURELIUS Finance Company Ltd. totaling 18.0 million euros (previous year: 13.8 MEUR). All loans were fully used to extend loans in the same amount to external third parties. As of the balance sheet date December 31, 2022, the total amount of the loans listed here is outstanding. The same company is also a shareholder of AURELIUS Wachstumskapital SE & Co. KG. AURELIUS Beteiligungsberatungs AG, AURELIUS Transaktionsberatungs AG, AURELIUS Portfolio Management AG and AURELIUS Equity Opportunities SE & Co. KGaA provided various consulting services for AURELIUS Wachstumskapital SE & Co. KG. The consulting services amount to a total fee of EUR 0.5 million (previous year: 0.5 MEUR). AURELIUS Wachstumskapital SE & Co. KG again provided consulting services to AURELIUS Portfolio Management AG for a total fee of EUR 1.3 million (previous year: 1.2 MEUR). As of the balance sheet date, the balance from this amounted to 0.1 million euros (previous year: 0 MEUR).

The co-investments that AURELIUS Equity Opportunities SE & Co. KGaA makes together with AURELIUS European Opportunities Fund IV in order to achieve a convergence of interests, it does so via a separate subsidiary. The subsidiary serves the sole purpose of managing the co-investments of AURELIUS European Opportunities SE & Co. KGaA alongside the fund. It holds 29.4 percent of the shares in the Luxembourg co-investment vehicle, AURELIUS Investment Lux One Sàrl. Payments into AURELIUS Investment Lux One Sàrl amounted to EUR 41.6 million in the reporting year (previous year: 3.1 MEUR). The shares in the co-investment vehicle are included in the consolidated financial statements using the equity method. In addition, AURELIUS Equity Opportunities SE & Co. KGaA sold two holding companies to AURELIUS Investment Lux One Sàrl. The purchase price amounts to EUR 0.1 million (previous year: 0 MEUR).

AURELIUS Transaktionsberatungs AG provided various consulting services for AURELIUS Investment Lux One Sàrl in the financial year 2022. The consulting services amount to a total fee of EUR 0.0 million (previous year: 1.1 MEUR). As of December 31, 2022, the balance amounts to 0.0 million euros (previous year: 1.1 MEUR).

In addition, AURELIUS Portfolio Management AG also provided consulting services to subsidiaries of AURELIUS Investment Lux One Sàrl. The consulting services amount to a total fee of EUR 5.8 million (previous year: 1.0 MEUR). As of December 31, 2022, the balance amounts to 4.1 million euros (previous year: 0 ,7 MEUR). AURELIUS Equity Opportunities SE & Co. KGaA provided AURELIUS Investment Lux One Sàrl and its subsidiaries with a total of EUR 8.6 million in the form of loans in the financial year 2022 (previous year: 4.3 MEUR). In addition, an amount of 3.7 million euros (previous year: 2.4 MEUR) was invoiced in the context of consulting services. As of December 31, 2022, AURELIUS SE's balance from this amounts to a total of 10 ,2 million euros (previous year: 6.7 MEUR). In addition, AURELIUS Investments Ltd. provided consulting services in the amount of 4.4 million euros (previous year: 0 MEUR), which were settled in full as of the reporting date. AEO InvestCo GmbH also provided consulting services in the amount of 0.4 million euros (previous year: 0.1 MEUR), which were outstanding in full as of the reporting date. In addition, AURELIUS Investment Ltd. has made on-charges to subsidiaries of AURELIUS Investment Lux One Sàrl in the amount of EUR 4.4 million (previous year: 0 MEUR). As of December 31, 2022, the balance amounts to 0.0 million euros (previous year: 0.0 MEUR).

In financial year 2019, two members of the Executive Board (now: members of the Administrative Board) of AURELIUS Management SE were granted securities-linked pension commitments from deferred compensation.

These pension commitments provide for a retirement capital at retirement age and a survivor's capital in the event of premature death. The retirement capital is payable upon reaching the age of 67 and leaving the service of the Company. In addition, selected members of the Board of Directors were given the opportunity for the first time in financial year 2021 to participate in the acquisitions of AURELIUS Equity Opportunities SE & Co. KGaA by way of a co-investment. The shares will be issued against a purchase price pari passu in relation to AURELIUS Equity Opportunities SE & Co. KGaA. Since last year, this direct investment as a shareholder in the respective acquisition vehicle has replaced the previous virtual sub-participations, which were part of the management remuneration, for all future investments. The cash paid into the equity of the acquisition vehicles for the co-investments by the group of persons mentioned here amounted to EUR 0.0 million in the financial year 2022 (previous year: 0.3 MEUR). There were also no cash outflows in the reporting year (previous year: 0.0 MEUR). As part of the expansion of the business model of AURELIUS Equity Opportunities SE & Co. KGaA in the form of the co-investment structure with the AURELIUS European Opportunities Fund IV, which was newly established in the financial year 2021, selected members of the Board of Directors were also given the opportunity to participate in the jointly executed acquisitions in the form of direct investments. This participation takes place via a limited partnership held by the group of persons involved as limited partners, whose general partner and managing limited partner is in each case a subsidiary of AURELIUS Equity Opportunities SE & Co. KGaA. Thus, in addition to the 29.4% held directly in the Luxembourg investment vehicle, AURELIUS exercises a further 0.6% of the voting rights in the latter. The payments made into the co-investment structure by the group of persons involved here amount to EUR 1.0 million in the financial year 2022 (previous year: 0.1 MEUR). There were also no disbursements in 2022 (previous year: 0.0 MEUR).

GIP Development Sàrl entered into a license agreement with a subsidiary of AURELIUS Investment Lux One Sàrl in the reporting year. In the reporting year, payments of EUR 0.3 million (previous year: 0 MEUR) were incurred under these agreements.

AURELIUS Investment Advisory Ltd, an associated company of AURELIUS Equity Opportunities SE & Co. KGaA, invoiced consulting services totaling EUR 4.0 million in the financial year 2022 (previous year: 1.1 MEUR). As of the reporting date December 31, 2022, no payments are outstanding (previous year: 1.1 MEUR). In addition, loans of 1.8 million euros (previous year: 0 MEUR) were granted to AURELIUS Investment Advisory Ltd. and its subsidiaries in the reporting year. These are outstanding in full as of the balance sheet date December 31, 2022 (previous year: 0 MEUR). AURELIUS Beteiligungsberatungs AG, AURELIUS Transaktionsberatungs AG, AURELIUS Portfolio Management AG and AURELIUS Equity Opportunities SE & Co. KGaA made on-charges to subsidiaries of AURELIUS Investment Advisory Ltd.in the amount of EUR 0.7 million (previous year: 1.5 MEUR) in the reporting year. As of December 31, 2022, 2.0 million of this amount is outstanding (previous year: 1.5 MEUR).

There were no other transactions between the Group and related persons in the past financial year.

64.1 Governing bodies of the company

The Board of Directors of AURELIUS Management SE, which is the personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA, is composed of the following persons:

- Dr. Dirk Markus (Chairman), London/United Kingdom,
- Dirk Roesing (Vice Chairman), Gräfelfing,
- Matthias Täubl (Chief Executive Officer (CEO)), Hinterbrühl/Austria,
- Fritz Seemann (Executive Director), Düsseldorf,
- Gert Purkert, Milan/Italy,
- Dr. Thomas Hoch, Dreieich,
- Holger Schulze, Frankfurt am Main.

The other activities of the members of the Board of Directors on governing bodies mainly include functions as members of supervisory boards and executive boards or as managing directors at associates and/or subsidiaries of AURELIUS Equity Opportunities SE & Co. KGaA. The members of the Board of Directors separately carry out the following other functions in supervisory bodies as defined in Section 125 (1) sentence 5 AktG.

Dr. Dirk Markus, Chairman of the Board of Directors

Supervisory Board mandates and mandates on supervisory bodies within the meaning of Section 125 (1) sentence 5 AktG:

- Deutsche Industrie REIT AG, Rostock (Vice Chairman, until March 31, 2022),
- Obotritia Capital KGaA, Potsdam.

Dirk Roesing, Vice Chairman of the Board of Directors

Managing Partner of Scopus Capital GmbH, Munich.

Matthias Täubl, Chief Executive Officer (CEO)

Supervisory Board mandates and mandates on supervisory bodies within the meaning of Section 125 (1) sentence 5 AktG:

- AURELIUS Beteiligungsberatungs AG, Munich (Vice Chairman),
- AURELIUS Transaktionsberatungs AG, Munich (Vice Chairman).

Fritz Seemann, Executive Director

Supervisory Board mandates and mandates on supervisory bodies within the meaning of Section 125 (1) sentence 5 AktG:

- HanseYachts AG, Greifswald,
- AURELIUS Beteiligungsberatungs AG, Munich,
- AURELIUS Portfolio Management AG, Munich (Vice Chairman),
- AURELIUS Transaktionsberatungs AG, Munich.

Gert Purkert

Supervisory Board mandates and mandates on supervisory bodies within the meaning of Section 125 (1) sentence 5 AktG:

- AURELIUS Beteiligungsberatungs AG, Munich (Chairman, until March 14, 2022),
- AURELIUS Portfolio Management AG, Munich (Chairman, until March 14, 2022),
- AURELIUS Transaktionsberatungs AG, Munich (Chairman, until March 14, 2022),
- HanseYachts AG, Greifswald (Chairman),
- AUREPA Advisors AG, München (Chairman).

Dr. Thomas Hoch
Managing Partner of W&B Projektentwicklungs GmbH, Darmstadt.

Holger Schulze
Member of the Management Board of Vital AG, Mainaschaff.

The following persons were members of the management team of AURELIUS Management SE:
- Matthias Täubl (Chief Executive Officer (CEO)), Hinterbrühl/Austria,
- Fritz Seemann (Executive Director), Düsseldorf,
- Richard Schulze-Muth (Executive Director, CFO), Munich.

Supervisory Board mandates and mandates on supervisory bodies within the meaning of Section 125 (1) sentence 5 AktG held by Mr. Schulze-Muth:
- AURELIUS Equity Opportunities AB, Stockholm,
- AURELIUS Refugee Initiative, Munich,
- AURELIUS Transaktionsberatungs AG, Munich (since March 15, 2022),
- AURELIUS Beteiligungsberatungs AG, Munich (since March 15, 2022),
- AURELIUS Portfolio Management AG, Munich (since March 15, 2022).

The following persons were members of the Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA in financial year 2022:

Christian Dreyer-Salzmann (Chairman of the Supervisory Board, Chairman of the Nomination Committee and member of the Audit Committee)
Managing Director of Dreyer Ventures & Management GmbH, Salzburg/Austria.

Supervisory Board mandates and mandates on supervisory bodies within the meaning of Section 125 (1) sentence 5 AktG
- Beno Holding AG, Starnberg
- Gemeinnützige Salzburger Landeskliniken Betriebsgesellschaft mbH, Salzburg/Austria
- Darwin AG, Munich (Chairman, since June 23, 2021).

Prof. Dr. Bernd Mühlfriedel (Vice Chairman of the Supervisory Board and Personnel Committee, Chairman of the Audit Committee, member of the Nomination Committee)
Professor of Business Administration at Landshut University of Applied Sciences.

Supervisory Board mandates and mandates on supervisory bodies within the meaning of Section 125 (1) sentence 5 AktG:
- Deutsche Kautionskasse AG, Starnberg (Vice Chairman).

Maren Schulze (Chairwoman of the Personnel Committee and Vice Chairwoman of the Nomination Committee)
Managing Partner of objective consumer research & consulting GmbH, Frankfurt am Main.

Eva Wimmers (Member of the Sustainability Committee)
Managing Director of Geistesblizz GmbH, Bonn.

Dr. Ulrich Wolters (Vice Chairman of the Audit Committee, member of the Personnel Committee and Sustainability Committee),
Management consultant .

Supervisory Board mandates and mandates on supervisory bodies within the meaning of Section 125 (1) sentence 5 AktG:

- Deutsche Arzt AG, Essen (Chairman),
- NOVO-T AG, Essen (Chairman),
- THESAUROS AG, Cologne.

Rosa Riera (since June 21, 2022, member of the Sustainability Committee)
Managing Director of Uniq Coaching GmbH, Berlin.

Holger Schulze (until June 21, 2022)
Member of the Management Board of Vital AG, Mainaschaff.

The following persons were members of the Shareholders Committee in financial year 2022:

Dirk Roesing - Managing Partner of Scopus Capital GmbH, Munich.
Maren Schulze - Managing Director of objective consumer research & consulting GmbH, Frankfurt am Main.
Dr. Thomas Hoch - Managing Partner of W&B Projektentwicklungs GmbH, Darmstadt.

64.2 Compensation report

The fixed non-performance-based compensation of the Managing Directors of the Board of Directors of AURELIUS Management SE totaled EUR 1.5 million in financial year 2022 (PY: EUR 1.2 million). In addition to the fixed compensation, performance-based variable compensation of EUR 3.4 million (PY: EUR 3.5 million) was expended in financial year 2022. The entire variable compensation component represents short-term employee benefits as defined by IAS 24.17(a). The variable compensation resulted mainly from the virtual co-investment sub-interests granted to the Managing Directors in connection with corporate transactions. Variable compensation claims totaling EUR 7.8 million were converted into securities-linked pension commitments in financial year 2022 (PY: EUR 0.0 million). No expenses were incurred for the stock option program for the Managing Directors of AURELIUS Management SE in financial year 2022 (PY: EUR 10.1 million). Of the total 1,200,000 stock options granted, no stock options were exercised in financial year 2022 (PY: 250,000 stock options). Thus, no payments were made for exercised stock options (PY: EUR 3.8 million) After accounting for the adjustment of stock options accompanying the capital decrease in March 2021, 911,001 stock options remained outstanding at December 31, 2022. Thus, the total amount expended for the compensation of the Managing Directors in financial year 2022 was EUR 4.9 million (PY: EUR 14.8 million).

In addition, a total amount of EUR 11 million (PY: EUR 4.2 million) was expended for former members of the Executive Board of AURELIUS Management SE in financial year 2022. Of this total, EUR 28.0 million (PY: EUR 30.4 million) consisted of non-current liabilities for post-employment benefits, which were recognized in Other comprehensive income. This compensation resulted entirely from the virtual co-investment sub-interests granted to the departed Executive Board members in connection with corporate transactions during the time when they were members of the Executive Board of AURELIUS Management SE.

AURELIUS AG concluded a management services agreement with Lotus AG, which is indirectly and directly controlled by Dr. Dirk Markus, in late July 2013. This agreement was transferred to AURELIUS Management SE in connection with the legal form change of AURELIUS AG as of October 1, 2015. The agreement governs all types of management services. The management services agreement has been terminated. No fee was payable in financial year 2022 (PY: EUR 12.1 million).

The fixed, non-performance-based compensation of the other members of the Board of Directors of AURELIUS Management SE totaled EUR 0.4 million in financial year 2022 (PY: EUR 0.4 million). In addition to the fixed compensation, performance-based variable compensation of EUR 23.1 million was expended in financial year 2022 (PY: EUR 8.9 million). The entire variable compensation component represents short-term employee benefits as defined by IAS 24.17(a). The variable compensation resulted mainly from the virtual co-investment sub-interests granted to the members of the Board of Directors in connection with corporate transactions. Thus, the total amount of compensation granted to members of the Board of Directors in financial year 2022 came to EUR 23.5 million (PY: EUR 9.3 million).

The members of the Supervisory Board received fixed compensation totaling EUR 0.2 million (PY: EUR 0.2 million) in financial year 2022. This amount is divided in equal parts among all Supervisory Board members. No loans and advances were granted to the members of the governing bodies of the parent company or subsidiaries of AURELIUS Equity Opportunities SE & Co. KgaA; furthermore, no guaranties or sureties were assumed on behalf of these persons.

65. Absent disclosures pursuant to IFRS 3.59 ff. and IFRS 8.23 (i)

The disclosures prescribed by IFRS 3.59 ff. with respect to the nature and financial effects of business combinations are not presented or are not stated individually in these notes to the consolidated financial statements. The same applies for the material non-cash items of income to be disclosed for each reportable segment under IFRS 8.23 (i). This applies in particular to the gains on bargain purchases. AURELIUS SE abstains from these disclosures because it believes that they can lead to economic disadvantages for future company acquisitions or company sales.

66. Employees

The AEO Group had an average of 10,680 employees in financial year 2022 (PY: 12,094 employees), including 5,714 wage earners (PY: 5,806 wage earners) and 4,966 salaried employees (PY: 6,288 salaried employees). At the reporting date of December 31, 2022 the AEO Group had 10,144 employees (PY: 11,141 employees).

67. Independent auditor’s fee

The total fee charged by KPMG AG Wirtschaftsprüfungsgesellschaft for auditing services in financial year 2022 was EUR 1.8 million (PY: EUR 1.8 million). Besides auditing services, other services were provided in the amount of EUR 0.3 million in financial year 2022 (PY: EUR 0.1 million).

68. List of Shareholdings pursuant to Section 313 (2) HGB

The following subsidiaries and associates are included in the present consolidated financial statements at December 31, 2022 of AURELIUS SE:

Company	Head-Office	Cur-rency	Share in %	Equity[1]	Profit/loss[1]
AEO InvestCo GmbH[3]	Grünwald	EUR	100.00 %	654,459	- / -
AHI Holding GmbH	Grünwald	EUR	100.00 %	11,025	-12,251
Akad Holding GmbH	Grünwald	EUR	100.00 %	3,634,283	-360,684
Ardent Holdings Ltd.	London/United Kingdom	USD	100.00 %	-5,827,554	418,613
Ardent Maritime Africa Pty Ltd.[2]	Cape Town/South Africa	ZAR	100.00 %	- / -	- / -
Ardent Maritime Netherlands BV	IJmuiden/Netherlands	USD	100.00 %	5,284,805	3,754,169
Ardent Servicos Maritimos Ltda.[2]	Rio de Janeiro/Brazil	USD	100.00 %	- / -	- / -
Ardent Worldwide Ltd.	London/United Kingdom	USD	100.00 %	2,234,274	7,537,508
Armstrong Architectural Products S.L.	Madrid/Spain	EUR	100.00 %	3,254,791	-410,990
Athena Holdings BV	Venlo/Netherlands	USD	100.00 %	6,343,649	-152
AURELIUS Active Management GmbH	Grünwald	EUR	100.00 %	1,317,977	271,137
AURELIUS Active Management Holding GmbH	Grünwald	EUR	100.00 %	89.900	-6,294
AURELIUS Alpha B.V.	Amsterdam/Netherlands	EUR	100.00 %	156,392	-25,937
AURELIUS Alpha International GmbH	Grünwald	EUR	100.00 %	2,453,163	-97,325
AURELIUS Alpha Invest GmbH (merged with: AURELIUS Alpha Invest DS GmbH)	Grünwald	EUR	91.07 %	106,155,852	103,819,069
AURELIUS Alpha Invest New GmbH	Grünwald	EUR	100.00 %	31,498	-3,502
AURELIUS Alpha Ltd.	London/United Kingdom	GBP	100.00 %	4,373,103	-806,338
AURELIUS Beta International GmbH (in liquidation)	Grünwald	EUR	100.00 %	- / -	113,250
AURELIUS Beta Ltd.	London/United Kingdom	GBP	100.00 %	-20,874	-13,882
AURELIUS Beteiligungsberatungs AG	Munich	EUR	100.00 %	661,393	148,241
AURELIUS Bison Ltd.	London/United Kingdom	GBP	100.00 %	1	- / -
AURELIUS Bloom HoldCo GmbH (previously: Briar Holding GmbH)	Grünwald	EUR	100.00 %	-310,953	-601,654
AURELIUS Deer Ltd.	London/United Kingdom	GBP	100.00 %	-36,651	-27,848
AURELIUS Development Eight GmbH	Grünwald	EUR	100.00 %	46,958	1,184
AURELIUS Development Eleven GmbH	Grünwald	EUR	92.00 %	1,867,842	4,763,383
AURELIUS Development Fifteen GmbH	Grünwald	EUR	100.00 %	9,443	-4,564
AURELIUS Development Four GmbH	Grünwald	EUR	92.82 %	-2,531	37,792
AURELIUS Development Fourty GmbH	Grünwald	EUR	100.00 %	107,260	-2,740
AURELIUS Development Fourty-One GmbH[2]	Grünwald	EUR	100.00 %	- / -	- / -
AURELIUS Development Fourty-Two GmbH[2]	Grünwald	EUR	100.00 %	- / -	- / -
AURELIUS Development Fourty-Three GmbH[2]	Grünwald	EUR	100.00 %	- / -	- / -
AURELIUS Development Fourty-Four GmbH[2]	Grünwald	EUR	100.00 %	- / -	- / -
AURELIUS Development Fourty-Five GmbH[2]	Grünwald	EUR	100.00 %	- / -	- / -
AURELIUS Development Fourty-Five DS GmbH[2]	Grünwald	EUR	100.00 %	- / -	- / -
AURELIUS Development Seven GmbH	Grünwald	EUR	93.70 %	41,152	16,152
AURELIUS Development Seventeen GmbH	Grünwald	EUR	78.89 %	- / -	- / -
AURELIUS Development Six GmbH	Grünwald	EUR	92.00 %	1,469,181	3,109,413
AURELIUS Development Sixteen DS GmbH	Grünwald	EUR	100.00 %	9,443	-4,602
AURELIUS Development Sixteen GmbH	Grünwald	EUR	100.00 %	39,470	-3,336
AURELIUS Development Ten GmbH	Grünwald	EUR	100.00 %	15,530	-4,660

Company	Head-Office	Currency	Share in %	Equity[1]	Profit/loss[1]
AURELIUS Development Thirty-Eight GmbH	Grünwald	EUR	100.00 %	32,286	-2,714
AURELIUS Development Thirty-Five GmbH	Grünwald	EUR	100.00 %	31,880	-3,120
AURELIUS Development Thirty-Four GmbH	Grünwald	EUR	100.00 %	31,350	-3,650
AURELIUS Development Thirty-One GmbH	Grünwald	EUR	74.00 %	715,288	-158,833
AURELIUS Development Thirty-Three GmbH	Grünwald	EUR	100.00 %	107,587	-4,413
AURELIUS Development Thirty-Two GmbH	Grünwald	EUR	100.00 %	20,904	-4,096
AURELIUS Development Three GmbH	Grünwald	EUR	91.95 %	747,909	9,812,631
AURELIUS Development Twelve GmbH	Grünwald	EUR	100.00 %	15,873	-4,681
AURELIUS Development Twenty-Five GmbH	Grünwald	EUR	100.00 %	27,820	-1,497
AURELIUS Development Twenty-Four GmbH (in liquidation)	Grünwald	EUR	92.00 %	146,517	- / -
AURELIUS Development Twenty-Six GmbH	Grünwald	EUR	73.50 %	588,625	-23,989
AURELIUS Development Twenty-Three GmbH	Grünwald	EUR	92.00 %	5,188,073	4,026,099
AURELIUS Develpment Twenty-Nine GmbH	Grünwald	EUR	74.00 %	534,838	-110,368
AURELIUS Epsilon International GmbH	Grünwald	EUR	100.00 %	-11,593,806	-799,881
AURELIUS Epsilon Invest GmbH	Grünwald	EUR	100.00 %	-5,747,076	88,195
AURELIUS Equity Opportunities AB	Stockholm/Sweden	EUR	100.00 %	625,480	-598,822
AURELIUS Eta UK Investments Ltd.	London/United Kingdom	GBP	100.00 %	2,138,560	3,389,015
AURELIUS Finance Company Ltd.	London/United Kingdom	GBP	100.00 %	7,715,159	2,941,762
AURELIUS Finance Property One Ltd.	London/United Kingdom	GBP	100.00 %	148,226	12,307
AURELIUS Gamma International GmbH	Grünwald	EUR	100.00 %	1,592,497	-65,594
AURELIUS Gamma Invest GmbH	Grünwald	EUR	100.00 %	1,120,979	-128,350
AURELIUS Gamma Ltd.	London/United Kingdom	GBP	92.00 %	4,162,616	349,449
AURELIUS Impala Holding Ltd.[2]	London/United Kingdom	GBP	100.00 %	- / -	- / -
AURELIUS Initiative Development GmbH	Grünwald	EUR	100.00 %	-12,365	-302,141
AURELIUS Investment NL 1 B.V.	Amsterdam/Netherlands	EUR	100.00 %	125,523,072	87,263,267
AURELIUS Investment NL 3 B.V.	Amsterdam/Netherlands	EUR	100.00 %	-1,906	-7,857
AURELIUS Investments Ltd.	London/United Kingdom	GBP	100.00 %	3,610,867	2,792
AURELIUS Lion Holding Ltd.[2]	London/United Kingdom	GBP	100.00 %	- / -	- / -
AURELIUS Lion One Ltd.[2]	London/United Kingdom	GBP	100.00 %	- / -	- / -
AURELIUS Lynx Ltd.[4, 5]	London/United Kingdom	GBP	100.00 %	1	- / -
AURELIUS Mamba Ltd.[4, 5]	London/United Kingdom	GBP	100.00 %	1	- / -
AURELIUS Management SE[3]	Grünwald	EUR	70.00 %	104,544	- / -
AURELIUS Mittelstandskapital GmbH	Grünwald	EUR	51.00 %	-2,519,906	-367,443
AURELIUS MK Two GmbH	Grünwald	EUR	100.00 %	-704,563	-35,003
AURELIUS Nederland B.V.	Amsterdam/Netherlands	EUR	100.00 %	52,918	12,083
AURELIUS Newfoundland Ltd.[4, 5]	London/United Kingdom	GBP	100.00 %	1	- / -
AURELIUS Nordics AB	Stockholm/Sweden	SEK	100.00 %	245,028	81,320
AURELIUS Portfolio Management AG	Munich	EUR	100.00 %	785,215	304,045
AURELIUS Psi Ltd.	London/United Kingdom	GBP	100.00 %	-2,621	-48,265
AURELIUS Services Holding GmbH	Grünwald	EUR	100.00 %	418,749	825
AURELIUS Transaktionsberatungs AG	Munich	EUR	100.00 %	369,078	15,022
Auto Mester AS	Hagan/Norway	NOK	100.00 %	556,262	-1,080,604
Autostructures UK Ltd. (previously: GKN Autostructures Ltd.)	Telford/United Kingdom	GBP	100.00 %	9,157,000	-7,968,000
Avelgemse Transportmaatschappij NV	Brussels/Belgium	EUR	100.00 %	1,059,865	11,170
B + P Baulogistik GmbH[3]	Wandlitz	EUR	100.00 %	204,343	- / -
B + P Gerüstbau GmbH[3]	Wandlitz	EUR	100.00 %	18,713,509	- / -
B + P Gerüstbau Hamburg GmbH[3]	Hamburg	EUR	100.00 %	-132,160	- / -
Baltic Design Institut Sp Z.o.o.	Stettin/Poland	PLN	100.00 %	37,727	12,727

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Company	Head-Office	Currency	Share in %	Equity[1]	Profit/loss[1]
BCA Beteiligungs GmbH	Grünwald	EUR	100.00 %	246,002	7,879
BCA Pension Trust Ltd.	Swindon/United Kingdom	GBP	100.00 %	1	- / -
Binje Ackermans SA	Brussels/Belgium	EUR	100.00 %	7,106,930	-425,159
BMC Benelux SA	Brussels/Belgium	EUR	100.00 %	10,164,920	83,791
Book Club Trading Ltd.	Swindon/United Kingdom	GBP	100.00 %	8,746	-191,680
BPG Building Partners Group GmbH	Wandlitz	EUR	75.00 %	1,881,577	-3,399,892
BSB Bau- und Spezialgerüstbau GmbH[3]	Schmölln	EUR	100.00 %	8,317,812	- / -
Burcot Hall Hospital Ltd.	Manchester/United Kingdom	GBP	100.00 %	935	2,879
CalaChem Holding Ltd.	Manchester/United Kingdom	GBP	100.00 %	5,918	-12,681
CalaChem Ltd.	Grangemouth/United Kingdom	GBP	100.00 %	12,318,314	-337,258
CalaChem Pension Trustees Ltd.	Manchester/United Kingdom	GBP	100.00 %	- / -	- / -
Calumet Photographic BV	Amsterdam/Netherlands	EUR	100.00 %	-364,191	-102,106
CALUMET Photographic GmbH (merged with: Foto-Video Sauter GmbH & Co. KG; Foto-Video Sauter Verwaltungs GmbH)	Hamburg	EUR	100.00 %	18,681,988	3,605,626
Calumet Photographic Ltd.	Milton Keynes/United Kingdom	GBP	100.00 %	13	- / -
Calumet Wex Holding GmbH	Grünwald	EUR	100.00 %	116,405	-467,314
Camera Tools Holding B.V.	Apeldoorn/Netherlands	EUR	100.00 %	963,906	263,695
CameraNU.nl Amsterdam B.V.	Amsterdam/Netherlands	EUR	100.00 %	427,882	194,090
CameraNU.nl Apeldoorn B.V.	Apeldoorn/Netherlands	EUR	100.00 %	509,600	135,821
CameraNU.nl B.V.	Urk/Netherlands	EUR	75.00 %	438,957	2,772,005
CameraNU.nl Groningen B.V.	Urk/Netherlands	EUR	100.00 %	-131,837	-37,733
CameraNU.nl Marketplaces B.V.	Urk/Netherlands	EUR	100.00 %	546,505	390,375
CameraNU.nl Rotterdam B.V.	Urk/Netherlands	EUR	100.00 %	77,447	76,447
Ceilings Solutions GmbH	Porta Westfalica	EUR	100.00 %	-3,095,250	-3,117,250
CHB Container Handel und Vermietung Berlin GmbH (previously: AURELIUS Development Thirty-Six GmbH)	Grünwald	EUR	100.00 %	30,720	-4,280
Combine Asset Ltd.	Manchester/United Kingdom	GBP	100.00 %	1,563,653	7,984,340
Combine Holding Ltd.	Manchester/United Kingdom	GBP	100.00 %	1	3,500,000
Conaxess Holding Sweden AB	Stockholm/Sweden	SEK	100.00 %	29,296,000	6,297,000
Conaxess Trade Austria GmbH	Vienna/Austria	EUR	100.00 %	-7,507,560	143,676
Conaxess Trade Denmark A/S	Soborg/Denmark	DKK	100.00 %	125,336,000	13,608,000
Conaxess Trade Denmark Beverage A/S	Soborg/Denmark	DKK	75.00 %	31,670,000	7,341,000
Conaxess Trade Holding AB	Malmö/Sweden	SEK	100.00 %	16,798,000	8,413,000
Conaxess Trade Norway AS	Oslo/Norway	NOK	100.00 %	46,766,053	36,308,424
Conaxess Trade Sweden AB (merged with: Movement Group Nordic AB; Movement Sales Partner Nordic AB; Movement Business Parner Nordic AB)	Stockholm/Sweden	SEK	100.00 %	72,350,487	-6,257,219
Conaxess Trade Switzerland AG	Neuendorf/Switzerland	CHF	100.00 %	3,343,644	1,007,706
Converter Relay Electric Group GmbH	Grünwald	EUR	91.95 %	1,371,031	-11,975
ConverterTec Bulgaria EOOD	Sofia/Bulgaria	BGN	100.00 %	1,677,000	1,001,000
ConverterTec Deutschland GmbH	Kempen	EUR	100.00 %	2,623,888	-1,329,515
ConverterTec Energy Solutions India Private Ltd.	Pune/India	INR	100.00 %	27,500,000	1,700,000
ConverterTec Holding GmbH	Grünwald	EUR	100.00 %	1,076,867	-11,293
ConverterTec Holding Ltda.	Fortaleza/Brazil	BRL	100.00 %	1,668,000	668,000
ConverterTec Japan LLC	Chiba-Ken/Japan	JPY	100.00 %	50,372,000	5,069,000
ConverterTec Poland Sp. z o.o.	Niepolomiece/Poland	PLN	100.00 %	12,127,000	3,570,000
ConverterTec Service GmbH (previously: AURELIUS Development Thirty GmbH)	Kempen	EUR	100.00 %	17,768	-3,758

Company	Head-Office	Currency	Share in %	Equity[1]	Profit/loss[1]
ConverterTec USA, Inc.	Delaware/ United States of America	USD	100.00 %	99,000	-101,000
Cyfrowe.pl Sp. z o.o.	Danzig/Poland	PLN	75.00 %	14,476,849	6,475,722
Dehler Yachts GmbH	Greifswald	EUR	100.00 %	-1,249,241	-3,601
Delvita GmbH	Grünwald	EUR	100.00 %	111,640	2,083
Distrelec B.V.	's-Hertogenbosch/Netherlands	EUR	100.00 %	43,747,668	397,090
Distrelec Deutschland GmbH	Grünwald	EUR	100.00 %	756,425	416,648
Distrelec Gesellschaft m.b.H.	Vienna/Austria	EUR	100.00 %	550,141	152,096
Distrelec Group Holding BV	Amsterdam/Netherlands	EUR	100.00 %	58,207,904	-4,586
Distrelec Italia srl	Lainate/Italy	EUR	100.00 %	1,787,605	133,035
Distrelec Ltd.	Manchester/ United Kingdom	GBP	100.00 %	4,354,174	354,526
Distrelec Schweiz AG	Nänikon/Switzerland	CHF	100.00 %	33,239,000	21,565,000
Earls Gate Water Ltd.	Manchester/United Kingdom	GBP	100.00 %	-58,869	5,106
Elfa Distrelec A/S	Aarhus/Denmark	DKK	100.00 %	3,997,467	476,565
Elfa Distrelec AB	Kista/Sweden	SEK	100.00 %	18,196,000	4,521,000
Elfa Distrelec AS	Trollasen/Norway	NOK	100.00 %	11,089,619	2,023,754
Elfa Distrelec OÜ	Tallinn/Estonia	EUR	100.00 %	901,816	51,330
Elfa Distrelec Oy	Helsinki/Finland	EUR	100.00 %	506,211	126,826
Elfa Distrelec SIA	Riga/Latvia	EUR	100.00 %	713,083	151,360
Elfa Distrelec Sp.z.o.o.	Warsaw/Poland	PLN	100.00 %	1,853,848	238,228
Elfa Distrelec UAB	Vilnius/Lithuania	EUR	100.00 %	310,823	40,229
European Imaging Group Ltd.	Milton Keynes/United Kingdom	GBP	96.80 %	12,739,000	8,616,000
Feedback Instruments Ltd.	Crowborough/United Kingdom	GBP	100.00 %	1,365,914	78,795
Fomag Sp. z o.o.	Danzig/Poland	PLN	100.00 %	122,427	-7,055
GA Industries Holdings LLC	Cranberry Township/ United States of America	USD	100.00 %	12,764,067	- / -
GHOTEL Beteiligungs GmbH	Grünwald	EUR	100.00 %	4,842,432	176,933
GIP Development Sarl	Luxembourg/Luxembourg	EUR	100.00 %	-312,980	-324,980
GIP Holding GmbH	Grünwald	EUR	100.00 %	4,906,476	46,807,464
Grundstücksgesellschaft Kempen GmbH	Grünwald	EUR	100.00 %	925,399	361,021
Grundstücksgesellschaft Salmtal GmbH & Co. KG	Salmtal	EUR	100.00 %	1,000	6,208
GSB Gerüstbau GmbH	Grünwald	EUR	100.00 %	1,906,026	1,894,624
GTN IT Services BV	Amsterdam/Netherlands	EUR	100.00 %	6,796	1,809
Gustav Raetz Gerüstbau GmbH[3]	Munich	EUR	100.00 %	4,490	- / -
H&F Shoes (Thailand) Co Ltd.	Bangkok/Thailand	THB	100.00 %	150,237,600	47,451,308
H&S Shoes (M) Sdn. Bhd (in liquidation)	Kuala Lumpur/Malaysia	MYR	100.00 %	-4,965,160	272,791
Hanse (Deutschland) Vertriebs GmbH & Co. KG	Greifswald	EUR	100.00 %	5,113	- / -
HanseYachts AG	Greifswald	EUR	79.53 %	11,165,181	866,223
HanseYachts Marken Portfolio AG & Co. KG[2]	Greifswald	EUR	100.00 %	- / -	- / -
HanseYachts US LLC.	Savannah/ United States of America	USD	100.00 %	611,687	146,509
Health and Fashion Shoes France SAS	Paris/France	EUR	100.00 %	820,397	61,807
Health and Fashion Shoes Italia SpA	Milan/Italy	EUR	100.00 %	14,756,745	1,537,394
Heteyo Europe Holding GmbH (previously: Office Depot Europe Holding GmbH)	Grünwald	EUR	100.00 %	525,000	9,991,158
Heteyo Holding BV	Venlo/Netherlands	EUR	100.00 %	204,185	-77,825
Heteyo Invest B.V.	Venlo/Netherlands	EUR	100.00 %	-4,800	-243
Heteyo R Ltd.	Leicester/United Kingdom	GBP	100.00 %	3	-647,800
Hovdan Poly AS	Oslo/Norway	NOK	100.00 %	3,494,739	-844,558

Company	Head-Office	Cur-rency	Share in %	Equity[1]	Profit/loss[1]
HÜPPE (Shanghai) Co. Ltd.	Shanghai/People's Republic China	CNY	100.00 %	2,095,162	289,688
HÜPPE B.V.	Alblasserdam/Netherlands	EUR	100.00 %	538,952	127,286
HÜPPE Belgium N.V.	Zaventem/Belgium	EUR	100.00 %	2,518,214	747,400
HÜPPE France S.á.r.l.	Strasbourg/France	EUR	100.00 %	1,024,173	483,983
HÜPPE GmbH	Bad Zwischenahn/ Germany	EUR	100.00 %	8,496,002	-1,133,705
HÜPPE Insaat Malz. San. Tic. A.S.	Kapaklı Çerkezköy/ Tekirdağ/ Turkey	TRY	100.00 %	56,036,020	31,384,782
HÜPPE Spain S.L.U.	Barcelona/Spain	EUR	100.00 %	-1,050,157	-94,683
HÜPPE spólka z.o.o.	Skórzewo/Poland	PLN	100.00 %	1,495,892	782,770
HÜPPE sro	Slany/Check Republic	CZK	100.00 %	8,488,905	8,378,905
HY Beteiligungs GmbH	Grünwald	EUR	100.00 %	-3,839,407	-624,466
International Brand Value Management AG	Zug/Switzerland	CHF	100.00 %	118,028	-12,902
Jowi Consultancy B.V.	Urk/Netherlands	EUR	100.00 %	18,000	256,284
Klamflex Pipe Couplings (Pty) Ltd.	Krugersdorp/South Africa	ZAR	100.00 %	14,007,475	10,316,023
LD Beteiligungs GmbH	Hürth	EUR	100.00 %	4,010,634	-81,688
LD Didactic GmbH	Hürth	EUR	100.00 %	334,759	-1,814,795
LD Operations Kft.	Cegléd/Hungary	HUF	100.00 %	37,448,000	8,298,000
LD Vertriebs GmbH	Hürth	EUR	100.00 %	38,244	4,308
LoXite GmbH[3]	Berlin	EUR	100.00 %	410,121	-163,050
Mediterranean Yacht Service Center SARL	Canet en Roussillon/France	EUR	100.00 %	-2,941,710	-120,012
Moody Yachts GmbH	Greifswald	EUR	100.00 %	10,052	-3,018
moveero A/S	Lunderskov/Denmark	DKK	100.00 %	196,378,000	55,263,000
moveero Inc.	Armstrong/ United States of America	USD	100.00 %	-16,659,000	519,000
moveero Ltd.	Telford/United Kingdom	GBP	100.00 %	-339,000	-8,346,000
moveero S.r.l.	Maclodio/Netherlands	EUR	100.00 %	49,127	7,384
MRG Holding Ltd.	Bury St Edmunds/ United Kingdom	GBP	100.00 %	747,364	23,999,626
nds Group AS (merged with:Sola Shipping AS)	Hagan/Norway	NOK	100.00 %	52,660,726	2,493,570
Nedis AB	Kista/Sweden	SEK	100.00 %	5,040,131	-1,313,564
Nedis B.V.	's-Hertogenbosch/Netherlands	EUR	100.00 %	17,077,000	84,000
Nedis Elfogro mbH	Vienna/Austria	EUR	100.00 %	289,409	35,101
Nedis GmbH	Bremen	EUR	100.00 %	361,161	44,533
Nedis Iberia S.L.	Barcelona/Spain	EUR	100.00 %	490,572	91,669
Nedis Italia Srl.	Lainate/Italy	EUR	100.00 %	515,617	-41,266
Nedis Kerr sro.	Miodrice/Czech Republic	CZK	100.00 %	12,156,168	-565,844
Nedis Kft.	Budapest/Hungary	HUF	100.00 %	1,121,973,643	-767,483,640
Nedis NV	Geel/Belgium	EUR	100.00 %	371,001	-26,968
Nedis Oy	Savonlinna/Finland	EUR	100.00 %	428,670	-23,454
Nedis SAS	Nantes/France	EUR	100.00 %	1,365,202	-40,009
Nedis UK Ltd.	Leicester/United Kingdom	GBP	100.00 %	401,850	-2,289
Nordic Lift AS	Tiller/Norway	NOK	100.00 %	1,098,266	10,725,171
Nordic Wash AS	Tiller/Norway	NOK	100.00 %	439,356	114,049
OD Participations (France) SAS	Senlis/France	EUR	100.00 %	55,332,751	-26,530,106
Old Book Club Associates Ltd.	Swindon/United Kingdom	GBP	100.00 %	-43,763	60,012
OOO VAG Armaturen RUS	Samara/Russia	RUB	100.00 %	299,076,254	295,041,371
Oy Conaxess Trade Finland AB	Helsinki/Finland	EUR	100.00 %	4,521,499	1,094,797
Perfiles y Techos S.L.	Madrid/Spain	EUR	100.00 %	1,608,847	-11,969

Company	Head-Office	Currency	Share in %	Equity[1]	Profit/loss[1]
Privilège Marine Holding GmbH	Grünwald	EUR	100.00 %	17,415,208	-1,226
Pullman Fleet Solutions Ltd.[5]	Doncaster/United Kingdom	GBP	100.00 %	-4,211,780	-1,194,811
Regain Polymers Holding Ltd.	Castleford/United Kingdom	GBP	100.00 %	-24,261	-6,594
Remi Claeys Aluminium NV	Lichtervelde/Belgium	EUR	100.00 %	14,187,842	2,977,169
Rivus Fleet Solutions Ltd.	Solihull/United Kingdom	GBP	100.00 %	26,087,000	4,334,000
Rivus Midco Ltd.	London/United Kingdom	GBP	100.00 %	5,966,905	-873,787
RTS Indústria e Comérco de Válvulas Ltda.[2]	Sao Paulo/Brazil	BRL	100.00 %	- / -	- / -
Salmtal Grundstücksbeteiligungs-GmbH	Salmtal	EUR	100.00 %	17,257	-2,108
Sankey Holding Ltd.	Telford/United Kingdom	GBP	100.00 %	-15,183,000	-8,964,000
Sansa Europe Sp. z o.o.	Lodz/Poland	PLN	100.00 %	1,326,735	507,519
Sealine Yachts GmbH	Greifswald	EUR	100.00 %	16,608	2,905
Secop Beteiligungs GmbH[3]	Grünwald	EUR	100.00 %	7,573,997	- / -
Secop Verwaltungs GmbH[3]	Grünwald	EUR	100.00 %	2,600,000	- / -
SEG Electronics GmbH	Grünwald	EUR	100.00 %	462,812	32,408
SEV Automotive & Plant Ltd.	Solihull/United Kingdom	GBP	100.00 %	-422,047	-363,406
Silvan A/S	Aarhus/Denmark	DKK	100.00 %	42,897,811	42,967,364
Silvan Holding GmbH	Grünwald	EUR	100.00 %	-36,096	253,343
Studienkreis Holding GmbH	Grünwald	EUR	100.00 %	64,437	-4,076
Tablet Finance Holdings Ltd. (previously: AURELIUS Impala Ltd.)[2]	London/United Kingdom	GBP	100.00 %	- / -	- / -
Technologie Tworzyw Sztucnych Spol. Zoo.	Goleniow/Poland	PLN	100.00 %	47,649,653	10,029,926
TeCo Asia Ltd.	Hong Kong/ People's Republic China	USD	100.00 %	1,169,642	175,805
TeCo Asia Technology (Shenzhen) Co. Ltd.	Shenzhen/ People's Republic China	CNY	100.00 %	3,990,048	993,947
TeCo CDC B.V.	s-Hertogenbosch/Netherlands	EUR	100.00 %	16,472,480	565,208
TeCo Holding BV	's-Hertogenbosch/Netherlands	EUR	100.00 %	144,281,847	13,532,015
Thompson Chassis Ltd. (previously: GKN Thompson Chassis Ltd.)	Telford/United Kingdom	GBP	100.00 %	100	- / -
Unilux GmbH	Salmtal	EUR	100.00 %	1,024,743	-870,311
VAG do Brasil Holding Ltda[2]	Sao Paulo/Brazil	BRL	100.00 %	- / -	- / -
VAG GmbH[3]	Mannheim	EUR	100.00 %	15,220,412	- / -
VAG Holding GmbH	Mannheim	EUR	100.00 %	68,806,198	60,203,573
VAG Middle East DMCC	Dubai/United Arab Emirates	AED	100.00 %	-318,964	13,015
VAG sro.	Hodonin/Czech Republic	CZK	100.00 %	563,470,000	116,184,000
VAG USA LLC	Pennsylvania/ United States of America	USD	100.00 %	4,728,065	250,912
VAG Valves Malaysia Sdn. Bhd.	Petaling Jaya/Malaysia	MYR	100.00 %	708,468	888,642
VAG Valves India (Private) Ltd.	Telangana/India	INR	100.00 %	170,335,000	11,238,000
VAG Valvote Italia Srl.	Milan/Italy	EUR	100.00 %	123,866	7,778
VAG Water Systems (Taicang) Co. Ltd.	Taicang/People's Republic China	CNY	100.00 %	166,667,389	55,858,477
VAG-Armaturen GmbH	Vienna/Austria	EUR	100.00 %	795,388	569,541
Vandevoorde Bouwmaterialen NV	Wortegem-Petegem/Belgium	EUR	100.00 %	2,621,856	145,481
Verwaltung Hanse (Deutschland) Vertriebs GmbH	Greifswald	EUR	100.00 %	51,837	-11
Waker BV	Rotterdam/Netherlands	EUR	100.00 %	249,758	-844
Warehouse Express Ltd.	Norwich/United Kingdom	GBP	100.00 %	13,213,000	3,739,000
WKF Anlagentechnik GmbH[3]	Schmölln	EUR	100.00 %	362,008	- / -
Wychem Holding Ltd.	London/United Kingdom	GBP	100.00 %	754,275	23,804,898
Yachtzentrum Greifswald Beteiligungs GmbH	Greifswald	EUR	100.00 %	-6,641,053	-70,231

Company	Head-Office	Currency	Share in %	Equity[1]	Profit/loss[1]
YouBuild NV	Brussels/Belgium	EUR	100.00 %	5,029,213	-730,152
Zentia Ltd.	Uxbride/United Kingdom	GBP	100.00 %	59,966,000	1,933,000
Zentia Profiles Ltd.	Gateshead/United Kingdom	GBP	100.00 %	4,294,813	279,282
ZIM Aircraft Seating GmbH	Markdorf	EUR	100.00 %	-30,892,973	-6,193,926
ZIM Flugsitz Holding GmbH	Grünwald	EUR	100.00 %	44,123	-3,580
Associated companies					
AURELIUS Investment Advisory Ltd.	London/United Kingdom	GBP	40.00%	-465,537	-465,637
AURELIUS Investment Lux One SARL[2]	Leudelange/Luxembourg	EUR	29.40%	- / -	- / -
Borup Kemi Holding A/S	Borup/Denmark	DKK	45.00%	100,079,421	9,282,284
City Foto Digitaal Eindhoven B.V.	Eindhoven/Netherlands	EUR	49.90%	1,133,195	243,892
Earls Gate Gridco Ltd.	Grangemouth/Scotland	GBP	50.00%	- / -	- / -
Pronghorn Inc.[2]	Wilmington/ United States of America	USD	30.00%	- / -	- / -

1 Figures are provided in the local currency. For the foreign currency figures, the following rates should be considered: Equivalent of 1 euro in international currencies: Brazil 5.6386 BRL, Bulgaria 1.9558 BGN, Chile 907.4410 CLP, Denmark 7.4365 DKK, United Kingdom 0.8869 GBP, Hong Kong 8.3163 HKD, India 88.1679 INR, Japan 140.6668 JPY, Malaysia 4.6984 MYR, Norway 10.5138 NOK, Poland 4.6808 PLN, Russia 77.5916 RUB, Sweden 11.1217 SEK, Switzerland 0.9847 CHF, Singapore 1.4300 SGD, South Africa 18.0986 ZAR, Thailand 36.8351 THB, Czech Republic 24.1161 CZK, Turkey 19.9649 TRY, Hungary 400.8016 HUF, USA 1.0666 USD United Arab Emirates 3.9299 AED, People's Republic of China 7.3582 CNY.
The figures for equity and net income correspond to the local financial statements of the Company's most recent available financial statements.

2 There have been no published financial statements since the Company was newly founded.

3 There is a profit/loss transfer agreement with the parent company.

4 Not consolidated for reasons of materiality.

5 The financial year was truncated.

AURELIUS Equity Opportunities SE & Co. KGaA prepares the consolidated financial statements for the smallest and the largest group of it subsidiaries. They have been filed with the Munich Commercial Register in Section B, No. 221100 and published in the electronic German Federal Gazette (Bundesanzeiger).

69. Events after the reporting date

The Board of Directors of the general partner of AURELIUS Equity Opportunities SE & Co. KGaA announced on January 16, 2023 that it is seeking a segment change on the capital market. The Board of Directors has decided to discontinue the listing of the shares of AURELIUS Equity Opportunities SE & Co. KGaA in the m:access segment and to revoke their inclusion in the Open Market of the Munich Stock Exchange. The rights of the existing shareholders from their shares will be preserved in this segment change. The inclusion of the shares in the m:access segment will be terminated at the end of June 30, 2023. The shares will not be delisted from the Open Market of the Munich Stock Exchange until the end of December 29, 2023. The Company assumes that the shares will be traded on another trading venue in the Open Market in the future.

AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, subscribed to 1,048,951 new shares of HanseYachts AG, Greifswald, on December 9, 2022, for an equivalent value of EUR 3.0 million in the course of a cash capital increase. The capital increase was entered in the commercial register of HanseYachts AG with effect from January 21, 2023. In addition, AURELIUS Equity Opportunities SE & Co. KGaA will receive a further 1,602,098 new shares in HanseYachts AG through the contribution of the shares of an investment in HanseYachts AG in the course of a capital increase through contributions in kind on December 9, 2022, after entry in the commercial register. The entry was made with effect from February 9, 2023. As of the reporting date, the share in HanseYachts AG amounted to 79.53 percent. After subscription of the new shares, the shareholding amounts to 82.43 percent.

The managing directors of the general partner of AURELIUS Equity Opportunities SE & Co. KGaA resolved on January 23, 2023, using the authorization granted by the Company's Annual General Meeting on June 21, 2022, to retire 1,500,000 of the Company's own no-par value bearer shares acquired under the 2021 and 2022 share buyback programs using the simplified procedure pursuant to Sections 71 (1) No. 8 Sentence 6, 237 (3) No. 3, 278 (3) AktG. This corresponds to approximately 5.21 percent of the Company's capital stock. The cancellation of the shares will not be accompanied by a reduction in capital; the notional par value of the shares will therefore increase accordingly. Following the cancellation of the shares, the Company's share capital will continue to amount to EUR 31,680,000.00 and will be divided into 27,269,944 ordinary bearer shares with no par value. The cancellation will take place in the coming weeks. After the cancellation, the Company will still hold a total of 587,391 treasury shares. Likewise, on the same day, the managing directors of the Company's general partner resolved to launch a share buyback program of up to EUR 30 million (excluding incidental acquisition costs) using the authorization granted by the Company's Annual General Meeting on June 21, 2022 ("Share Buyback Program 2023"). Under the Share Buyback Program 2023, a total of up to 1,500,000 treasury shares of the Company are to be bought back in the period from January 30, 2023 to January 29, 2024. The repurchased shares may be used for all purposes approved by the Annual General Meeting of the Company on June 21, 2022, in particular also for cancellation. By the time the consolidated financial statements were prepared, 249,000 shares had been acquired at a purchase price of EUR 4.0 million.

70. Approval of the financial statements

The present consolidated financial statements were released for publication by the Executive Directors of the personally liable partner on March 27, 2022.

Munich, March 27, 2023

AURELIUS Management SE,
Personally liable partner of AURELIUS Equity Opportunities SE & Co. KGaA

The Executive Directors

Matthias Täubl
Chief Executive Officer (CEO)

Fritz Seemann
Executive Director

Richard Schulze-Muth
Executive Director (CFO)

Independent Auditor’s Report

To AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald

Qualified opinions

We have audited the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (hereinafter: combined management report) of AURELIUS Equity Opportunities SE & Co. KGaA for the financial year from 1 January to 31 December 2022. In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the “Other Information” section of our auditor’s report.

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

- the accompanying consolidated financial statements – except for the potential effects of the matter described in the section entitled “Basis for Qualified Opinions” – comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and – except for these potential effects – give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022, in compliance with these requirements, and

- the accompanying combined management report provides as a whole – except for the potential effects described in the section entitled “Basis for qualified opinions” regarding the lack of audit assurance for the earnings from entities accounted for under the equity method – an appropriate view of the Group’s position. In all material respects, this combined management report – with the exception of the possible effects of this matter – is consistent with the consolidated financial statements prepared according to IFRS as adopted by the EU, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit, with the exception of the aforementioned qualified audit opinions on the consolidated financial statements and the combined management report, has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for Qualified Opinions

In the consolidated financial statements as at 31 December 2021 Office Depot France SNC, Senlis, France, was deconsolidated. As the Company submitted an application to initiate a judicial financial reorganisation in February 2021, it was not possible for the local auditor to audit the reporting package of Office Depot France SNC, Senlis, France, for the deconsolidation date. As a result, we were unable to obtain reasonable assurance about the completeness, existence, presentation and measurement of the items contained in the prior year’s consolidated statement of comprehensive income and consolidated statement of cash flows of Office Depot France

SNC. This primarily affects the recognised deconsolidation gain and the current income until deconsolidation, which totals EUR 32.0 million. This amount is recognised in the comparable figures from the prior year under the item “Profit or loss from discontinued operations” in the consolidated statement of comprehensive income and in an identical amount in the comparable figures from the prior year in the consolidated statement of financial position under equity (retained earnings). This also affects the comparable figures from the prior year in the consolidated statement of changes in equity, and in the comparable figures from the prior year in the consolidated statement of cash flows for the items “Profit or loss from discontinued operations” of EUR 32.0 million and “Profit (-)/loss (+) from deconsolidation” of EUR -32.9 million.

Therefore, we cannot rule out the possibility that changes, in particular to the aforementioned items, would have been necessary. This matter has pertinent possible effects on the related disclosures of the comparable figures from the prior year in the notes to the consolidated financial statements.

The local auditor of AURELIUS Investment Lux One S.à r.l. (hereinafter referred to as “LuxOne”) – which was included in the consolidated financial statements using the equity method and in which the Group holds 29.4% of the shares – was unable to obtain sufficient and appropriate audit evidence on the fair value measurement of one of LuxOne’s investments. This investment is recognised in LuxOne’s non-current assets in the amount of EUR 43.5 million and contributes EUR 7.7 million to the earnings of LuxOne. Thus, we were unable to obtain reasonable assurance about the measurement of the “entities accounted for using the equity method” in the amount of EUR 73.0 million in the consolidated statement of financial position as well as about the completeness and amount of the EUR 27.1 million “earnings from entities accounted for under the equity method” in the consolidated statement of profit or loss and other comprehensive income.

Therefore, we cannot rule out the possibility that changes, in particular to the aforementioned items as well as to the consolidated statement of changes in equity and consolidated statement of cash flows, would have been necessary. This matter has pertinent possible effects on the related disclosures in the notes to the consolidated financial statements. This matter may also affect the presentation of business development in the combined management report, including the Group’s business performance and position.

Contrary to the rules of IFRS 3.59 et seqq. and IFRS 8.23 (i), in the notes to the consolidated financial statements, the necessary disclosures regarding the nature and financial effects of business combinations are not included or not individually stated, and material non-cash income is not disclosed by segment.

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of 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 opinions on the consolidated financial statements and on the combined management report.

Material Uncertainty about Ability to Continue as a Going Concern

We refer to the information in Section 9 "Basis of preparation" in the notes to the consolidated financial statements as well as the "Assets, liabilities, financial position and financial performance" section of the combined management report, where management explains that there is the risk that a liquidity gap could occur in the case of a significant subsidiary in the forecast period because an agreement, which thus far contributed significantly to the subsidiary's revenue, terminates in financial year 2023 and there are uncertainties regarding the conclusion of follow-up agreements, which are necessary for the subsidiary's ability to continue as a going concern. Should it not be possible to conclude the necessary follow-up agreements, there is also the risk that the subsidiary cannot satisfy the agreed credit conditions, and the subsidiary does not have sufficient funds to settle the liabilities in the event of repayment. The subsidiary would be dependent on the partner's financial support in this case.

Management further explains that there is the risk in the case of an additional significant subsidiary that this subsidiary may fail to satisfy the agreed credit terms due to negative budget deviations in December 2022 and January 2023 with regard to the earnings position. Should this be the case, the subsidiary would be unable – on account of insufficient financial resources – to settle its liabilities in the event of their repayment. The subsidiary would be dependent on the partner's financial support in this case.

As presented in the Section 9 "Basis of preparation" in the consolidated financial statements and Section "Assets, liabilities, financial position and financial performance" of the combined management report, these events and conditions show that there is material uncertainty in the case of both significant subsidiaries that could caste significant doubt on the subsidiaries' ability to continue their business activities and which represents a going concern risk within the meaning of Section 322 (2) sentence 3 HGB. Our opinions have not been modified with respect to these matters.

Other Information

The Managing Directors and/or the Supervisory Board are/is responsible for the other information.

The other information comprises the following component of the group management report, whose content was not audited:

- the corporate governance statement included in the "Corporate governance statement of the Board of Directors" section of the group management report
- information extraneous to management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report, including the sustainability report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

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

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

– is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
– otherwise appears to be materially misstated.

Responsibilities of the Managing Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

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

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

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

The Supervisory 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined 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 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 opinions on the consolidated financial statements and on the combined 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 in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the Managing Directors and the reasonableness of estimates made by the Managing Directors and related disclosures.

- Conclude on the appropriateness of the Managing Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

– Perform audit procedures on the prospective information presented by the Managing Directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Managing Directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Munich, March 27, 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

gez. Hanshen	gez. Bergler
Wirtschaftsprüfer	Wirtschaftsprüfer

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