MUTARES

Empowering Growth: A year of Expansion

ANNUAL REPORT 2023

MUTARES IN FIGURES

Leading Global
Private Equity
Special Situations
Investor

HOLDING

REVENUES
EUR 103.6 million

PORTFOLIO INCOME
EUR 102.5 million

HOLDING NET INCOME
EUR 352.7 million

GROUP

REVENUES
EUR 4,689.1 million

EBITDA
EUR 756.9 million

ADJUSTED EBITDA
EUR 3.5 million

EMPLOYEES (12/31/2023)

HOLDING[1]
> 200

GROUP
> 27,000

PORTFOLIO COMPANIES (12/31/2023)

30

DIVIDEND

EUR 1.75 2022

GUIDANCE

ca. EUR 10 billion
GROUP REVENUES BY 2028

EXITS

7 COMPLETED IN 2023

TARGET ROIC[2]

7–10x
ON AVERAGE

ACQUISITIONS

+16 CLOSED IN 2023

WE SUPPORT
UN GLOBAL COMPACT

DEUTSCHLAND TEST
UNTERNEHMEN DES JAHRES 2024
Mutares
MONEY

Cover motif: Danny Fiers

[1] incl. Mutares subsidiaries
[2] Return on Invested Capital

The document is interactive. Click on the tables of contents, chapter overviews and symbols to navigate through the report.

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01 ABOUT MUTARES

Mutares is specialized on the acquisition of companies in special situations. Mutares pursues the aim of leading the acquired companies onto a stable path of profitable growth through intensive operational cooperation. Our transaction teams at twelve locations worldwide identify suitable companies. After the acquisition, our own operational team, together with the management of the portfolio companies, develops a comprehensive improvement program along the entire value chain and supports its implementation. Our objective is to return the company to sustainable and long-term success and to support its value. This can also be done through add-on acquisitions.

Extensive operational industry and turnaround experience, combined with transactional and operational support, build the foundation for mastering the challenges involved in developing our portfolio companies.

MUTARES SE & CO. KGAA
Founded in 2008, Mutares acquires mid-sized companies to develop them long-term-oriented and sustainably.

MUTARES GROUP
As at December 31, 2023, the Mutares Group comprised 30 operating companies.

PORTFOLIO COMPANIES
The portfolio companies operate independently and are managed on their own reporting responsibility. They are integrated into the Mutares Group reporting.

OUR MANAGEMENT BOARD

The Mutares Management Board consists of two members, who have years of international experience in various industries.

From left to right:

CEO
ROBIN LAIK
born in 1972, is founder, CEO and main shareholder of Mutares. He is responsible for strategy and business development, M&A as well as Investor Relations. Before founding Mutares, he held various management positions, among others at L'Oreal Group, at Bavaria Industries Group AG as CFO and at ESCADA AG as Head of M&A.

CFO
MARK FRIEDRICH
born in 1978, has been with Mutares since 2012. In 2015, he took over the CFO position. He is responsible for the finance sector of the Mutares Group, as well as consulting, HR, compliance and the operative portfolio development. Previously, he worked as a tax consultant and auditor at EY.

More information on the careers can be found at:

www.mutares.com/en/team#executiveboard

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

New growth impulses through fourth segment and global expansion

EUR million
102.5
Mutares Holding net income in FY 2023

EUR million
4,689
Mutares Group revenues in FY 2023

Mutares SE & Co. KGaA can look back on a successful fiscal year 2023 in what continues to be a challenging economic environment. It is precisely in such an environment that the adaptability and expertise of the entire Mutares team and, in particular, the resilience of our business model are impressively demonstrated, enabling us to celebrate successes and make progress in many respects over the course of the fiscal year 2023.

Key financial figures for the fiscal year 2023

The revenues of **Mutares Holding** (Mutares SE & Co. KGaA), resulting from consulting services to affiliated companies and management fees, increased by 46% to EUR 103.6 million in the fiscal year 2023 (previous year: EUR 71.1 million). The increase is a result of the expansion of the operational consulting business. Sales revenues and dividends from the portfolio result in the so-called “portfolio income”, which amounted to EUR 112.1 million for the fiscal year 2023 (previous year: EUR 139.8 million). As a result, the Mutares Holding Company generated a net income under commercial law of EUR 102.5 million for the fiscal year 2023, compared with EUR 72.9 million in the previous year. The successful sale of Special Melted Products (“SMP”) made a significant contribution to this result.

The **Mutares Group** generated revenues of EUR 4,689.1 million in the fiscal year 2023 (previous year: EUR 3,751.7 million). Group EBITDA (earnings before interest, taxes, depreciation and amortization) in accordance with IFRS amounted to EUR 756.9 million in fiscal year 2023 (previous year: EUR 181.5 million), boosted by gains from bargain purchases of EUR 727.2 million (previous year: EUR 262.0 million) and the positive contribution from exits in the fiscal year. Adjusted EBITDA, adjusted in particular for the effects of regular changes in the composition of the portfolio, amounted to EUR 3.5 million for the fiscal year 2023 (previous year: EUR –32.7 million) and reflects the encouraging progress made in restructuring and developing parts of the portfolio.

Operational and strategic progress

In a challenging environment, we have further developed the Mutares portfolio in a pleasing manner. With 16 completed acquisitions in the fiscal year 2023, we were able to further drive our growth and expand the portfolio with additional promising investments. The results of our implemented transformation and restructuring programs are also pleasing. SFC Solutions (part of Amaneos), Terranor, Ganter, Steyr Motors and keeeper Group in particular have made significant progress.

In a persistently dynamic environment in the Automotive & Mobility segment, we pressed ahead with the consolidation of our supplier business in the fiscal year 2023: The expertise of various portfolio companies in the field of metallic components and systems for the automotive industry was bundled under the FerrAl United Group brand and strengthened in a targeted manner with four add-on acquisitions. Finally, at the beginning of the fiscal year 2024, we merged KICO Group and ISH Group with the newly renamed HILO Group, together with the add-on acquisitions High Precision Components Witten and Prinz Kinematics, which were recently completed for these two investments, to form a global supplier business for hinges and locking systems for OEMs.

Early refinancing of the bond and international expansion

In March 2023, we issued a senior secured bond with a term until March 2027, which was increased by EUR 50 million in June 2023 and by a further EUR 100 million after the 2023 reporting date to a volume of EUR 250 million as part of an existing increase option due to the high level of investor interest. The inflow of liquidity from the issue was used both to refinance the bond issued in the fiscal year 2020 in the total amount of EUR 80 million, which was redeemed in full ahead of schedule with the issue of the new bond, and for general corporate financing. We therefore believe that Mutares is well equipped to take maximum advantage of the opportunities that arise on the acquisition side and to continue its international expansion. We expect the volume of transactions in the current year 2024 to be on par with the fiscal year 2023. A large number of projects in our core European regions, but increasingly also in China, are currently being examined in detail. By opening an office in Shanghai, China, we have taken the next step towards further international expansion. We are firmly convinced that local deal sourcing in this globally important region offers diverse and attractive opportunities. At the same time, we also offer solutions for sellers of European investments in China. For the current fiscal year 2024, we are also planning to open an office in Chicago, USA, as well as prospectively opening offices in other core regions of the world.

In light of the strong portfolio growth in recent years and with the strategic intention of expanding the target universe relevant to Mutares, we added a fourth segment to the previous three segments in the fiscal year 2023: Lapeyre, keeeper Group and FASANA were carved out of the Goods & Services segment and included in the new independent Retail & Food segment. We reached the first milestone in strengthening this new segment by signing an agreement to acquire Gläserne Molkerei from the Emmi Group in July 2023. The acquisitions of Prénatal and TeamTex followed in the course of the fiscal year 2023, as well as the acquisition of Temakinho in March 2024 after the reporting date.

Record exit shows the potential for value creation

In the fiscal year 2023, Mutares also increasingly focused on the exit side: we were able to complete a total of seven sales of portfolio companies. Particularly noteworthy is the sale of Special Melted Products ("SMP"), which represents the most successful exit in the Company's history to date with a cash inflow for the Mutares Holding Company of around EUR 150 million. After the reporting date, we also successfully completed the sale of Frigoscandia to Dachser, for which an agreement was signed in December 2023. With gross proceeds of around EUR 66 million (for 100% of the shares), this also represents an extraordinary success in terms of value creation for Mutares. Overall, thanks to the portfolio growth of recent years and the successful restructuring and optimization work, Mutares has a promising and mature portfolio where further lucrative exit transactions are possible in the coming years.

Growth-oriented minimum dividend of EUR 2.00 per share

We attach great importance to the sustainable and substantial participation of our shareholders in the success of Mutares. In the fiscal year 2023, we paid out EUR 1.75 per share (consisting of a base dividend of EUR 1.00 plus a performance dividend of EUR 0.75). Our dividend policy, which was updated in the fiscal year 2023, now provides for a minimum annual dividend of EUR 2.00 per dividend-bearing share. In exceptionally successful fiscal years, the Company will also consider in its proposal for the appropriation of profits in the future to what extent the remaining net income will also be distributed in the form of a possible bonus dividend to be reported separately in the future. For the fiscal year 2023, the Management Board and Supervisory Board will propose to the Annual General Meeting to be held on June 4, 2024, that a dividend totaling EUR 2.25 per share be distributed.

Outlook

We communicated our new medium-term targets at our Capital Markets Day 2023. For the fiscal year 2028, we want to achieve Group revenues of EUR 10.0 billion and a net income of EUR 200 million for the Mutares Holding Company. This target is based on the opportunities we see for the further expansion of our portfolio in the coming years. We have set a further course for this in the fiscal year 2023: With the further internationalization of our business towards Asia in the fiscal year 2023 and to the US and other regions in the fiscal year 2024, we are creating further international expansion opportunities, while we have expanded our sector focus with the new Retail & Food segment.

Against the background of the transactions concluded and signed in the fiscal year 2023, the assumptions regarding further intended transactions in the course of the year and the plans for the individual portfolio companies, the Management Board expects revenues for the Mutares Group to increase to between EUR 5.7 billion and EUR 6.3 billion in the fiscal year 2024.

The annual net income of Mutares SE & Co. KGaA should regularly be in a range of 1.8% to 2.2% of the consolidated revenues of the Mutares Group. Based on expected revenues for the Mutares Group of EUR 6.0 billion on average, the Management Board therefore expects a net income of EUR 108 million to EUR 132 million in the fiscal year 2024. All sources from which the net income of Mutares SE & Co. KGaA is generally fed, namely revenues from the advisory business on the one hand and dividends from portfolio companies and, in particular, exit proceeds from the sale of investments on the other, are expected to contribute to this.

On behalf of the Management Board, we would like to thank our employees in particular, but also our investors, partners, suppliers and other stakeholders for their commitment and trust. We look forward to continuing Mutares' exciting and successful growth story with all of you in the fiscal year 2024 and beyond.

Sincerely,
The Management Board of Mutares Management SE,
General Partner of Mutares SE & Co. KGaA

OUR IDENTITY

Mutares creates value by transforming risks and opportunities into sustainable business success.

VISION

To be the undisputed international leader for mid-market special situations, driven by our sustainable investment principles

VALUES

Entrepreneurship,
integrative Management, Sustainability,
personal Integrity

MISSION

Transform distressed companies and their ownership into sustainable, lasting and value-enhancing opportunities for shareholders

GOAL

Industry-leading, risk-optimized returns and direct performance contribution for each shareholder, through sustainable and increasing dividends

OUR BUSINESS MODEL

Taking calculated risks and turning losses into opportunities, ultimately creating successful turnarounds.

01 ACQUISITION

Taking calculated risks of loss-making companies

After the acquisition, Mutares initiates an extensive operational improvement program within the portfolio companies. The projects jointly defined with the company are implemented by Mutares consultants in close cooperation with the employees on site.

02 REALIGNMENT

Requesting cash financing from the seller

Mutares develops their companies in a successful and strategic way until the long-term reorganization is achieved. On completion of the improvement program, the company will have reestablished itself as an independent, profitable company in its respective market.

03 OPTIMIZATION

Investing in a successful turnaround

Mutares pursues an active investment management that reviews the company for further business opportunities and strengthens it in the growth phase through focused, strategic acquisitions (buy-and-build approach). For these add-on acquisitions, the strategic fit is decisive.

04 HARVESTING

Turnaround & profit from a profitable company

The objective of Mutares is to actively promote the company's value potential, by establishing the basis for a profitable sale of the company to ensure the sustainable development of the portfolio in the long term.

Learn more about the Mutares business model:
www.mutares.com/en/company

FISCAL YEAR 2023 AT A GLANCE

16 acquisitions and 7 exits in 2023

01 JANUARY

Mutares **compensates CO_2-emissions of all travels** of the Mutares Holding of the past fiscal year. The climate protection contribution benefits the organization atmosfair, which thereby promotes the expansion of renewable energies.

Mutares is awarded for the **second year in a row the label "Company of the Year 2023"** by Focus Money in the category holding companies.

Mutares successfully **sells its portfolio company JAPY Tech** to the company's management.

Mutares successfully completes the **acquisition of Peugeot Motocycles** from Mahindra & Mahindra. The company produces two- and three-wheeled scooters and strengthens the Automotive & Mobility segment as a new platform.

02 FEBRUARY

Mutares successfully completes the **acquisition of Palmia** from the City of Helsinki. The new platform strengthens the Goods & Services segment and is a Finnish public sector service provider.

03 MARCH

Mutares successfully completes the **acquisition of a plant of the automotive supplier Magna** in Bordeaux. The company manufactures transmissions for the automotive industry and now operates under the name MMT-B and belongs to the FerrAl United Group of the Automotive & Mobility segment.

Mutares portfolio company **Ganter Group sells French subsidiary** to Malvaux Group.

Mutares successfully **sells its portfolio company Lacroix + Kress** to Superior Essex.

Mutares **positions newly formed Amaneos** as a global Tier 1 automotive supplier with more than 7,500 employees and revenues of EUR 1 billion. The wholly-owned subsidiary Amaneos acts as a new holding company for Light Mobility Solutions, MoldTecs, and SFC Group.

Mutares successfully **sells its portfolio company FDT Flachdach Technologie** to Holcim Group.

Successful placement of a new EUR 100 million senior secured floating rate bond and early redemption of the existing EUR 80 million senior secured bond.

04 APRIL

Publication of Annual Report 2022: **Net income of the Mutares Holding rises to record level of EUR 72.9 million in 2022.**

Mutares successfully completes the **majority acquisition of BEW-Umformtechnik** from Marigold Capital. The add-on investment strengthens the FerrAl United Group.

05 MAY

Successful **integration of NEM Energy and Balcke-Dürr** into one group to materialize synergies.

Mutares successfully completes the **acquisition of the Danish and Serbian operations from Arriva Group, part of Deutsche Bahn AG**. The companies are operators in the public transport sector and strengthen the Goods & Services segment as a new platform.

Mutares **successfully tabs the bond issued in March 2023** in a volume of EUR 50 million.

Office Opening in Warsaw with expanded access to Eastern European countries.

06 JUNE

Mutares successfully completes the **acquisition of Arriva Poland from Arriva Group**.

07 JULY

The Annual General Meeting of Mutares SE & Co. KGaA approves an **increased dividend of EUR 1.75 per share**. This consists of a **basis dividend of EUR 1.00 per share and a performance dividend of EUR 0.75 per share and confirms the attractive and long-term dividend strategy**.

Expansion of the three existing segments Automotive & Mobility, Engineering & Technology and Goods & Services by a **fourth segment Retail & Food**.

08 AUGUST

Mutares successfully completes the **acquisition of Gläserne Molkerei from Emmi Group**. The company is a leading manufacturer of pure organic dairy products in Germany and strengthens the Retail & Food segment.

Mutares successfully completes the **acquisition of REDO from Recover Group**. The company is a leading provider of property remediation services and strengthens the Goods & Services segment as a new platform.

Mutares successfully completes the **acquisition of SELZER Group from INDUS**. SELZER Group, a multinational supplier of metal-based components and systems, will further strengthen the FerrAl United Group as an add-on acquisition.

09 SEPTEMBER

Mutares **positions FerrAl United Group** as a global automotive supplier with revenues of ca. EUR 960 million and 25 locations worldwide. The company consolidates the globally active automotive suppliers for iron and aluminium-based castings and forgings as well as their machining.

Mutares successfully **sells its portfolio company SABO-Maschinenfabrik** to the Management.

Most successful exit in the Company's history: Mutares **sells its portfolio company Special Melted Products** to Cogne Acciai Speciali.

Mutares **updates dividend strategy with a minimum dividend of EUR 2.00 per share** per fiscal year.

10 OCTOBER

Mutares successfully completes the **acquisition of Byldis**. Byldis designs, manufactures and installs prefabricated and off-site components and strengthens the Engineering & Technology segment as a new platform.

Mutares has submitted an **irrevocable proposal for a majority investment in Sofinter from Gammon Group**. The transaction is expected to leverage significant synergies within the NEM Energy Group.

Mutares **formulates new medium-term Group revenue target for 2028 of EUR 10.0 billion and EUR 200 million net income target for Mutares Holding**, thus confirming the growth-oriented dividend strategy.

Mutares successfully completes the **acquisition of the forging business in Germany of CIE Automotive**. As an add-on acquisition, the company strengthens the FerrAl United Group with synergies within the range of customers and production machinery for forging and friction welding capabilities.

Mutares successfully completes the **acquisition of Walor International and its subsidiaries**. The company is a provider of forged and machined parts for the automotive industry as well as industrial vehicles and strengthens the FerrAl United Group.

Mutares successfully completes the **acquisition of Efacec from the Portuguese state**. The company is a provider of energy, engineering and mobility solutions and strengthens the Engineering & Technology segment.

11 NOVEMBER

Mutares successfully **sells its portfolio company Plati Group** to Accursia Capital.

Mutares is **included in the MSCI Germany Small Cap Index**.

Mutares **signs an agreement to acquire PRINZ Kinematics from AL-KO** as a new add-on investment strengthening the HILO Group.

Mutares successfully completes the **acquisition of Stuart from Geopost**. The company is a provider of urban on-demand delivery services and strengthens the Goods & Services segment as a new platform.

Mutares successfully completes the **acquisition of the Prénatal activities in the Netherlands from PRG Retail Group**. The market-leading Dutch retailer in baby, toddler and maternity wear, hard goods and toys strengthens the Retail & Food segment as a new platform.

12 DECEMBER

Mutares successfully completes the **acquisition of High Precision Components Witten from Westebbe Verwaltungs GmbH and Peter Flaschel**. The leading Tier 1 automotive supplier for innovative precision components for OEMs strengthens the HILO Group as a new add-on investment.

Deutsche Börse admits Mutares to the SDAX.

Mutares successfully completes the **acquisition of 83.08% equity of the TeamTex Group from Nania Developpment and Crédit Mutuel Equity**. The manufacturer of child restraint systems strengthens the Retail & Food segment as a new platform.

Mutares **signs an agreement to sell Frigoscandia** to Dachser.

02 PORTFOLIO

Our portfolio companies operate in a wide range of industries all over the world. We have investments in the Automotive & Mobility, Engineering & Technology, Goods & Services and Retail & Food segments. Joining our Group gives them the opportunity to develop autonomously, independently and sustainably.

Automotive & Mobility

Engineering & Technology

Goods & Services

Retail & Food

EMPOWERING GROWTH: A YEAR OF EXPANSION

The **fiscal year 2023** was once again characterized by a high transaction activity and further growth. Mutares closed a total of **16 acquisitions** in 2023, **significantly expanding its portfolio** and reaching a **new record level in terms of consolidated revenues**.

Several strategic steps that Mutares implemented or initiated in the fiscal year are of crucial importance for future growth. These include an expanded sector focus in order to generate new growth impetus and further diversify the portfolio, as well as an expansion of the global footprint.

With the acquisition of Gläserne Molkerei from Emmi Group in August 2023, Mutares added a fourth Retail & Food segment to its portfolio, which previously comprised three segments. This enables us to broaden and diversify our activities worldwide even further.

Mutares also carried out growth-promoting transactions in the Automotive & Mobility segment and opened the first Mutares office in Shanghai, China, in parallel with the opening of the MoldTecs plant in China. The importance and opportunities of the Chinese market are high for Mutares, and predominantly for the portfolio companies in the Automotive & Mobility segment. With the increasing shift towards e-mobility, China is presenting itself as a pioneer and therefore an important location for the automotive industry.

Further global expansion steps, including in the US, where the opening of an office in Chicago is planned, have already been initiated.

Our Portfolio Companies

AUTOMOTIVE & MOBILITY

AUTOMOTIVE & MOBILITY

Our portfolio companies in the Automotive & Mobility segment – our **early-cyclical business** – operate worldwide, supplying prominent international original equipment manufacturers (OEMs) for commercial vehicles and passenger cars.

EUR **2.5** billion
expected annual revenue

amaneos

Global partner for plastic-based systems for the automotive industry

Revenues EUR million[1]	Acquisition	Phase
1,055	2020, 2021, 2022	Realignment

FERRAL UNITED

Multinational supplier for multi-material machined solutions and systems

Revenues EUR million[1]	Acquisition	Phase
960	2020, 2022, 2023	Realignment

HILO GROUP

System supplier of high-quality automotive technology

Revenues EUR million[1]	Acquisition	Phase
315	2019, 2021, 2023	Optimization

inovis

Engineering service provider for automotive engineering

Revenues EUR million[1]	Acquisition	Phase
35	2020	Realignment

PEUGEOT MOTOCYCLES

Manufacturer of two and three-wheeler scooters and motorcycles

Revenues EUR million[1]	Acquisition	Phase
150	2023	Realignment

[1] expected annual revenue

FerrAl United

FERRAL UNITED

Automotive & Mobility

Vendor:
Tekfor Gruppe, TCH S.r.l., Magna

Acquisition year
2020, 2022, 2023

approx. EUR million
960
expected annual revenue

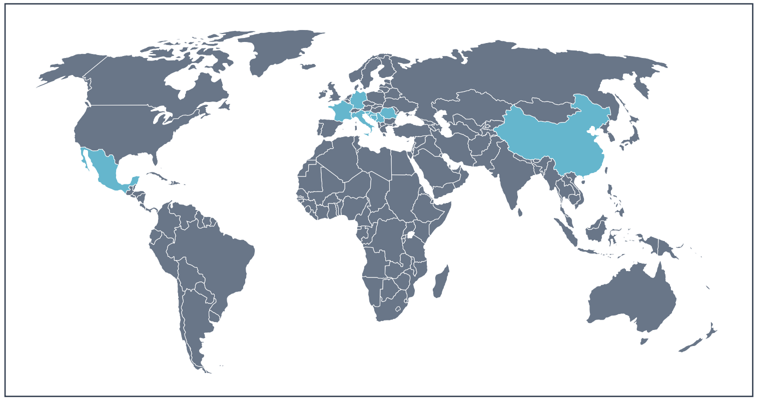
The FerrAl United Group is a global supplier to the automotive industry based in Frankfurt am Main, Germany. The company bundles the nationally and internationally active automotive suppliers for iron and aluminum-based castings and forgings as well as their machining. The independently operating companies CIMOS, MMT-Bordeaux, PrimoTECS, Rasche and BEW Umformtechnik, SELZER Group, the three forging companies Gesenkschmiede Schneider, Schöneweiss & Co. and Falkenroth Umformtechnik as well as Walor International supply leading OEMs worldwide with a complementary product portfolio ranging from basic metal forming and machining to final assembly and testing. FerrAl United has around EUR 1 billion in revenues and operates at over 25 locations worldwide.

"The transformation of the entire European automotive industry continues to progress inexorably. In these challenging times, clear visions and strategies are crucial for the future positioning of companies. FerrAl United is actively shaping this transformation and believes it is ideally positioned to emerge stronger from this change. Through our consistent bolt-on strategy, we are creating synergies and new market positioning with corresponding added value for our customers."

Markus Wermers,
CEO

Strategy →

FerrAl United will play an important role in the future growth development of Mutares within the Automotive & Mobility segment. Within FerrAl United, there is considerable synergy potential in the areas of sales and engineering, through the shared use of know-how and product technology, as well as in joint process development and production. The main objective is to accelerate growth through continuous innovation and improvement within a strong and unique network across all FerrAl United business units.



Our Portfolio Companies

ENGINEERING & TECHNOLOGY

ENERGEERING & TECHNOLOGY

Our portfolio companies in the Engineering & Technology segment – our late-cyclical business – serve customers from various sectors, including the energy and chemical industries, public infrastructure and the rail sector, in particular in the area of plant and mechanical engineering.

EUR **1.2** billion
expected annual revenue

BYLDIS
Designer, manufacturer and installer of pre-fabricated concrete components for mid and high-rise buildings

Revenues EUR million[1]	Acquisition	Phase
90	2023	Realignment

CLECIM FRANCE
Supplier of high-end steel processing line solutions

Revenues EUR million[1]	Acquisition	Phase
60	2021	Harvesting

DONGES GROUP
Full-service provider for building envelopes and steel structures

Revenues EUR million[1]	Acquisition	Phase
200	2017	Harvesting

efacec
Provider of energy, engineering and mobility solutions

Revenues EUR million[1]	Acquisition	Phase
260	2023	Realignment

Gemini RAIL GROUP / ADComms
Industrial, technological and infrastructure service provider for the rail industry

Revenues EUR million[1]	Acquisition	Phase
70	2018, 2021	Realignment

Guascor Energy
Manufacturer of gas and diesel engines

Revenues EUR million[1]	Acquisition	Phase
60	2022	Realignment

LA ROCHETTE CARTONBOARD PAPETERIE TECHNIQUE EN SAVOIE
Producer of folding boxboard

Revenues EUR million[1]	Acquisition	Phase
105	2021	Harvesting

nem / BALCKE DÜRR
Supplier and service provider of heat recovery steam generators, heat exchangers and reactors

Revenues EUR million[1]	Acquisition	Phase
310	2016, 2022	Optimization

STEYRMOTORS
Manufacturer of durable diesel engines and auxiliary electric drives for special applications

Revenues EUR million[1]	Acquisition	Phase
40	2022	Realignment

[1] expected annual revenue

Efacec

Engineering & Technology

Vendor:
Portugiesischer Staat (Participações Públicas (SGPS), S.A.)

Acquisition year
2023

approx. EUR million
260
expected annual revenue

Efacec is an integrated provider of energy and electrical engineering solutions, headquartered in Porto, Portugal and operating worldwide.

The Group offers a wide range of high-technology products and turnkey solutions in three main business areas: (i) energy products with a focus on the manufacture of power and distribution transformers and switchgear; (ii) turnkey solutions provider (EPC) in the fields of power generation, transmission and distribution, industrial systems and rail transportation; and (iii) electromobility (charging stations for electric vehicles).

Efacec plays a key role in transforming the critical infrastructure for the transition to clean energy and the circular economy. With its strong research and development capabilities and global presence, the company is recognized worldwide for its expertise in energy and electrical engineering.

“With our new shareholder Mutares we finally have what it takes to restructure and reposition Efacec in the energy and electronics sector. I am confident that Efacec is able to overcome the challenges and I am certain that a prosperous future lies ahead.”

Dr. Christian Klingler,
Chairman & Chief Transformation Officer

Strategy →

Efacec is a valuable addition to Mutares’ portfolio that can leverage the robust platform to add value to the company. The main objective is to regain an outstanding market position by prioritizing key factors such as volume recovery by leveraging the positive tailwinds in the market, stabilizing finances, implementing best-in-class management and governance processes and optimizing production processes. These targeted efforts are crucial for the successful positioning of Efacec in the market.

Our Portfolio Companies

GOODS & SERVICES

GOODS & SERVICES

Our portfolio companies in the Goods & Services segment – our **non-cyclical business** – offer specialized products and services for customers in various sectors.

EUR **1.2** billion
expected annual revenue

asteri, palmia

Differentiated service providers in the Nordics

Revenues EUR million[1]	Acquisition	Phase
170	2021, 2023	Optimization

Conexus

Service provider in the telecommunications and energy infrastructure industries

Revenues EUR million[1]	Acquisition	Phase
115	2021	Realignment

GANTER

General contractor in interior design and store fitting

Revenues EUR million[1]	Acquisition	Phase
55	2021	Optimization

GoCollective, ReloBus, MobiLitas

Public transport operator

Revenues EUR million[1]	Acquisition	Phase
285	2023	Realignment

REDO

Building remediation services

Revenues EUR million[1]	Acquisition	Phase
35	2023	Realignment

Repartim

Provider of house repair and emergency services

Revenues EUR million[1]	Acquisition	Phase
40	2021	Optimization

stuart.

Provider of same-day urban delivery solutions

Revenues EUR million[1]	Acquisition	Phase
205	2023	Realignment

terranor

Provider of road operation and maintenance services

Revenues EUR million[1]	Acquisition	Phase
255	2020	Harvesting

[1] expected annual revenue

GoCollective, ReloBus and MobiLitas

GoCollective
ReloBus
MobiLitas

Goods & Services

Vendor:
Arriva Group

Acquisition year
2023

approx. EUR million
285
expected annual revenue

GoCollective, ReloBus and MobiLitas are a provider of multimodal public transportation based in Denmark, Poland and Serbia, whose business areas cover a wide range of transport and mobility services. These include rail, buses, water buses and car sharing – as well as repair and certification centers, language and transport education centers and some tourism agencies.

Strategy → GoCollective, ReloBus and MobiLitas strategic initiatives are aimed at turning the company back into a profitable, recognized and undisputed market leader. Following the restructuring of the loss-making legacy contracts, this is to be achieved by regaining market share, particularly in the bus sector, further opening up the rail market, improving passenger numbers and diversifying the strategy towards sustainability and mobility concepts.

“

Whilst 2023 was a very successful year for GoCollective, ReloBus and MobiLitas, with an accomplished objective to reposition profitably in their market. 2024 will see exciting relaunch opportunities with clear priority for zero-emission tenders.

The three companies, encouraged by Mutares, will be actively supporting the electric transition in Denmark but also participate in zero-emission (hydrogen) and low-emission (CNG) tenders in Poland and Serbia.

We are already operating 30 electric vehicles and 100CNGs vehicles, further 250 new vehicles are being added in the next two years and with an objective to significantly reducing emissions until 2027.”

Thibault Depoix,
Chairman of the Supervisory Board

Our Portfolio Companies

RETAIL & FOOD

RETAIL & FOOD

Our portfolio companies in the Retail & Food segment – our **cyclical business** – are manufacturer and distributor in various sectors, including home equipment, household products and food processing.

EUR **1.1** billion
expected annual revenue

FASANA

Manufacturer of innovative and high-quality paper napkins

Revenues EUR million[1]	Acquisition	Phase
55	2020	Optimization

GLÄSERNE MOLKEREI

Manufacturer of high quality organic dairy products

Revenues EUR million[1]	Acquisition	Phase
95	2023	Realignment

keeeper

Manufacturer of household products

Revenues EUR million[1]	Acquisition	Phase
80	2019	Harvesting

LAPEYRE

Manufacturer and distributor of home equipment products

Revenues EUR million[1]	Acquisition	Phase
680	2021	Optimization

Prénatal

Retailer in baby, toddler, and maternity wear, hard goods and toys

Revenues EUR million[1]	Acquisition	Phase
100	2023	Realignment

TEAMTEX group

Manufacturer of child restraint systems

Revenues EUR million[1]	Acquisition	Phase
75	2023	Realignment

Temakinho

Casual dining chain offering Japanese-Brazilian cuisine

Revenues EUR million[1]	Acquisition	Phase
20	2024	Realignment

[1] expected annual revenue

Gläserne Molkerei

Retail & Food

Vendor:
Emmi Group

Acquisition year
2023

approx. EUR million
95
expected annual revenue

Gläserne Molkerei is an organic dairy with two sites in Germany. One production facility is located in Münchehofe in Brandenburg. The second plant is located in Dechow in Mecklenburg. Gläserne Molkerei is active in the production and sale of milk and dairy products of all kinds. It obtains organic milk from the surrounding regions and processes it into organic drinking milk, organic butter, naturally matured organic cheese and other dairy products such as organic yoghurt.

Gläserne Molkerei is characterized by regionality, biodiversity and sustainability throughout the entire value chain, making it a supplier of high-quality products and a reliable partner for food retailers and specialist retail chains.

The products are sold both under the company's own brand and under private labels via food retailers.

We are particularly proud of the double award for the "The pasture lives!" initiative with the proAgro Marketing Prize and the Edeka Regional Prize 2024: incentive enough to continue on the path we have taken and to combine ecological responsibility and economic activity.

"

As a 100% organic dairy, we see it as our corporate responsibility to use our resources consciously, to preserve the diversity of our ecosystems and to shape the future of our environment sustainably. With our "The pasture lives!" initiative, we want to raise awareness of the need to protect biodiversity and accelerate species conservation. Together with our farmers, we have the ambitious goal of developing at least 20% of the cultivated area into high-quality habitat for biodiversity. The initiative is also being scientifically supported by nature conservation consultants so that we can sustainably apply and multiply the findings in the network."

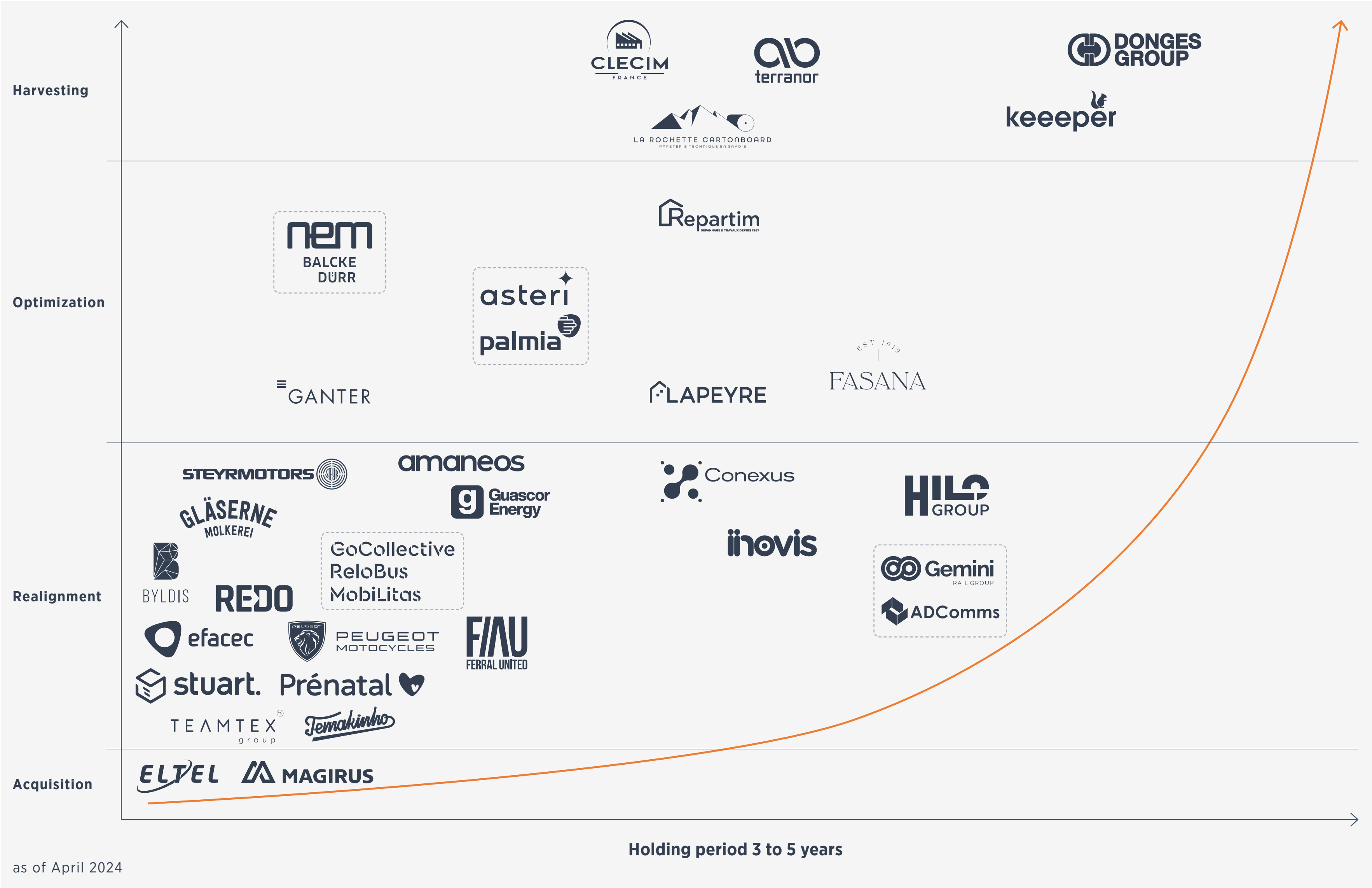
Carola Appel,
Managing Director

Strategy → The operational focus of Gläserne Molkerei is on acquiring new customers, developing additional sales channels and diversifying the product portfolio, as well as optimizing the cost structure.

MUTARES PORTFOLIO ACROSS LIFECYCLE STAGES

Attractive exit opportunities increase with the maturity – the actual holding period in years.

ROIC target of 7–10x over the entire lifecycle.



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03 TO OUR SHAREHOLDERS

- Mutares share **price up 97%** in 2023
- Successful **issue** and **increase** of the 2023/2027 bond
- Distribution of a **dividend** of **EUR 1.75** per share for the fiscal year 2022
- **Dividend yield** of **9.7%** at the 2023 year-end share price
- Updating the dividend strategy to a **minimum dividend** of **EUR 2.00** per share
- Mutares share are included in the **SDAX**
- Analyst ratings **recommend buy** with price target of up to **EUR 46.40**

"2023 was an outstanding year which was crowned by the inclusion of the Mutares share in the SDAX. With our global expansion, we are working tirelessly on the next milestones in terms of sustainable growth for Mutares and value creation for our investors."

Robin Laik, Chief Executive Officer

MUTARES ON THE CAPITAL MARKET

Volatile but friendly development on the stock markets

The international stock markets performed positively in the fiscal year 2023, albeit with some significant fluctuations during the year. At the start of 2023, the leading international indices initially recorded gains before some US regional banks got into difficulties from mid-February as a result of the significant rise in interest rates. Fears of a collapse of the regional banking sector initially led to a sell-off before the rescue and stabilization measures taken by the US government, the US Federal Reserve and the US banking regulator stabilized the markets again after a brief period of weakness until March 2023. This was followed by a stable upward trend, which was characterized by solid economic data, good corporate results, a noticeable recovery in supply chains and declining momentum in inflation and thus hopes of an imminent end to the central banks' restrictive policies. However, fears of recession increased in the fall, which led to a correction on the stock markets by the end of October, exacerbated by the armed conflict in the Middle East. At the end of 2023, the world's most important stock markets resumed their upward trend, which was primarily driven by renewed interest rate cut expectations as a result of significantly falling inflation rates and – contrary to all fears – persistently robust economic data, particularly in the US.

The global economic environment continues to be influenced by geopolitical uncertainties. After two years, there is still no end in sight to the war in Ukraine, while the Middle East conflict that has flared up again since October 2023 as a result of the attack on Israel represents an additional uncertainty factor. Despite these negative factors and the recent slowdown in economic momentum, the economy is proving resilient overall. In its current economic outlook for 2024 and 2025, the Organization for Economic Cooperation and Development (OECD) expects the global economy to grow by 2.8% in the G20 countries and 1.4% in the OECD countries in 2024. For 2025, the OECD expects growth of 3.0% and 1.8% respectively. For Germany, the OECD predicts moderate GDP growth of 0.6% for 2024. In the eurozone, economists expect gross domestic product to increase by 0.9% in 2024 and by 1.5% in the following year. According to the OECD, the United States will achieve economic growth of 1.5% in 2024 and 1.7% in 2025. For China, the new focus market for Mutares' global expansion, the OECD expects economic growth of 4.7% in 2024 and 4.2% in 2025.[1]

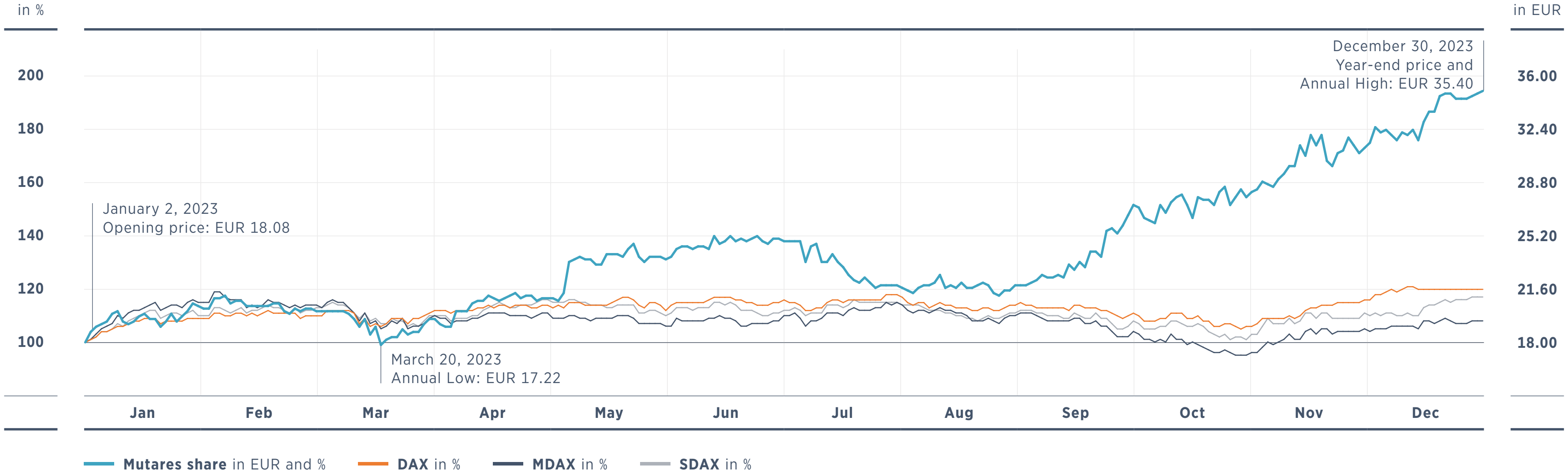
In this economic and geopolitical environment, the stock markets on the most important trading venues recorded some significant price gains in 2023. The German DAX share index achieved a gain of 20.3% in the reporting period compared to the closing price in 2022.[2] The DAX therefore outperformed the small and mid-cap indices MDAX and SDAX in 2023, with a gain of 8% and around 17% respectively. The largest gains were recorded by the technology sector, which rose by almost 54% as measured by the Nasdaq 100, while the broader-based US leading index S&P 500 achieved a price increase of just over 24%. The outperformance of the US indices in 2023 reflects, among other things, the more robust economic development in the US compared to Europe and Germany in particular.

[1] OECD Economic Outlook, November 2023
[2] www.boerse-frankfurt.de/indices/dax

EUR 1.75
dividend for FY 2022

9.7%
dividend yield

PRICE PERFORMANCE INCLUDING BENCHMARK INDICES



since December 2023 included in the
SDAX

Mutares share significantly outperforms DAX, MDAX and SDAX

Mutares shares closed the fiscal year 2023 at a Xetra closing price of EUR 35.40, up almost 97% on the previous year's closing price (EUR 18.00). Taking into account the dividend distribution of EUR 1.75 per share, this resulted in a total return of around 106%. The Mutares share thus significantly outperformed all of Deutsche Börse's selection indices. Within the SDAX, to which the Mutares share has belonged since December 18, 2023, it was the second-strongest stock in 2023 in terms of annual performance. The average daily trading volume of Mutares shares on the Xetra electronic trading platform was 29,157 shares in the fiscal year 2023 (previous year: 31,736 shares).

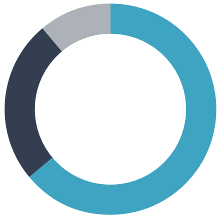
KEY FIGURES OF THE MUTARES SHARE

		2023	2022	2021	2020
Number of shares	million units	21.1	20.6	20.6	15.5
Market capitalization	million EUR	745.5	371.5	469.5	243.3
Closing price [1]	EUR	35.40	18.00	22.75	15.70
Highest price [1]	EUR	35.80	24.60	30.00	16.86
Lowest price [1]	EUR	17.22	14.28	15.04	6.07
Trading volume (daily average) [1]	Piece	29,157	31,736	35,230	41,552

[1] All figures correspond to XETRA prices. XETRA trading volume.

minimum dividend of
EUR 2.00
per share

SHAREHOLDINGS BY INVESTOR



- ~64% Free Float
- ~25% CEO Robin Laik
- ~11% Management[1]

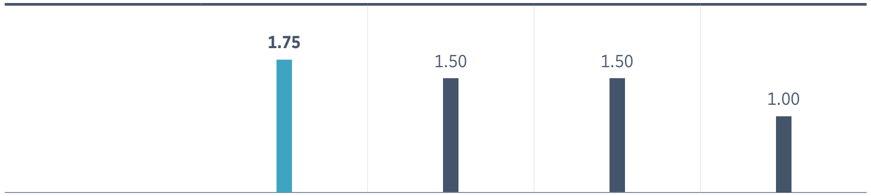
As at December 31, 2023
[1] Includes Management Board and Supervisory Board

Record dividend of EUR 1.75 per share distributed

The positive business development in 2022 in combination with successful exit transactions allows an increased dividend of EUR 1.75 per share to be distributed to shareholders in accordance with the resolution by the Annual General Meeting on July 10, 2023. As in the previous year, the total dividend consisted of the basis dividend of EUR 1.00 plus a performance dividend of EUR 0.75 from the successful sale of investments. With the increased distribution of EUR 1.75 per share, Mutares is underpinning the continuity and sustainability of its communicated dividend policy. Based on the Xetra closing price at the end of 2022, this results in an attractive dividend yield of 9.7% (previous year: 6.6%) for Mutares shares. The Mutares Management Board has updated the dividend strategy in 2023, which now provides for a minimum dividend of EUR 2.00 per share and thus a doubling of the basis dividend of EUR 1.00 per share previously communicated by Mutares as an annual minimum target. In extraordinarily successful fiscal years with significant liquidity surpluses, the company will also consider in future in its proposal for the appropriation of profits to what extent the remaining net retained profits should be used to further expand the business or additionally distributed to shareholders in the form of a possible bonus dividend to be reported separately in the future.

DEVELOPMENT OF DIVIDEND PER SHARE

in EUR



	2022	2021	2020	2019
Total dividend payout for the fiscal year in EUR million	**36.1**	30.9	23.1	15.2
Dividend yield at closing price of the fiscal year	**9.7%**	6.6%	9.6%	7.9%

Shareholder structure

At the end of the reporting period, around 15,700 shareholders were entered in the share register (previous year: 15,500 shareholders).

At around 64%, the largest proportion of outstanding shares in free float is held by German investors, followed by investors from Switzerland and Ireland with around 4%. Investors from Austria, the UK and the US each account for around 1% of the shareholdings. The shareholder structure is to be further internationalized in the current fiscal year, reflecting the global orientation of Mutares' strategy. In addition to active capital market activities, the inclusion of Mutares shares in the MSCI Germany Small Cap Index and the SDAX will help to broaden the shareholder base.

SHARE MASTER DATA

Icon	MUX
WKN	A2NB65
ISIN	DE000A2NB650
Index membership	Prime All Share, SDAX
Transparency level	Prime Standard
Market segment	Regulated market
Stock exchanges	Xetra, Frankfurt, Berlin, Düsseldorf, Munich, Stuttgart, Tradegate
Sector	Shareholdings
Number of shares	21,058,756
Class of shares	Registered shares
Designated Sponsor	Hauck & Aufhäuser Lampe Privatbankiers Aktiengesellschaft

Mutares share with target price of up to EUR 46.40

Successful refinancing of the bond

Mutares SE & Co. KGaA successfully placed EUR 150 million of a new senior secured floating rate bond with a four-year term under Norwegian law in the fiscal year 2023. Of this, EUR 100 million was placed with an issue and value date of March 31, 2023, and a further EUR 50 million under the increase option as of May 24, 2023. The maximum nominal volume of EUR 250 million was fully utilized after a further increase of EUR 100 million in January 2024 and thus after the balance sheet date 2023. The new 2023/2027 bond bears interest at the 3-month EURIBOR plus a margin of 8.5% p.a. and is traded on the OTC market of the Frankfurt Stock Exchange and on the Nordic ABM segment of the Oslo Stock Exchange (Oslo Børs) under ISIN NO0012530965/WKN A30V9T. With the successful placement of the new bond, Mutares has successfully refinanced the existing bond 2020/2024 well ahead of maturity. The further inflow of capital from the bond increase will also enable Mutares to take maximum advantage of the opportunities that arise on the buy side.

MUTARES SE & CO. KGAA 2023/2027 – DEVELOPMENT APRIL 2023 TO DECEMBER 2023[1]

[1] The chart shows the development of the bond on the German Stock Exchange.

BOND 2023/2027 MASTER DATA

WKN	A30V9T
ISIN	NO0012530965
Market segment	Regulated unofficial market
Stock exchanges	Frankfurt Stock Exchange, Regulated Unofficial Market; Oslo Stock Exchange, Nordic ABM
Denomination	1,000
Nominal volume	250,000,000
Nominal volume outstanding (12/31/2023)	150,000,000
Issue date	March 31, 2023
Maturity	March 31, 2027
Interest rate	3-month EURIBOR plus 850 basis points
Interest dates	Quarterly

Analysts see up to 35% price potential

The Mutares share was analyzed and rated by four investment banks and a specialist for second-line stocks in the fiscal year 2023. All four analyst firms gave Mutares shares a buy rating. This reflects the confidence in the business model, the positive development and the management of Mutares. The price targets for the Mutares share range from EUR 30.00 to EUR 46.40. The average price target is EUR 38.98.

Further information is available in the financial analysis section at www. ir.mutares.com/en.

REASONS TO INVEST IN THE MUTARES SHARE

Our goal is to create value for our investors by sustainably implementing our strategy, delivering results and transparently communicating our performance.

01 ATTRACTIVE ACCESS TO THE PRIVATE EQUITY MARKET

The Mutares share offers easy and convenient access to the private equity market.

02 FAMILY AND OWNER MANAGED COMPANY

Around 36 % of the shares are owned by the founding family and management. This commitment is a clear commitment.

03 SUCCESSFUL TRACK RECORD

The team has a high level of industry and functional expertise and can point to a correspondingly successful track record.

04 FOCUS ON GROWTH

Mutares is pursuing ambitious growth targets. The international M&A approach ensures a constant deal flow.

05 ATTRACTIVE DIVIDEND POLICY

Thanks to a high level of deal activity, Mutares is able to draw continuous returns from the portfolio companies, which are in different stages of maturity.

06 HIGH TRANSPARENCY

Strict disclosure requirements and transparency standards ensure a high level of information security for investors and partners. Active, personal and transparent capital market communication creates additional trust.

WE CREATE SUSTAINABLE VALUE

Sustainability in practice goes beyond ecologically sensible measures and also includes social aspects and principles of good corporate governance.

07

SUSTAINABILITY ORIENTED

Mutares sees sustainable action and management as an integral part of its corporate philosophy. The three sustainability-related areas of responsibility Environmental, Social, Governance (ESG) provide the guidelines.

E

ENVIRONMENTAL

With the aim of minimizing our environmental impact, we implement continuous measures to consolidate the reduction of our CO_2-footprint.

G

GOVERNANCE

Mutares is committed to acting in compliance with the law and with integrity according to nationally and internationally recognized standards.

S

SOCIAL

As an international player, we are aware of our social responsibility and pay attention to the impact of our business activities.

More information on the topic of sustainability can be found in our seperately published Nonfinancial Group Report
www.mutares.com/en/compliance-esg

04 CORPORATE GOVERNANCE

Good Corporate Governance is deeply rooted in the corporate culture of Mutares. It has been an integral part of Mutares' business practice for many years. The Management Board and the Supervisory Board of Mutares SE & Co. KGaA are committed to the principles of a modern Corporate Governance. An active, open and transparent communication, a responsible risk management as well as an intensive and continuous dialog between Management Board and Supervisory Board are a substantial matter for us as private equity master of special situations.

"As an internationally active private equity investor, we have high entrepreneurial standards for our more than 30 portfolio companies. To this end, we place the highest value on good and effective corporate governance – at all levels of the Company and in dialog with our stakeholders."

Volker Rofalski, Chairman of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

Dear shareholders of Mutares SE & Co. KGaA,

The fiscal year 2023 can be described as both challenging and successful for Mutares SE & Co. KGaA ("Company", "Mutares"). As part of its business model, Mutares actively and systematically seeks out companies in situations of upheaval in order to sell them profitably after a successful transformation. In times of great uncertainty, this poses operational challenges for the portfolio companies in transition; at the same time, however, it also opens up numerous opportunities for a restructuring specialist such as Mutares, which were once again successfully exploited in the fiscal year 2023. Thanks to increased advisory revenues, income from investments (dividends), and profitable sales of portfolio companies, Mutares has succeeded in generating the highest net income in the Company's history to date. Against this background, the Supervisory Board is satisfied with what has been achieved in the fiscal year 2023 and sees this as an excellent basis for the continued positive development of Mutares.

Personnel and structure

There were no changes to the Company's Supervisory Board in the fiscal year 2023.

The term of office of the four current Supervisory Board members, Volker Rofalski (Chairman of the Supervisory Board), Dr. Axel Müller (Deputy Chairman of the Supervisory Board), Raffaela Rein, and Dr. Lothar Koniarski, expires at the end of the Annual General Meeting in 2024 in accordance with the Articles of Association.

In 2023, the Audit Committee of the Company's Supervisory Board consisted unchanged of the two members Dr. Axel Müller (Chairman) and Volker Rofalski.

In the fiscal year 2023, Raffaela Rein, Dr. Lothar Koniarski, Dr. Axel Müller (Deputy Chairman), and Volker Rofalski (Chairman) were members of the Shareholder Committee.

The general partner of Mutares SE & Co. KGaA, Mutares Management SE, is responsible for the management and representation of the Company (hereinafter "Management Board") through its Management Board, consisting of Robin Laik (Chairman), Mark Friedrich and Johannes Laumann (until November 2023); Johannes Laumann, who had been a member of the Management Board since 2019, resigned from the Management Board of Mutares Management SE at his own request in November 2023.

The Supervisory Board of the Company would like to thank the Management Board of Mutares Management SE for their continued close and trusting cooperation in the fiscal year 2023.

Activity report for the fiscal year 2023

The Company's Supervisory Board performed the duties incumbent upon it in accordance with the law, the articles of association, and the rules of procedure. It met six times in the presence of the Supervisory Board members (in some cases via video conference) and at least one member of the Management Board in each case; the Supervisory Board also regularly met without the Management Board at times. Transactions requiring the approval of the Supervisory Board were submitted in good time; the transactions were carefully reviewed and discussed with the Management Board before an approval decision was made.

Composition of the Supervisory Board – Individualized disclosure of meeting attendance

The attendance rate of members at meetings of the Company's Supervisory Board was 100% at four meetings and 75% at two meetings, while the attendance rate of its committees was 100%.

To implement modern, more sustainable forms of meetings, the meetings of the Supervisory Board and its committees in the fiscal year 2023 were held not only as face-to-face meetings, but also as virtual meetings via video conference or as face-to-face meetings with the option of participating in virtual form (hybrid meetings). The participation of the members of the Supervisory Board in the meetings of the Supervisory Board and the committees is disclosed below in individualized form.

Meetings of the Supervisory Board of Mutares SE & Co. KGaA and its committees

Overview of plenary and committee meetings and individual attendance in the fiscal year 2023:

Member	Term	Supervisory Board SB	in %	Audit Committee AC	in %	Share-holders Committee SC	in %
Volker Rofalski Chairman SB, Chairman SC	until 2024	6/6	100	8/8	100	2/2	100
Dr. Axel Müller Deputy Chairman SB Chairman AC, Deputy Chairman SC	until 2024	6/6	100	8/8	100	2/2	100
Dr. Lothar Koniarski	until 2024	6/6	100			2/2	100
Raffaela Rein	until 2024	4/6	67			1/2	50

In the fiscal year 2023, the Company's Supervisory Board supported the Management Board in the operational development of the Mutares Group and in all portfolio decisions based on a timely exchange of information and regularly and extensively dealt with the situation of the Company and the Group.

To this end, the Supervisory Board received regular reports from the Management Board on current developments at the Company and the Group as well as their net assets, financial position, and results of operations and discussed this information in detail with the Management Board. This also included information on deviations in the actual development from previously reported targets and deviations in the actual course of business from planning.

The Management Board also provided regular and comprehensive information on all relevant topics relating to operational management, including significant developments at individual portfolio companies and their financial results. In the fiscal year 2023, this included an intensive, continuous exchange of information regarding the operating performance of the portfolio companies and the measures taken to further develop them, the impact of geopolitical crises on the business performance of the company and the portfolio companies, the results of acquisitions and disposals of portfolio companies and the Company's liquidity, as well as dealing with operating topics that are particularly important for business success, such as IT structure, human resources, compliance, risk management, significant legal disputes, internal auditing and investor relations activities. The Supervisory Board was also kept fully informed about the topics discussed by the Audit Committee through regular reports from the Audit Committee and its minutes.

The Supervisory Board also fulfilled its duty to audit the content of the separate non-financial Group report by continuously monitoring its preparation, in particular through the Audit Committee. It was involved from the outset in identifying the material topics and associated concepts, measures, and results. The Mutares project team responsible regularly reported on the progress of the preparation of the non-financial Group report at the Audit Committee meetings and provided key information. The Supervisory Board was directly involved in the management concepts and selection of non-financial key figures to ensure congruence with the Company's long-term orientation.

The Management Board also informed the members of the Company's Supervisory Board regularly and promptly outside of meetings about current business, updated financial figures, and matters of particular importance. The Management Board presented all company documents that the Supervisory Board wished to inspect in the course of fulfilling its statutory duties without delay and answered all questions asked in this context to the full satisfaction of the Supervisory Board.

The Supervisory Board regularly reviews its activities for efficiency. With this in mind, it has set up an Audit Committee. Beyond this, the Supervisory Board sees no need for further committees or other efficiency-enhancing measures.

Each member of the Supervisory Board discloses any conflicts of interest to the Chairman of the Supervisory Board in accordance with the recommendations of the German Corporate Governance Code ("GCGC"). In the past fiscal year, there were no indications or notifications of conflicts of interest on the part of Supervisory Board members. The same applies to conflicts of interest of Management Board members.

The members of the Supervisory Board are responsible for their own training and development measures. They are supported in this by the Company. In the fiscal year 2023, the Supervisory Board members took part in various internal and external events to maintain and expand their expertise. At one meeting, the Supervisory Board dealt in detail with current regulatory developments in the areas of compliance and corporate governance as well as the German Corporate Governance Code ("GCGC").

Report on the work of the Audit Committee

The Audit Committee of the Supervisory Board of Mutares SE & Co. KGaA met eight times in the fiscal year 2023, in addition to several informal votes. All Audit Committee meetings were attended by all committee members and at least one member of the Management Board.

In addition to preparing the audit and approval of the annual financial statements, the Audit Committee also dealt with a review of the preparation process for the Company's annual financial statements and consolidated financial statements for the fiscal year 2022 together with the auditor and representatives of the Company's finance department, as well as an update on the preparation of the audits and the determination of key audit areas. The Audit Committee also regularly dealt with business developments and the resulting liquidity situation as well as the quarterly risk reporting submitted by the Management Board of Mutares Management SE. The main topics of individual meetings of the Audit Committee were also compliance, internal auditing, IT structure, and the effects of the Supply Chain Due Diligence Duties Act on the Company. In addition, the Audit Committee dealt intensively with the Company's non-financial Group reporting for the fiscal year 2023 to gain a direct impression of the quality of the preparation process sufficient for an audit of the report prepared by the Management Board, on which the Supervisory Board could then base its final audit opinion.

The Audit Committee is also authorized by the Supervisory Board to review and, if necessary, approve intended commissions for consulting services to the Company's auditor prior to awarding the contract, provided it does not consider the auditor's independence to be impaired by the nature and scope of the contract.

Corporate governance, responsibility and sustainability

The Company is listed in the Prime Standard of the Regulated Market of the Frankfurt Stock Exchange and has therefore also opted for the stock exchange's highest level of transparency concerning corporate governance. The Supervisory Board continuously monitors the development of corporate governance practices. Together with the Supervisory Board, the Management Board reports in detail on the Company's corporate governance in the "Corporate Governance Statement". The Management Board and Supervisory Board last issued their annual declaration of conformity in December 2023 based on the GCGC as amended on April 28, 2022 (Section 161 AktG); the company makes this permanently available to the public on its website ir.mutares.com/en/corporate-governance.

Responsible action is firmly anchored in Mutares' corporate values. Mutares has already committed itself to the UN Global Compact initiative on corporate responsibility and its four principles in the areas of human rights, labor, environment, and anti-corruption in 2021. The Supervisory Board welcomes this voluntary commitment as an important signal for long-term sustainable corporate governance.

Mutares has published a non-financial Group report for the fiscal year 2023 and thus provides investors and the public with full information on the sustainability performance of the Mutares Group in accordance with CSR-RUG and the EU taxonomy. The non-financial Group report is publicly available on the company's website ir.mutares.com/en/corporate-governance.

Report on the work of the Shareholders' Committee

The Shareholder Committee of the Supervisory Board of Mutares SE & Co. KGaA met twice in the fiscal year 2023, in addition to several votes. At least three-quarters of all committee members attended both meetings of the Shareholder Committee in the fiscal year 2023.

The task of the Shareholder Committee is to carry out the matters assigned to it by the Annual General Meeting or by the Articles of Association in the fiscal year 2023. It exercised all rights arising from or in connection with the shares held by the Company in the general partner, in particular, the exercise of voting rights incumbent upon it at the general meeting of the general partner and the disposal of the shares in the general partner.

Audit of the annual and consolidated financial statements for the fiscal year 2023

Deloitte GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements of Mutares SE & Co. KGaA (prepared in accordance with the German Commercial Code (HGB)) and the consolidated financial statements of Mutares SE & Co. KGaA (prepared in accordance with International Financial Reporting Standards (IFRS)) together with the combined management report, each as of December 31, 2023, prepared by the managing Mutares Management SE as the general partner. The annual financial statements and the consolidated financial statements were each issued with an unqualified audit opinion.

At its meeting on March 28, 2024, which was also held by means of telecommunication, the Supervisory Board discussed and examined the annual financial statements and the consolidated financial statements together with the combined management report for the fiscal year 2023 in detail; the audit reports of the auditor were available to the Supervisory Board in each case. Both the Management Board of Mutares Management SE and the undersigned auditors from Deloitte GmbH Wirtschaftsprüfungsgesellschaft were present at the meeting. They were therefore available to explain both sets of financial statements in detail and answered all of the Supervisory Board's questions to its complete satisfaction. The auditors reported on the scope, focus and key findings of the audits, in particular the audit focal points and the audit procedures. No significant weaknesses in the internal control and risk management system were reported.

As a final result of its own review, the Supervisory Board – following the unanimous proposal of the Audit Committee at its meeting on March 25, 2024 – determined that there were no objections to the annual and consolidated financial statements or the combined management report. Following the proposal of the Audit Committee at its meeting on March 25, 2024, the Supervisory Board then approved both the annual financial statements and the consolidated financial statements as well as the combined management report of the Company. At the same time, in agreement with the Management Board of Mutares Management SE, it resolved to propose to the Company's Annual General Meeting that the Company's annual financial statements for the fiscal year 2023 be adopted as prepared by the general partner in accordance with Section 286 (1) sentence 1 of the German Stock Corporation Act (AktG).

In addition, the Management Board of Mutares Management SE also prepared a non-financial Group report in accordance with Sections 289b and 315b HGB. At its meeting on March 28, 2024 – prepared by the meeting of the Audit Committee on March 25, 2024 and the close monitoring of the preparation of the report by the Audit Committee – the Supervisory Board examined the non-financial reporting and did not identify any objections.

Valuation of the fiscal year 2023

In the view of the Supervisory Board, Mutares' business model as a listed private equity firm focused on restructuring not only proved to be resilient in the fiscal year 2023, but also continues to offer good prospects.

Against this background, the Supervisory Board of Mutares SE & Co. KGaA has noted with approval the update of the dividend strategy carried out by the Management Board of Management SE in the fiscal year 2023, which now provides for an annual minimum dividend of EUR 2.00 per dividend-bearing share. In exceptionally successful fiscal years, the company will also consider the extent to which the remaining unappropriated surplus will also be distributed in the form of a bonus dividend, which may then be reported separately in the future when proposing the appropriation of profits.

In accordance with the resolution of the Annual General Meeting on July 10, 2023, a dividend of EUR 1.75 per share was paid out for the fiscal year 2022 (an increase of EUR 0.25 compared to the previous year), meaning that around EUR 36.1 million (previous year: EUR 30.9 million) was distributed to shareholders.

With revenues of EUR 103.6 million (previous year: EUR 71.1 million) from the Group's internal consulting business, Mutares once again achieved a record figure. Boosted by this and thanks to significant contributions from the two other sources from which the Company's net income for the year is generally derived, namely dividends from portfolio companies and, in particular, exit proceeds from the sale of investments, the Company's net income for the year under commercial law amounted to EUR 102.5 million (previous year: EUR 72.9 million). The sale of Special Melted Products ("SMP"), the most successful exit in the Company's history to date, had by far the greatest impact.

The market opportunities that open up for restructuring specialists in economic crises were actively exploited: The fiscal year 2023 was once again characterized by a high level of transaction activity, the core of Mutares' business model. The number of segments was expanded from three to four in the fiscal year 2023; these segments were strengthened by a total of 16 completed acquisitions in the fiscal year. In addition, acquisition agreements were signed for two further acquisitions, both of which had not yet been completed as at December 31, 2023. On the exit side, Mutares successfully completed seven sales of portfolio companies in the fiscal year 2023, including the above-mentioned sale of SMP.

Significant restructuring progress was achieved at numerous portfolio companies despite multiple operational challenges. In addition to the early refinancing of the bond in March 2023, the successes of the fiscal year 2023 include the increase of the bond by a volume of EUR 50 million to the existing nominal volume of EUR 150 million as at the reporting date under an existing increase option. The inflow of liquidity serves to refinance the bond issued in the fiscal year 2020, which was thus fully redeemed, as well as for general corporate financing. After the reporting date, the bond was fortunately increased by an amount of EUR 100 million to the maximum nominal volume of EUR 250 million.

As part of the regular review of its small-cap index in December 2023, Deutsche Börse has decided to include the shares of Mutares SE & Co. KGaA in the SDAX. This makes Mutares one of the most liquid and largest listed companies in Germany below the DAX

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and MDAX in terms of free float market capitalization. The share had already previously been included in the MSCI Germany Small Cap Index within the index family of the US financial services provider MSCI. The promotion to the SDAX and the inclusion in the MSCI Germany Small Cap Index mark further milestones in Mutares' capital market success story since the IPO in 2008 and the move to the Prime Standard of Deutsche Börse in 2021, which is associated with high transparency requirements, as part of the uplisting.

A resilient and promising business model alone does not guarantee such outstanding economic successes in times of unpredictable economic crises; rather, these are very much based on the impressive commitment and outstanding drive with which the enormous challenges of 2023 were tackled by the Management Board. The Supervisory Board would like to express its great appreciation and special thanks to the Management Board for this.

Great thanks and recognition also go to all employees of the Mutares Group for their once again excellent performance and great commitment.

Proposed appropriation of profits

In accordance with the German Stock Corporation Act, the dividend payable to shareholders is based on the net retained profits reported in the annual financial statements of Mutares SE & Co. KGaA prepared in accordance with German commercial law.

The Supervisory Board of the Company follows the proposal of the general partner Mutares Management SE on the appropriation of profits and has also resolved to propose to the Annual General Meeting of the Company to pay out an amount of EUR 2.25 per dividend-bearing share from the Company's net retained profits of EUR 184.2 million as at December 31, 2023 to the shareholders. This corresponds to a total amount of EUR 47.4 million concerning the shares currently in circulation. The remaining amount of EUR 136.8 million is to be carried forward to a new account.

As a listed private equity Company, Mutares will allow its shareholders to participate very directly in the profits of its successful restructuring-oriented business model, subject to a corresponding resolution by the Annual General Meeting.

Outlook

The Supervisory Board is optimistic that, despite persistently challenging economic and geopolitical conditions, the key success factors of the Mutares Group – a promising business model, a well-positioned portfolio, a corporate culture focused on performance and growth, excellent management and highly committed employees – will continue to have a positive impact in fiscal year 2024 and beyond. With this assessment, the Supervisory Board assumes that Mutares SE & Co. KGaA and the Mutares Group will continue their success story in the current fiscal year 2024.

Munich, March 2024
The Supervisory Board of Mutares SE & Co KGaA,

Volker Rofalski
Chairman of the Supervisory Board

OUR SUPERVISORY BOARD

From right to left:

CHAIRMAN OF
THE SUPERVISORY BOARD

VOLKER ROFALSKI
born in 1970,
has been a member of the Supervisory Board of Mutares SE & Co. KGaA since 2008.

MEMBER OF
THE SUPERVISORY BOARD

RAFFAELA REIN
born in 1986, has been elected as a member of the Supervisory Board of Mutares SE & Co. KGaA in May 2022.

MEMBER OF
THE SUPERVISORY BOARD

DR. LOTHAR KONIARSKI
born in 1955,
has been a member of the Supervisory Board of Mutares SE & Co. KGaA since 2018.

VICE CHAIRMAN OF
THE SUPERVISORY BOARD

DR. AXEL MÜLLER
born in 1957,
has been a member of the Supervisory Board of Mutares SE & Co. KGaA since 2018.

More information on the careers can be found at:

mutares.com/en/team

REMUNERATION REPORT

Preliminary note

The remuneration report summarizes the principles applied for determining the remuneration of the members of the Supervisory Board of Mutares SE & Co. KGaA **("Company")** as well as the members of the Management Board and the Supervisory Board of Mutares Management SE **("Mutares Management SE")**. Mutares Management SE is the managing general partner of the Company. The remuneration report presents and explains the remuneration granted and owed to the current and former members of the Supervisory Board of the Company and the current and former members of the Management Board of Mutares Management SE **("Management Board")** and the Supervisory Board of Mutares Management SE in the fiscal year 2023. The report complies with the requirements of Section 162 AktG. The remuneration report explains the amount and structure of the remuneration of the members of the Management Board, the Supervisory Board of the Company and the Supervisory Board of Mutares Management SE. In addition, the remuneration of Mutares Management SE as general partner of the Company is also reported. The members of the Company's Shareholders' Committee did not receive any remuneration in the reporting year.

According to the intention of the legislator, the remuneration report pursuant to Section 162 AktG shall in particular enable the shareholders to review whether the remuneration of the members of the management body was determined within the requirements of the remuneration system approved by the Annual General Meeting pursuant to Sections 87a, 120a AktG. After a thorough review, the Supervisory Board of Mutares Management SE, the Shareholders' Committee and the Supervisory Board of the Company have come to the conclusion that the regulations on the remuneration system for the Management Board pursuant to Sections 87a, 120a AktG are not applicable to the Company in the legal form of a partnership limited by shares (KGaA). The provisions in §§ 87 a, 120a AktG presuppose that the supervisory board of a company has the authority to decide on compensation, which the supervisory board of a KGaA is missing. Moreover, in accordance with Sec. 26j (1) Sentence 3 EGAktG and the explanatory memorandum of the GCGC, the previous compensation structure applicable at the time of the respective conclusion of the contract shall continue to apply to existing Management Board service contracts anyway. This is to be taken into account in this compensation report.

The Annual General Meeting of the Company on July 10, 2023 approved the compensation report for the fiscal year 2022 with 98,35% of the valid votes cast. Due to this high approval rate, the Supervisory Board and the Management Board therefore saw no reason to question the reporting or implementation.

Main features of the compensation system in the fiscal year 2023

The total remuneration of the Management Board is composed of

- a fixed salary,
- a one-year variable compensation,
- a multi-year variable remuneration as well as
- fringe benefits.

The yardsticks for determining the appropriateness of compensation are in particular the duties of the respective Management Board member, his personal performance and the economic situation, success and future prospects of the Company. On the one hand, the compensation structures and the level of compensation are taken into account, as they are customary in the private equity business and necessary for attracting and retaining qualified executives. On the other hand, the compensation structures and compensation levels of comparable listed companies and an individual peer group are used. In order to ensure the appropriateness of the remuneration, the Supervisory Board of Mutares Management SE regularly conducts a horizontal as well as vertical remuneration comparison.

The service contracts of the Management Board members are regularly concluded with a term of three to five years. The Supervisory Board of Mutares Management SE could deviate from this in justified individual cases. Payments to Management Board members in the event of premature termination of the Management Board service contract are limited to the remuneration for the remaining term of the Management Board service contract that would have been owed without the premature termination. Unless otherwise agreed between the departing Management Board member and the company in individual cases, the payment of outstanding variable remuneration components attributable to the period up to the termination of the contract is made in accordance with the originally agreed targets or comparison parameters and at the agreed due dates, even in the event of termination of the contract.

The monthly paid basic compensation and the fringe benefits form the non-performance-related components of total compensation. The **basic monthly compensation** ensures an appropriate basic income for attracting and retaining highly qualified Management Board members and at the same time prevents Management Board members from taking unreasonable risks. In this way, the basic monthly compensation contributes to the long-term development of the Company. The monthly basic compensation also reflects the role of the individual Management Board member and his area of responsibility on the Management Board.

The one-year variable compensation **("bonus")** is based on the Company's business performance in the reference period, which in this report is the fiscal/reporting year 2023. The bonus is exclusively (100%) dependent on the Company's net income. The basis for calculating the bonus is the audited annual financial statements of the Company in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

The individual values of the bonus for the members of the Management Board, Robin Laik and Mark Friedrich, were contractually determined on the basis of the Company's net income for the year calculated in accordance with German commercial law. The bonus for the Chairman of the Management Board Robin Laik for a net income of EUR 20.0 million amounts to EUR 1.0 million and EUR 1.8 million for a net income of EUR 30.0 million with a linear interpolation up to a net income of EUR 50.0 million and a bonus of EUR 3.0 million. With a net income of EUR 100.0 million, the bonus amounts to EUR 4.5 million. For the Management Board member Mark Friedrich, the bonus is always exactly half of the bonus of the Chairman of the Management Board Robin Laik.

The values of the bonus between an annual result of EUR 50.0 million and EUR 100.0 million are interpolated in each case.

The maximum payment amount **("cap")** of the bonus amounts to EUR 4.5 million for the Chairman of the Management Board Robin Laik and EUR 2.25 million for the member of the Management Board Mark Friedrich (corresponding in both cases to a net income of EUR 100.0 million). The members of the Management Board do not receive a bonus if the Company's net income for the year is below EUR 17.5 million. The bonus is intended to incentivize the ongoing achievement of high net income in line with the business strategy. A high net profit is an expression of the Company's performance and at the same time promotes the Company's dividend strategy.

The bonus is paid annually in April for the previous year. If a Management Board member's service contract commences during the year, he or she receives the bonus for the respective fiscal year on a pro rata temporis basis.

Information on the assessment of the bonus in calendar year 2023 with the sole performance criteria "net income of the Company" (weighting: 100%):

	Information on the performance criteria		**Assessment of the Bonus**	
	a) Minimum target b) Remuneration	**a) Maximum target b) Remuneration**	**a) Minimum value b) Maximum value c) Intermediate values**	**a) Established parameter value b) Actual remuneration**
Robin Laik	a) Net income of EUR 17.5 million b) EUR 0.0	a) Net income of EUR 100.0 million b) EUR 4.5 million	a) EUR 0.0 (with net income of EUR 17.5 million) b) EUR 4.5 million (from net income of EUR 100.0 million) c) The bonus is determined on the basis of net income. The values between the above individual contractually determined values of the bonus are interpolated.	a) Net income of EUR 102.5 million b) EUR 4.5 million
Mark Friedrich	a) Net income of EUR 17.5 million b) EUR 0.0	a) Net income of EUR 100.0 million b) EUR 2.25 million	a) EUR 0.0 (with net income of EUR 17.5 million) b) EUR 2.25 million (from net income of EUR 100.0 million) c) The bonus is determined on the basis of net income. The values between the above individual contractually determined values of the bonus are interpolated.	a) Net income of EUR 102.5 million b) EUR 2.25 million
Total				**b) EUR 6.75 million**

The **multi-year variable compensation** of the members of the Management Board consists of (virtual) stock options, the exercise of which is linked to the achievement of a performance target (share price increase). To date, the following three stock option programs have been approved by the Company's Annual General Meeting:

1. the Stock Option Program 2016 **("SOP 2016")** by the Annual General Meeting on June 3, 2016,

2. the Stock Option Program 2019 **("SOP 2019")** by the Annual General Meeting on May 23, 2019,

3. the Stock Option Program 2021 **("SOP 2021")** by the Annual General Meeting on May 20, 2021.

In addition, the virtual stock option program 2023 **("SOP 2023")** was resolved with the approval of the Company's Supervisory Board.

In the stock option programs 2016, 2019 and 2021, a stock option granted to the respective Management Board member entitles the holder to subscribe for one share at a price **("exercise price")** corresponding to 70% of the average, volume-weighted closing price of the Company's share in XETRA trading during the last 20 stock market trading days prior to the issue date of the stock options. The stock options granted under the SOP 2016, the SOP 2019 and the SOP 2021 can only be exercised if the average, volume-weighted closing price of the Company's shares in XETRA trading during the last 20 stock market trading days prior to the start of the respective exercise period **("comparison price")** exceeds the exercise price by at least 85.7% **("performance target")**.

All stock option programs contain an anti-dilution clause in the event of capital increases from company funds and other capital measures that have a comparable effect. SOP 2019 and SOP 2021 also provide for a corresponding adjustment of the exercise price if the Company pays, distributes or grants a cash or non-cash dividend to its shareholders after the issue date and before the effective exercise of the stock option by the Management Board member.

There is a waiting period of four years for the exercise of the option for each tranche granted. On the day after expiry of the waiting period, the stock options may in principle be exercised for the first time, provided that the exercise conditions, in particular the achievement of the performance target described above, have been met. The exercise period following the waiting period is two years. If not exercised, the stock options expire without compensation six years after the issue date.

The SOP 2023 virtually replicates the aforementioned parameters and performance criteria. The main difference is that the members of the Management Board were not allocated real share options backed by conditional capital as defined by Section 192 para. 2 no. 3 AktG, but these are only virtually replicated. If the performance target is achieved, the difference between the exercise price and the settlement price is generally paid out in cash by the Company to the members of the Management Board (cash settlement). The Company can also choose to service the remuneration entitlements of the members of the Management Board with treasury shares or from authorized capital once the performance targets have been achieved.

The share subscription as part of the multi-year variable compensation allows the Management Board members to participate in the development of the share price. This aligns the objectives of the Management Board and the shareholders and promotes the strategy of sustainably increasing shareholder value. The vesting period and subsequent exercise period incentivize the Management Board members to increase the value of the Company on a long-term and sustainable basis.

In the fiscal year 2023, the members of the Management Board were allocated a total of 180,000 virtual stock options. The payment of this tranche will only be reported as remuneration granted within the meaning of Section 162 para. 1 AktG in the remuneration report for the fiscal year in which the virtual share options are exercised, i.e. in the remuneration report for the fiscal year 2027 at the earliest.

Information on the allocation of stock options from the SOP 2023 in calendar year 2023:

	Stock Option Program	Allocated virtual stock options	Date of issue	Exercise price	Expiration waiting time	Exercise period	Performance target (share price)	Fair value at grant date
Robin Laik	SOP 2023	90,000	9/5/2023	EUR 15.39	9/4/2027	2 years	EUR 28.58	EUR 7.96
Mark Friedrich	SOP 2023	45,000	9/5/2023	EUR 15.39	9/4/2027	2 years	EUR 28.58	EUR 7.96
Johannes Laumann	SOP 2023	45,000	9/5/2023	EUR 15.39	9/4/2027	2 years	EUR 28.58	EUR 7.96
Total		**180,000**						

Development of stock options from the SOP 2016, the SOP 2019, the SOP 2021 and the SOP 2023 in fiscal year 2023:

	Balance at beginning of FY 2023	Allocated in FY 2023[1]	Exercisable in FY 2023	Exercised in FY 2023	Expired in FY 2023	Balance at end of FY 2023
Robin Laik	450,000	90,000	180,000	180,000	0	**360,000**
Mark Friedrich	185,000	45,000	50,000	50,000	0	**180,000**
Johannes Laumann	185,000	45,000	50,000	50,000	135,000	**45,000**
Total	**820,000**	**180,000**	**280,000**	**280,000**	**135,000**	**585,000**

[1] The share options allocated in the fiscal year 2023 are virtual share options.

In connection with Johannes Laumann's departure from the Management Board, the Company, Mutares Management SE and Johannes Laumann agreed on November 10, 2023 **("Termination Agreement")** that the stock options granted to him for the fiscal year 2021 may be exercised for the first time on April 1, 2026 at the earliest after the expiry of his contractual non-competition clause and that the vesting period will change in this respect. The share options granted to Johannes Laumann in the fiscal year 2021 will expire unconditionally and irrevocably without compensation if he breaches the non-competition provisions agreed in the termination agreement.

No variable remuneration components were withheld or reclaimed in the fiscal year 2023. There were no subsequent changes to target values or comparison parameters for variable remuneration.

There is no pension commitment between the Company and the members of the Management Board. Therefore, the members of the Management Board are not entitled to a company pension.

The members of the Management Board are granted the following **fringe benefits**:

- Company car, which may also be used privately,
- Smartphone, which may also be used privately,
- Contributions to statutory or private health and long-term care insurance,
- Assumption of the costs for a service apartment,
- Company's D&O insurance (without the corresponding deductible).

The fringe benefits granted mainly consist of contributions to statutory or private health insurance and D&O insurance, as well as the use of a company car. The Company's D&O insurance (pecuniary loss liability insurance) includes a deductible clause for the members of the Management Board in accordance with the statutory requirements (Section 93 (2) sentence 3 AktG), which they bear themselves. No advances or loans were granted to members of the Management Board.

Appropriateness of the remuneration of the Management Board

In accordance with the remuneration system, the Supervisory Board of Mutares Management SE conducts a review of the market appropriateness of the Management Board remuneration at regular intervals, whereby this is generally based on a horizontal and vertical comparison. The horizontal review of the appropriateness of the remuneration is carried out on the basis of a comparison with other listed portfolio companies from the private equity sector and comparable industries. The peer group comprises the four companies AURELIUS Equity Opportunities SE & Co. KGaA, Deutsche Beteiligungs AG, INDUS Holding AG and MBB SE. A high variable compensation component is typical for the industry.

When determining the remuneration for the members of the Management Board, the Supervisory Board of Mutares Management SE also takes into account in particular that there is global competition in the private equity industry for key personnel with industry experience, who are considered the central success factor in this industry. Non-competitive compensation for highly successful managers, as evidenced by their business results, both at Management Board level and at the other management levels, would pose a risk of key personnel leaving the Company and thus a significant risk to the Company's business success.

Compensation granted and owed in the fiscal year 2023

The following tables show the compensation granted and owed individually in accordance with section 162 (1) sentence 1 AktG to the members of the Management Board in office in the fiscal year 2023. This relates to the fixed compensation and fringe benefits granted in the fiscal year 2023, the bonus for the fiscal year 2023 and the multi-year variable compensation. No remuneration was granted or owed to former members of the Management Board in the fiscal year 2023.

Compensation is deemed to have been granted within the meaning of Section 162 (1) sentence 1 AktG if it actually accrues to the board member, irrespective of whether it has been credited to an account of the member of the corporate body or has otherwise become his economic or legal property. In the following table, compensation is also deemed to have been granted within the meaning of Section 162 (1) sentence 1 AktG if the underlying one-year or multi-year activity has been performed in full by the end of the fiscal year and the compensation is not transferred to the recipient's account until the beginning of the next fiscal year. The amounts reported from the bonus correspond to the payments for the fiscal year 2023, as the underlying service was performed in full by the end of the fiscal year on December 31, 2023 and the bonus was therefore earned in full (performance period: January to December 2023, payment expected in April 2024). The bonus for the fiscal year 2023 is therefore regarded as compensation granted within the meaning of section 162 (1) sentence 1 AktG. The virtual stock options granted in the fiscal year 2023 under the SOP 2023 are not considered to have been granted in the fiscal year 2023, but are only reported in the remuneration report for the fiscal year in which they are exercised.

Compensation shall be deemed to be owed within the meaning of Section 162 (1) sentence 1 AktG if the Company has a legally existing obligation towards a member of a governing body which is due but not yet fulfilled.

REMUNERATION GRANTED AND OWED

	Robin Laik, CEO				Mark Friedrich, CFO				Johannes Laumann, CIO			
	2023		2022		2023		2022		2023		2022	
	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%
Fixed Compensation												
Basic remuneration	1,000	16 %	1,000	18 %	500	16 %	500	18 %	430	88 %	500	16 %
Fringe benefits [1]	73	1 %	83	1 %	78	2 %	87	3 %	61	12 %	88	3 %
Total fixed remuneration	**1,073**	**17 %**	**1,083**	**19 %**	**578**	**18 %**	**587**	**21 %**	**491**	**100 %**	**588**	**19 %**
Variable Compensation												
Short-term variable compensation												
Bonus	4,500	72 %	3,860	69 %	2,250	71 %	1,930	67 %			2,180	70 %
Long-term variable compensation												
VSOP 2023 / SOP 2021	716	11 %	670	12 %	358	11 %	335	12 %			335	11 %
Total variable compensation	**5,216**	**83 %**	**4,530**	**81 %**	**2,608**	**82 %**	**2,265**	**79 %**			**2,515**	**81 %**
Other												
Total [2] (total compensation within the meaning of Sec. 162 (1) AktG)	6,289	100 %	5,613	100 %	3,186	100 %	2,852	100 %	491	100 %	3,103	100 %

[1] The Company maintains directors' and officers' liability insurance (D&O insurance) for the members of its corporate bodies. The pro-rata amount attributable to the individual Management Board members is included in the fringe benefits.
[2] Due to rounding, the individual percentage values may not add up to 100%.

Benefits in connection with leaving the Management Board

In the termination agreement, the Company, Mutares Management SE and Johannes Laumann have agreed that he will resign from his position on the Management Board and that the existing employment contract between the Company and him will be terminated by mutual agreement with effect from the end of March 31, 2024. Until this date, Johannes Laumann will receive a monthly gross salary of EUR 41.66 thousand based on the previous annual gross salary of EUR 500 thousand stipulated in his employment contract. Johannes Laumann will also receive monthly compensation of EUR 125 thousand for the duration of a post-contractual non-competition clause until March 31, 2026.

Supervisory Board remuneration

Remuneration of the members of the Supervisory Board of Mutares SE & Co. KGaA
The current remuneration of the members of the Company's Supervisory Board was determined with effect from January 1, 2022 by resolution of the Company's Annual General Meeting on May 17, 2022. The members of the Supervisory Board of the Company receive a fixed basic remuneration of EUR 20 thousand for the respective fiscal year of the Company. The Chairman of the Supervisory Board receives a fixed basic remuneration of EUR 45 thousand and his deputy receives a fixed basic remuneration of EUR 30 thousand for the respective fiscal year of the Company. As the Supervisory Board in the fiscal year 2023 consisted of a Chairman, a Deputy Chairman and two other

members, the total basic remuneration of the members of the Supervisory Board of the Company amounted to EUR 115 thousand in the fiscal year 2023. For work on the audit committee of the Supervisory Board, the Chairman of the committee receives EUR 15 thousand and each other member of the committee receives EUR 5 thousand for the respective fiscal year of the Company. The Company has an Audit Committee, to which Dr. Axel Müller, as Chairman and Volker Rofalski belong. For their work on other committees of the Supervisory Board, the Chairman of the committee receives an additional EUR 10 thousand and each other member of the committee receives an additional EUR 5 thousand for the respective fiscal year of the Company. In addition to the aforementioned remuneration, the members of the Supervisory Board are reimbursed for expenses incurred in the performance of their duties, which also include any value-added tax incurred.

The compensation is payable at the end of the respective fiscal year. Supervisory Board members who are members of the Supervisory Board or a committee, or hold the position of chairman or vice-chairman for only part of the entire fiscal year shall receive remuneration on a pro rata basis.

For the individual acting members of the Supervisory Board of the Company in the fiscal year 2023, the compensation pursuant to Section 162 (1) Sentence 1 of the German Stock Corporation Act (AktG) for the fiscal year 2023 presented below resulted, whereby the compensation of the members of the Supervisory Board included therein reflects the "compensation granted and owed" pursuant to Section 162 (1) Sentence 1 of the German Stock Corporation Act (AktG) as understood above under Compensation "granted and owed in the fiscal year 2023". No remuneration was granted or owed to former members of the Company's Supervisory Board in the fiscal year 2023. Prof. Dr. Micha Bloching, who left the Supervisory Board of Mutares SE & Co. KGaA, is only shown as a former member of the Company's Supervisory Board in order to make it possible to compare the total remuneration with the previous reporting year. No advances or loans were granted to members of the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD OF MUTARES SE & CO. KGAA

	Volker Rofalski (Chairman of the Supervisory Board and member of the Audit Committee)				Dr. Axel Müller (Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee)				Dr. Lothar Koniarski			
	2023		2022		2023		2022		2023		2022	
	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%
Basic remuneration	45.0	90%	45.0	90%	30.0	67%	30.0	67%	20.0	100%	20.0	100%
Additional remuneration for committee work	5.0	10%	5.0	10%	15.0	33%	15.0	33%	0.0	0%	0.0	0%
Total compensation within the meaning of Sec. 162 (1) AktG	**50.0**	**100%**	**50.0**	**100%**	**45.0**	**100%**	**45.0**	**100%**	**20.0**	**100%**	**20.0**	**100%**

	Raffaela Rein[1]				Prof. Dr. Micha Bloching[2]				TOTAL COMPENSATION	
	2023		2022		2023		2022		2023	2022
	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	TEUR
Basic remuneration	20.0	100%	12.5	100%	–	–	7.5	100%	115.0	115.0
Additional remuneration for committee work	0.0	0%	0.0	0%	–	–	0.0	0%	20.0	20.0
Total compensation within the meaning of Sec. 162 (1) AktG	**20.0**	**100%**	**12.5**	**100%**	**–**	**–**	**7.5**	**100%**	**135.0**	**135.0**

[1] Raffaela Rein was elected as a member of the Supervisory Board of the Company with effect from the end of the Annual General Meeting of the Company on May 17, 2022.
[2] Prof. Dr. Micha Bloching has resigned from the Supervisory Board of the Company with effect from the end of the Annual General Meeting of the Company on May 17, 2022.

In addition, the Company maintains a directors' and officers' liability insurance policy (D&O insurance) for the members of its corporate bodies. Of the D&O insurance premium paid in the fiscal year 2023, EUR 66 thousand is attributable pro rata to each member of the Company's Supervisory Board.

Remuneration of the members of the Supervisory Board of Mutares Management SE

The remuneration of the members of the Supervisory Board of Mutares Management SE was resolved at the Annual General Meeting of Mutares Management SE on July 10, 2023 with effect as of January 1, 2023. The members of the Supervisory Board of Mutares Management SE receive a fixed basic remuneration of EUR 75 thousand for the respective fiscal year of the Company. The Chairman of the Supervisory Board receives a fixed basic remuneration of EUR 150 thousand and his deputy receives a fixed basic remuneration of EUR 110 thousand for the respective fiscal year of the Company. As the Supervisory Board currently consists of a Chairman, a Deputy Chairman and two other members, the total fixed basic remuneration of the Supervisory Board members amounted to EUR 410 thousand in the fiscal year 2023.

The Supervisory Board of Mutares Management SE has a Personnel Committee. For their work on a committee of the Supervisory Board of Mutares Management SE, the Chairman of the committee receives additional basic remuneration of EUR 15 thousand and all other members of the committee each receive additional basic remuneration of EUR 5 thousand for the respective fiscal year.

For the individual acting members of the Supervisory Board of Mutares Management SE in the fiscal year 2023, the following remuneration pursuant to Section 162 (1) sentence 1 AktG for the fiscal year 2023 resulted, whereby the remuneration of the Supervisory Board members included therein represents the "remuneration granted and owed" pursuant to Section 162 (1) sentence 1 AktG in the sense of the understanding described above under "Remuneration granted and owed in the fiscal year 2023". No remuneration was granted or owed to former members of the Supervisory Board of Mutares Management SE in the fiscal year 2023. Prof. Dr. Micha Bloching, who left the Supervisory Board of Mutares Management SE on May 17, 2022, is only shown as a former member of the Company's Supervisory Board in order to enable a comparison of total remuneration with the previous reporting year. No advances or loans were granted to the members of the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD OF MUTARES MANAGEMENT SE

	Dr.-Ing. Kristian Schleede (Chairman of the Supervisory Board)[1]				Dr. Lothar Koniarski (Deputy Chairman)				Dr. Axel Müller			
	2023		2022		2023		2022		2023		2022	
	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%
Basic remuneration	150.0	91 %	56.2	100 %	110.0	100 %	70.0	100 %	75.0	100 %	50.0	100 %
Additional remuneration for committee work	15.0	9 %	0.0	0 %	0.0	0 %	0.0	0 %	0.0	0 %	0.0	0 %
Total compensation within the meaning of Sec. 162 (1) AktG	**165.0**	**100 %**	**56.2**	**100 %**	**110.0**	**100 %**	**70.0**	**100 %**	**75.0**	**100 %**	**50.0**	**100 %**

	Volker Rofalski				Prof. Dr. Micha Bloching (Chairman of the Supervisory Board)[2]				TOTAL COMPENSATION	
	2023		2022		2023		2022		2023	2022
	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	TEUR
Basic remuneration	75.0	94 %	50.0	100 %	–	–	33.8	100 %	410.0	260.0
Additional remuneration for committee work	5.0	6 %	0.0	0 %	–	–	0.0	0 %	20.0	0.0
Total compensation within the meaning of Sec. 162 (1) AktG	**80.0**	**100 %**	**50.0**	**100 %**	**–**	**–**	**33.8**	**100 %**	**430.0**	**260.0**

[1] Dr.-Ing. Kristian Schleede was elected as a member of the Supervisory Board of Mutares Management SE with effect from the end of the Annual General Meeting of Mutares Management SE on May 17, 2022 and has assumed the position of Chairman.
[2] Prof. Dr. Micha Bloching has resigned from the Supervisory Board of Mutares Management SE with effect from the end of the Annual General Meeting of Mutares Management SE on May 17, 2022.

Remuneration of Mutares Management SE as General Partner

Mutares Management SE as general partner receives an annual remuneration, independent of profit and loss, in the amount of 4% of its share capital, plus any value added tax due, for assuming the management of the Company and the liability of the Company pursuant to Section 7 (7) of the Company's Articles of Association. For the fiscal year 2023, this remuneration amounted to EUR 4,800.00.

Comparative presentation of earnings development and annual change in compensation

In accordance with § 162 (1) sentence 2 no. 2 AktG, the following overview presents the relative development of the compensation granted and owed to the members of the Management Board and Supervisory Board in the respective fiscal year compared with the development of the Company's earnings. A comparative presentation of Management Board compensation with the compensation of employees on a full-time equivalent basis pursuant to § 162 (1) sentence 2 no. 2 AktG is provided in accordance with § 26 j (2) sentence 2 EGAktG only for the fiscal years 2022/2023, 2021/2022 and 2020/2021.

%	Fiscal year 2023	2022	2021	2020	2019
Earnings performance					
Consolidated net income (IFRS)	1,652 %	-105 %	2,144 %	18 %	39 %
Net income for the year (HGB)	41 %	44 %	52 %	48 %	12 %
Average employee compensation	**20 %**	**14 %**	**50 %**		
Compensation of the Management Board					
Robin Laik	12 %	18 %	53 %	58 %	-1 %
Mark Friedrich	12 %	17 %	54 %	57 %	9 %
Johannes Laumann (since June 1, 2019)	-84 %	27 %	54 %	90 %	
Dr.-Ing. Kristian Schleede (until December 31, 2021)			63 %	49 %	10 %
Dr. Wolf Cornelius (until July 24, 2019)					-5 %
Compensation of the Supervisory Board					
Volker Rofalski	-7 %	4 %	118 %	-39 %	-3 %
Dr. Axel Müller (since August 2, 2018)	-7 %	17 %	191 %	-46 %	151 %
Dr. Lothar Koniarski (since July 20, 2018)	-9 %	8 %	148 %	-30 %	80 %
Raffaela Rein (since May 17, 2022)	46 %				
Prof. Dr. Micha Bloching (until May 17, 2022)		-59 %	276 %	-54 %	-45 %
Dr. Ulrich Hauck (until March 31, 2019)					-69 %
Remuneration of the Supervisory Board of Mutares Management SE					
Dr.-Ing. Kristian Schleede (since May 17, 2022)	194 %				
Dr. Lothar Koniarski (since April 9, 2019)	57 %	17 %	50 %	37 %	
Dr. Axel Müller (since July 6, 2020)	50 %	25 %	74 %		
Volker Rofalski (since April 9, 2019)	60 %	25 %	-17 %	9 %	
Prof. Dr. Micha Bloching (from April 9, 2019 until May 17, 2022)		-58 %	0 %	37 %	

The development of earnings is generally presented on the basis of the development of the Company's net profit for the year in accordance with section 275 (2) no. 17 HGB. Since the remuneration of the members of the Management Board also depends to a significant extent on the development of Group key figures, the development of the IFRS consolidated net profit reported in the consolidated fiscal statements is also presented as the earnings performance of the Mutares Group.

The comparison with the average compensation of employees is based on the current first management level of the Mutares Group. The employees of the individual operating investees are not taken into account.

The chart shows the percentage development in the respective year compared to the previous year and includes, among other things, the ancillary costs for D&O insurance.

Munich, March 27, 2024

For Mutares Management SE

Robin Laik
Chairman of the Management Board

Mark Friedrich
Member of the Management Board

For the Supervisory Board of the Company

Volker Rofalski
Chairman of the Supervisory Board

CORPORATE GOVERNANCE STATEMENT

The principles of responsible and good corporate governance determine the actions of the management and control bodies of Mutares SE & Co. KGaA. The Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, as well as the Shareholders' Committee and the Supervisory Board of Mutares SE & Co. KGaA report below on corporate governance in accordance with Principle 23 of the German Corporate Governance Code **("GCGC")** and pursuant to Sections 289f, 315d HGB.

1 Declaration on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management Board of Mutares Management SE as general partner as well as the Shareholders' Committee and the Supervisory Board of Mutares SE & Co. KGaA **("Company")** declare pursuant to Section 161 of the German Stock Corporation Act **("AktG")** that the Company has complied with the recommendations of the German Corporate Governance Code ("GCGC") as amended on April 28, 2022 ("GCGC"), which entered into force by publication in the Federal Gazette (Bundesanzeiger) on June 27, 2022, since issuance of the last declaration of conformity in December 2022 and has complied with and will continue to do so in the future subject to the legal form-specific features of the partnership limited by shares **("KGaA")** described below and the structuring of this legal form by the Articles of Association, as well as with the exception of the deviations listed below.

1.1 Special features specific to legal forms

The GCGC is tailored to companies in the legal form of a stock corporation **("AG")** or a European Company (Societas Europaea, SE) and does not take into account the special features of the legal form of a KGaA. Many recommendations of the GCGC can therefore only be applied to the Company in modified form. Significant particularities result in particular from the following legal form-specific features.

1.1.1 Management

In the case of a KGaA, the tasks of a Management Board of an AG are performed by general partners. The sole general partner of the Company is Mutares Management SE, whose Management Board **("Management Board")** is thus responsible for managing the Company's business.

1.1.2 Shareholders' Committee

The legal form of the KGaA, unlike that of the AG, offers the possibility of creating further optional corporate bodies. The Shareholders' Committee established at the Company in accordance with the Articles of Association and elected by the General Meeting of the Company has power of representation and management authority for the legal relationships between the Company on the one hand and the General Partner and/or its board members on the other.

In addition, he exercises all rights in connection with the shares held by the Company in the General Partner; in particular, he is responsible for exercising voting rights at the General Partner's Annual General Meeting and for disposing of the Company's shares in the General Partner.

1.1.3 Supervisory Board

Compared to the supervisory board of an AG, the rights and duties of the supervisory board of a KGaA are limited. In particular, the Supervisory Board of the Company has no personnel authority with respect to the management of the Company. The supervisory board of the KGaA is therefore not responsible for appointing or dismissing the general partner or its management board members. Thus, it is also not responsible for regulating their contractual terms and conditions such as, in particular, remuneration or consideration of the relationship of the remuneration of the Management Board to the remuneration of the senior management and the workforce; likewise, the Supervisory Board of the KGaA has no competence with regard to setting an age limit for the members of the Management Board, the composition of the Management Board, the duration of the appointment, succession planning, issuing rules of procedure for the Management Board or determining transactions requiring approval. These tasks are performed by the Supervisory Board of Mutares Management SE.

1.1.4 Annual General Meeting

The Annual General Meeting of a KGaA basically has the same rights as the Annual General Meeting of an AG. In addition, it resolves on the approval of the annual financial statements of the company, the discharge of the general partner and the election and discharge of the shareholders' committee. Numerous resolutions of the Annual General Meeting require the approval of the general partner; this includes, among other things, the approval of the annual financial statements of the Company.

1.2 Deviations from recommendations of the GCGC

Recommendation D. 4 GCGC
According to Recommendation D. 4 GCGC, the Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives which nominates suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of Supervisory Board members. Due to the current size of the Supervisory Board, which consists of four shareholder representatives, the Supervisory Board does not consider it necessary to form a nomination committee. The decision on the Supervisory Board's election proposals to the Annual General Meeting can be prepared and made by the full Supervisory Board.

Recommendation F.2 GCGC
According to Recommendation F.2 GCGK, the consolidated financial statements and the Group management report shall be publicly accessible within 90 days of the end of the fiscal year. The Company shall make the consolidated financial statements and the Group management report publicly accessible in accordance with the provisions of commercial and stock exchange law (sections 325 (3), (4) sentence 1 HGB and sections 51 (2), 50 BörsO of the Frankfurt Stock Exchange) within four months of the reporting date for the fiscal year. The Company believes that publication within these deadlines is sufficient for the information interests of shareholders, creditors and other stakeholders as well as the public.

Section G.I GCGC
Recommendations G.1 to G.16 GCGC contain detailed requirements which the Supervisory Board should take into account when determining the compensation of the Management Board. However, the Supervisory Board of the Company has no authority to determine the remuneration of the Management Board of the General Partner, so the recommendations on Management Board remuneration do not apply to the Company due to their structure. The compensation of the Management Board of the General Partner is determined by the Supervisory Board of the General Partner. Only as a highly precautionary measure, the Company also declares a deviation from the aforementioned recommendations.

Munich, December 2023

The Management Board of the General Partner	The Shareholders' Committee	The Supervisory Board

The declaration of compliance is available on the website of Mutares SE & Co. KGaA at ir.mutares.com/en/corporate-governance/#dokumente.

2 Remuneration system for members of the Supervisory Board and renumeration report

On the website of Mutares SE & Co. KGaA under ir.mutares.com/en/corporate-governance/#dokumente, the remuneration report for the fiscal year 2023 and the auditor's report pursuant to Section 162 AktG are made publicly available. On the website of Mutares SE & Co. KGaA at ir.mutares.com/en/event/annual-general-meeting-2023 is also the latest publicly available resolution adopted by the Annual General Meeting on July 10, 2023 regarding the remuneration report. The remuneration system for the members of the Supervisory Board of Mutares SE & Co. KGaA is made publicly available on the website of Mutares SE & Co. KGaA at ir.mutares.com/en/event/annual-general-meeting-2022 in accordance with section 113 (3) AktG.

3 Relevant disclosures on corporate governance practices

Mutares SE & Co. KGaA acts as an international investor that actively supports its portfolio companies in defining and implementing comprehensive turnaround and optimization programs. In all its decisions, however, the company not only focuses on the organic growth and lasting success of the portfolio companies, but also pays attention to the compliance and implementation of ecological, social and corporate values and standards. Responsible action is anchored in the corporate values at Mutares SE & Co. KGaA. Sustainability is more than just an environmental issue for us. As a group of companies, we have a responsible duty towards our employees and society and are committed to good corporate governance. Mutares SE & Co. KGaA sets itself as guidelines the three most important sustainability-related areas of responsibility of a company: **Environmental, Social and Governance**.

Sustainability plays a fundamental role at the Company. In 2021, the UN Global Compact was signed and the company committed itself to respecting and implementing the ten sustainable principles set out therein and to promoting sustainable development worldwide. The Company also fulfills this responsibility through Group-wide reporting and monitoring activities relating to environmental, social and governance issues.

Environmental

We see environmental protection as a success factor for the future sustainable development of our business activities. In this context, we continuously work on identifying the essential topics and challenges for the business activities of the Mutares Group. Particularly at the subsidiaries, attention is paid to the implementation of environmentally friendly behavior in the internal corporate processes. A large number of our portfolio companies are therefore certified according to ISO 14001:2015 (environmental management system).

Social

The Company places a particularly high value on its employees. In this regard, Mutares SE & Co. KGaA is guided by the principles of labor standards and human rights of the United Nations Global Compact. Occupational safety and health protection are important aspects for the Mutares Group. We strive to introduce and maintain a "Zero-Accident" safety culture at our subsidiaries. Respect for and observance of human rights are anchored in our Code of Conduct and are thus important components of our corporate responsibility. In addition, it is part of our standard to treat everyone equally with respect, trust and dignity. Our goal is to create a working environment that is free of any discrimination and harassment. Our Code of Conduct provides guidance for conducting our business in accordance with our values and applicable laws. Our Code of Conduct applies to all employees and business partners of Mutares.

Governance

The Company is committed to acting with integrity and in compliance with nationally and internationally recognized standards, assuming corporate responsibility and paying attention to the impact of its business activities. All employees, our suppliers and third parties who have a business relationship with us must comply with the applicable laws of the country in which the site is located. As a global company, this means that the laws and regulations of each location in which we do business also apply. Failure to comply with these laws may result in civil, criminal and labor law consequences.

Internal Control System and Risk Management, including Compliance management system

The internal control and risk management system for the accounting process is designed to ensure that all business processes and transactions are recorded in a timely, uniform and correct manner. The aim of the internal control system for the consolidation of the subsidiaries included in the consolidated financial statements is to ensure compliance with legal standards, accounting regulations and internal accounting instructions. Changes to these are analyzed on an ongoing basis with regard to their relevance and impact on the consolidated financial statements and taken into account accordingly. In addition to defined controls, system-based and manual reconciliation processes, the separation of executive and control functions, and compliance with guidelines and work instructions are an essential part of the internal control system.

Furthermore, the Company has installed and organizationally anchored a systematic, multi-stage risk management system which also identifies, assesses and communicates sustainability risks. Material risks are identified by a combination of bottom-up and top-down analysis based on defined risk areas. The risks identified in this way are assessed on the basis of their monetary impact on the earnings and/or financial situation of the Company and their expected probability of occurrence in relation to a one-year observation horizon. In each case, the focus is on the most likely risk scenario. The risk assessment also distinguishes between gross and net assessment. The identified risks are then actively managed and controlled by the management responsible for operations.

In addition, the Company has established a compliance management system with a code of conduct for all relevant areas. Responsible, ethically correct and integrity behavior is expected of all employees at all levels. This expectation also applies to third parties, such as business partners and suppliers, who contribute to the good image of our company. Individual policies are in place for anti-corruption, capital market compliance, antitrust law, terrorist financing and money laundering, and data protection, among others. The policy management software implemented ensures that employees always have access to the policies in force. In addition, the Company has set up a whistleblower portal which enables whistleblowers to report possible violations of the law or the Company's Code of Conduct, also anonymously. The Company's compliance department investigates all such reports independently.

The Company's Compliance function consists of a Compliance Officer with overall responsibility for the implementation and monitoring of the compliance management system at the holding level of the Company and its direct subsidiaries.

In addition, the portfolio companies, as indirect subsidiaries of the Company, are required to establish appropriate compliance management systems, including a specifically defined responsible position, as part of their corporate governance. In order to ensure compliance with the common standards, the Company intends to establish a regular exchange between the compliance functions at the different levels within the Mutares Group.

For more information, visit the website of Mutares SE & Co. KGaA at mutares.com/en/compliance-esg.

4 Partnership limited by shares

Mutares SE & Co. KGaA is a partnership limited by shares (KGaA). A KGaA is a company with its own legal personality (legal entity), in which at least one shareholder has unlimited liability to the company's creditors (general partner) and the other shareholders have an interest in the share capital, which is divided into shares, without being personally liable for the company's obligations (limited shareholders, Section 278 (1) AktG).

The legal form of a KGaA is a hybrid of a stock corporation (AG) and a limited partnership with a focus on stock corporation law. The main differences to an AG are as follows: The tasks of the Management Board of an AG are performed by Mutares Management SE – acting through its Management Board – as the sole general partner of Mutares SE & Co KGaA.

Compared to the supervisory board of an AG, the rights and duties of the supervisory board of a KGaA are limited. In particular, the supervisory board does not have the competence to appoint personally liable partners and to regulate their contractual conditions, to issue rules of procedure for the management or to determine transactions requiring approval. These tasks are performed at the Company by the Supervisory Board of Mutares Management SE.

The Annual General Meeting of a KGaA basically has the same rights as the Annual General Meeting of an AG. This means that it resolves, among other things, on the appropriation of profits, the election and discharge of the members of the Supervisory Board, the election of the auditor, and on amendments to the Articles of Association and capital measures to be implemented by the Management Board. In addition, depending on the legal form of the Company, it resolves on the approval of the annual financial statements of the Company and the discharge of the General Partner, as well as on the election and discharge of the members of the Shareholders' Committee established in accordance with the Articles of Association. Resolutions of the General Meeting require the approval of the General Partner insofar as they relate to matters for which, in the case of a limited partnership, the consent of the General Partners and the limited partners is required (Section 285 (2) AktG) or it relates to the approval of the annual financial statements (Section 286 (1) AktG).

As an additional body, a Shareholders' Committee has been established at Mutares SE & Co. KGaA to perform the duties assigned to it by the Annual General Meeting and by the Articles of Association (for details, see section 5.4).

There were no changes to the Group management and supervisory structure in the reporting year.

5 Description of the working methods and composition of the corporate bodies of Mutares SE & Co. KGaA and Mutares Management SE and their committees

5.1 Description of the functioning of Mutares Management SE including its Management Board and Supervisory Board

A basic principle of German stock corporation law is usually a dual management system with a Management Board as the Management Body and a Supervisory Board as the Monitoring Body. In the legal form of a KGaA, there is the special feature that its business is managed by a general partner. At Mutares SE & Co. KGaA, Mutares Management SE assumes the role of the Management Body as general partner according to the Articles of Association. The Supervisory Board of Mutares SE & Co. KGaA monitors the management of the general partner in accordance with the competences assigned to it by law and the Articles of Association. Mutares Management SE is a dualistically structured European stock corporation (SE). The corporate bodies of Mutares Management SE are the General Meeting, the Management Board and the Supervisory Board. Mutares Management SE – represented by its Management Board – manages the business of Mutares SE & Co. KGaA with the diligence of a prudent and conscientious manager and is thereby committed to the corporate interest of Mutares SE & Co. KGaA. It also represents Mutares SE & Co. KGaA externally.

5.1.1 The Management Board of Mutares Management SE

5.1.1.1 Composition of the Management Board

According to the Articles of Association, the Management Board of Mutares Management SE may consist of one or more persons. The Supervisory Board of Mutares Management SE determines the specific number of members of the Management Board. For their appointment and dismissal, a simple majority of the votes cast by the members of the Supervisory Board is required. In the event of a tie, the vote of the chairman of the supervisory board shall be decisive. The members of the Management Board may be appointed for a maximum period of six years, whereby reappointments are permitted. The Management Board of Mutares Management SE currently consists of two members.

As at December 31, 2023, the Management Board of Mutares Management SE comprised the following members:

Robin Laik (*1972)
- Chairman of the Management Board, CEO
- First appointment (effective): February 22, 2019
  (previously member of the Management Board of mutares AG since 2008)
- Appointed until: December 31, 2024
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as at December 31, 2023): none

Mark Friedrich (*1978)
- CFO
- First appointment (effective): April 9, 2019
  (previously member of the Management Board of mutares AG since 2015)
- Appointed until: December 31, 2027
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as at December 31, 2023): none

Mr. Johannes Laumann resigned from his office as a member of the Management Board of Mutares Management SE during the fiscal year 2023 and left the Management Board of Mutares Management SE on November 10, 2023.

The curricula vitae of the Management Board members are published and regularly updated on the website of Mutares SE & Co. KGaA at mutares.com/en/team/#executive-board. Information on the remuneration of the Management Board members can be found in the remuneration report for the respective fiscal year.

5.1.2 The Supervisory Board of Mutares Management SE

5.1.2.1 Functioning of the Supervisory Board

The Supervisory Board of Mutares Management SE consists of four members. Chairman of the Supervisory Board of Mutares Management SE is Dr.-Ing. Kristian Schleede.

5.1.2.2 Composition of the Supervisory Board

In the fiscal year 2023, the Supervisory Board of Mutares Management SE comprised the following members:

Dr.-Ing. Kristian Schleede (*1958)

- Chairman of the Supervisory Board, Chairman of the Personnel Committee since 2023
- Member since: End of General Meeting on May 17, 2022
- Elected until: End of the Annual General Meeting in the calendar year 2024
- Main activity: Management Consultant, Managing Partner of KSBI GmbH, Zug, Switzerland
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as at December 31, 2023): none

Dr. Lothar Koniarski (*1955)

- Vice Chairman of the Supervisory Board
- Member since: 2019
- Elected until: End of the Annual General Meeting in calendar year 2024
- Main activity: Managing Director of ELBER GmbH
- Memberships in supervisory boards required by law or in comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2023):
  - Mutares SE & Co. KGaA, Munich (Member of the Supervisory Board, Member of the Shareholders' Committee)
  - CANCOM SE, Munich (Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee)
  - DV Immobilien Mangagement GmbH, Regensburg (Deputy Chairman of the Supervisory Board)
  - SBF AG, Leipzig (Chairman of the Supervisory Board)
  - Regensburg University Foundation, Hans Vielberth University Foundation and Hans Vielberth University Foundation for Real Estate Management (member of the Board of Trustees)

Volker Rofalski (*1970)

- Member since: 2019, Chairman of the Personnel Committee since 2023
- Elected until: End of the Annual General Meeting in the calendar year 2024
- Main activity: Managing Partner of only natural munich GmbH
- Memberships in supervisory boards required by law or in comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2023):
  - HELIAD AG, Frankfurt am Main (Member of the Supervisory Board)
  - Bio-Gate AG, Nuremberg (Chairman of the Supervisory Board)
  - Mutares SE & Co. KGaA, Munich (Chairman of the Supervisory Board, Chairman of the Shareholders' Committee)
  - paycentive Group AG, Augsburg (Member of the Supervisory Board)
  - HELIAD Crypto Partners GmbH & Co. KGaA, Frankfurt am Main (Member of the Supervisory Board)

Dr. Axel Müller (*1957)

- Member since: 2020
- Elected until: End of the Annual General Meeting in the calendar year 2024
- Main activity: independent management consultant
- Memberships in supervisory boards required by law or in comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2023):
  - Mutares SE & Co. KGaA, Munich (Member of the Supervisory Board, Vice Chairman of the Shareholders' Committee, Chairman of the Audit Committee)
  - Mellifera Sechsunddreißigste Beteiligungsgesellschaft mbH (MIP Pharma group of companies), Berlin (Chairman of the Advisory Board)

The curricula vitae of the acting Supervisory Board members are published and regularly updated on the website of Mutares SE & Co. KGaA at mutares.com/en/team/#supervisory-board. Information on the remuneration of the Supervisory Board members of Mutares SE can be found in the renumeration Report for the respective fiscal year.

Personnel Committee

In order to increase the efficiency of its activities, the Supervisory Board of Mutares Management SE established a Personnel Committee in 2023. The Personnel Committee deals in particular with the review of the remuneration system, the selection of suitable Management Board candidates, Management Board contracts and their appropriate remuneration.

The Personnel Committee can make recommendations or proposals.

The Personnel Committee consists of two members. The members of the Personnel Committee are Dr. Kristian Schleede and Volker Rofalski. The Chairman of the Personnel Committee is Dr. Kristian Schleede.

5.1.3 Cooperation between the Management Board and Supervisory Board of Mutares Management SE

The Management Board reports to the Supervisory Board of Mutares Management SE in accordance with the statutory provisions, the Articles of Association and the rules of procedure of the Supervisory Board and the Management Board, as well as at the request of the Supervisory Board in individual cases. The reports of the Management Board shall comply with the principles of conscientious and faithful accountability. Reporting shall be carried out in such a way that the Supervisory Board is informed regularly, promptly, comprehensively and generally in text form about all issues relevant to the enterprise, in particular strategy, planning, business development, risk situation, risk management and compliance. In doing so, the Board of Management must address any deviations in the course of business from the targets agreed in the plans drawn up, stating the reasons for such deviations.

In addition, the Chairman of the Supervisory Board shall receive reports on other important occasions; an important occasion shall also be a business transaction at an affiliated company of which the Management Board becomes aware and which may have a significant influence on the situation of the Company.

The Supervisory Board of Mutares Management SE may at any time request a report from the Management Board on matters concerning Mutares Management SE, on its legal and business relationships with affiliated companies as well as on business transactions at these companies which may have a significant influence on the situation of Mutares Management SE. An individual member may also request a report, but only to the Supervisory Board.

Pursuant to Section 9 (7) of the Articles of Association of Mutares Management SE, the Supervisory Board of Mutares Management SE may, without prejudice to the overall responsibility of the Management Board, allocate the Management Board duties to the individual members of the Management Board and, within the framework of the statutory provisions and the Articles of Association, regulate the relationships of the members of the Management Board with each other and with Mutares Management SE and determine that certain transactions or types of transactions may only be conducted with the consent of the Supervisory Board. The Supervisory Board of Mutares Management SE may grant approvals for a certain group of transactions revocably also in general, for a limited or unlimited period of time, or in advance in the event that the individual transaction meets certain requirements, also to individual members and in particular to the Chairman of the Management Board.

5.2 Description of the Working Procedures and Composition of the Supervisory Board of Mutares SE & Co. KGaA and its Committees

5.2.1 Working methods of the Supervisory Board of Mutares SE & Co. KGaA

The main task of the Supervisory Board of Mutares SE & Co. KGaA is to monitor the management by Mutares Management SE as general partner. This is done on the basis of the statutory provisions, taking into account the recommendations of the GCGC – with the exception of the deviations mentioned in the Declaration of Conformity –, the Articles of Association of Mutares SE & Co. KGaA and the Rules of Procedure for the Supervisory Board. The Supervisory Board is authorized to make amendments to the Articles of Association that affect only the wording. In particular, it may also adjust the authorized capital in the Articles of Association in accordance with the respective issue of subscription shares; the same applies in the event that the authorization to issue subscription rights is not utilized. The rules of procedure for the Supervisory Board of Mutares SE & Co. KGaA, which contain more detailed provisions on convening and holding Supervisory Board meetings and on forming committees, can be viewed on the website of Mutares SE & Co. KGaA at ir.mutares.com/en/corporate-governance/#dokumente.

5.2.2 Composition of the Supervisory Board of Mutares SE & Co. KGaA

The Supervisory Board of Mutares SE & Co. KGaA consists of:

Volker Rofalski

- (for personal details see above under 5.1.2.2) as Chairman of the Supervisory Board; Member of the Audit Committee

Dr. Axel Müller

- (for personal details see above under 5.1.2.2) as Vice Chairman of the Supervisory Board; Chairman of the Audit Committee

Dr. Lothar Koniarski
- (for personal details see above under 5.1.2.2) as member of the Supervisory Board

Raffaela Rein (*1986) as member of the Supervisory Board:
- Member since: End of Annual General Meeting on May 17, 2022
- Elected until: End of the Annual General Meeting in calendar year 2024
- Main activity: Managing Director of WildWildVentures GmbH, Berlin; Member of the Board of the German Startup Association, Berlin
- Memberships of other statutory supervisory boards or comparable German or foreign boards of business (at the end of December 31, 2023):
  - Member of the Advisory Board, IU International University of Applied Sciences
  - Member of the Sustainability Advisory Board, Porsche AG
  - Member of the extended executive board, Bundesverband Deutscher Startups e. V.

Members of the Supervisory Board were members of the Supervisory Board of the Company in the legal form of a stock corporation (mutares AG) prior to the change of legal form into a partnership limited by shares (KGaA), i.e. Dr. Lothar Koniarski since 2018, Volker Rofalski since 2008 and Dr. Axel Müller since 2018.

Information on the remuneration of the members of the Supervisory Board of Mutares SE & Co. KGaA can be found in the remuneration report for the respective fiscal year.

Age limit

The Rules of Procedure for the Supervisory Board of Mutares SE & Co. KGaA stipulate that, as a rule, only persons who have not reached the age of 75 at the time of the election.

Audit Committee

To increase the efficiency of its activities, the Supervisory Board of Mutares SE & Co. KGaA has established an Audit Committee. The Audit Committee deals in particular with the audit of the financial statements, the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system and the internal audit system, as well as the audit of the financial statements, in particular the selection and independence of the auditor, the quality of the audit and the additional services provided by the auditor, and compliance. The Audit Committee discusses the assessment of the audit risk, the audit strategy and audit planning, and the audit results with the auditor.

The Audit Committee may make recommendations or proposals to ensure the integrity of the financial reporting process.

The Audit Committee consists of two members. The members of the Audit Committee are Dr. Axel Müller and Volker Rofalski. The Chairman of the Audit Committee is Dr. Axel Müller. Dr. Axel Müller has expertise in the fields of accounting and auditing. In the course of his professional career, Dr. Axel Müller held numerous management positions, in particular in the areas of strategy and M&A as well as operations, at STADA Arzneimittel AG, which was listed on the stock exchange and listed on the MDAX at the time, and was most recently responsible for production and development as a member of the Executive Board for several years. In this context, he also brings many years of experience in the area of investor relations. After several years as a Senior Advisor at Arthur D. Little, he has been an Associate Partner at Fidelio Healthcare Partners and an independent management consultant since 2018. He therefore brings special knowledge and experience in the application of accounting principles and internal control and risk management systems, as well as special knowledge and experience in the field of auditing. Dr. Axel Müller regularly attends further training courses in these areas, in particular also in the field of ESG as well as sustainability reporting and its auditing, and brings this expertise to the Audit Committee. Volker Rofalski has expertise in the field of accounting. In the course of his professional career, Volker Rofalski was co-founder and board member of the first internet-based capital market platform in Germany, Webstock AG, as well as founder and CFO of a financial services company, TradeCross AG, for many years. From these professional positions he has special knowledge and experience in the application of accounting principles and internal control and risk management systems. In addition, Volker Rofalski regularly attends further training courses in this area, particularly in the field of ESG and sustainability reporting, and brings this expertise to the Audit Committee.

Self-assessment

The Supervisory Board of Mutares SE & Co. KGaA regularly assesses itself how effectively the Supervisory Board as a whole and its committees fulfil their tasks. In addition to qualitative criteria to be defined by the Supervisory Board, the subject of the efficiency review is in particular the procedural processes in the Supervisory Board as well as the timely and sufficient provision of information to the Supervisory Board. The most recent self-evaluation was carried out in December 2023.

Competence profile

According to Recommendation C.1 GCGC, the Supervisory Board shall specify concrete objectives for its composition and develop a competence profile for the entire body, paying attention to diversity. The competence profile should also include expertise on sustainability issues of importance to the Company. Applying Recommendation C.1 GCGC accordingly, the Supervisory Board of the Company has developed corresponding objectives for its composition and a competence profile.

The Supervisory Board of Mutares SE & Co. KGaA shall have overall competencies that are considered essential in view of the Company's activities. These include, in particular, in-depth experience and knowledge

- in the management of a (international) company,
- in industrial business and value creation along different value chains,
- in the fields of production, marketing, sales, digitalization, restructuring,
- to the main markets in which the Mutares Group operates,
- financial reporting and final audit,
- in controlling and risk management,
- in the area of governance and compliance,
- in the field of sustainability (environmental and social).

At least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member of the Supervisory Board must have expertise in the field of auditing.

Diversity

The Supervisory Board of Mutares SE & Co. KGaA strives for sufficient diversity in terms of personality, gender, internationality, professional background, expertise and experience, and age distribution.

The gender-related composition of the Supervisory Board of Mutares SE & Co. KGaA does meet the target by 2026.

Independence

In the opinion of the Supervisory Board of Mutares SE & Co. KGaA, all of its members are independent. Thus, it also includes what it considers to be an appropriate number of independent members who are independent of the Company and the Management Board of the General Partner as well as independent of the controlling shareholder.

This also applies to Mr. Volker Rofalski, who has been a member of the Supervisory Board of Mutares SE & Co. KGaA for more than twelve (12) years. The member continues to maintain the necessary distance to the Company, the General Partner as well as to the controlling shareholder, which is required for the supervision of the management of the Company by Mutares Management SE. His past and present performance of his duties proves that he continues to be in a position to advise and monitor the General Partner properly. The Supervisory Board is convinced that the duration of membership of more than twelve years is not suitable in the present case to give rise to conflicts of interest that could jeopardize the independence of the member.

The following qualification matrix reflects the status of implementation:

	Volker Rofalski	Dr. Axel Müller	Dr. Lothar Koniarski	Raffaela Rein
Management of a (international) company		✓	✓	✓
Industrial business and value creation along different value chains		✓	✓	
Production, marketing, sales, digitalization, restructuring		✓		✓
Main markets	✓		✓	
Financial reporting and final audit	✓	✓	✓	
Controlling and risk management	✓	✓	✓	
Governance and Compliance	✓	✓	✓	✓
Sustainabililty (environment and social)	✓	✓		✓
Independence	✓	✓	✓	✓

5.3 Cooperation of the Supervisory Board of Mutares SE & Co. KGaA with the General Partner

The basis of the cooperation between the Supervisory Board of Mutares SE & Co. KGaA and the general partner, Mutares Management SE, is the principle of the dual management system as prescribed by law for the structure of a KGaA. Essential to this is the separation of the management and executive duties assigned to the general partner from the supervisory duties assigned to the Supervisory Board. Further foundations are provided by the rules of procedure, which the responsible bodies have issued taking into account the legal form-specific particularities of a KGaA as well as – with regard to the general partner – of a dualistic European stock corporation (Mutares Management SE).

The Supervisory Board is informed by the General Partner – acting through its Management Board – in a regular, timely and comprehensive manner and generally in text form about all issues relevant to the Company, in particular strategy, planning, business development, risk situation, risk management and compliance. In addition, reports are to be submitted at least once a year on fundamental issues of corporate planning, in particular financial and personnel planning. The Chairman of the Supervisory Board maintains regular contact with the General Partner, in particular with the Chairman of the Management Board of the General Partner, and discusses the strategy, business development, compliance and risk management of the Company with him. The Chairman of the Supervisory Board is informed without delay by the Chairman of the Management Board of the General Partner about important events that are of material significance for the assessment of the situation and development as well as for the management of the Company. The Chairman of the Supervisory Board then informs the Supervisory Board and, if necessary, convenes an extraordinary meeting of the Supervisory Board.

5.4 The Shareholders' Committee of Mutares SE & Co. KGaA

5.4.1 Overview and Working Procedures of the Shareholders' Committee of Mutares SE & Co. KGaA

In accordance with the Articles of Association, in addition to the Supervisory Board there is also a Shareholders' Committee consisting of four members elected by the Annual General Meeting. The term of office is five years, unless otherwise specified at the time of election. The Shareholders' Committee must hold at least one meeting per calendar year. The Shareholders' Committee shall pass its resolutions by a majority of the votes cast, unless the Articles of Association mandatorily provide otherwise. The Members' Committee shall be responsible for carrying out the matters assigned to it by the General Meeting or by the Articles of Association. It has power of representation and management authority for the legal relationships between the Company on the one hand and the General Partner and/or its corporate bodies on the other. It exercises all rights arising from or in connection with the shares held by the Company in the General Partner, in particular it is responsible for exercising voting rights at the General Meeting of the General Partner and for disposing of the shares in the General Partner. The Shareholders Committee may also exempt individual, several or all members of the Management Board of the General Partner from the prohibition of multiple representation pursuant to Sec. 181 Alt. 2 of the German Civil Code (BGB), whereby Section 112 of the German Stock Corporation Act (AktG) remains unaffected.

The Shareholders' Committee also has the task and the right to decide on approval with regard to management measures requiring approval with related parties pursuant to Section 111b (1) AktG. The Shareholders' Committee has also been assigned the duty to establish an internal procedure pursuant to Section 111a (2) Sentence 2 AktG to regularly assess whether transactions are conducted with related parties in the ordinary course of business and at arm's length.

For further details, the Shareholders' Committee has adopted rules of procedure.

5.4.2 Composition of the Shareholders' Committee of Mutares SE & Co. KGaA

The Shareholders' Committee of Mutares SE & Co. KGaA consists of:

Volker Rofalski
- (for personal details see above under 5.1.2.2) as Chairman of the Shareholders' Committee;

Dr. Axel Müller
- (for personal details see above under 5.1.2.2) as Vice Chairman of the Shareholders' Committee;

Dr. Lothar Koniarski
- (for personal details see above under 5.1.2.2) as a member of the Shareholders' Committee;

Raffaela Rein
- (for personal details see above under 5.2.2) as a member of the Shareholders' Committee.

6 Diversity

6.1 Gender-related composition of the Supervisory Board of Mutares SE & Co. KGaA and management levels

In accordance with Section 111 (5) AktG, the Supervisory Board of Mutares SE & Co. KGaA set the percentage of women on the Supervisory Board at 25% on December 16, 2021 and a deadline of December 31, 2026 to achieve the target figure. The percentages of women on the Supervisory Board of Mutares SE & Co. KGaA was 25% as of December 31, 2023, in line with the defined target.

The setting of targets for the composition of the Management Board is not mandatory for companies that, like Mutares SE & Co. KGaA in the legal form of an SE & Co. KGaA, are expressly not required to set targets for the composition of the Management Board. Similarly, the Supervisory Board of Mutares Management SE is not obliged to set targets for the Management Board, as Mutares Management SE does not fall within the scope of the relevant statutory provisions. For the same reasons, the minimum shareholding requirement pursuant to section 76 (3a) AktG does not apply to Mutares SE & Co. KGaA nor to Mutares Management SE.

Pursuant to Section 76 (4) AktG, the Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, on December 16, 2021 set the target for the proportion of women in the first management level of Mutares SE & Co. KGaA below the Management Board to at least 33,33% (this corresponds to 3 women), and the target for the proportion of women in the second management level of Mutares SE & Co. KGaA below the Management Board to at least 26,31% (this corresponds to 5 women) and a deadline of December 31, 2026 to achieve the target figure.

6.2 Diversity concept with regard to the composition of the Supervisory Board of Mutares SE & Co. KGaA

For the Supervisory Board of Mutares SE & Co. KGaA exist a diversity concept, which is described below. Diversity is strived for with regard to age, gender, education and professional background and international experience.

In accordance with recommendation C.1 GCGC, the Supervisory Board of Mutares SE & Co. KGaA strives for sufficient diversity in terms of personality, gender, internationality, professional background, expertise and experience, and age distribution. When considering potential candidates for Supervisory Board positions, the aspect of diversity shall be adequately taken into account at an early stage in the selection process. Together with the objectives for the composition and the competence profile for the Supervisory Board, the Supervisory Board of Mutares SE & Co. KGaA shall thus be composed in such a way that a qualified control and advice of the Management Board of the general partner is ensured by the Supervisory Board.

Age
A mixture of experience and new ways of thinking is required to serve on the Supervisory Board. Therefore, the Supervisory Board of Mutares SE & Co. KGaA shall consist of experienced and newly added members. This will not only ensure knowledge transfer, but also enable new influences to be gained.

Gender
In principle, a mix of women and men on the Supervisory Board of Mutares SE & Co. KGaA is aimed for. In this context, it should also be examined whether the proportion of women on the board can be increased with suitable female candidates. However, expertise and relevant qualifications are ultimately the decisive criteria for the office as a member of the Supervisory Board.

Education and professional background

The Supervisory Board of Mutares SE & Co. KGaA shall have overall competences that are considered essential in view of the Company's activities. This includes in particular in-depth experience and knowledge

- in the management of an (international) company,
- in industrial business and value creation along different value chains,
- in the fields of production, marketing, sales, digitalization, restructuring,
- on the main markets in which the Mutares Group operates,
- in accounting and auditing,
- in controlling and risk management,
- in the area of governance and compliance,
- in the area of sustainability (environment and social affairs).

At least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member of the Supervisory Board must have expertise in the field of auditing; the members as a whole must be familiar with the sector in which the Company operates.

International experience

Mutares SE & Co KGaA is active as an international investor in various European markets, but also worldwide. An appropriate number of members of the Supervisory Board of Mutares SE & Co. KGaA shall have gained experience in internationally operating companies due to their education or professional activities.

Implementation

The decisive factor for the decision on filling a specific position on the Supervisory Board of Mutares SE & Co. KGaA is always the interest of the Company, taking into account all circumstances of the individual case.

The Supervisory Board of Mutares SE & Co. KGaA takes the objectives for the composition and the requirements set out in the diversity concept into account in the selection process and the nomination of candidates for the Supervisory Board. The election of a new Supervisory Board member in the year 2022 took account of the requirements set out in the diversity concept. In selecting and nominating the candidate, Ms. Raffaela Rein, particular attention was paid to her age, gender, education and professional background.

7 Accounting, audit of financial statements

Mutares SE & Co. KGaA prepares its consolidated financial statements and interim financial statements in accordance with International Reporting Standards (IFRS) as adopted by the European Union. After preparation by the general partner, the financial statements are audited by the auditor elected by the Annual General Meeting. On the basis of the audit reports and the documents relating to the consolidated financial statements, the Supervisory Board approves the consolidated financial statements, if necessary after a preliminary review by its Audit Committee. The Annual General Meeting of Mutares SE & Co. KGaA is legally responsible for adopting the annual financial statements. This resolution requires the approval of Mutares Management SE as general partner. Interim announcements and half-year reports are discussed by the general partner with the Audit Committee of the Supervisory Board of Mutares SE & Co. KGaA prior to publication.

8 Transparency

Uniform, comprehensive and timely disclosure of information is a high priority at Mutares SE & Co. KGaA. Reporting on the business situation and the results of Mutares SE & Co. KGaA takes place in the annual report, in the quarterly reports, half-year reports, at the annual analysts' and investors' conference and through regular conference calls. Furthermore, information is provided through press releases or ad hoc announcements as well as other mandatory publications, to the extent required by law. Mutares SE & Co. KGaA maintains insider lists. The respective persons concerned have been or will be informed about the legal obligations and sanctions.

The members of the Management Board, the Supervisory Board, the Shareholders' Committee as well as persons closely associated with them, are required under Art. 19 of the Market Abuse Regulation to disclose proprietary transactions in shares, debt instruments and related derivatives or other financial instruments. The directors' dealings made in the reporting year are published at ir.mutares.com/en/corporate-governance/directors-dealings.

05

FINANCIAL INFORMATION

COMBINED MANAGEMENT AND GROUP MANAGEMENT REPORT FOR FISCAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2023

1 FUNDAMENTALS OF THE COMPANY AND THE GROUP

1.1 Business model and organization

Mutares SE & Co. KGaA, Munich, (hereinafter referred to as “the Company” or also “Mutares”) is an international listed private equity investor focused on special situations. After the acquisition, the business model comprises three phases of value creation that portfolio companies[1] usually go through during their affiliation with Mutares: Realignment, Optimization and Harvesting. Accordingly, after the transformation (restructuring, optimization and repositioning) and/or development, the identified value enhancement potential is realized through the sale.

Mutares thus acts like a typical private equity investor for special situations. However, the stock market listing also enables a wide range of investors to participate directly in the business success of a private equity-orientated business model.

When selecting target companies (“targets”), Mutares focuses primarily on the acquisition of parts of large groups (carve-outs) and medium-sized companies in situations of transition. Mutares’ investment focus is on companies with high development potential, which already have an established business model – often combined with a strong brand. Against this backdrop, targets with the following characteristics are of particular interest to Mutares for an initial **acquisition** as so-called “platform investments” – i.e. as targets without direct operational links to a company already in the Mutares portfolio:

- Spin-offs/Carve-outs of Groups
- Sales of EUR 100–750 million
- Established market position
  (products, brand, customer base, technology/know-how)
- Economically challenging situation or situation of upheaval
  (e.g. pending restructuring)
- Operational improvement potential along the value chain
- Focus of activities in a core region of Mutares, above all in Europe
  and increasingly also in China

Mutares is committed to its portfolio companies during the entire time they are part of the Mutares Group and acts as a responsible and entrepreneurial shareholder who actively supports the upcoming change phases – based on extensive, long-term industrial and restructuring experience. The goal is to further develop the portfolio companies, which were unprofitable or unprofitable at the time of acquisition, through organic and inorganic growth and ultimately to sell them at a profit.

The three phases of value creation that follow the acquisition are characterized in particular by the following features:

- **Realignment**
After acquiring targets through its own acquisition companies, Mutares identifies improvement projects along the entire value chain in the portfolio companies using its own specialists and in close cooperation with the local management, which in total result in a comprehensive optimization or transformation program.

- **Optimization**
  The management and employees of the portfolio company play a key role in managing the change associated with **operational optimization**. Involving employees and management in the company’s success is an important element of the development strategy for Mutares. Through their close cooperation with Mutares consultants on site, the recovery course of the acquired companies is supported in a targeted manner by bringing in Mutares’ extensive restructuring know-how. Even after the successful completion of an initial optimization or transformation program, Mutares continues an active investment management. This includes the continuous improvement of processes and the monitoring of further development progress as part of ongoing close support.

  Already during the operational stabilization of a portfolio company, **measures for growth** are examined, developed and implemented. These include initiatives for organic growth such as the broadening of the product portfolio through the development of innovative products or the development of new markets and sales channels, partly by means of investments in sales and (production) facilities. In addition, Mutares systematically looks for opportunities to develop its investments inorganically as well: With strategic additions, so-called “add-on acquisitions”, the rapid implementation of the planned growth strategy of a focused buy-and-build approach is aimed at.

[1] The term “investment” is sometimes used as a synonym in the following.

- **Harvesting**
  The **sale** of a portfolio company in order to realize the value is generally pursued by Mutares within a period of three to five years after its acquisition with the goal of achieving an ap-propriately high return on invested capital over the holding period. Over the entire life cycle (i.e. the period between the acquisition and the sale), the return on invested capital (ROIC) for Mutares should be a multiple of 7–10.

Mutares pursues the private equity-typical strategy of allowing the shareholders to participate directly and continuously in the company's success. Against this backdrop, a sustainable and attractive **dividend policy** is one of the main elements of the Mutares business model. The net income of Mutares SE & Co. KGaA is mainly derived from three different sources, namely revenues from the internal consulting business, dividends from portfolio companies and exit proceeds from the sale of investments. Sales revenues and dividends (mainly income from investments received in the same period) make up what is known as portfolio income. Due to this diversified revenue structure, Mutares believes that even in a year that was operationally difficult for various investments, it is generally in a position to generate a sufficiently high net income to be able to continue its long-term sustainable dividend policy. Against this backdrop, Mutares sees itself in a position to update its dividend strategy from fiscal year 2023 on in view of the strong growth of recent years, which now provides for an annual minimum dividend of EUR 2.00 per dividend-bearing share. In exceptionally successful fiscal years, the company will also consider the extent to which the remaining unappropriated surplus will also be distributed in the form of a possible bonus dividend when proposing the appropriation of profits in the future.

In addition to its domestic market of Germany, Mutares is present in other strategic core markets in Europe through a total of nine further offices, including in France, Italy, Sweden and Spain. This is intended to ensure a constant flow of deals based on a regional network. In addition, the expansion into China in fiscal year 2023 with the opening of an office in Shanghai and the planned opening of an office in the US in fiscal year 2024 have initiated further geographical expansion.

In fiscal year 2023, Mutares added a fourth segment to the previous three segments in light of the strong growth of recent years and with the strategic intention of expand-ing the target universe relevant to Mutares. Lapeyre, keeeper Group and FASANA were separated from the Goods & Services segment and included in the new independent Retail & Food segment.[2] The signing of an agreement to acquire Gläserne Molkerei from the Emmi Group in July 2023 was the first step towards further strengthening this new segment. As of December 31, 2023, the portfolio of Mutares SE & Co. KGaA contains 30 operating investments or investment groups (previous year: 29), which are divided into the 4 segments Automotive & Mobility, Engineering & Technology, Goods & Services and Retail & Food.

Automotive & Mobility

The portfolio companies in the Automotive & Mobility segment operate worldwide and supply renowned international original equipment manufacturers ("OEMs") for passenger cars and commercial vehicles.

1. Amaneos[3]
2. FerrAl United Group[4]
3. HILO Group (formerly: KICO Group and ISH Group)[5]
4. iinovis Group
5. Peugeot Motocycles Group

[2] The previous year's figures reported below have been adjusted to reflect the new segment structure.
[3] Since fiscal year 2023, the previously separate subsidiaries MoldTecs Group, LMS and the SFC and Elastomer companies have been combined organizationally under the umbrella brand Amaneos.
[4] Since fiscal year 2023, FerrAl United Group has combined the previously separate investments Cimos Group, PrimoTECS and Rasche Umformtechnik as well as the add-on acquisitions of MMT-B, BEW, Selzer and Gesenkschmiede Schneider, Schöneweiss & Co, Falkenroth Umformtechnik and Walor made in the fiscal year.
[5] HILO Group now combines the previously separately managed portfolio companies KICO Group and ISH Group, including the recently completed add-on acquisitions, into these two portfolio companies.

Engineering & Technology

The portfolio companies in the Engineering & Technology segment serve customers from various sectors, including the energy and chemical industries, public infrastructure and the rail sector, in particular in the area of plant and mechanical engineering.

6 Byldis
7 Clecim
8 Donges Group
9 Efacec
10 Gemini Rail Group and ADComms Group
11 Guascor Energy
12 La Rochette Cartonboard
13 NEM Energy Group[6]
14 Steyr Motors Group
15 VALTI[7]

Goods & Services

The portfolio companies in the Goods & Services segment offer specialized products and services for customers from various industries.

16 Asteri Facility Solutions and Palmia Group
17 Conexus[8]
18 Frigoscandia Group
19 Ganter Group
20 GoCollective, ReloBus and MobiLitas (formerly: part of the Arriva Group)
21 REDO
22 Repartim Group
23 SRT Group
24 Terranor Group

Retail & Food

The portfolio companies in the Retail & Food segment are manufacturers and distributors in various industries, including household products and food processing.

25 FASANA
26 Gläserne Molkerei
27 keeeper Group
28 Lapeyre Group
29 Prénatal
30 TeamTex

1.2 Research and development

The Group's research and development activities are conducted exclusively in Mutares' operating portfolio companies. As a rule, these do not conduct basic research. Product-related development is carried out in particular in the technology-driven investments of the Mutares Group, above all in the Automotive & Mobility segment.

Overall, as in the previous year, the Group invested a single-digit million amount in research and development in fiscal year 2023; capitalized development costs are of minor importance for the Group as a whole.

[6] The NEM Energy Group also includes the Balcke-Dürr Group, which was integrated in fiscal year 2023.
[7] Valti was sold to the local management at the beginning of fiscal year 2024. As the sale was already highly probable as of the reporting date, the assets and liabilities of Valti were recognized and measured as held for sale in the Consolidated Financial Statements in accordance with IFRS.
[8] In fiscal year 2023, the previously independent portfolio companies EXI and SIX Energy were merged and now operate under the name "Conexus".

2 ECONOMIC REPORT

2.1 Macroeconomic and industry-specific conditions

World

According to the ifo Institute (source: “ifo Economic Forecast Summer 2023”, published in June 2023)[9], the global economy was favored by developments in China at the start of 2023. A decline in inflation rates was noticeable in the advanced economies over the course of 2023, particularly in the energy and commodities sectors. Despite this development, however, inflation remained at a high level. The restrictive monetary policy pursued by the central banks in response to this development initially had a clearly noticeable dampening effect on the global economy. However, catch-up effects in demand from China, impetus from the recovery from the pandemic and the positive job market situation in the US led to an increase in consumer spending.

According to the ifo Institute (source: “ifo Schnelldienst December special edition 2023”)[10], global industrial production rose in the third quarter of 2023, but this does not yet indicate a sustained upturn. The US economy remains robust and is being supported by consumer spending by private households despite a restrictive monetary policy. In China, possible negative effects from the property crisis are being offset by stimulating government intervention, which means that economic growth accelerated in the third quarter of 2023. Global trade continues to weaken, partly because many companies are reducing their sometimes high inventories of intermediate products instead of purchasing new ones now that the supply chain problems have been largely overcome.

Eurozone

According to the European Commission’s[11] “Winter Forecast 2024”, the modest growth in the EU and the eurozone in 2023 is largely due to the economic recovery following the pandemic in the two previous years. However, growth stagnated against the backdrop of falling household purchasing power, the slump in foreign demand and the drastic tightening of monetary policy.

According to the ifo Institute (source: “ifo Schnelldienst December special edition 2023”)[12], consumer demand among private households in the eurozone has weakened due to the development of real wages, while industrial activity, particularly in the industrialized regions of Central Europe, is still being impacted by the energy price shock from the previous year. Despite the weak economic situation, this has not affected the European labor market and the unemployment rate remains at a low level. The most recent inflation rate, i.e. in December 2023, was 2.9% (full year 2023: 5.4%[13]) and thus remains above the European Central Bank’s (ECB) target figure.[14]

Investment sector

Following record years before the pandemic, the development in the private equity sector showed a downward trend in 2023: based on analyses by the consulting firm PwC[15], global buyout activity fell from a record high of nearly 11,000 transactions in 2021 to just over 8,000 in 2023, which corresponds to a decline of 27% within two years. The main reasons for this were a challenging macroeconomic environment and rising financing costs due to higher interest rates. Nevertheless, the market is showing some resilience as financial investors are able to benefit from lower valuations.

According to the Bundesverband Deutscher Kapitalbeteiligungsgesellschaften – German Private Equity and Venture Capital Association e.V. (BVK) (“The German Private Equity Market in 2023”, March 2024[16]), a similar trend was seen in the German private equity market in 2023: the total investment volume fell from EUR 15.4 billion in the previous year to EUR 10.5 billion. The investments of the investment companies based in Germany in the financing phase of the buyouts relevant for Mutares reached a total of EUR 6.5 billion (previous year: EUR 8.8 billion). The volume of investment sales showed different developments in 2023 in the exit channels that are particularly important for Mutares: While sales to strategic investors increased to EUR 1.6 billion (previous year: EUR 1.1 billion), sales to other investment companies declined to EUR 0.9 billion (previous year: EUR 2.0 billion). According to KfW Research[17], the business climate in the German private equity market was slightly brighter at the end of 2023, but a cautious start to 2024 is assumed.

9 www.ifo.de/en/publications/2023/article-journal/ifo-konjunkturprognose-sommer-2023
10 www.ifo.de/en/publications/2023/journal-complete-issue/ifo-schnelldienst-sonderausgabe-dezember-2023
11 ec.europa.eu/commission/presscorner/detail/en/ip_24_730
12 www.ifo.de/en/publications/2023/journal-complete-issue/ifo-schnelldienst-sonderausgabe-dezember-2023
13 ec.europa.eu/commission/presscorner/detail/en/ip_24_730
14 ec.europa.eu/eurostat/documents/2995521/18261481/2-05012024-AP-DE.pdf/f5ee5876-de01-660e-c714-c60fadad34ae
15 www.pwc.com/gx/en/services/deals/trends/private-capital.html#sub-sectors-accordion-private-equity-will-adapt-and-rebound
16 www.bvkap.de/files/content/statistik-deutschland/pdfs/20240314_BVK-Statistik_2023_Charts_final.pdf
17 www.bvkap.de/files/content/Investorenbarometer/2023/German%20Private%20Equity%20Barometer%20-%204.%20Quartal%202023.pdf

2.2 Business performance

In the fiscal year 2023, the **Mutares Group** generated revenue of EUR 4,689.1 million (previous year: EUR 3,751.7 million) and EBITDA according to IFRS of EUR 756.9 million (previous year: EUR 181.5 million). Adjusted EBITDA (as defined in section 5.1) amounted to EUR 3.5 million (previous year: EUR –32.7 million).

The revenue of **Mutares SE & Co. KGaA** as the holding company of the Mutares Group result from the Group's internal consulting business, i.e. consulting services to affiliated companies and management fees. The increase to EUR 103.6 million in fiscal year 2023 (previous year: EUR 71.1 million) is a consequence of the enlarged portfolio in connection with the high acquisition activity in the past, which was followed by an increase in operational consulting capacities. Sales and dividends from the portfolio (mainly income from investments received in the same period) result in the so-called "Portfolio Income", which amounted to EUR 112.1 million for fiscal year 2023 (previous year: EUR 139.8 million). As a result, the net profit for the year according to HGB amounts to EUR 102.5 million, compared to EUR 72.9 million in the previous year.

Mutares' business performance in fiscal year 2023 was characterized by the following significant events:

- **High transaction activity**
  The fiscal year 2023 was again characterized by a high level of transaction activity. All four segments were strengthened by a total of **16 completed acquisitions**.[18] In addition, agreements were signed for two further acquisitions, although the transactions had not yet been finalized as of the reporting date.

  The acquisitions resulted in gains from bargain purchases[19] totaling EUR 727.2 million (previous year: EUR 262.0 million), which are recognized in other income in the Consolidated Financial Statements.

  On the exit side, Mutares successfully completed the sale of seven portfolio companies in fiscal year 2023. Of particular note is the sale of Special Melted Products ("SMP"), which represents the most successful exit in the company's history to date with a cash inflow for the Mutares holding company of around EUR 150 million and income at the level of the Annual Financial Statements of around EUR 130 million. Furthermore, an agreement was signed on the sale of Frigoscandia in fiscal year 2023, and the transaction was finalized in the first quarter of fiscal year 2024 The deconsolidations resulted in gains at the Group level for fiscal year 2023 of EUR 118.6 million (previous year: EUR 31.8 million) and losses of EUR 13.7 million (previous year: EUR 3.2 million), which are recognized in other income and other expenses in the Consolidated Financial Statements.

- **Restructuring and development progress**
  In a partly still challenging environment, Mutares' various portfolio companies each implemented comprehensive operational improvement, transformation or restructuring programs over the course of the fiscal year. In particular, the Management Board considers the restructuring and development progress at SFC Solutions (part of Amaneos), Terranor, Ganter, Steyr Motors and keeeper Group to be positive, and now sees positive developments in the realization of improvement potential at Guascor Energy, Gemini Rail and ADComms Group as well as Conexus, while significant challenges remain at MoldTecs (part of Amaneos), CIMOS and PrimoTECS (part of FerrAl United Group), Lapeyre and iinovis. The start to the restructuring of the portfolio companies acquired in the fourth quarter of fiscal year 2023 is largely in line with expectations and is considered promising overall by the Management Board.

[18] Cf. the comments in the reports from the portfolio companies (para. 0).
[19] By contrast, the acquisition of Palmia in the fiscal year 2023 and Polar Frakt as an add-on acquisition for the Frigoscandia Group in the previous year each resulted in goodwill.

- **Early refinancing of the bond**
  In March 2023, Mutares issued a senior secured bond with a term until March 2027, which was increased by a volume of EUR 50 million in the further course of fiscal year 2023 under an existing increase option to the current nominal volume of EUR 150 million as of the reporting date. The inflow of liquidity from the issue was used to refinance the bond issued in fiscal year 2020, which was redeemed in full ahead of schedule when the new bond was issued, as well as for general company financing. The bond bears interest at the 3-month EURIBOR (EURIBOR floor of 0.00%) plus a margin of 8.50% and can be increased to a nominal volume of up to EUR 250 million during its term. With a value date of January 29, 2024, Mutares then increased the bond by an amount of EUR 100 million to the maximum nominal volume of EUR 250 million.

- **Inclusion in the SDAX and the MSCI Germany Small Cap Index**
  As part of the regular review of its small-cap index in December 2023, Deutsche Börse decided to include the shares of Mutares SE & Co. KGaA in the SDAX as of December 18, 2023. This makes Mutares one of the most liquid and largest listed companies in Germany below the DAX and MDAX in terms of the market capitalization of free float shares. The share had already previously been included in the MSCI Germany Small Cap Index within the index family of the US financial services provider MSCI. The promotion to the SDAX and the inclusion in the MSCI Germany Small Cap Index mark further milestones in Mutares' capital market success story since the IPO in 2008 and the move to the Prime Standard of Deutsche Börse, which is associated with high transparency requirements, as part of the uplisting in 2021.

- **Annual General Meeting and update of the dividend policy**
  In accordance with the resolution of this year's Annual General Meeting on July 10, 2023, a dividend of EUR 1.75 per share (previous year: EUR 1.50 per share) was paid out; according to the Company's breakdown, the dividend consists of an unchanged basic dividend of EUR 1.00 per share and a performance dividend of EUR 0.75 per share (previous year: EUR 0.50 million). Taking treasury shares into account, a total of around EUR 36.1 million (previous year: EUR 30.9 million) of the net retained profits of Mutares SE & Co. KGaA were distributed.

  In addition, the dividend strategy was updated in fiscal year 2023 and now provides for a minimum annual dividend of EUR 2.00 per dividend-bearing share. In exceptionally successful fiscal years, the company will also consider the extent to which the remaining unappropriated surplus will also be distributed in the form of a possible bonus dividend to be paid separately in the future when proposing the appropriation of profits.

2.3 Reports from the portfolio companies

The following explanations reflect the developments of the individual segments or portfolio companies in the Mutares Group in fiscal year 2023.

AUTOMOTIVE & MOBILITY SEGMENT

No.	Investment	Industry	Headquarters	Value creation phase [20]
1	**Amaneos** [21]	Global partner for plastic-based systems for the automotive industry	various	Realignment
2	**FerrAl United Group** [22]	Supplier for mechanically pro-cessed multi-material solutions and systems	various	Realignment
3	**HILO Group** [23]	System supplier for Automotive Engineering	Halver / DE Hainichen / DE	Optimization
4	**iinovis Group**	Engineering service provider for Automotive Engineering	Munich / DE	Realignment
5	**Peugeot Motocycles Group**	Manufacturer of two- and three-wheeled scooters	Mandeure / FR	Realignment

[20] As described in section 1.1; Management Board assessment from the first quarter of fiscal year 2023, which will be maintained for the remainder of the year.
[21] The previously separate investments MoldTecs Group, LMS and the SFC and Elastomer companies have been organizationally combined under the umbrella brand Amaneos since fiscal year 2023.
[22] FerrAl United Group has combined the previously separate investments Cimos Group, PrimoTECS and Rasche Umformtechnik as well as the add-on acquisitions of MMT-B, BEW, Selzer and Gesenkschmiede Schneider, Schöneweiss & Co., Falkenroth Umformtechnik and Walor in organizational terms since fiscal year 2023.
[23] HILO Group now combines the previously separately managed investments KICO Group and ISH Group, including the recently completed add-on acquisitions.

According to the German Association of the Automotive Industry ("VDA")[24], the international automotive markets recorded strong growth in 2023 compared to the previous year, boosted in particular by developments in China. Vehicle availability in particular had a positive impact, which had a positive effect on sales figures. Nevertheless, the business environment for the automotive industry remains challenging: in Europe in particular, but also in other parts of the world, geopolitical and macroeconomic uncertainties have recently led to subdued overall economic demand and therefore only modest growth. Energy prices, which remained high in some cases, and further increases in consumer prices also had a negative impact on customer demand. As a result, the pre-crisis level from 2019 was not reached in the European and US markets.

In the segment's portfolio companies, this industry-wide dynamic on the sales side was reflected in some short-term cancellations or postponements of call-offs by original equipment manufacturers (OEMs). At the same time, successes were achieved in negotiations with customers regarding the passing on of cost increases or compensation payments. The sales revenue of the Automotive & Mobility segment for fiscal year 2023 amounts to EUR 1,878.3 million (previous year: EUR 1,081.6 million). In addition to the price increases introduced, the main reasons for the increase were the acquisitions made in the fiscal year, above all Peugeot Motocycles and the add-on acquisitions for the FerrAl United Group (in particular MMT-B) and in the previous year (MoldTecs, Cimos and SFC Automotive France), which were only included in the Group in fiscal year 2022 from the date of acquisition. The EBITDA of this segment for fiscal year 2023 amounts to EUR 232.2 million (previous year: EUR 34.8 million). This includes gains from bargain purchases from the acquisitions totaling EUR 271.6 million (previous year: EUR 86.0 million), in particular from the acquisitions of MMT-B and Walor as add-on acquisitions for the FerrAl United Group. Adjusted EBITDA, on the other hand, was burdened by the above-mentioned influences as well as the still negative earnings contributions from the new acquisitions, which improved significantly compared to the previous year to EUR +3.3 million (previous year: EUR –49.0 million).

Amaneos

Mutares established a new and globally positioned Tier 1 automotive supplier under the umbrella brand Amaneos in fiscal year 2023. Amaneos combines the previously separate subsidiaries MoldTecs Group, LMS and the SFC and Elastomer companies in organizational terms, without giving up their legal and operational independence. As a specialist for exterior and interior systems, rubber and sealing solutions as well as high-performance plastic parts, Amaneos has a global presence with production and business sites in key markets for the automotive industry.

MoldTecs is a global supplier of high-performance plastic parts for the automotive industry and supplies all the world's leading OEMs with a comprehensive product portfolio that includes intake manifolds, high-pressure air lines, air ducts and all types of fluid reservoirs. MoldTecs manufactures these products using state-of-the-art injection molding, blow molding and welding technologies at its three European sites in France and Germany. In the course of the Company's transformative global expansion, further production facilities will be required in China, North America and India, which will entail extensive liquidity requirements for which additional sources of financing will need to be tapped. While the new production site in China opened in fiscal year 2023 and has started production and other operating activities, the opening of production sites in North America and India is planned for fiscal year 2024 – assuming successful financing of this production expansion, which has not yet been secured. With the restructuring measures initiated, particularly at the German plants, and the global expansion, MoldTecs Group is expected to achieve a positive operating result only in the medium term after a transformation year 2023, in which sales revenues are declining due to a lack of investment in the period prior to the acquisition by Mutares and profitability is depressed accordingly, as a result of the restructuring measures initiated and the impact of new projects. Against this backdrop, the further development of MoldTecs will be monitored particularly closely by Mutares.

Light Mobility Solutions ("LMS") is a supplier of exterior elements and systems for the automotive industry that supplies to all leading European OEMs with a comprehensive product portfolio including fascias, radiator grilles, sill, side and roof panels as well as spoilers and other exterior trim parts. The portfolio company manufactures at production sites in Germany with technology focuses on injection molding, surface treatment (painting and chrome plating) and assembly. In a market environment that remained challenging in fiscal year 2023, LMS succeeded in achieving a slightly positive operating result despite sales volumes falling short of planning, but benefited from compensation payments from customers. Based on the successful realignment with competitive cost structures, LMS expects a slight increase in sales revenues and a significant increase

[24] www.vda.de/en/press/press-releases/2024/240118_PM_International-passenger-car-markets-with-strong-growth-in-2023

in the operating result for fiscal year 2024. The high order volumes with new business won lead to a positive outlook for sales development and profitability in the medium term, combined with the search for additional sources to finance the new ramp-ups.

The portfolio companies **SFC Solutions** and **Elastomer Solutions**, which comprise several companies, are active in the fields of fluid transfer systems and sealing solutions and the production of rubber and thermoplastic components with sites in Europe, North America and India. In fiscal year 2023, the management focused on integrating the add-on acquisition from the previous year (formerly operating under the name SEALYNX International), optimizing the European production network to increase efficiency in production and logistics processes and negotiating with customers to pass on price increases to suppliers. However, in a difficult market environment, particularly in Europe, which was characterized by persistently low sales figures for some of the most important customers, the profitability target in the original plans was exceeded. The successfully introduced cost-cutting measures and successes in negotiations with customers on passing on cost increases contributed to this. On this basis, the management also expects to see a further significant improvement in the operating result for fiscal year 2024 with a slight increase in sales.

FerrAl United Group

FerrAl United Group has combined the previously separate investments Cimos Group, PrimoTECS and Rasche Umformtechnik as well as the add-on acquisitions of MMT-B, BEW, Selzer and Gesenkschmiede Schneider, Schöneweiss & Co., Falkenroth Umformtechnik and Walor, which were made in fiscal year 2023, in organizational terms without giving up their legal independence. The purpose of the merger is to bundle the portfolio companies' expertise in the field of metallic components and systems for the automotive industry. The spectrum ranges from metal forming and mechanical processing to assembly and testing.

Cimos, with its headquarters in Slovenia and eight plants in Slovenia, Croatia, Serbia and Bosnia-Herzegovina, is a manufacturer of automotive components such as compressor and center housings, engine mounts, brake discs and drums, transmission parts, nozzle rings and flywheels. **PrimoTECS** produces forged parts used in electric, hybrid and conventional powertrains in the automotive industry at two sites in northern Italy. The development of the two portfolio companies in fiscal year 2023 was characterized by continued low sales volumes and a lack of success in acquiring new business, while at the same time the initiatives, particularly with a view to increasing production efficiency and strict cost control, could not be implemented to a sufficient extent. As a result, the operating result fell considerably short of the original plans. As a result, the focus was on managing liquidity in fiscal year 2023; both portfolio companies are extensively leveraged.

A series of add-on acquisitions were completed in fiscal year 2023 to strengthen the FerrAl United Group:

In the first quarter of fiscal year 2023, Mutares completed the acquisition of a plant from the automotive supplier Magna in Bordeaux, which is active in the production of transmissions. The portfolio company, which has since been renamed "Manufacturing the Mobility of Tomorrow – Bordeaux" **("MMT-B")**, is a manufacturer of drive solutions for the automotive and mobility industry. The range of services extends from engineering (industrialization, product development) to production (machining, welding, heat treatment, assembly). The core element of the transformation of MMT-B is the expansion of the current range of services and a diversification of the offering to compensate for the expected decline in business with the current customer while at the same time adjusting the cost structures, including in the area of personnel. Following a successful transformation, MMT-B should generate a materially positive operating result again in the medium term.

Mutares also completed the acquisition of a majority stake in **BEW-Umformtechnik** ("BEW") in the first quarter of fiscal year 2023. BEW is a manufacturer of forged parts in raw, pre-formed or ready-to-install versions. BEW produces parts and components for transmissions, axles and steering systems in commercial vehicles, passenger cars, agricultural, material handling and construction machinery as well as for applications in general mechanical engineering and in the armature and hydraulics industry. Due to a stable sales development and effective cost management, BEW realized a positive operating result in fiscal year 2023 and shows promising synergy potential with **Rasche Umformtechnik** ("Rasche").

In the third quarter of 2023, Mutares acquired **Selzer** and its four sites in Germany and abroad, including in Bosnia, that manufacture ready-to-install metal components and assemblies for automotive transmissions, brakes and engines as well as industrial applications.

Furthermore, Mutares acquired the **Gesenkschmiede Schneider, Schöneweiss & Co.** and **Falkenroth Umformtechnik** in October 2023, both of which have production facilities in Germany and specialize in forging and machining technologies for the truck market.

Also in October 2023, Mutares acquired **Walor International** ("Walor") including its subsidiaries. Walor International has its headquarters in France and has eleven production sites worldwide. As a manufacturer of forged and machined steel parts, Walor offers a comprehensive product range for powertrains, steering systems, bodyshells and passive safety applications for passenger cars.

Immediately following the completion of the respective add-on acquisition, a team from Mutares developed a transformation plan in collaboration with the local management and started implementing it. On the one hand, this is aimed at measures to increase profitability, e.g. by renegotiating conditions with suppliers and customers, optimizing the supply chain, realigning production processes and implementing internal synergies. At the same time, the focus was on breaking away from the structures of the former owners and integrating and merging the individual portfolio companies within the FerrAl United Group. The integration into the FerrAl United Group is intended to realize synergies in the area of customers and production sites. In addition, the merger of the individual portfolio companies will contribute to improvements in procurement and the realization of cross-selling potential, which should ultimately increase the competitiveness of the FerrAl United Group.

HILO Group

In January 2024, Mutares announced that it would combine its investments in KICO Group and ISH Group with the add-on acquisitions recently completed for these two portfolio companies to form the newly renamed HILO Group and thus the global supplier business for hinges and locking systems for OEMs. HILO Group has a global presence with production sites in several key automotive markets.

As a supplier to the automotive industry, **KICO** develops, industrializes and manufactures closure systems for passenger cars at its production and assembly plants in Germany and Poland. **Innomotive Systems Hainichen** ("ISH") is a manufacturer of sophisticated, high-precision door hinges made of steel or aluminum as well as door retainers and complex hinges for hoods, liftgates and lids. ISH operates two production facilities in Germany and China and offers its customers products and services along the entire value chain from customized product development to CNC machining, broaching, welding, hardening and semi- and fully automated assembly lines with integrated quality control. Further synergy measures were introduced and implemented in fiscal year 2023. One core element was the consolidation of functions, especially in the area of administration, and in this context the relocation of administrative functions to a separate service center in Romania. In a persistently challenging market environment with continued low call-off volumes, sales revenue increased slightly year-on-year thanks to price increases and a slightly positive operating result was achieved.

As a further addition, the acquisition of **High Precision Components Witten** ("HPC Witten") was completed at the end of fiscal year 2023. HPC Witten specializes in the production of hinges for tailgates and hoods as well as transmission parts and body frame structures and manufactures the products by stamping, fineblanking, CNC machining, welding and laser cutting at its production site in Germany.

Prinz Kinematics ("Prinz") was finally acquired after the reporting date in January 2024. Prinz specializes in the development and manufacture of advanced hinge systems for the automotive industry and supplies components to OEM customers worldwide. The product range includes door hinges, trunk hinges and complex kinematic systems for conventional and innovative automotive designs. Utilizing state-of-the-art metalworking technologies, including stamping, CNC machining and assembly, Prinz delivers these high-quality solutions from its production facilities in Germany, Bulgaria and China, ensuring global reach and support for its customers.

iinovis Group

iinovis provides engineering services in the field of automotive and industrial technology with competencies in key growth areas such as simulation, testing, electrics/electronics and vehicle development (cars, motorcycles and their components). In addition to engineering services, iinovis is also active in prototype and small series production as well as in the production of cable harnesses. In addition to its locations in Germany, the company has test track access in Spain for specific customer test requirements and cooperates with a strategic engineering service provider in India to ensure price competitiveness.

The market environment remained challenging for iinovis in fiscal year 2023. Customers from the automotive industry in particular reduced their order volumes due to extensive internal cost-cutting programs. The negative effects of this on profitability were only partially offset by the transformation measures and cost-cutting initiatives. As a result, iinovis' operating result was materially negative in fiscal year 2023, with a corresponding impact on liquidity. Despite this, the management of iinovis is sticking to its strategy for new technologies such as fuel cells, e-fuels and e-mobility. Based on the additional measures introduced in the areas of sales efficiency, project acquisition, diversification, improvement of project margins and sustainable cost reduction, a slightly positive operating result should be achieved in fiscal year 2024, provided that customer orders are awarded within the planned range.

Peugeot Motocycles Group

In the first quarter of fiscal year 2023, Mutares completed the acquisition of 50% of the shares and a controlling 80% stake in **Peugeot Motocycles** (PMTC) from Mahindra & Mahindra. PMTC designs and manufactures two- and three-wheeled scooters distributed through subsidiaries, importers and dealers in France and internationally on three continents.

Immediately after the takeover, a Mutares team developed a transformation plan together with the local management and began to implement it. This is aimed in particular at measures to improve profitability, such as renegotiating terms with suppliers, optimizing the supply chain and realigning the production process. PMTC has also continued to work on the development of new models, particularly in the rapidly developing electro-mobility market, and has also entered into strategic partnerships for this purpose.

Despite initial positive impetus from the transformation that has been initiated, profitability was still under pressure in fiscal year 2023. Driven by the expansion of international business, particularly in Asia, the management expects revenue to develop positively in fiscal year 2024 and a slightly positive operating result as a result.

ENGINEERING & TECHNOLOGY SEGMENT

No.	Investment	Industry	Headquarters	Value creation phase[25]
6	**Byldis**	Designer, manufacturer and installer of prefabricated concrete elements for medium and tall buildings	Veldhoven / NL	Realignment
7	**Clecim**	Supplier of high-end solutions for steel processing lines	Savigneux / FR	Harvesting
8	**Donges Group**	Full-service provider for building shells and steel structures	Darmstadt / DE	Harvesting
9	**Efacec**	Provider of energy, technology and mobility solutions	Oporto / PT	Realignment
10	**Gemini Rail and ADComms Group**	Industrial, technological and infrastructure service provider for the British railroad industry	Wolverton / UK Scunthorpe / UK	Realignment
11	**Guascor Energy**	Gas and diesel engine manufacturer	Zumaia / ES	Realignment
12	**La Rochette Cartonboard**	Folding carton manufacturer	Valgelon-La Rochette / FR	Harvesting
13	**NEM Energy Group**	Supplier and service provider for steam generators with heat recovery, heat exchangers and reactors.	Zoeterwoude / NL Düsseldorf / DE	Optimization
14	**Steyr Motors**	Manufacturer of diesel engines and auxiliary electric drives for special applications	Steyr / AT	Realignment
15	**VALTI**[26]	High precision seamless tube manufacturer	Montbard / FR	Realignment

[25] As described in section 1.1; Management Board assessment from the first quarter of the fiscal year 2023, which will be maintained for the remainder of the year.
[26] Valti was sold to the local management at the beginning of the fiscal year 2024 . As the sale was already highly probable as of reporting date, the assets and liabilities of Valti were recognized and measured as held for sale in the consolidated financial statements in accordance with IFRS.

The investments of the Engineering & Technology segment generated sales of EUR 933.9 million (previous year: EUR 1,176.0 million). The decline is due in particular to the exits from the second half of fiscal year 2022 (primarily Nordec Group) and fiscal year 2023 (primarily Lacroix+Kress and Japy Tech). The acquisitions made in the course of fiscal year 2022 (NEM Energy, Guascor Energy, SMP, VALTI and Steyr Motors) were unable to fully offset this decline in revenue. The acquisitions in fiscal year 2023 (Efacec and Byldis) were only completed in the fourth quarter and therefore only contributed to the segment's revenue for a few months in fiscal year 2023. At the same time, La Rochette Cartonboard's sales revenues also fell sharply compared to the previous year due to a slowdown in demand for consumer goods. Benefiting from the gains from bargain purchases of EUR 162.5 million (previous year: EUR 172.2 million) and deconsolidation effects of EUR 117.6 million (previous year: EUR 7.6 million) in connection with the transactions of the segment, EBITDA amounts to EUR 227.6 million (previous year: EUR 138.5 million). Adjusted EBITDA amounted to EUR –14.5 million (previous year: EUR –3.9 million) as a result of partially offsetting effects.

Byldis

In the fourth quarter of fiscal year 2023, Mutares completed the acquisition of the assets of Holland Industrial Construction Systems Coöperatief U.A. and its subsidiaries, which now operate as **"Byldis".** Byldis designs, manufactures and assembles prefabricated or off-site manufactured building elements for high to medium-rise buildings in the European construction market.

Since the takeover, the management, with the support of the Mutares team, has been concentrating on restarting business activities after the insolvency under the previous owner, in particular on establishing relationships with customers and suppliers. The focus is also on the development of liquidity due to the need to build up working capital.

Furthermore, production and operating processes are to be stabilized and optimized and sales are to be refocused in order to exploit Byldis' full market potential.

For fiscal year 2024, the management expects initial successes from the implementation of the optimization measures, but a negative operating result overall.

Clecim

Clecim is a supplier of steel processing plants, stainless steel rolling mills and mechatronic products and services in France and was able to continue the positive development from the previous year in fiscal year 2023: Clecim was particularly successful in the execution of projects, which, coupled with the adjusted cost base as a result of the restructuring, led to another significant improvement in the operating result in fiscal year 2023 compared to the previous year.

Despite intensifying competitive pressure driven by additional service business, the management expects a significant increase in sales in fiscal year 2024 and, boosted by the implemented improvement initiatives in the area of project management, a continued positive operating result.

Donges Group

Donges Group offers solutions in the field of steel bridges, steel structures and façade systems. Following the sale of all shares in the Nordec Group in the previous year, FDT Flachdach Technologie was also sold in the first quarter of fiscal year 2023.

Based on promising incoming orders in fiscal year 2022, the management of **Donges SteelTec** expected an exceptional increase in sales in fiscal year 2023 with a correspondingly positive impact on profitability. However, the start of a major project was initially delayed, meaning that developments in fiscal year 2023 fell short of planning. However, the local management of Donges SteelTec is confident that the expected positive development in terms of revenue and operating result will materialize with the successful project launches in fiscal year 2024.

The development of the **Kalzip Group** remained stable in fiscal year 2023, with sales revenues above plan and operating earnings at a materially positive level. For fiscal year 2024, the management expects continued positive development with a materially positive operating result.

Efacec Group

Mutares acquired **Efacec** from the Portuguese government in the fourth quarter of fiscal year 2023. Efacec specializes in the manufacture and supply of equipment and solutions in the energy, engineering and mobility sectors. With its global presence, Efacec delivers innovative technologies and high-quality products in the fields of energy equipment, engineering services and infrastructure for electromobility.

Following the acquisition, which is very significant for Mutares given the size of the company, a team from Mutares has started to support the management in developing a transformation plan for the very complex business model of the former state-owned company, which will form the pillar for the future development of Efacec. The optimization measures will focus on securing incoming orders, reducing the cost base and regional alignment with customers and suppliers. Management expects significant transformation expenses in fiscal year 2024, which are necessary for a successful turnaround of Efacec in the years to come. The company had a well-filled order book in the area of transformers when the acquisition was completed. Ensuring production capacity will be critical to success in order to guarantee the delivery of components in accordance with the contract.

In line with Mutares' assessment from the pre-acquisition phase, the local management expects numerous one-off expenses in fiscal year 2024 that will have a negative impact on earnings.

Gemini Rail and ADComms Group

Gemini Rail is a provider of industrial, technology and infrastructure services to the UK rail industry, focusing in particular on engineering and maintenance services for rolling stock. Alan Dick Communications Limited **("ADComms")** works with its customers to develop intelligent, networked solutions in the field of radio and fixed network infrastructure, third-party communications and station communications.

Technical delays in the execution of ongoing (major) projects of ADComms that were taken over from the previous owner continued to have a negative impact on operating earnings and liquidity in fiscal year 2023. Negotiations regarding potential compensation payments from the former owner will continue in fiscal year 2024 and are expected to be concluded in the first half of the year. Assuming an agreement is reached with the former owner, the management expects to significantly increase revenue in fiscal year 2024 and achieve a slightly positive operating result based on the additional order intake, particularly with regard to smaller and therefore lower-risk projects.

The operational difficulties in handling Gemini Rail's projects were addressed with a comprehensive operational action plan. The improvement in the relationship with customers has led to a well-filled pipeline of new projects. Starting from a negative operating result at the previous year's level, the goal is to achieve a turnaround in fiscal year 2024.

Guascor Energy

Guascor Energy is a manufacturer of gas and diesel engines for power generation, cogeneration, waste-to-energy and marine applications with its headquarters in Spain.

Besides extensive measures on the sales side, the core elements of the restructuring plan developed immediately after the takeover in the fourth quarter of fiscal year 2022 were the optimization of the cost base and the establishment of an in-house IT infrastructure. However, in a market environment characterized by high competitive pressure, the measures planned could not be fully implemented in fiscal year 2023. As a result, sales fell short of the planned figures, resulting in a significantly negative operating result. In response, further measures were implemented to adjust the cost base. On this basis, the management assumes for fiscal year 2024 that sales will remain at the level of fiscal year 2023 in a market environment that remains tense, but that the operating result can be improved significantly and to a slightly positive level at the same time.

La Rochette Cartonboard

La Rochette Cartonboard produces folding cartons based on virgin fibers mainly for the pharmaceutical and food packaging industries at its French site.

Customer demand has declined compared to the previous year due to a weakening of demand for consumer goods, with sales revenues falling significantly short of the original plans. However, La Rochette Cartonboard was able to maintain its operating result at a moderately positive level in fiscal year 2023, albeit substantially below that of the previous year, taking industry-standard reimbursements for CO_2 compensation and additional efficiency measures in production into account.

For fiscal year 2024, the acquisition of additional orders from both new and existing customers is critical to increasing profitability even further. That said, the management expects to increase sales revenue and improve the operating result on the basis of further initiatives on the sales side.

NEM Energy Group

Following the acquisition of **NEM Energy**, which is based in the Netherlands and Germany and has a strong global presence, the **Balcke-Dürr** Group was integrated in fiscal year 2023. The two previously independent portfolio companies will expand their service and product offering to become a global supplier in the field of heat transfer technology.

The realignment of sales activities and optimization of project management were the focus in fiscal year 2023. However, the situation on the sales markets in the heat exchanger segment remained challenging and the start-up of projects was delayed, with the result that sales revenue fell short of original plans and the operating result was still slightly negative. The waste heat boiler division recorded good order intake and thus further expanded its order book. In fiscal year 2024, the focus will be on the successful completion of projects and further integration measures between the formerly independent portfolio companies NEM Energy and Balcke-Dürr.

On this basis, the management is confident that sales can be increased significantly in fiscal year 2024, combined with an exceptionally positive contribution to the operating result.

Steyr Motors Group

Mutares acquired **Steyr Motors** in November 2022. Steyr Motors is a recognized specialist in the development and production of high-performance engines and electrical auxiliary power units for special applications in vehicles and boats. The restructuring program, which is aimed at reorganizing sales activities and adjusting cost structures, among other objectives, also by means of an extensive reduction in the workforce through a social plan, was completed in fiscal year 2023.

Based on this and boosted by a positive market environment, sales revenues and operating profit increased encouragingly in fiscal year 2023, significantly exceeding the original forecasts. For fiscal year 2024, the management of Steyr Motors expects continued positive development with a further significant improvement in the operating result to a materially positive level.

VALTI

VALTI is a supplier of seamless tubes in France and supplies its products to customers from various industries such as storage technology, mechanical engineering and the oil and gas industry. To this end, VALTI offers a comprehensive product range and customized dimensions according to customer requirements.

Extensive optimization measures were developed as part of the restructuring plan. However, their implementation proved to be difficult in a challenging market environment. Despite the restructuring of the product portfolio and the focus on higher-margin and customer-specific products, Valti was unable to achieve its targeted profitability and the operating result for fiscal year 2023 was significantly negative.

Valti was sold to the local management at the beginning of fiscal year 2024. As the sale was already highly probable as of the reporting date, the assets and liabilities of Valti were recognized and measured as held for sale in the Consolidated Financial Statements.

GOODS & SERVICES SEGMENT

No.	Investment	Industry	Headquarters	Value creation phase [27]
16	**Asteri Facility Solutions und Palmia Group**	Service provider in the field of facility management	Solna / SE Helsinki / FI	Optimization
17	**Conexus (formerly: EXI and SIX Energy)**	Service provider for telecommunications and energy infrastructure	Rome / IT	Realignment
18	**Frigoscandia Group [28]**	Supplier for temperature-controlled logistics services	Helsingborg / SE	Optimization
19	**Ganter Group**	General contractor in interior design and store fitting	Waldkirch / DE	Optimization
20	**GoCollective, ReloBus and MobiLitas (formerly: part of the Arriva Group)**	Operator of public transportation	Copenhagen / DK	Realignment
21	**REDO**	Provider of comprehensive building refurbishment services	Vantaa / FI	Realignment
22	**Repartim Group**	Home repair and emergency services provider	Tours / FR	Optimization
23	**Stuart (SRT Group)**	Provider of urban on-demand delivery services	Paris / FR	Realignment
24	**Terranor Group**	Provider of road operation and maintenance services	Solna / SE	Harvesting

[27] As described in section 1.1; Management Board assessment from the first quarter of fiscal year 2023, which will be maintained for the remainder of the year.
[28] In December 2023, Mutares signed an agreement on the sale of Frigoscandia to the logistics service provider Dachser; the transaction was completed in the first quarter of fiscal year 2024. As the sale was already highly probable as of the reporting date, the assets and liabilities of Frigoscandia were recognized and measured as held for sale.

Sales revenues of the Goods & Services segment in fiscal year 2023 amount to EUR 1,037.1 million (previous year: EUR 676.2 million).[29] Besides the inclusion of the acquisitions from fiscal year 2023, above all GoCollective, ReloBus and MobiLitas (together formerly: Arriva Group) and Palmia, the Terranor Group in particular showed encouraging organic sales growth. The EBITDA of this segment for fiscal year 2023 amounts to EUR 272.0 million (previous year: EUR 44.2 million) and benefited from the gains from the bargain purchase of the acquisitions in fiscal year 2023, above all GoCollective, ReloBus and MobiLitas (together formerly: Arriva Group) and Stuart (SRT Group). Adjusted EBITDA also increased to EUR 38.3 million (previous year: EUR 20.8 million), reflecting the positive overall trend in profitability at the investments in this segment.

Asteri Facility Solutions and Palmia Group

Asteri Facility Solutions ("Asteri") provides facility management and cleaning services to the Swedish market for private companies and public clients, as well as housekeeping services to major international hotel chains. In fiscal year 2023, Asteri managed to expand its range of services and its customer base by winning new customer contracts, thereby laying the foundation for future growth. In a challenging market environment, Asteri was able to implement price increases and thus slightly increase revenue in fiscal year 2023 compared to the previous year. At the same time, a balanced operating result was achieved in line with planning. For fiscal year 2024, Asteri is focusing on a further increase in revenue through growth in the industrial cleaning segment, further geographic expansion in Sweden and the development of hotel cleaning activities and expects a slightly positive operating result on this basis.

Palmia is a Finnish service provider for schools, daycare centers, hospitals and other public sector facilities. Its range of services includes food services, cleaning services, security services and building maintenance services. In acquiring Palmia from the City of Helsinki in the first quarter of fiscal year 2023, Mutares was able to build on Asteri's market experience. Furthermore, best practice sharing at the management level will be implemented, from which both portfolio companies should benefit without giving up

[29] In fiscal year 2023, the portfolio companies Lapeyre, keeeper Group and FASANA were removed from the Goods & Services segment and allocated to the new Retail & Food segment. The previous year's figures were adjusted in line with the new segment structure.

their operational independence. Since the acquisition, a Mutares team has been working together with the local management to implement cost and process optimization measures (especially in the area of purchasing) and to expand Palmia's customer base in the Finnish market. Part of the future strategy is to address not only public sector customers but also corporate customers in the private sector and to expand the range of services to new geographical areas in Finland. Based on the adjustments to cost structures in conjunction with an increase in revenue, Palmia is expected to further increase its operating result in fiscal year 2024, starting from break-even in fiscal year 2023.

Conexus (formerly: EXI and SIX Energy)

In fiscal year 2023, the previously independent portfolio companies EXI and SIX Energy were merged and now operate under the name **"Conexus".** This has created a major player in the Italian market for infrastructure services in the field of network and energy technology.

In the area of network technology, Conexus is active in the planning, construction and maintenance of networks and communication services for all major telecommunications operators in Italy. The realignment of the organization has now been largely implemented. However, market developments led to project awards from existing customers being partially canceled and partially postponed. As a result, sales stagnated in fiscal year 2023, which had a correspondingly negative impact on profitability. As a provider of construction and maintenance services in the infrastructure market for energy technology, Conexus' service portfolio includes the installation and maintenance of medium and low-voltage grids as well as high-voltage grids. Conexus also maintains and installs electrical solutions for electric vehicles and data centers. The realignment is aimed at acquiring promising new business, increasing margins on existing customer contracts, improving efficiency along the entire value chain and optimizing geographic coverage within Italy.

The focus for Conexus in fiscal year 2024 will be on tapping into operational synergies between the two divisions, implementing the projects acquired at the end of the fiscal year in the area of energy technology and realigning activities in the area of telecommunications services. On this basis, the management expects a significant increase in sales and a slightly positive operating result.

Frigoscandia Group

Frigoscandia Group is a player in logistics solutions for fresh, chilled and frozen food in Northern Europe, has 25 warehouses and terminals in Sweden and Norway and operates in three areas: domestic transport, international transport and warehousing.

The transformation plan, which has since been implemented, was aimed at developing Frigoscandia into the leading temperature-controlled logistics platform in Northern Europe and provided for a realignment of the warehouses and logistics concepts as well as sales initiatives and cost-cutting measures. At the same time, through the acquisitions of Polar Frakt and Götene Kyltransporter, two add-on acquisitions were consequently made in fiscal year 2022 to expand the logistics network and strengthen the presence in the core markets. The sale of the French subsidiary also sharpened Frigoscandia's strategic focus on the countries of Northern Europe. The temperature-controlled logistics industry was confronted with a general decline in the food retail market in fiscal year 2023. This trend impacted Frigoscandia's revenue in all three business divisions, while profitability was increased to a materially positive level compared to the previous year and planning.

In December 2023, Mutares signed an agreement to sell Frigoscandia to the logistics service provider Dachser; the transaction was completed in the first quarter of fiscal year 2024. As the sale was already highly probable as of the reporting date, the assets and liabilities of Frigoscandia were recognized and measured as held for sale in the Consolidated Financial Statements.

Ganter Group

Ganter acts as a general contractor in interior design and store fitting and realizes projects for an international customer base. **Ganter** is now in a stabilized position following the successful transformation and restructuring of its operating business. The reorganization process was successfully completed with the sale of the activities in France in fiscal year 2023 and the resulting focus on the core business. Ganter has achieved solid capacity utilization in its core markets despite the overall economic slowdown in the construction industry. On this basis and benefiting from adjusted cost structures, the operating result in fiscal year 2023 doubled to a materially positive level compared to the previous year.

The slight decline in market volume and the increased number of insolvencies in the construction industry are expected to lead to significantly stronger competition and a more volatile market situation overall in fiscal year 2024. Thanks to a diversified customer base and a well-positioned internal organization, Ganter's management believes it is well equipped for the expected market-related challenges and expects to achieve a slightly positive operating result in fiscal year 2024.

GoCollective, ReloBus and MobiLitas (formerly: Arriva Group)

In the second quarter of fiscal year 2023, Mutares completed the acquisition of business activities in Denmark, Serbia and Poland from the Arriva Group, which belongs to Deutsche Bahn AG. The acquired business activities cover a broad range of transport and mobility services, e.g. rail, bus, ferries and car sharing. The acquired portfolio companies have since been renamed and now operate under the names **GoCollective** in Denmark, **ReloBus** in Poland and **MobiLitas** in Serbia.

Immediately after the acquisition, Mutares implemented a transformation program in collaboration with the local management. This enabled significant cost reductions to be implemented by the end of fiscal year 2023, including the termination of the ShareNow franchise agreement in Copenhagen. Together with the local management, optimization measures were implemented along the entire value chain (contract management, planning, maintenance, procurement). In addition, after four years without new business under the previous owner, GoCollective successfully participated in tenders again in Denmark and won new business with bus lines in Copenhagen. In addition, a number of current contracts were extended. Overall, GoCollective, ReloBus and MobiLitas are supporting local communities in their countries with the sustainability and mobility agenda with zero- or low-emission buses.

For fiscal year 2024, the management expects further positive momentum as a result of the transformation measures implemented and participation in further tenders in all three countries, which should both strengthen the current market share and generate additional growth. The management is also focusing on financing the new projects that will be launched in the future and the necessary maintenance of the fleets. Overall, the operating turnaround with a slightly positive operating result should be achieved as early as fiscal year 2024.

REDO

Mutares completed the acquisition of **REDO** in the third quarter of fiscal year 2023. Previously operating as Recover Nordic, the company is a Finnish provider of expert emergency response and building restoration services with a comprehensive service offering and a nationwide geographic footprint. REDO offers the entire value chain of services for inspection, demolition, drying and reconstruction of water and fire damage, odor and moisture.

Immediately after the acquisition, a program to reorganize REDO was initiated together with the local management. The strategic focus is on the further development of a scalable range of services with high quality and stable profitability. REDO is also set to become the preferred strategic restructuring partner for insurance companies, property developers, construction companies, industry and real estate service providers. Based on the transformation that has been initiated, the management assumes that REDO will achieve a slightly positive operating result in fiscal year 2024.

Repartim Group

Repartim is a company that specializes in home repairs and emergencies with two main activities: On the one hand, Repartim is used for emergencies that require rapid on-site intervention, e.g. locksmith, glass repair or plumbing work. On the other hand, Repartim offers renovation work, e.g. painting, tiling or window replacement. With a network of local agencies, Repartim works for insurance companies, property managers, small businesses and private individuals throughout France. After Mutares initially held a majority stake of 80%, the remaining 20% of the shares in Repartim were also acquired from HomeServe France, a specialist in home repairs and maintenance, in the first quarter of fiscal year 2023.

A complete reorganization of all core processes, including the adjustment of the IT landscape, was implemented as part of restructuring. By increasing the quality of service, customer confidence was regained. Despite some success in implementing the restructuring measures, it was again not possible to achieve a positive operating result in fiscal year 2023. For fiscal year 2024, however, the management expects further positive impetus from the measures implemented and thus a slightly positive operating result.

Stuart (SRT Group)

In the fourth quarter of fiscal year 2023, Mutares acquired the SRT Group, which trades as **Stuart**, from the Geopost Group. Stuart is a provider of urban on-demand delivery services in the field of city and last-mile logistics. Stuart uses its own specific IT platform solution to connect customers with a fleet of independent couriers. This enables Stuart's customers to deliver to their own customers quickly, flexibly and efficiently. From offices in Paris, London and Barcelona, Stuart operates in over 130 cities in Europe, thus strengthening Mutares' presence in the logistics and transportation sector in Europe.

In a challenging market environment and the expected loss of a major customer under the previous owner, Stuart's revenue and operating result will decline sharply in fiscal year 2024. To counteract this effect, a team from Mutares initiated a transformation program in cooperation with the local management immediately after the takeover. The focus is on adapting cost structures to the lower sales expectations. In addition, strategic initiatives were launched with the goal of diversifying the customer base in order to reduce dependence on a few major customers, using technology to improve margins and examining growth through targeted acquisitions. On this basis, Stuart should achieve a turnaround in the medium term.

Terranor Group

Terranor Group is a provider of operations and maintenance services to ensure safe traffic on and around roads in Sweden, Finland and Denmark. Terranor Group is on a stable growth path with a simultaneous focus on project margins. In fiscal year 2023, revenue was therefore once again significantly higher than in the previous year and a positive operating result on a par with the previous year was achieved, although this was accompanied by a further increase in working capital. Through focused participation in customer tenders in all areas and an expansion of the service portfolio in Sweden (infrastructure services in the field of electromobility such as charging stations and induction roads) and Finland (greening work), the Terranor Group was able to set itself apart from the competition in terms of growth.

The order books of the units in Sweden, Finland and Denmark are well filled and should ensure the continued positive and stabilized development of Terranor Group in the future. In this respect, the management expects to further increase revenue and operating profit in fiscal year 2024 and will simultaneously focus on improving operating cash flow.

RETAIL & FOOD SEGMENT

No.	Investment	Industry	Headquarters	Value creation phase [30]
25	FASANA	Paper napkins manufacturer	Euskirchen / DE	Optimization
26	Gläserne Molkerei	Manufacturer of high-quality organic dairy products	Dechow / DE	Realignment
27	keeeper Group	Household products manufacturer	Stemwede / DE	Harvesting
28	Lapeyre Group	Manufacturer and distributor of products for home furnishing	Aubervilliers / FR	Optimization
29	Prénatal	Retailer for baby, toddler and maternity wear, second-hand goods and toys	Amersfoort / NL	Realignment
30	Team Tex	Manufacturer of child restraint systems	Charvieu-Chavagneux / FR	Realignment

[30] As described in section 1.1; Management Board assessment from the first quarter of fiscal year 2023, which will be maintained for the remainder of the year.

In fiscal year 2023, Mutares added a fourth segment to the previous three segments in light of the strong growth in recent years and with the strategic intention of expanding the target universe relevant to Mutares. Lapeyre, keeeper Group and FASANA were separated from the Goods & Services segment and included in the new independent Retail & Food segment.[31] The acquisition of Gläserne Molkerei in the third quarter was the first step towards strengthening this new segment, followed by the acquisitions of Prénatal and Team Tex in the fourth quarter of fiscal year 2023. Sales revenues of the Retail & Food segment in fiscal year 2023 amount to EUR 840.0 million (previous year: EUR 817.9 million). The effect of the first-time and pro rata temporis inclusion of the aforementioned new acquisitions and the positive organic sales development at FASANA were partially offset by the exit of SABO and the decline in sales at Lapeyre due to a difficult market environment. EBITDA in the Retail & Food segment benefited from the gains from bargain purchases from the acquisitions totaling EUR 46.5 million (previous year: EUR 0.0 million) and amounted to EUR 40.7 million for fiscal year 2023 (previous year: EUR –20.5 million) The adjusted EBITDA of EUR –8.8 million (previous year: EUR 3.9 million) reflects in particular the negative impact on Lapeyre's profitability as a result of the decline in sales revenue.

FASANA

FASANA is a manufacturer of private label and high-quality branded napkins for the wholesale and retail trade.

Business performance at the start of fiscal year 2023 was unexpectedly subdued. In the hygiene and tissue paper industry as a whole, the expectations of producers were not met. Lower purchase volumes coupled with persistently high production costs weighed on the operating result. In this challenging market environment, FASANA expanded its sales activities and intensified its contact with customers. Another focus was on organizational optimization measures and the introduction of further efficiency measures, resulting in a slightly positive operating result overall for fiscal year 2023.

On this basis, the management expects to increase sales volumes in fiscal year 2024 with the measures already initiated, long-standing business relationships with customers and new sales channels, and to double the positive operating result of fiscal year 2023 on this basis, despite ongoing uncertainty regarding the further development of the consumer climate.

Gläserne Molkerei

Gläserne Molkerei was acquired from the Emmi Group in the third quarter of fiscal year 2023. With two production facilities in the north of Germany, Gläserne Molkerei specializes in the production of exclusively organic dairy products. The wide range of products includes organic milk, butter, yogurt, buttermilk and cheese. The products are sold both under the company's own brand and under private labels via food retailers.

Together with the local management, a transformation program was initiated immediately after the takeover. This is aimed at increasing customer reach primarily with current and new own-brand products on the one hand and optimizing the production process in the long term on the other. A targeted expansion of the sales and marketing structure is intended to accelerate the market penetration of profitable products and also achieve optimized capacity utilization.

[31] The previous year's numbers have been adjusted to reflect the new segment structure.

The management is confident that it will be able to successfully implement the transformation plan and thus lay the foundation for the positive development of Gläserne Molkerei. For fiscal year 2024, Gläserne Molkerei expects – despite persistently volatile milk prices – stable sales at the level of the full year 2023 and a further improvement in the operating result, but only to a positive level in the medium term.

keeeper Group

keeeper Group is a manufacturer of household products made of plastic with customers from the DIY store, food retail, wholesale and furniture retail sectors. Following the transfer of all production activities to the Polish site as part of the transformation by Mutares and the recent integration or outsourcing of all logistics processes there, keeeper Group now has a competitive cost base.

While customer demand in Western Europe has largely recovered, there was still a reluctance to spend in Eastern Europe. As a result, sales revenue only increased slightly in fiscal year 2023 compared to the previous year. However, unlike in the previous year, the keeeper Group benefited from the price trend on the raw materials markets for plastic granules and falling energy costs. On this basis, the operating result improved considerably compared to the previous year to a now materially positive level. The positive development is set to continue in fiscal year 2024 and, in the context of a further material increase in sales revenue, a further improvement in the positive operating result is to be achieved.

Lapeyre Group

Lapeyre Group manufactures exterior and interior home products, such as windows, doors, kitchens, bathroom furniture, and stairs, at nine locations in France. The company distributes and installs these, along with merchandise, through an extensive network of stores in France under the well-known corporate brand.

The core element of Lapeyre's strategic realignment is to strengthen its positioning on the French market through a variety of initiatives such as redesigning its product range, developing additional services for business customers, optimizing its physical presence and completely relaunching its digital presence, developing IT solutions to improve customer service and optimizing its branch network. In addition to these strategic initiatives, which required extensive investments in fiscal year 2023, many other measures have already been implemented to reduce the fixed cost base. Lapeyre's approach is to counter the challenging market conditions in some areas by implementing further cost-cutting measures that increasingly address variable as well as fixed costs. At the same time, Lapeyre has renewed its most important product ranges and is pursuing further initiatives to diversify sales, such as the establishment of franchise stores.

In a difficult market environment characterized by a significant decline in demand in the context of a clear downward trend in the number of real estate transactions in France, Lapeyre's revenue in fiscal year 2023 was slightly lower than in the previous year, but materially lower than originally planned. Against this backdrop, the initial positive effects of the strategic realignment initiated and the initiatives to reduce fixed costs were unable to fully offset the negative effects on the operating result.

For fiscal year 2024, Lapeyre anticipates only a slight increase in revenue, boosted by the implementation of the aforementioned measures relating to the strategic realignment, in particular the further improved product range, the digital presence and an adjusted pricing policy. This development will be accompanied by further cost-cutting measures, which means that the operating result is expected to be slightly positive overall in fiscal year 2024.

Prénatal

In December 2023, Mutares completed the acquisition of the **Prénatal** stores and e-commerce activities in the Netherlands from PRG Retail Group. Prénatal is a retailer of textiles for expectant mothers and children, hardware and toys. The company offers its products through a network of stores and an e-commerce platform.

Immediately after the acquisition, Mutares began developing a transformation program together with the local management. The plan includes the short-term reduction of fixed costs, the optimization of the supply chain and the reduction of costs in the stores, whereby selected initiatives have already been launched in the meantime. The focus is also on the development of liquidity due to the need to build up working capital. The cost-cutting program will be followed by the expansion of strategic supplier relationships, the optimization of Prénatal's product portfolio and the creation of a seamless omnichannel experience for consumers. On this basis and after a challenging fiscal year 2023 under the previous owner, Prénatal is already expecting the first positive impetus for fiscal year 2024. At the same time, the measures in the transformation plan are not expected to be fully effective until fiscal year 2025, which means that a complete turnaround is only expected in the medium term.

Team Tex

In December 2023, Mutares completed the acquisition of a majority stake in the French company **Team Tex.** The company specializes in the manufacture and distribution of child restraint systems (car seats) and the sale of strollers and baby accessories. Team Tex offers affordable to high-priced products with a strong focus on safety, quality and customer service. The products are sold under its own brands (Nania, Migo, SafetyBaby, Nado, etc.), but also under private labels for retailers and importers.

Together with the local management, a Mutares team has started to reposition Team Tex in the relevant markets. At the same time, cost structures are being analyzed and measures implemented to reduce them. While Team Tex did not yet contribute to revenue or operating earnings in fiscal year 2023 due to the acquisition, which was only completed at the end of the fiscal year, a negative earnings contribution is still expected for fiscal year 2024 despite positive impetus from the measures implemented.

3 SITUATION OF THE GROUP INCLUDING THE ASSET, FINANCIAL AND EARNINGS POSITION

In view of the many M&A transactions, Mutares' business model involves regular changes in the scope of consolidation that have a significant impact on the Consolidated Financial Statements. This applies to fiscal year 2023 as well, in which, in addition to the developments in the portfolio companies themselves, the first-time consolidations and deconsolidations described above in particular had a significant impact on the items in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position.

The operating result of the Mutares Group depends on the business development of the individual investments – in particular on the respective restructuring and development progress – and is also significantly influenced by the timing of the acquisition of new investments and the resulting regular bargain purchase gains.

3.1 Results of operations of the Group

In fiscal year 2023, the Mutares Group generated **consolidated revenues** of EUR 4,689.1 million (previous year: EUR 3,751.7 million). The increase is largely due to changes in the scope of consolidation. With regard to the allocation of sales to the individual segments and developments within the segments, please refer to the above explanations in the reports from the portfolio companies (section 2.3).

Sales are broken down by geographical markets based on the location of the customer as follows:

EUR million	2023	2022
Europe	**4,348.4**	**3,462.2**
Germany	1,278.7	891.0
France	995.3	936.5
Sweden	437.1	523.1
Italy	228.6	199.4
Denmark	214.7	78.4
Finland	189.9	91.0
United Kingdom	171.2	133.5
Switzerland	142.1	100.0
Spain	121.4	68.3
Poland	81.2	47.5
Austria	76.3	72.7
Netherlands	51.1	66.9
Czech Republic	33.0	27.8
Belgium	24.9	26.7
Rest of Europe	303.0	199.3
Asia	**188.4**	**179.8**
America	**109.6**	**77.9**
Africa	**42.7**	**31.8**
Revenues	**4,689.1**	**3,751.7**

The **other income** of EUR 986.1 million in fiscal year 2023 (previous year: EUR 355.5 million) was again driven by consolidation effects in particular: The acquisitions resulted in gains from bargain purchases totaling EUR 727.2 million (previous year: EUR 262.0 million). The deconsolidation gains included in other income amount to EUR 118.6 million (previous year: EUR 31.8 million). These and the other components of other income are shown in the following table:

EUR million	2023	2022
Gains from bargain purchases	727.2	262.0
Gains from deconsolidation	118.6	31.8
Income from other services	17.3	4.2
Income from raw material and waste recycling	11.2	10.0
Income from the disposal of fixed assets	7.0	2.6
Other own work capitalized	6.4	1.5
Income from foreign currency translation	6.0	2.2
Income from renting and leasing	4.5	3.4
Income from risk allowance	4.1	5.2
Income from insurance indemnifications	2.4	5.0
Miscellaneous other income	81.4	27.6
Other operating income	**986.1**	**355.5**

Miscellaneous other income includes income of EUR 23.7 million from compensation from the seller of the portfolio company MMT-B acquired in fiscal year 2023 for expenses in connection with restructuring and transformation measures.

The **cost of materials** for fiscal year 2023 amounts to EUR 2,799.5 million (previous year: EUR 2,398.6 million). The cost of materials ratio (in relation to sales) amounts to 60% (previous year: 64%). The decline is the result of a number of different and in some cases opposing effects, particularly in the context of changes to the scope of consolidation.

Personnel expenses for fiscal year 2023 amount to EUR 1,369.6 million (previous year: EUR 909.6 million). The increase reflects the rise in the number of employees in the Mutares Group to an average of 27,345 (previous year: 19,021) as a result of Mutares' high transaction activity. In addition, the amount of personnel expenses is influenced by a variety of other, partly opposing effects (e.g., collective bargaining agreements, staff reduction measures, etc.).

The **other expenses** of EUR 744.8 million (previous year: EUR 601.2 million) in fiscal year 2023 are distributed as follows:

EUR million	2023	2022
Selling expenses	169.3	167.6
Administration	93.2	65.4
Legal and consulting expenses	82.2	76.1
Rent, leases and license fees	72.9	60.2
Maintenance and servicing	68.9	49.5
Advertising and travel expenses	52.6	38.2
Damage claims, guarantee and warranty	50.3	29.4
Basic levies and other taxes	23.9	16.4
Expenses from the measurement of assets and liabilities held for sale	22.6	22.5
Vehicle fleet	18.0	13.0
Losses from deconsolidation	13.7	3.2
Expenses for general partners	12.5	10.5
Expenses from foreign currency translation	10.9	5.6
Expenses from expected credit losses	10.9	3.9
Losses from the disposal of non-current assets	6.4	3.1
Miscellaneous expenses	36.4	36.6
Other expenses	**744.8**	**601.2**

As a result of the developments described above, the **EBITDA** of the Mutares Group for fiscal year 2023 amounts to EUR 756.9 million (previous year: EUR 181.5 million).

The Group's investments differ according to market, business model and progress in the restructuring cycle, so that Group EBITDA is naturally subject to major fluctuations. In this respect, only limited conclusions can be drawn from the consolidated EBITDA of the Mutares Group regarding the actual operating performance of the Group or individual investments.

To improve transparency, Mutares uses **adjusted EBITDA** as a key performance indicator, which is adjusted in particular for the effects of frequent changes in the composition of the portfolio that are inherent in the business model. This adjusted EBITDA of the Group (as defined below in the presentation of the financial performance indicators) amounts to EUR 3.5 million (previous year: EUR –32.7 million).

The reconciliation of EBITDA as reported in the Consolidated Statement of Income to the performance indicator of adjusted EBITDA is as follows:

EUR million	2023	2022
EBITDA	**756.9**	**181.5**
Income from bargain purchases	–727.2	–262.0
Restructuring and other non-recurring expenses	78.7	76.4
Deconsolidation effects	–104.9	–28.6
Adjusted EBITDA	**3.5**	**–32.7**

For information on bargain purchases and deconsolidation effects, please refer to the comments above on business performance (section 2.2) and in the reports on the portfolio companies (section 2.3).

In the restructuring and other one-off expenses and income for fiscal year 2023, expenses for severance payments and social plans in connection with the restructuring programs at the portfolio companies amount to EUR 31.5 million (previous year: EUR 17.4 million). Expenses for carve-out activities (particularly in the IT area) amounted to EUR 15.9 million in fiscal year 2023 (previous year: EUR 25.5 million). In addition, the restructuring and other non-recurring expenses and income for fiscal year 2023 include expenses from the recognition of assets held for sale in accordance with IFRS 5 of EUR 22.6 million (previous year: EUR 22.5 million).

Depreciation and amortization of EUR 320.0 million (previous year: EUR 184.6 million) of the Group for fiscal year 2023 include impairment losses of EUR 65.1 million (previous year: EUR 23.7 million), in particular for impairments of property, plant and equipment as a result of the comparison of the recoverable amount with the respective carrying amounts primarily for investments in the Automotive & Mobility segment.

The **financial result** of EUR –73.4 million (previous year: EUR –53.3 million) of the Group for fiscal year 2023 consists of financial income of EUR 19.5 million (previous year: EUR 15.1 million) and financial expenses of EUR 92.9 million (previous year: EUR 68.4 million). Their absolute increase is due on the one hand to an increase in interest-bearing liabilities and on the other to higher interest rates.

As in the previous year, the Group's **income taxes** in fiscal year 2023 amount to total income (EUR 3.6 million; previous year: EUR 35.5 million) and include actual tax expenses (EUR –16.1 million; previous year: EUR –9.1 million) and income from deferred taxes (EUR 19.7 million; previous year: EUR 44.6 million).

The developments described above result in a **consolidated net profit** for fiscal year 2023 of EUR 367.1 million (previous year: EUR –21.0 million).

The Group's **other comprehensive income** in fiscal year 2023 amounts to EUR 16.2 million (pervious year: EUR 30.1 million) and includes effects from the change in the fair value of the bond of EUR –13.0 million (previous year: EUR +5.4 million), actuarial losses of EUR –8.4 million (previous year: gains of EUR 29.6 million) in connection with the measurement of provisions for pensions (IAS 19) at portfolio companies and exchange rate differences of EUR 5.2 million (previous year: EUR –4.9 million).

3.2 Asset and financial position of the Group

Total assets of the Mutares Group as of December 31, 2023, amount to EUR 4,348.7 million (December 31, 2022: EUR 3,029.6 million). The increase is mainly due to the inclusion of the newly acquired investments.

Non-current assets increased from EUR 1,377.2 million as of December 31, 2022, to EUR 2,044.5 million as of December 31, 2023. This is primarily due to increases in property, plant and equipment (EUR +402.4 million), intangible assets (EUR +101.4 million) and right-of-use assets (EUR +90.5 million), in particular from the first-time inclusion of the portfolio companies newly acquired in fiscal year 2023.

The increase in **current assets** to EUR 2,304.2 million as of December 31, 2023 (December 31, 2022: EUR 1,652.4 million) resulted from an increase in cash and cash equivalents (see below) as well as higher inventories (EUR +112.7 million) and trade and other receivables (EUR +83.9 million). This development is the result of a number of different and in some cases opposing effects, particularly in the context of changes to the scope of consolidation.

Cash and cash equivalents as of December 31, 2023, amount to EUR 520.2 million (December 31, 2022: EUR 246.4 million), of which EUR 15.7 million is restricted (December 31, 2022: EUR 10.3 million). This is offset by current liabilities to banks and loans as part of the balance sheet item current financial liabilities of EUR 158.2 million (December 31, 2022: EUR 171.5 million), which result from current account and loan liabilities and from the recognition of "unreal" factoring. This results in a **net cash position** of EUR 362.0 million as of December 31, 2023 (December 31, 2022: EUR 74.9 million). Liquidity is planned, managed and secured by the respective portfolio companies. In the event of a liquidity requirement, appropriate measures are initiated by the respective portfolio company (e.g. factoring or sale and leaseback of fixed assets) and, if necessary, coordinated with Mutares. In the course of liquidity management, short-term liquidity surpluses that exist in individual portfolio companies can be transferred to the parent company in certain situations. The liquidity is used to finance the parent company and, if necessary, can also be used to finance other portfolio companies by means of loans granted by the parent company.

Assets held for sale increased to EUR 138.6 million (December 31, 2022: EUR 115.0 million) and as of the reporting date of December 31, 2023 (as well as the corresponding liabilities in connection with the assets held for sale) include the portfolio companies Frigoscandia and Valti, which were sold after the reporting date in the first quarter of fiscal year 2024.

As of December 31, 2023, **equity** amounts to EUR 1,119.6 million (December 31, 2022: EUR 714.0 million). The positive overall result of EUR 350.9 million (December 31, 2022: EUR 9.2 million) led to an increase in equity, while in the opposite direction the dividend payment for fiscal year 2023 to the shareholders of the parent company, the shareholders of Mutares SE & Co. KGaA, of EUR 36.1 million (December 31, 2021: EUR 30.9 million) reduced equity. The equity ratio as of December 31, 2023, amounts to 26% (December 31, 2022: 24%). With regard to the disclosures concerning the acquisition of treasury shares pursuant to Section 160 (1) no. 2 AktG, we refer to the disclosures in the Notes to the Consolidated Financial Statements of Mutares SE & Co. KGaA (in section 3.5).

The **non-current liabilities** of EUR 1,224.6 million (December 31, 2022: EUR 816.3 million) include non-current lease liabilities of EUR 380.0 million (December 31, 2022: (EUR 294.6 million) and provisions for pensions and similar obligations of EUR 130.6 million (December 31, 2022: EUR 94.4 million) of various Group entities (but not of Mutares SE & Co. KGaA itself) and other non-current provisions of EUR 211.6 million (December 31, 2022: EUR 119.3 million). This development is the result of a number of different and partly opposing effects, especially in the context of changes to the scope of consolidation. The increase in other financial liabilities to EUR 350.8 million (December 31, 2022: EUR 180.7 million) is due to additional financing, including the early refinancing of the bond including an increase to the current nominal volume of EUR 150 million at Mutares SE & Co. KGaA. The bond conditions include financial covenants relating to a minimum liquidity level and the ratio of debt to assets and equity. Non-compliance with these financial covenants can in principle lead to termination of the bond. The resulting repayment obligation therefore poses a potential risk to the financial position of the Company and the Group. However, due to the relevant key figures being significantly above the agreed covenants, the Management Board does not see any specific risk from non-compliance with the covenants. The bond is collateralized by pledging shares in selected Group units.

One investment in the Automotive & Mobility segment has liabilities to banks of EUR 47.6 million (previous year: EUR 49.7 million). The liabilities are secured by the assignment of machines and warehouses, the assignment of receivables and land charges. As part of a large part of this financing, financial covenants were agreed which were not met as of the reporting date. A resulting right of termination on the part of the banks was not exercised as of the reporting date. The investment is involved in talks with the banks regarding an agreement with regard to non-compliance. In the case of one other investment in the Automotive & Mobility segment, there are non-current liabilities from loans to third parties of EUR 23.0 million (previous year: EUR 23.0 million), which are secured by third-party guarantees. Collateral for other financial liabilities generally includes the assignment of fixed and current assets as security, land charges and liens on other assets. Long-term leasing and other financial liabilities are mainly denominated in euros. Other financial liabilities arising from loans are mostly at fixed interest rates. Non-current financial liabilities with variable interest rates exist primarily in the form of the bond issued by Mutares SE & Co. KGaA.

Current liabilities as of December 31, 2023, amount to EUR 2,004.5 million (December 31, 2022: EUR 1,499.6 million) and relate to EUR 674.6 million (December 31, 2022: EUR 588.0 million) of trade payables. Other financial liabilities amount to EUR 342.4 million (December 31, 2022: EUR 305.9 million). Current other financial liabilities are mainly denominated in euros and have variable interest rates. The reference interest rate used is in particular the EURIBOR with the corresponding maturities.

Cash flow from operating activities in fiscal year 2023 amounts to EUR –27.5 million (previous year: EUR –20.8 million). Based on a consolidated net result for the year of EUR 367.1 million (previous year: EUR –21.0 million), non-cash income and expenses totaling EUR 507.5 million (previous year: EUR 85.5 million) are deducted. This mainly includes consolidation-related (net) income from first-time consolidations and deconsolidations of EUR 832.1 million (previous year: EUR 290.6 million) and, conversely, amortization of intangible assets and depreciation of property, plant and equipment of EUR 320.0 million (previous year: EUR 184.6 million). The changes in the balance sheet items of working capital (trade working capital and other working capital) led to an overall increase in cash flow from operating activities of EUR 50.9 million (previous year: EUR 72.9 million), while interest and taxes also had an impact of EUR 58.7 million (previous year: EUR 11.7 million) on cash flow from operating activities.

Cash flow from investing activities in fiscal year 2023 of EUR 454.5 million (previous year: EUR 84.1 million) mainly results from net cash inflows from additions to the scope of consolidation of EUR 353.9 million (previous year: EUR 110.4 million). Proceeds from disposals of property, plant and equipment, intangible assets and assets held for sale amounted to EUR 85.1 million (previous year: EUR 49.2 million). This was offset by cash outflows for investments in property, plant and equipment and intangible assets (EUR –164.5 million; previous year: EUR –102.9 million). These are divided among a large number of different portfolio companies, without individual investment projects being significant overall from a Group perspective. Disposals from the scope of consolidation resulted in a cash inflow of EUR 169.3 million (previous year: cash inflow of EUR 26.7 million).

Cash flow from financing activities in fiscal year 2023 amounts to EUR –144.6 million (previous year: EUR –55.8 million). Proceeds from bonds relate to net proceeds from the refinancing of the bond of Mutares SE & Co. KGaA, including an increase to the nominal volume of EUR 150.0 million as of December 31, 2023. Proceeds from taking out (financial) loans resulted in cash inflows of EUR 92.1 million (previous year: EUR 117.9 million), while proceeds from factoring amounted to EUR 5.4 million (previous year: EUR 21.2 million). In contrast, (financial) loans of EUR 114.0 million (previous year: EUR 60.7 million) and lease liabilities of EUR 106.5 million (previous year: EUR 74.0 million) were repaid in fiscal year 2023. Interest paid amounted to EUR 58.1 million (previous year: EUR 29.3 million), with the increase resulting from an increase in interest-bearing liabilities on the one hand and higher interest rates on the other. The dividend paid to the shareholders of the parent company, the shareholders of Mutares SE & Co. KGaA, amounted to EUR 36.1 million (previous year: EUR 30.9 million).

As of the balance sheet date, unused credit lines amount to a nearly double-digit million figure and relate to undrawn current account and factoring lines for which saleable trade accounts receivable are available as of the same date.

The Management Board assumes that the Group and all major individual Group companies will continue to be in a position to meet their payment obligations on time at all times in the future.

4 POSITION OF THE COMPANY INCLUDING THE ASSET, FINANCIAL AND EARNINGS POSITION

Mutares SE & Co. KGaA is the parent company of the Mutares Group. The Company's business development is fundamentally dependent on the developments of the individual portfolio companies. Their opportunities and risks therefore also have a fundamental impact on the opportunities and risks of Mutares SE & Co. KGaA.

The following comments on the earnings, asset and financial position relate to the annual financial statements of the Company, which have been prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act.

4.1 Results of operations of the company

The **revenues** of Mutares SE & Co. KGaA result from the Group's internal consulting business, i.e. consulting services to affiliated companies and management fees. The increase to EUR 103.6 million in fiscal year 2023 (previous year: EUR 71.1 million) is a consequence of the expanded portfolio resulting from the high level of acquisition activity in the past, which was followed by an increase in operational consulting capacities.

Other operating income amounted to EUR 4.8 million in fiscal year 2023 and includes, in particular, the write-up of shares in a subsidiary to the historical acquisition costs, as the reasons for the write-down in the past no longer exist due to the subsidiary's realignment to now profitable activities. The previous year's other operating income of EUR 12.9 million included in particular income from the collection of loan receivables acquired at an amount lower than the nominal value.

The **cost of services purchased** in fiscal year 2023 of EUR 33.7 million (previous year: EUR 21.5 million) include expenses from Mutares' national companies in connection with restructuring services for indirect subsidiaries (EUR 31.5 million; previous year: EUR 19.2 million). The increase is due on the one hand to the expansion of operational consulting capacities.

Personnel expenses in fiscal year 2023 amount to EUR 23.4 million compared to EUR 17.6 million in the previous year. The increase results, on the one hand, from the increase in the number of employees at the Company to an annual average of 88 (previous year: 74) in connection with the expanded portfolio due to the high level of acquisition activity. This mainly relates to additional employees for the Group's internal consulting business, with which the company generates revenue. On the other hand, salary adjustments also led to an increase in personnel expenses.

Other operating expenses of EUR 96.8 million in fiscal year 2023 (previous year: EUR 51.4 million) are write-downs on current assets of EUR 38.9 million (previous year: EUR 10.5 million), in connection with the sale of subsidiaries completed in fiscal year 2023 and other impairments in the context of identified impairment requirements. Other operating expenses also include the oncharging of Mutares Management SE and the Mutares national companies of EUR 39.1 million (previous year: EUR 23.6 million), legal and consulting costs of EUR 9.2 million (previous year: EUR 9.5 million) and travel and entertainment expenses of EUR 4.2 million (previous year: EUR 3.8 million).

Income from investments and gains on the disposal of investments for fiscal year 2023 amount to EUR 149.5 million (previous year: EUR 72.5 million). This figure mainly includes income from the (phased) collection of gains from investments, of which EUR 141.0 million (previous year: EUR 3.7 million) is attributable to the sale of investments in medium-sized subsidiaries. The sale of SMP, the most successful exit in Mutares' history to date, had by far the greatest impact.

Sales and dividends from the portfolio (mainly income from investments received in the same period) result in the so-called **"Portfolio Income"**, which for fiscal year 2023 amounts to EUR 112.1 million (previous year: EUR 139.8 million).

Net interest income includes interest income of EUR 30.6 million (previous year: EUR 10.2 million), which mainly results from the issue of loans to finance subsidiaries, including in the context of acquisitions. This is offset by interest expenses of EUR 23.7 million (previous year: EUR 7.6 million), mainly for current interest on the bond. The increase in interest income and interest expenses is due to the higher volumes as well as the increase in reference interest rates. **Write-downs on financial assets** in fiscal year 2023 amount to EUR 4.7 million (previous year: EUR 4.8 million) and were recognized for impairments that are expected to be permanent.

Taxes on income amount to a tax expense of EUR 3.6 million, which is partly attributable to actual taxes (EUR 1.2 million) and partly to deferred taxes (EUR 2.5 million). Tax income of EUR 9.3 million arose in connection with taxes on income in the previous year. This resulted from the fact that income from deferred tax assets in connection with the future utilization of tax loss carryforwards of (EUR 10.7 million) exceeded expenses from actual taxes (EUR 1.4 million).

As a result, the **net profit** for the Company according to HGB amounts to EUR 102.5 million for fiscal year 2023, compared to EUR 72.9 million the previous year.

4.2 Assets and financial position of the Company

Fixed assets of EUR 150.9 million as of December 31, 2023 (December 31, 2022: EUR 95.2 million) primarily include financial assets of EUR 150.5 million (December 31, 2022: EUR 94.8 million), which in turn are divided between shares in affiliated companies (EUR 132.8 million; December 31, 2022: EUR 66.5 million) and loans to affiliated companies (EUR 17.6 million; December 31, 2022: EUR 28.3 million). The increase in shares in affiliated companies results in particular from the conversion of loan receivables to strengthen the capital structure of a portfolio company and other various capital measures at direct subsidiaries.

Current assets of EUR 402.1 million as of December 31, 2023 (December 31, 2022: EUR 334.8 million) include EUR 328.6 million as of December 31, 2023 (December 31 2022: EUR 299.6 million) in receivables from affiliated companies, of which EUR 202.2 million (December 31, 2022: EUR 161.8 million) is largely attributable to loan receivables from subsidiaries. In addition, receivables from affiliated companies include trade receivables of EUR 94.4 million (December 31, 2022: EUR 56.1 million), receivables from profit distributions of EUR 32.0 million (December 31, 2022: EUR 68.2 million) and receivables from the sale of investments of EUR 0.0 million (December 31, 2022: EUR 13.6 million). Other assets amount to EUR 17.1 million (December 31, 2022: EUR 22.7 million) and include in particular the credit balances in connection with the acquisition of shares in an indirect subsidiary, Balcke-Dürr Energy Solutions S.p.A., Genoa, by a direct subsidiary in fiscal year 2022. As of December 31, 2023, bank balances amount to EUR 56.4 million (December 31, 2022: EUR 12.5 million).

Deferred tax assets in connection with the future use of tax loss carryforwards amount to EUR 8.3 million (December 31, 2022: EUR 10.7 million).

Taking the net profit for fiscal year 2023 into account and after distribution of a dividend totaling EUR 36.1 million for the previous year (corresponding to EUR 1.75 per dividend-bearing share), the company's **equity** amounted to EUR 343.6 million as of December 31, 2023 (December 31, 2022: EUR 273.9 million).

The **provisions** as of December 31, 2023, amount to EUR 24.6 million (previous year: EUR 21.5 million) and relate with EUR 12.0 million as in the previous year to payments received in connection with the indirect acquisition of the shares in Balcke-Dürr Energy Solutions S.p.A, Genoa. The contribution received by Mutares SE & Co. KGaA serves to cover uncertain obligations from guarantees and is therefore recognized as other provisions. In addition, other provisions of EUR 7.5 million mainly include provisions for personnel costs (December 31, 2022: EUR 6.4 million) , in particular bonuses for employees. Provisions for taxes amount to EUR 2.7 million (December 31, 2022: EUR 1.8 million).

Liabilities increased to EUR 193.7 million as of December 31, 2023 (December 31, 2022: EUR 146.7 million). The increase resulted in particular from the refinancing of the bond, including an increase as part of an existing increase option to the existing nominal volume of EUR 150.0 million as of December 31, 2023. In contrast, liabilities to affiliated companies declined to EUR 27.0 million (December 31, 2022: EUR 53.5 million).

5 PERFORMANCE INDICATORS AND THE MANAGEMENT BOARD'S ASSESSMENT OF BUSINESS PERFORMANCE

5.1 Financial performance indicators

The significant financial performance indicators of the **Mutares Group** are:

- Revenues
- Operating result (EBITDA = earnings before interest, taxes, depreciation and amortization)
- Adjusted EBITDA (see below)

Gains on bargain purchases are recognized in income immediately in the year of the transaction. Restructuring and other non-recurring expenses, on the other hand, may also be incurred in subsequent periods. Due to the regularly significant non-operational volatility of Group EBITDA associated with these transactions, the Management Board has introduced an additional performance measure in the form of EBITDA adjusted for non-recurring effects – referred to as "adjusted EBITDA" in internal management and reporting – for reasons of transparency. The calculation is based on reported Group EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for gains on bargain purchases, restructuring and other non-recurring expenses or income, and deconsolidation effects. This provides a more transparent presentation of operating developments and enables a better assessment of operating earnings power.

As part of its business strategy, the Company resolutely pursues an attractive and long-term dividend policy, so that the Management Board considers the net profit for the year determined in accordance with the German Commercial Code (HGB) to be another significant financial performance indicator for **Mutares SE & Co. KGaA**. The net income of Mutares SE & Co. KGaA is mainly derived from three different sources, namely revenues from the Group's internal consulting business, dividends from portfolio companies and exit proceeds from the sale of investments. Sales revenues and dividends (mainly income from investments received in the same period) make up what is known as portfolio income.

For information on the development of the individual financial performance indicators, please refer to the comments above on the Group's earnings position (section 3.1) and of the company (section 4.1).

With regard to the forecasts made in the Combined Management Report of the previous year for fiscal year 2023, the actual development is as follows:

- The Management Board expected a significant increase in revenue for the Mutares Group to between EUR 4.8 billion and EUR 5.4 billion in fiscal year 2023. With revenue of EUR 4.7 billion in fiscal year 2023 (previous year: EUR 3.8 billion), this target was not achieved despite an increase of 25% compared to the previous year due to the fact that some acquisitions were completed later than originally expected.

- Benefiting from gains from bargain purchases in connection with the acquisitions in fiscal year 2023 totaling EUR 727.2 million, Group **EBITDA** amounted to EUR 756.9 million (previous year: EUR 181.5 million) and thus reached a clearly positive level in line with the previous year's forecast. With regard to the main influencing factors, we refer to the explanations above in section 3.1.

- As expected, **adjusted EBITDA** will be negatively impacted by the negative earnings contributions of the newly acquired investments. On the other hand, the restructuring programs implemented led to an increase in the profitability of the respective portfolio companies (see the explanations in section 2.3). Overall, the Group's adjusted EBITDA amounted to EUR 3.5 million in fiscal year 2023 (previous year: EUR –32.7 million) and thus increased exceptionally strongly in line with the previous year's forecast. With regard to the main influencing factors, we refer to the explanations above in section 3.1.

- The **net profit** of Mutares SE & Co. KGaA, determined in accordance with the provisions of German commercial law, should regularly be within a range of 1.8% to 2.2% of the consolidated revenues of the Mutares Group. Based on the expected revenues for the Mutares Group of at least EUR 5.1 billion, the Management Board expected a net profit of EUR 92 million to EUR 112 million for fiscal year 2023. For fiscal year 2023, revenues of EUR 4,689.1 million in the Mutares Group and net profit under commercial law of EUR 102.5 million for Mutares SE & Co. KGaA results in a percentage value of 2.2%, which is at the upper end of the target corridor.

The Mutares Group is currently managed primarily on the basis of financial performance indicators. The non-financial Group report pursuant to Section 315b (3) HGB is submitted in a separate sustainability report.

5.2 Management Board's assessment of business performance

The benchmark for the success of Mutares SE & Co. KGaA and the Mutares Group is mainly the restructuring and development progress of the investments as well as completed M&A transactions, which contribute to an increase in value in the Group after a successful turnaround and a further development of the investments depending on the situation.

With regard to the **transaction activities** in fiscal year 2023, the Management Board is extremely satisfied with the large number and quality of acquisitions and exits; the high frequency from the transaction-rich fiscal year 2022 was successfully continued and the level was stabilized. On the exit side, the sale of Special Melted Products ("SMP") is particularly worth mentioning. With a cash inflow for the Mutares holding company of around EUR 150 million and income at the level of the Annual Financial Statements of around EUR 130 million, this represents the most successful exit in the company's history to date.

In a partly still challenging environment, Mutares' various portfolio companies each implemented comprehensive operational improvement, transformation or restructuring programs over the course of the fiscal year. In particular, the Management Board considers the **restructuring and development progress** at SFC Solutions (part of Amaneos), NEM Energy, Terranor, Ganter, Steyr Motors and keeeper Group to be positive, and now sees positive developments in the realization of improvement potential at Palmia, Clecim and Conexus, while significant challenges remain at MoldTecs (part of Amaneos), CIMOS and PrimoTECS (part of FerrAl United Group), Lapeyre and Gemini Rail and ADComms Group. The start to the restructuring of the portfolio companies acquired in the fourth quarter of fiscal year 2023 is largely in line with expectations and is considered promising overall by the Management Board.

The Management Board is satisfied with the **course of the fiscal year** overall. This applies both with regard to the parent company Mutares SE & Co. KGaA and its development in fiscal year 2023 as well as with regard to the Mutares Group. The Management Board considers the ambitious growth course to be on a successful path due to the acquisitions made and the transformation programs initiated in the portfolio.

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6.1 Supplementary Report

Please refer to the Notes to the Consolidated Financial Statements (Chapter G., text number 50) and the Notes to the Annual Financial Statements (section 5.10) of Mutares SE & Co. KGaA for information on significant events after the balance sheet date.

6.2 Information relevant to a takeover

The following comments contain the disclosures required by Sections 289a and 315a of the German Commercial Code (HGB), including information on share capital, voting rights and the transfer of shares.

Composition of the capital / Class of shares

The share capital of Mutares SE & Co. KGaA amounted to EUR 21,058,756.00 as of December 31, 2023, divided into 21,058,756 no-par value shares (shares without par value). The shares of the Company are registered shares. There is only one class of shares; the same rights and obligations are attached to all shares, which result from the statutory regulations.

Restrictions affecting voting rights or the transfer of shares

Each share entitles the holder to one vote at the Annual General Meeting and is decisive for the shareholders' share in the Company's profits. This does not apply to treasury shares held by the Company, from which the Company has no rights. In the cases of Section 136 AktG, the voting rights from the shares concerned are excluded by law.

On the basis of a contractual agreement, the Chairman of the Management Board, Robin Laik, may dispose of voting rights for a total of 5,240,770 shares; the voting rights for these shares are exercised uniformly by Mr. Robin Laik.

Direct or indirect interest in share capital exceeding 10% of voting rights

According to current information, Robin Laik, Munich, directly holds more than 10% of the voting rights. The members of Robin Laik's family, all resident in Germany, together directly hold more than 10% of the voting rights.

Provisions (statutory / statute) on the appointment and dismissal of the Management Board and amendments to the Articles of Association

The Company is represented by the general partner, Mutares Management SE, and thus by its Management Board. According to Article 8 of the Articles of Association of Mutares Management SE, the Management Board of Mutares Management SE may consist of one or more persons. The Supervisory Board of Mutares Management SE determines the specific number of members of the Management Board. For their appointment as well as dismissal, a simple majority of the votes cast by the members of this Supervisory Board is required; in the event of a tie, the vote of the Chairman pursuant to Article 13 (7) of the Articles of Association of Mutares Management SE shall be decisive. The members of the Management Board of Mutares Management SE may be appointed for a maximum period of six years; reappointments are permitted. Pursuant to Article 7 of the Articles of Association, the shareholders' resolution of Mutares SE & Co. KGaA may exempt individual, several or all members of the Management Board of the general partner in general or for the individual case from the prohibition of multiple representation pursuant to Section 181 Alt. 2 of the German Civil Code (BGB); § 112 of the German Stock Corporation Act (AktG) remains unaffected.

Amendments to the Articles of Association are made by resolution of the Annual General Meeting in accordance with Section 179 AktG. This means that amendments to the Articles of Association generally require the approval of at least three quarters of the share capital represented at the time the resolution is adopted. Pursuant to Art. 10 par. 4 of the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association that relate only to the wording. Furthermore, the Supervisory Board is authorized to amend Art. 4 par. 5 of the Articles of Association in line with the respective issue of subscription shares and to make all other related amendments to the Articles of Association that only affect the wording. The same applies in the event that the authorization to issue subscription rights is not utilized.

Authority of the Management Board to issue or repurchase shares

Conditional capital

The Annual General Meeting of the Company on June 3, 2016, authorized the Management Board, with the consent of the Supervisory Board, to issue up to 1,500,000 subscription rights ("stock options") to members of the Management Board of the Company, members of the management of affiliated domestic and foreign companies of the Company, and employees of the Company and employees of affiliated domestic and foreign companies until June 2, 2020 ("Mutares Stock Option Plan 2016"). The stock options entitle the holders to subscribe to up to 1,500,000 no-par value registered shares of the Company with a notional interest in the share capital of EUR 1.00 each. Furthermore, the Annual General Meeting resolved to conditionally increase the share capital of the Company by EUR 1.5 million by issuing up to 1,500,000 no-par value bearer shares to service the Mutares Stock Option Plan 2016 ("Conditional Capital 2016/I"). The Annual General Meeting of the Company on May 23, 2019, resolved to cancel the Conditional Capital 2016/I to the extent that it relates to the stock options not issued under the Mutares Stock Option Plan 2016.

The Annual General Meeting of the Company on May 23, 2019, created Conditional Capital 2019/I of EUR 3,000 thousand for the purpose of granting shares upon exercise of conversion or option rights or upon fulfillment of conversion or option obligations to the holders or creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds or combinations of these instruments issued on the basis of the authorization resolution of the Annual General Meeting on May 23, 2019.

After the partial cancellation of the Conditional Capital 2016/I became effective, the share capital of Mutares SE & Co. KGaA was conditionally increased by up to EUR 802 thousand by issuing up to 802,176 no-par value registered shares ("Conditional Capital 2019/II") by resolution of the Annual General Meeting on May 23, 2019. The Conditional Capital 2019/II serves to grant subscription rights to members of the Management Board and employees of the Company, members of the management and employees of companies affiliated with the Company.

After the partial cancellation of the Conditional Capital 2016/I has become effective, the share capital of the Company was conditionally increased by up to EUR 387 thousand by issuing up to 387,000 no-par value registered shares ("Conditional Capital 2021/I"). The Conditional Capital 2021/I was exclusively for the purpose of issuing shares of the Company to service subscription rights to shares of the Company issued to members of the Management Board of the Company and employees of the Company as well as to members of the management and employees of affiliated companies within the meaning of Sections 15 et seq. AktG in the form of stock options in accordance with the above authorization resolution pursuant to lit. b).

In the period from January 1, 2023, to December 31, 2023, a total of 154,525 new no-par value registered shares were issued from Conditional Capital 2016/I. As a result of the issue of the new no-par value registered shares, the Conditional Capital 2016/I was reduced from EUR 361 thousand to EUR 206 thousand.

The purpose of Contingent Capital 2016/I has also ceased to exist because all subscription rights have now been exercised or have expired and no new subscription rights can be issued on the basis of this authorization because this authorization was revoked by resolution of the Annual General Meeting on May 23, 2019. Conditional Capital 2016/I has expired.

In the period from January 1, 2023, to December 31, 2023, a total of 267,500 new no-par value registered shares were issued from Contingent Capital 2019/II. As a result of the issue of the new no-par value registered shares, Contingent Capital 2019/II decreased by EUR 267 thousand from EUR 802 thousand to EUR 535 thousand.

Authorized capital

By resolution of May 23, 2019, the Annual General Meeting of the Company resolved to cancel the Authorized Capital 2015/I and instead authorized the Management Board to increase the share capital of the Company in the period until May 22, 2024, with the consent of the Supervisory Board, by a total of up to EUR 7.7 million by issuing up to 7,748,146 new registered no-par value shares against cash contributions and/or contributions in kind ("Authorized Capital 2019/I"). The Management Board of the Company's general partner, Mutares Management SE, resolved on September 28, 2021, with the

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approval of the Supervisory Board, to increase the Company's share capital from previously EUR 15.5 million to EUR 20.6 million by issuing 5.1 million new no-par value registered shares. The capital increase with subscription rights for the limited liability shareholders of the Company was carried out in return for cash contributions by making partial use of the existing Authorized Capital 2019/I. The authorized capital amounts to EUR 1.5 million after the partial use of the existing Authorized Capital 2019/I. This still amounts to EUR 2,608 thousand after the partial utilization. By resolution dated July 10, 2023, the Annual General Meeting of the company resolved to cancel the Authorized Capital 2019/I and thus reduce the Authorized Capital 2019/I to EUR 0. Instead, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to July 9, 2028, by a total of up to EUR 8,254,692.00 by issuing up to 8,254,692 new no-par value registered shares against cash and/or non-cash contributions ("Authorized Capital 2023/I").

Acquisition of treasury shares

By resolution of the Annual General Meeting on May 23, 2019, the Management Board was authorized to acquire treasury shares of the Company up to a total of 10% of the Company's share capital existing at the time of the resolution or – if this value is lower – at the time the authorization is exercised, subject to compliance with the principle of equal treatment (Section 53 AktG), until the end of May 22, 2024. The shares acquired on the basis of this authorization, together with other treasury shares of the Company which the Company has acquired and still holds or which are attributable to it in accordance with Sections 71a et seq. of the German Stock Corporation Act (AktG), may at no time exceed 10% of the respective share capital of the Company.

On the basis of respective resolutions, the Management Board, with the approval of the Supervisory Board, launched share buyback programs in past fiscal years. In this context, a total of 261,875 shares were acquired in the period from January 15 to March 6, 2015, and in the period from June 1 to July 15, 2018, with each share representing EUR 1.00 of the share capital.

The Management Board of the general partner of Mutares SE & Co. KGaA resolved on September 17, 2020, with the approval of the Supervisory Board of the general partner, to launch a share buyback program using the authorization granted by the Annual General Meeting on May 23, 2019 ("Share Buyback Program 2020/I"). Under the Share Buyback Program 2020/I, up to a total of 250,000 treasury shares (corresponding to up to 1.61% of the Company's share capital) could be repurchased in the period from September 17, 2020, to March 31, 2021, at a total purchase price (excluding incidental acquisition costs) of up to EUR 2.5 million. A total of 210,600 shares were acquired during this period. The difference between the acquisition cost and the notional value of the treasury shares amounts to a total of EUR 2.3 million and was offset against retained earnings.

To service the stock options exercised under the 2016 Stock Option Plan, the Company used part of the 472,475 treasury shares existing as of December 31, 2020, in fiscal year 2021. The reissuance prices ranged between EUR 19.10 and EUR 24.60 and were used to cover costs and to settle taxes arising from the exercise of the stock options for the beneficiaries and to be paid by the Company. The difference between the acquisition cost and the nominal value of the treasury shares was offset against retained earnings when they were acquired in the past due to the lack of freely available reserves of EUR 3,649 thousand. When treasury shares were used in the context of servicing the stock options exercised under the 2016 Stock Option Plan, the difference between the nominal value of the treasury shares and the exercise price of EUR 3,649 thousand was offset against retained earnings in the opposite direction; the difference between the original average acquisition cost and the exercise price of EUR 1,351 thousand was also offset against retained earnings. Overall, the number of treasury shares thus decreased to 10,475 as of December 31, 2021.

In fiscal year 2023, the treasury shares held (10,475) were used to exercise the stock option plans. Therefore, no treasury shares were held as of December 31, 2023.

Further details of the existing authorizations can be found in the respective resolutions of the Annual General Meeting. Information on authorized and conditional capital and on the acquisition of treasury shares can also be found in the Notes to the Annual Financial Statements (Note 3.5) and in the Notes to the Consolidated Financial Statements (Notes 31, 32.1 and 33).

Agreements that are conditional on a change of control as a result of a takeover bid

In March 2023, Mutares SE & Co. KGaA placed a bond that was outstanding in the amount of EUR 150.0 million as of the reporting date December 31, 2023. The agreement concluded under the bond grants the other contracting party a right of termination, inter alia, in the event of the delisting of the shares from the Frankfurt Stock Exchange, 50% of the shares being held by a natural person or legal entity or group of persons (with the exception of Robin Laik), the disposal of all or any material assets, whether individually or in a series of connected transactions.

6.3 Corporate governance and non-financial statement

The Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, as well as the Shareholders' Committee and the Supervisory Board of Mutares SE & Co. KGaA are committed to the principles of corporate governance focused on long-term and sustainable value creation. To this end, they jointly issue a summarized "Corporate Governance Statement" in accordance with Sections 289f and 315d of the German Commercial Code (HGB). The full text of the current declaration is available on the Company's website at ir.mutares.com/en/corporate-governance. As part of the Corporate Governance Statement, the Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, and Supervisory Board of Mutares SE & Co. KGaA issued the statement required by Section 161 of the German Stock Corporation Act (AktG) in December 2023 and made it publicly available on the Company's website at ir.mutares.com/en/corporate-governance.

The Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, and the Supervisory Board of Mutares SE & Co. KGaA will fulfill the obligation to submit a non-financial consolidated statement pursuant to Sections 315b and 315c HGB by publishing a separate non-financial consolidated report on the Company's website at ir.mutares.com/en/corporate-governance.

7 OPPORTUNITY AND RISK REPORT

7.1 Risk management and internal control system

Mutares' business activities, like any entrepreneurial activity, are associated with opportunities and risks. Mutares defines "risk" as possible future developments or events that, if they occur, could lead to a negative deviation from the forecast or target for the Group. Conversely, "opportunities" can lead to a positive deviation from forecasts or targets if they materialize.

Risk management system

Mutares SE & Co. KGaA is required by law (cf. Section 278 (3) AktG in conjunction with Section 91 (3) AktG) to operate and maintain an appropriate and effective risk management system, including an early risk detection management system pursuant to Section 91 (2) AktG.

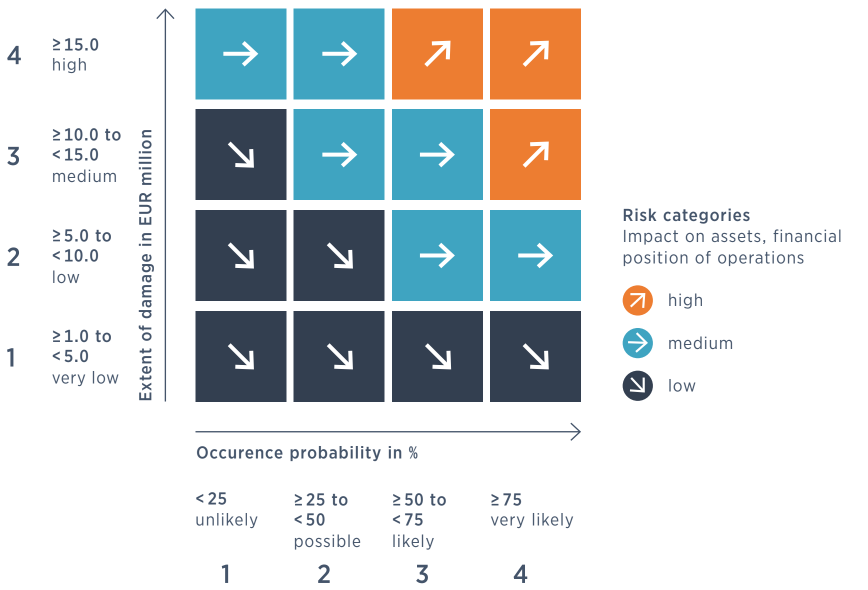
Risk management, as the totality of all organizational regulations and measures for the early identification of risks and the adequate handling of the risks of entrepreneurial activity, has a high priority in the Group and plays a key role in the Mutares business model. The Management Board has therefore installed and organizationally anchored a systematic, multi-level risk management system.

The primary objective of Mutares' risk strategy is to identify existential risks and reliably avert them from the company while limiting risk costs to a necessary level. Furthermore, risks that threaten to miss the published forecasts if they materialize, thus leading to a failure to meet the expectations of the capital market, are to be avoided or mitigated in good time. Finally, Mutares' Compliance Management System ("CMS") is aimed at identifying and mitigating existential regulatory risks (in particular risks relating to corruption and bribery, antitrust and competition law, capital market law and money laundering law, hereinafter referred to as "compliance risks").

Using the risk management process[32], actual and potential risks are identified, assessed and reported:

Risks are **identified** by a combination of bottom-up and top-down analyses. The risks identified in this way are assessed on the basis of the two relevant dimensions, namely their monetary impact (extent of damage) on the results of operations and/or financial position and/or net assets of the Company or the Group and their expected probability of occurrence with regard to a one-year observation horizon. The focus of the assessment is on the most likely risk scenario in each case. The **risk assessment** distinguishes between gross and net assessment: Measures already taken can mitigate the gross risk both in terms of monetary impact and in terms of the possible occurrence of the risk. The net risk then represents the amount of damage and probability of occurrence, taking the measures already initiated by the reporting date that reduce the possible damage or the expected probability of occurrence into account.

The risk classes, as a result of this assessment, can be presented in a **risk matrix**:



[32] The identification of opportunities and the entrepreneurial perception of the identified opportunities represent the core of the Mutares business model and are therefore performed by original entrepreneurial functions. The focus of the Mutares risk management system is therefore on the management of risks in the narrower sense.

In particular, risks in the medium or high risk category are **actively managed** in order to achieve the risk reduction targeted by the company.

Mutares has installed a standardized reporting process for the **reporting** of actual and potential risks: Accordingly, quarterly reports are submitted to the Company by the operating portfolio companies and assessed together with the Company's risk analysis. In the case of particularly significant new risks (especially those threatening the existence of the company) or significant changes in existing risk positions, there is also immediate reporting (ad hoc risk process). Regular reporting to the Management Board and Supervisory Board also takes place on a quarterly basis and, in addition, to the Management Board as well as to the Supervisory Board on an ad hoc basis in cases of significant relevance from a Group perspective.

The **risk-bearing capacity** represents the maximum extent of risk that can be borne by the Company without jeopardizing its continued existence and is generally the upper limit for a cumulative risk position. It is calculated both on the basis of liquidity and with regard to the Company's equity. Both figures are compared with the sum of the assessed risks as an aggregated risk position. In order to analyze the risk-bearing capacity and thus also the overall risk position of Mutares and to be able to initiate suitable countermeasures, all recorded and assessed risks are aggregated into risk portfolios. A recognized quantitative method is used for this purpose. The scope of consolidation of the risk management corresponds to the scope of consolidation of the Consolidated Financial Statements. In this context, the total risk positions determined are considered with regard to the risk-bearing capacity of Mutares for the period under review using a suitable key figure, the total net expected loss, and are regularly monitored by the Management Board with regard to the coverage of the asset, financial and earnings position. However, the quarterly analyses of risk-bearing capacity carried out in this regard did not regularly result in any need for action by the Management Board in fiscal year 2023.

Risk management is further flanked by the following activities: All critical contractual components, business developments and liability risks are subject to an appropriate review by the Management Board or internal and/or experts commissioned by it and are regularly followed up in the reviews of the portfolio companies and in the Management Board meetings and reported to the Supervisory Board if they are of significant relevance from a Group perspective. Standardized financial reporting of all portfolio companies on a weekly or monthly basis provides the Management Board with a comprehensive picture of developments across the portfolio. In addition, Mutares works closely with the operational teams in the portfolio companies – consisting of Mutares consultants on site and/or the local management members – who review compliance on site in the respective portfolio companies and develop concrete steps for their implementation together with Mutares. The Management Board monitors the business performance of the portfolio companies in regular reviews and is informed about the asset, financial and earnings position of all investments on the basis of the implemented reporting system. If necessary, Mutares tries to maintain sufficient free personnel and financial capacities in order to be able to react flexibly and appropriately.

Compliance risks are also analyzed and addressed qualitatively as part of the compliance risk analyses provided for by the CMS. Standardized and regular reporting on the compliance risks of all portfolio companies also provides the Management Board with a comprehensive picture of developments across the entire portfolio in this regard.

In the interests of **continuous improvement**, adjustments to the risk management system and the CMS are evaluated and made on a regular basis.

Internal control system [33]

The internal control system ("ICS"), as the totality of all systematically defined controls and monitoring activities, is aimed at ensuring the security and efficiency of business operations, the reliability of financial reporting, and the compliance of all activities with relevant laws and internal policies. In addition to safeguarding against financial reporting risks, the ICS therefore also includes general basic safeguarding against sustainability risks and compliance risks, for example.

[33] The disclosures in this section are so-called non-management report disclosures that go beyond the statutory requirements for the (combined) management report and are therefore excluded from the content audit by the auditor.

In accordance with Section 91 (3) of the German Stock Corporation Act (AktG), the scope and design of the ICS are at the discretion and responsibility of the Management Board. The ICS supports the organizational implementation of the Management Board's decisions. This includes the achievement of business objectives, the correctness and reliability of accounting (cf. the explanations in the following paragraph on the internal control and risk management system in relation to the accounting process), and compliance with the relevant legal requirements and regulations. Sustainability and compliance aspects are also taken into account and continuously developed on the basis of regulatory requirements.

The components of the ICS organization are anchored decentrally in the portfolio companies of the Mutares Group and comprise system-related controls as well as manual spot checks, system-related and manual reconciliation processes and the separation of executive and controlling functions (so-called "separation of functions").

Internal control and risk management system with regard to the accounting process

The internal control and risk management system relating to the accounting process is designed to ensure that all business processes and transactions are recorded in a timely, uniform and correct manner for accounting purposes. The goal of the internal control system for the consolidation of the subsidiaries included in the Consolidated Financial Statements is to ensure compliance with legal standards, accounting regulations and internal accounting instructions. Changes to these are analyzed on an ongoing basis with regard to their relevance and impact on the Consolidated Financial Statements and taken into account accordingly. The Company's finance department actively supports all business areas and Group companies in this regard, both in developing uniform guidelines and work instructions for accounting-relevant processes and in monitoring operational and strategic targets. In addition to defined controls, system-related and manual reconciliation processes, the separation of executive and controlling functions, and compliance with guidelines and work instructions are an essential part of the internal control system with regard to the accounting process.

The Group companies or their management are responsible for compliance with the applicable guidelines and accounting-related processes and for the proper and timely preparation of the financial statements. The Group companies are supported and monitored regularly – also during the year – in the accounting process by central contacts at the Group parent company.

Internal audit

Against the backdrop of growth, a significant conceptual expansion of Internal Auditing was initiated in fiscal year 2022. Among other things, the tasks, purpose, powers and responsibilities of Internal Audit were codified in Rules of Procedure ("Audit Charter"). This also stipulates that the Internal Audit department acts independently of the units to be audited, which is also ensured by organizational independence with reporting directly to the Management Board and the Audit Committee or Supervisory Board. Based on a risk-oriented assessment of relevant Group information (the "audit universe"), supplemented by the qualitative assessment of the Management Board and management, the annual audit plan was defined by the Management Board and audit activities began in fiscal year 2023. As a result of the audits completed for fiscal year 2023, mitigating measures were agreed with the local management in the portfolio companies to address the audit findings, the implementation of which will be followed up by the Management Board and Internal Audit in fiscal year 2024. In addition to the regular audits in accordance with the audit plan, Internal Audit is also deployed on an ad hoc basis to clarify and mitigate emerging risks that require significant action.

Statement on the appropriateness and effectiveness of the risk management and internal control system[34]

The Management Board is not aware of any relevant indications that materially conflict with the appropriateness and effectiveness of the risk management or internal control system as a whole. Irrespective of this, every system is subject to inherent limitations which, by their very nature, do not provide complete assurance that all relevant risks are detected via appropriate control mechanisms and addressed fully and effectively.

This is all the more true due to the frequent changes in the composition of the portfolio inherent to the business model and the special investment focus of Mutares on targets in economically challenging situations or situations of transition (e.g. pending restructuring).

However, this specific risk of the Mutares business model is also measured and effectively addressed by the Management Board. When compiling the annual audit plan for Internal Audit, the Management Board deliberately opts for a risk-oriented rather than a randomized approach in order to increase the probability that relevant topics with significant potential for improvement will be addressed by Internal Audit and sees the results of the Internal Audit audits for fiscal year 2023 as confirmation of its selection approach. Newly acquired portfolio companies are also audited particularly closely on the basis of standardized audit plans after 50 and 100 days of belonging to the Group. Finally, a deliberately closely timed financial reporting system ensures that the Group is fully and promptly informed of all significant developments and, in particular, deviations from the plan and can initiate mitigating measures immediately.

7.2 Risks to future development

The table shows the risks discussed in the following risks and classifies them into the risk classes defined above (low/medium/high) on the basis of the two key dimensions of extent of damage and probability of occurrence (in each case taking mitigating measures into account, i.e. net).

		Current closing date			Previous Year		
		Extent of damage	Probability of occurrence	Total	Extent of damage	Probability of occurrence	Total
Future economic conditions	Economic development	Medium	Possible	Medium	High	High	High
	Geopolitical development	High	High	High	High	High	High
Opportunities and risks inherent in the business model	Competition	Medium	Possible	Medium	Medium	Possible	Medium
	Risks from the acquisition process	High	Possible	Medium	Medium	Possible	Medium
	Failure to achieve restructuring successes	High	Possible	Medium	High	Possible	Medium
Other risk areas and significant individual risks	Legal and compliance risks	High	Possible	Medium	High	Possible	Medium
	Financial and financing risks	High	High	High	High	High	High
	Distribution and sales risks	Medium	Possible	Medium	High	Possible	Medium
	Sustainability risks	Medium	Possible	Low	Low	Possible	Low
	Supply chain risks	High	Possible	Medium	High	High	High
	Personnel risks	Low	Possible	Low	Low	Possible	Low
	IT risks and data security	High	Possible	Medium	High	Possible	Medium
	Tax risks	Low	Possible	Low	Low	Possible	Low

[34] The disclosures in this section are so-called non-management report disclosures that go beyond the statutory requirements for the (Combined) Management Report and are therefore excluded from the content audit by the auditor.

Compared to the previous year, the Management Board's assessment of the risk categorization has changed as follows:

- **Economic development:**
  The Management Board's assessment from the previous year took particular account of the very high level of uncertainty regarding future economic development as a result of the significant interest rate hikes in Europe and the US. The risk of a significant recession was significant. Based on actual developments in 2023, the Management Board believes that this scenario has not materialized and that key indicators (unemployment, inflation and gross domestic product development) do not point to any further deterioration. The classification was therefore adjusted to the "medium" risk class (previous year: "high").

- **Supply chain risks:**
  According to the Management Board's assessment and based on the findings from the portfolio companies, supply chains largely normalized over the course of 2023 and were less affected by abrupt defaults. The classification in the "medium" risk category was therefore adjusted (previous year: "high").

The order in which the following explanations are presented does not reflect the Management Board's assessment of the extent of damage and/or probability of occurrence. Unless explicit information is provided on which segments are (particularly) affected by the risks presented, they generally apply to the entire Group. The opportunities and risks inherent in the business model, on the other hand, focus on the business activities of Mutares SE & Co. KGaA, consisting of the acquisition, transformation (restructuring, optimization and repositioning) and/or development of companies in situations of transition and their subsequent sale.

Classification in the risk class "low"

Classification in the risk class "medium"

Classification in the risk class "high"

Future economic conditions

Economic development

According to the ifo Institute (source: "ifo Schnelldienst Special Edition December 2023")[35], global economic output is likely to grow only moderately in the winter half-year 2023/2024. The weakness of the industrial economy is likely to continue in the coming months, especially as the order situation and business expectations in industry remain gloomy. The persistently high interest rates will initially dampen overall economic demand. However, inflation is expected to continue to fall, albeit at different rates: consumer prices are likely to rise by 3.0% in the US and 2.3% in the eurozone in 2024. It can therefore be assumed that both the US Federal Reserve and the ECB will begin to lower their key interest rates in 2024 in order to provide positive stimulus. Furthermore, companies are likely to have largely reduced their increased inventories of intermediate goods, meaning that global trade in goods and industrial production could regain momentum. On the other hand, the relatively weak economic development in China, where the crisis in the real estate sector is weakening private household incomes due to its high macroeconomic importance for value creation, continues to have a dampening effect. In many countries, real interest rates also remain higher than before the pandemic. All in all, global output growth is likely to fall to 2.0% in 2024. The expected economic slowdown will affect both the advanced economies and the emerging markets. The European Commission is forecasting growth of 0.8% for the EU economies.[36]

Geopolitical development

The war in represents an ongoing risk in the area of geopolitical developments and can have direct and indirect effects on the business performance, risks, results of operations as well as cash flows of the portfolio companies in the Mutares Group. In particular, a further escalation could cause gas supplies in Europe to dwindle and trigger a renewed price increase, with negative effects on inflation rates overall.

[35] www.ifo.de/en/publications/2023/journal-complete-issue/ifo-schnelldienst-sonderausgabe-dezember-2023
[36] ec.europa.eu/commission/presscorner/detail/en/ip_24_730

The war in Gaza is not currently having any significant direct impact on the global economy.[37] However, this could change with the entry of other regional powers and an expansion into a larger regional conflict. The expansion of the conflict to the Red Sea has already had a negative impact on supply chains and could further increase price pressure if it continues for a certain period of time.

Risks could also arise from further geopolitical tensions, particularly in connection with China and Taiwan. Furthermore, a further decoupling between the US and China (possibly also influenced by the outcome of the presidential elections in the US) could have a negative impact on the global economy due to increasing trade barriers, protectionism and sanctions.

The deliberate strategic expansion of the Mutares business model to the Chinese market entails significant geopolitical risks, but is justifiable in the consideration of the Management Board against the backdrop of the opportunities associated with this expansion due to a significantly enlarged target universe.

Risks inherent in the business model

The success of Mutares' business model depends to a large extent on the ability to identify suitable target companies for acquisition, to acquire them on appropriate terms, and to develop them through active investment management. In this context, the selection of qualified individuals in management positions is essential. The acquisition of companies in economically challenging situations or situations of upheaval (e.g. pending restructuring) with potential for operational improvement holds high value enhancement potential. To this end, extensive transformation plans are being implemented at the portfolio companies. After all, Mutares must succeed in either selling the investment at an attractive price in order to achieve a high return on invested capital or to sustainably collect dividends from profitable portfolio companies.

Competitive situation

Strategic realignments of major Groups are leading to a stable supply of acquisition opportunities, which may be particularly high due to additional opportunities in a context of continuing economic uncertainty. Price expectations on the sellers' side remain fundamentally high but could also be depressed by economic developments. The fundamental attractiveness of the "companies in transition" market segment has also led to increased competition. For example, funds have entered the market as competitors, particularly in France. In addition to the growing number of direct competitors, strategists, particularly from China, are increasingly entering the market segment with the goal of expanding entrepreneurially. At the same time, Mutares is also in competition with the Groups themselves, which may decide to initiate the restructuring of an unprofitable part of the company themselves or even close it down instead of spinning it off and selling it. Nevertheless, Mutares successfully relies on its reliability and expertise as an experienced expert in transformation and repositioning and is convinced that there will be sufficient opportunities in the future to acquire further portfolio companies that match Mutares' investment focus.

Risks from the acquisition process

Significant tax, legal and economic risks are associated with the acquisition of companies in situations of transition, even if an in-depth analysis of the company (due diligence) has taken place prior to the acquisition. Liabilities, obligations and other encumbrances of the respective target company that were not known or identifiable at the time of acquisition despite the due diligence performed could have a material adverse effect on Mutares. This applies in particular if as-is or other guarantees are given to the sellers. In these cases, even if the seller provides significant financial resources for restructuring as consideration, the asset, financial and earnings position of the Mutares Group could be significantly impacted.

[37] www.ifo.de/en/publications/2023/journal-complete-issue/ifo-schnelldienst-sonderausgabe-dezember-2023

As a matter of principle and in order to minimize the effects of any insolvency of individual companies within the Group, no profit transfer or cash pooling agreements are concluded within the Mutares Group. In some cases, guarantees, sureties, loans or similar commitments are given or extended to investments after detailed examination to exploit business opportunities, growth or working capital financing. The utilization of the guarantees and sureties or the default of the loans may have negative consequences on the asset, financial and earnings position of Mutares.

In order to reduce the extent of potential risks, Mutares uses a corporate structure in which the operating risks of each individual investment are ring-fenced via a legally independent company (intermediate holding company). This is to ensure that the sum of any risks that could arise cannot exceed the previously assessed maximum risk. This risk generally amounts to the purchase price paid, plus any further financing measures and any off-balance-sheet obligations, less the returns received from the operating activities of the respective company over the holding period.

Failure to achieve restructuring success

If Mutares succeeds in successfully restructuring and developing the investments as planned, there is a high value enhancement potential for Mutares. There is a risk that Mutares also acquires investments whose restructuring turns out to be more difficult than assumed in the previous due diligence. Even with careful and conscientious selection of the target companies, it can also not be ruled out that the success Mutares is aiming for from the turnaround situation does not occur or does not occur quickly enough in individual cases, or that the economic or political framework conditions in the countries important for the portfolio companies deteriorate.

If the positioning in the market, the value enhancement potential or other key success factors of Mutares are assessed incorrectly, this could have consequences for the operational development of the investment and thus for the return at Mutares. Furthermore, it cannot be ruled out that the ability to restructure is assessed incorrectly or that risks are not fully recognized or are assessed incorrectly prior to an acquisition. It is therefore possible that the value of investments develops negatively, that the measures initiated are not successful and that the return targeted by Mutares is not achieved for a variety of reasons. This would result in portfolio companies remaining in the Group longer than originally expected, being resold below their acquisition price and thus possibly only taking unscheduled write-downs into account, or having to file for insolvency. In the latter case, Mutares would suffer a total loss of the capital invested, i.e. lose all financial resources used for the acquisition, ongoing support and, if applicable, financing of this portfolio company. In addition, there could be the threat of claims by third parties arising from commitments made by Mutares.

Other risk areas and significant individual risks

Legal and compliance risks

In connection with its business activities, Mutares could be confronted with various legal disputes and legal proceedings. Details on ongoing proceedings are presented in the section “Litigation”. In addition, difficulties could arise in fulfilling obligations under purchase agreements or business plans communicated prior to a transaction. Both can end in legal disputes, the probable outcome of which cannot always be clearly estimated. In addition, legal cases taken on by the portfolio companies could turn out to be more critical, but also more positive, in the course of time than originally assumed.

Furthermore, failure to comply with legal requirements and regulations could result in the threat of official proceedings. Such compliance risks with regard to the topics listed below are analyzed and addressed as part of the CMS. Standardized and regular reporting on the compliance risks of all portfolio companies also provides the Management Board with a comprehensive picture of developments across the entire portfolio in this regard.

Capital Market Compliance

Mutares is subject to capital market regulations in the European Union and is therefore exposed to risks regarding related enforcement measures. A finding of a violation of capital market regulations could have various adverse effects on Mutares, including fines and reputational damage.

Privacy

Data protection requirements apply to the Mutares Group with regard to, among other things, the use and disclosure of personal data as well as the confidentiality, integrity and availability of such data. In particular, Mutares is subject to the strict requirements of the EU's General Data Protection Regulation (GDPR). If Mutares Group does not comply with this regulation, this could lead to claims for damages and other liability claims, high fines and other penalties, as well as damage to business relationships with various partners and Mutares' reputation.

Country-specific requirements

Mutares SE & Co. KGaA and its portfolio companies operate worldwide and are therefore subject to various legal systems. Uncertainties with effects on the asset, financial and earnings position of the Mutares Group can thus result in particular from ongoing changes in legislation, case law and different legal interpretations by the respective legal authorities, and could possibly assume a significant extent. In order to be able to react appropriately to the associated legal risks, changes in legislation are continuously monitored and countered by means of appropriate measures, e.g. by using external experts or specialists.

Risk from pass-through liability

As an investor that focuses on special situations, Mutares generally operates in a field of tension in which, on the one hand, the extensive restructuring measures of the transformation plans must be implemented and, on the other hand, the autonomy of the acquired portfolio companies must be preserved. Depending on the legal system, there is a risk that Mutares could be deemed to be a "de facto management" with the consequence of possible Group or corporate liability. Similar areas are, for example, the so-called employee liability in France or the subsequent liability under company law of executive bodies or shareholders of the acquirer in Italy. Furthermore, such regulations are often in a state of flux, so that increased vigilance is required here. Mutares has aligned its employee deployment in such a way that such a liability is avoided as far as possible. However, it cannot be ruled out that a claim will nevertheless be made.

In addition, Mutares is also exposed to a risk of pass-through liability with regard to other areas of law. This applies in particular, but not exclusively, to the risk arising from potential violations of antitrust and competition law, where not only potential fines are calculated on the basis of Group revenue, but – under certain circumstances – the Group parent company could also be held liable.

Obligations from acquisitions and disposals of companies

In connection with contracts for the purchase or sale of companies, Mutares issues guarantees under which it could be held liable or which could lead to legal disputes (for an overview of all current guarantees, please refer to Note 45 of the Notes to the Consolidated Financial Statements). The issuance of guarantees can be a differentiating factor in the competition for potential takeover targets if competitors are unable to issue guarantees due to their own articles of association. In individual cases, a possible claim under the guarantees given could have a significant negative impact on the asset, financial and earnings position of the Mutares Group.

In principle, the Management Board does not anticipate any utilization of the obligations arising from the acquisition and sale of companies. However, depending on the further economic development, the risk of utilization increases and it cannot be ruled out that such utilization of individual obligations entered into could occur.

Litigation

A lawsuit was filed in the Court of Michigan in May 2022 against companies of the SFC Solutions Group by the former owner Cooper-Standard Automotive, Inc. ("CSA") based on alleged delayed payment of royalties. The lawsuit is based on a license agreement under which companies of the SFC Solutions Group are required to pay royalties for intellectual property claimed by CSA. However, there is disagreement on the basis, cause, scope and existence of the claimed royalties. SFC Solutions Group considers the action to be inadmissible, in any case unfounded, and has taken up the defense. The Court of Michigan has referred the action to the competent federal court in Michigan (USA). No ruling has been made yet.

Another lawsuit is being pursued by the liquidator of the former investment Grosbill, based on an alleged corporate liability of Mutares. At the same time, the former seller of Grosbill is being sued for breach of contract towards the sold company. Mutares has defended itself in full against this action, which it considered to be unfounded. The lawsuit was initially deleted from the list of ongoing proceedings for lack of grounds and put on hold; at the end of 2022, shortly before the statute of limitations for potential claims, the plaintiff filed a new statement of claim containing grounds. Furthermore, in August 2023, the liquidator filed a further statement of claim, which is essentially directed against the former seller. Mutares will defend itself against this, as the claims are considered unfounded and legally absurd due to the lack of statutory provisions. A decision is still pending.

With regard to the acquisition of the business now operating as MoldTecs Group, there are still differences of opinion between the acquiring company, a direct subsidiary of Mutares, and the former owner regarding the final purchase price and a possible adjustment of the purchase price. As no agreement has been reached to date, the former owner filed an arbitration claim with the German Institute of Arbitration in January 2024 in order to clarify preliminary legal issues. On this basis, an arbitrator will then decide on the final purchase price calculation and adjustment in a second step. The plaintiff is also claiming damages. Mutares' direct subsidiary will defend itself against the lawsuit together with its legal advisors and assumes that, following a phase of written statements, a hearing is not expected before the third quarter of fiscal year 2024. No reliable statements can currently be made on the further course and possible outcome of the proceedings or the extent of the risk of an unfavorable outcome of this legal dispute for Mutares.

Other obligations

Indirect subsidiaries of Mutares SE & Co. KGaA from the Engineering & Technology segment are involved as partners of companies under civil law in joint agreements within the framework of joint ventures or consortium agreements. These have been entered into with the goal of completing customer projects. The majority of these joint ventures are based in Germany; the Mutares portfolio companies own between 20% and 100% of them.

Taking the structure and legal form of the arrangements and all other relevant facts and circumstances into account, the joint arrangements are to be classified as joint operations that are not individually material to the Group.

As of the balance sheet date, the joint and several liability from the investment in the civil law companies relates to projects with a total contract value of approximately EUR 698 million (previous year: approx. EUR 462 million). The subsidiaries' own share of this amounts to EUR 318.1 million (previous year: EUR 192.5 million). Based on the ongoing credit assessments of the consortium partners, we do not expect any claims to be made on the shares of other companies. With the exception of the amounts recognized as provisions for onerous contracts or as part of the loss-free valuation, we also do not expect any utilization for our own share.

Financial risks and financing risks

Price change, default and liquidity risk

Fluctuations in prices, sales and demand, including supply bottlenecks on the part of customers and suppliers, as well as general fluctuations on the commodity, capital and currency markets can have a negative impact on the asset and earnings position of the Group's portfolio companies. Mutares counters the risks at the level of the portfolio companies by continuously and promptly monitoring the business results and project progress, among other things with the help of indicators (e.g. cash balance and cash flow development), in order to be able to take countermeasures at an early stage. In particular, a reporting system is used to enable the timely monitoring of the performance of the investments. For example, the level of cash and cash equivalents is monitored on a weekly basis. Nevertheless, there is a risk that the management information system could provide insufficient, late or incorrect information, resulting in incorrect decisions being made.

Financial instruments are used as required in the portfolio companies to hedge commodity, currency and interest rate risks. The focus of the instruments is on forward transactions which provide for a fixed cash inflow or outflow in the future. The goal of using financial instruments is to hedge underlying transactions and reduce risks from cash flow fluctuations. The discontinuation of the underlying transaction or a change in the assumptions essential for hedging can lead to an increased liquidity risk.

Another significant risk for Mutares against the backdrop of its business model is the correct quantification of the future prospects and the restructuring effort of the portfolio companies, the provision of appropriate financing and the corresponding human resources on the part of Mutares. This risk is limited as best as possible through focused due diligence and subsequently continuously monitored.

In the case of trade receivables, there is a risk of loss for the Group if one of the parties fails to meet its contractual obligations. To hedge against this risk, credit default insurance is taken out in some cases. In addition, business relationships should only be entered into with creditworthy contractual parties and, if appropriate, by providing collateral, in order to mitigate the risks of loss arising from the non-fulfillment of obligations. Nevertheless, additional bad debt losses cannot be ruled out, particularly in connection with negative effects of the current general conditions on the economic performance of customers of the portfolio companies.

Financing risks

Increasing regulatory requirements for banks and insurance companies as well as a change in the credit rating of individual investments could lead to more difficult or less favorable financing conditions or to more difficult and more expensive procurement of guarantees. In addition to the bond terms and conditions affecting Mutares SE & Co. KGaA, the contracts in connection with financing lines at the investments generally contain covenants and other obligations, the breach of which could give the financing partner the right to terminate and thus have a negative impact on the financial position.

Investments with existing financing in the form of credit, loan, leasing, guarantee or factoring agreements at the time of acquisition are exposed to the risk that the financing partners could terminate these financing agreements at short notice in the event of a change of ownership or provide them with less favorable terms. In addition, if performance falls short of planning, the repayment of (loan) liabilities may be delayed or not possible in full.

Mutares counters these risks for portfolio companies by usually contacting financing partners before or shortly after the acquisition and also explaining in detail the current financial situation and the restructuring plan for the investment. However, there is a fundamental risk with every takeover that the previous financing partner cannot be fully convinced and therefore announces the termination of the existing financing. The same can happen due to a breach of agreed covenants.

The short- and longer-term yield curves in the euro area have reacted to the inflation trend by rising. If the current inflation momentum continues, it must be assumed that interest rates will continue to rise, which could have an impact in particular on short-term financing without fixed interest rates and on the floating-rate bond. The possible interest rate risk can be hedged by means of suitable instruments (e.g. interest rate swaps, options) after examining the individual case. Even hedging does not fully protect against the effects of rising interest rates in such constellations. In addition, hedging transactions involving the use of financial instruments could give rise to valuation and liquidity effects that have a negative impact on the asset, financial and earnings position.

In the case of investments that are to be developed with a new strategy following successful repositioning, access to external financing is often an important prerequisite for further growth. Due to a more restrictive financing environment as well as the commenced reduction of the expansive monetary policy of the European Central Bank, and thus a possible reduction of the available liquidity on the credit and capital markets, such financing may not always be secured.

Distribution and sales risks

Adjusting the product and customer portfolio for negative contribution margins is usually part of the restructuring following the acquisition of a new portfolio company. The loss of profitable customers or the delay of major orders in particular can have a negative impact on the asset, financial and earnings position of portfolio companies whose business is highly concentrated on a small number of major customers or projects. The same applies to sales markets characterized by high competitive pressure, from which the contribution margins and margins of the portfolio companies suffer. Finally, problems with customers that have arisen at one investee could also have a negative impact on the Group's other investees, especially those in the same segment.

As a rule, these risks are countered by active communication with customers and systematic sales structure and work at the level of the respective shareholding. Particularly for customers who account for a large share of sales, the goal is to conclude longer-term contracts, thereby increasing the ability to plan. Intensive communication can lead to better opportunities for orders or for large orders, especially if order processing has been satisfactory for both sides in the past.

Sustainability risks

Sustainability risks can include environmental, social or governance risks ("ESG", for short) and, if realized, can have an impact on Mutares' reputation in addition to its earnings and liquidity position.

Environmental risks[38] include risks to the health of people, living creatures, the environment and nature and can arise from a company's business activities and its products ("inside-out view"). Causes can include waste, chemicals and raw materials that cause air, soil and water pollution. Mutares may be exposed to these risks at the level of the portfolio companies, by taking over hidden soil and groundwater damages, for example, which could lead to cost-intensive remediation requirements. By means of a careful examination of possible environmental risks and their costs, Mutares already deals with the acquisition of a target company in the context of due diligence before the acquisition. Environmental risks can also arise as a result of an accident, if harmful substances leak into the environment, for example. The occurrence of such environmental risks is counteracted by an active approach to environmental protection and occupational safety as well as the training of employees at the producing sites of the portfolio companies.

Furthermore, environmental risks can also consist of climate-related risks that are physical or transitory in nature (so-called transition risks).

Physical climate risks

Physical climate risks comprise risks from direct damage to and/or costs for a company ("outside-in view") as a result of physical phenomena such as extreme weather events. A distinction is made between increasing frequency and intensity (acute climate risks) and longer-term changes in mean values and fluctuation ranges of various climate variables (chronic climate risks). Mutares counters the acute, physical climate risks, which can have an impact on the earnings and liquidity situation, through a shutdown of operations or through repair and investment costs, for example, at the portfolio company level. Among other things, building damage insurance policies that cover the operating sites can also include claims from natural disasters. Chronic, physical climate risks could be relevant for those portfolio companies that conduct their business activities in locations that are more exposed to extreme weather events in the future, such as coastal locations. These are not yet directly affected by loss events today, but could be affected in the future due to the impact of climate change. If a portfolio company is affected by chronic, physical climate risks, this is countered by physical measures such as flood protection.

Chronic, physical climate risks have not materialized for the Mutares Group as of the current status, nor have any material chronic, physical climate risks been identified.

[38] Social and governance risks can be found in the comments on other risk areas, so that environmental risks in particular are discussed under the heading of sustainability risks.

Climate-related transition risks

Dealing with climate-related transition risks is of crucial importance for Mutares and the sustainable development of both the Group and many of its portfolio companies. Mutares therefore expanded the Group's ESG management and the related advice to portfolio companies in fiscal year 2023 and will continue this expansion in fiscal year 2024. Climate-related transition risks are already systematically addressed in the acquisition process and the risks identified are included as standard in the decision-making process for an acquisition.

However, these extensive measures cannot completely rule out climate-related transition risks. This applies not only, but in particular, to climate-related transition risks that materialize as a result of new legislation, regulatory changes and mentality-related structural changes to relevant framework conditions and/or markets and have a negative impact on the business activities of individual portfolio companies.

For example, consumers' increasing orientation towards climate protection leads to market risks for a company's products and services that do not contribute to a CO_2-neutral overall economy.

Mutares takes such foreseeable or possible changes in the framework conditions in the context of climate policy measures by the EU or national governments into account when making acquisition decisions.

Supply chain risks

Procurement risks

In the area of purchasing, the portfolio companies are exposed to risks such as supplier default, late or poor-quality delivery, and price fluctuations, especially of raw materials. Mutares counters these risks by establishing a procurement management as well as a strict monitoring of the respective suppliers at the level of the portfolio companies. However, these measures cannot always mitigate the global trend of increased procurement costs in nearly all sectors. Depending on further developments, this could have potentially negative and in some cases also very negative effects on profitability in the Group, particularly if it is not possible to pass on these price increases to customers to an appropriate extent.

The Supply Chain Due Diligence Act ("Supply Chain Act") came into force on January 1, 2023. The goal of the Act is to ensure compliance with fundamental human rights standards in global supply chains. This was and is already a matter of course for the companies of the Group as required by the Mutares Code of Conduct before. Notwithstanding, Mutares has adapted its internal processes to the requirements of the new law. Companies within the scope of the Supply Chain Act are required, among other things, to extensively expand their risk assessment and supply chain management. The core of the expanded risk management is a comprehensive risk analysis, which must be carried out once a year as well as on an ad hoc basis if the company expects human rights and environmental risks to have changed significantly or expanded. As with other new laws, questions arise when implementing the requirements of the Supply Chain Act regarding the practical implementation of the regulations into operational practice. Mutares has therefore decided to implement all requirements with the advice of external experts.

Production risks

The individual portfolio companies of the Mutares Group are exposed to various production risks. There is a risk that after the acquisition, the optimization measures implemented by Mutares may not have an effect or may have a delayed effect and that cost savings cannot be implemented or can only be implemented with a delay. In addition, quality problems and delays in new and further product developments could lead to a loss of orders and customers at individual investments, which could have a negative impact on the asset, financial and earnings position of the respective portfolio company. Mutares addresses such risks by deploying qualified personnel and closely monitoring production processes.

In the project business, in which parts of the portfolio companies in the Engineering & Technology segment are primarily active, risks could arise from deviations from the schedules originally agreed with customers, which could result in postponed sales and profit realization or, in individual cases, contractual penalties. Risks can also arise due to deviations from agreed technical specifications, which can result in additional costs for the completion of the project or even contractual penalties. The scope and complexity of individual projects can lead to unexpected cost increases that are not compensated for by customers. To counter these risks, the portfolio companies concerned carry out extensive project management involving technical and commercial departments, both in the bidding phase and in the further course of the projects.

Trade credit insurance

In the event of a change of ownership in particular (and especially in the case of asset deals), trade credit insurers subject their exposures to intensive scrutiny, with the risk of a deterioration in the insurance conditions or a reduction or termination of the limits/cover commitments. For individual portfolio companies, this could result in increased liquidity requirements due to advance payments required from suppliers. At the same time, risks could arise from increased bad debt losses if these cannot be sufficiently covered by taking out trade credit insurance. Mutares counteracts these risks in the portfolio companies by ensuring tight accounts payable and receivable management adapted to the circumstances and regularly tries to reach an agreement with the seller already in the purchase agreement regarding purchase conditions and payment terms, provided that the seller remains a major supplier after the acquisition.

In order to prevent the risk of a deterioration in insurance conditions or a reduction or termination of the limits/cover commitments, contact is generally made with trade credit insurers before or shortly after the acquisition and the current financial situation and the restructuring plan for the investment are also explained in detail. Proactive communication and regular reporting of the shareholdings to the trade credit insurers create a basis of trust that enables constructive cooperation.

Personnel risks

Mutares' business success depends to a large extent on experienced key personnel, who must have outstanding cross-industry expertise in corporate transactions, financing and corporate law, as well as operational restructuring, while at the same time being highly resilient. Mutares competes globally with private equity firms in recruiting and retaining these key personnel, who are also in high demand for this profile. Mutares faces this competition and ensures through a bundle of measures that the Company has sufficient highly qualified personnel. Through careful personnel selection, a high degree of autonomy for the restructuring managers deployed, and compensation that is as variable and highly performance-related as possible, Mutares offers an attractive working environment for entrepreneurial personalities.

In the portfolio companies, too, averting fluctuation or recruiting qualified personnel is a key success factor. Here, local factors – such as locations without an attractive local living environment or high demand from other employers in the region – can represent an additional risk. Here, too, Mutares tries to create attractive framework conditions for qualified personnel by offering appropriate conditions, which are generally also designed to be success-oriented.

IT risks and information/data security

The business and production processes and the internal and external communication of companies are based to a large extent on information technologies. Information security requirements are constantly changing and increasing – particularly with regard to the confidentiality, availability and integrity of personal data, but also increasingly with regard to authenticity, non-repudiation, binding nature and reliability. Regulatory requirements with regard to the implementation of information security-related requirements are also increasing and are of growing importance and significance across all sectors.

One focus of the measures to avert IT risks is on reliable protection against unauthorized access, for example to sensitive information on potential transactions, the portfolio companies or economic information of the Mutares Group. Attacks on networks, infrastructure, applications, systems as well as targeted interception of digital, analog, and spoken information represent a risk for the Mutares Group. A significant disruption or failure of the systems used could lead to an impairment of business and production systems up to a complete loss of information and data or unintentional disclosure or falsification of that information. This can potentially result in financial, compliance and reputational damage.

In light of this, the preparation, monitoring and training of IT documentation on the hardware used, software licenses, the network and security policies, including access and data protection security concepts, is an integral part of risk prevention at the Mutares Group. The IT structures and data flows in the Mutares Group are largely standardized and make use of advanced technologies. In order to prevent potential failures, data loss, data manipulation and unauthorized access to the IT network, Mutares uses current and, in some cases, industry-specific standard software from renowned providers. If necessary, this is supplemented and constantly developed further by the Group's own specific developments, which are subject to continuous quality control. Back-up systems, mirrored databases and a defined emergency plan sustainably secure the data stock and ensure its availability. The IT systems are protected by special access and authorization concepts as well as effective and continuously updated anti-virus software. AI-based anomaly detection has also been implemented to curb "phishing attacks".

All business processes of Mutares SE & Co. KGaA have been recorded, evaluated and transferred to a data protection management system within the scope of DSGVO or GDPR compliance. All employees of Mutares SE & Co. KGaA are provided with detailed guidelines and work instructions on the subject of data protection, data security and general information security The IT infrastructure of Mutares SE & Co. KGaA is also continuously kept up to date with the latest technical standards.

Newly acquired portfolio companies of Mutares are regularly confronted with the challenge of separating the current IT systems from the IT landscape of the former parent company and/or upgrading them to a state-of-the-art level in a timely, cost-efficient manner and without system failures. Such changeover phases are also subject to the risks outlined above. Mutares generally pursues the approach here of subjecting the Group companies to technical modernization as part of the carve-out, replacing outdated systems and hardware and thereby raising the IT security standard, as well as identifying and implementing applicable standards and laws in the security context. As part of due diligence with regard to IT, IT and information risks are recorded, assessed and mitigation measures defined. The implementation of these measures is weighed according to a dedicated cost-benefit ratio and can also imply risk acceptance, avoidance or transfer (e.g., through appropriate insurance). The current implementation status of each portfolio company is monitored at regular intervals (at least quarterly). In addition, an annual meeting is held with the local management to coordinate the security strategy. The goal is always the use of state-of-the-art systems and applications and the use of cloud technologies for an efficient and secure delivery of business processes. Mutares strives to achieve a high level of transparency regarding the security level of each Group company and to ensure pragmatic implementation of security measures in line with the respective security ambition.

The generally observed increase in attacks on commercial enterprises with the aim of sabotage, blackmail or industrial espionage in recent years reinforces our approach to continuously review and improve our standards. To this end, Mutares has invested in the field of cyber security for the future in order to further conceptualize and implement information and IT security according to leading standards as well as to continuously monitor and consistently establish relevant standards and laws within the Group.

Tax risks

Mutares SE & Co. KGaA and its portfolio companies operate worldwide and are therefore subject to various tax laws. Uncertainties with effects on the asset, financial and earnings position of the Mutares Group could thus result in particular from ongoing changes in legislation, case law and different legal interpretations by the respective tax authorities, and could possibly assume a significant extent. In order to be able to respond appropriately to the associated tax risks, changes in tax legislation are continuously monitored by the tax department and countered by means of appropriate measures. External experts are consulted where necessary.

With the Act on the Implementation of Council Directive (EU) 2022/2523 to ensure global minimum taxation and other accompanying measures, Germany should comply with the obligation (applicable to all countries in the EU) to transpose the EU Directive on global minimum taxation ("Pillar Two"), which came into force at the end of 2022, into national law by December 31, 2023, at the latest. The regulations on global minimum taxation provide for the taxation of the worldwide profits of large companies (with an annual turnover of at least EUR 750 million) at an effective tax rate of at least 15%. Technically, the global minimum taxation is implemented via a primary surtax, a secondary surtax and a recognized national surtax.

The Act to Ensure Global Minimum Taxation for Corporate Groups (Minimum Tax Act – MinStG), which contains the regulations on global minimum taxation in Germany, had already entered into force as of the balance sheet date and is generally applicable to all fiscal years from January 1, 2024.

The Mutares Group falls within the scope of these regulations and has accordingly carried out an initial indicative analysis in cooperation with external consultants to determine the basic impact and the jurisdictions from which the Group or Mutares is exposed to possible effects in connection with Pillar Two Top-up Taxes. The first step was to check whether the CbCR safe harbor regulations were relevant. If a country was not excluded from the Pillar Two calculation after checking the safe harbor regulations, the effective tax rate was calculated on a simplified basis. From this first indicative analysis, only insignificant effects from the payment of a Pillar Two top-up tax were identified.

Mutares, in cooperation with external advisors, is closely monitoring the progress of the legislative process in each country in which the Company operates. Mutares makes use of the exemption from accounting and further disclosures on deferred taxes in connection with Pillar Two income taxes, which was the subject of the amendments to IAS 12 published in May 2023.

Overall statement on the risk situation

Based on the information currently available to the Management Board from the systematic, multi-level risk management system, no risks can be identified by the Management Board that could individually or in combination jeopardize the continued existence of Mutares SE & Co. KGaA, the Mutares Group or individual material Group companies. However, it is fundamentally possible that further developments with regard to the external framework conditions, the respective effects of which cannot be fully reliably estimated at the time of preparing this Combined Management Report, could deviate from the Management Board's current expectations.

7.3 Opportunities for future development

The identification of opportunities and the entrepreneurial exploitation of the opportunities identified represent the core of the Mutares business model.

In addition to the presentation of risks above, the following section provides information on opportunities where the Management Board considers them to be of particular relevance. The order in which the following explanations are presented does not reflect the assessment of the opportunities in terms of their significance.

Opportunities inherent in the business model[39]

The consistent strategic orientation of the Mutares business model and its further upscaling to a growing number of portfolio companies is by far the most significant opportunity for the Mutares Group.

The acquisition of companies in economically challenging situations or situations of upheaval (e.g. pending restructuring) with potential for operational improvement holds high value enhancement potential. To this end, extensive transformation plans are being implemented at the acquired portfolio companies. The goal of the sale is to realize the potential for value appreciation and to achieve a high return on invested capital.

[39] With regard to the opportunities in the portfolio companies, we refer to the comments above in the reports from the portfolio companies (para. 2.3).

As part of its business model, Mutares actively and systematically searches for target companies in situations of transition. In times of high uncertainty, additional opportunities may open up, especially on the buy side. The pipeline for purchase transactions continues to include promising acquisition projects. In addition to Mutares' strong reputation with a successful track record in the private equity market for special situations, financial flexibility is another pledge of trust for our transaction partners.

Mutares is present in other strategic core markets in Europe through its own offices, in addition to its home market of Germany. This makes it possible to compensate for regional fluctuations in the transaction markets and to ensure a constant deal flow.

Diversification of the portfolio and geographic expansion

When selecting investments, Mutares is generally not limited to specific regions or business models. However, the focus is on companies with a focus of activities in Europe that are in a situation of transition or are suitable as add-on acquisitions for existing platforms.

In fiscal year 2023, Mutares added a fourth segment to the previous three segments against the backdrop of the strong growth of recent years and with the strategic intention of expanding the target universe relevant to Mutares. Lapeyre, keeeper Group and FASANA were separated from the Goods & Services segment and established as an independent segment under the name Retail & Food. The signing of an agreement to acquire Gläserne Molkerei from the Emmi Group in July 2023 was the first step towards strengthening this new segment. In terms of sectors, the focus is on the four segments Automotive & Mobility, Engineering & Technology, Goods & Services and Retail & Food. Mutares strives to limit the risks of individual sectors through a diversified portfolio. The Management Board also strives for a balanced distribution of portfolio companies with regard to the three phases of value creation that investments usually go through during their affiliation with Mutares (realignment, optimization and harvesting).

In addition to its domestic market of Germany, Mutares is present in other strategic core markets in Europe through a total of nine further offices, including in France, Italy, Sweden and Spain. This is intended to compensate for regional fluctuations in the transaction markets and ensure a constant deal flow. In addition, further geographical expansion has been initiated by the expansion into China that has already taken place with the opening of an office in Shanghai and the opening of an office in the US planned for fiscal year 2024.

Strengthening the financial base

In March 2023, Mutares issued a senior secured bond with a term until March 2027, which was increased by a volume of EUR 50 million to the current nominal volume of EUR 150 million as of the reporting date in the further course of the fiscal year under an existing increase option. The inflow of liquidity from the issue will be used to refinance the bond issued in fiscal year 2020, which was fully redeemed early with the issue of the new bond, as well as for general company financing. The bond bears interest quarterly, for the first time on June 30, 2023, at the 3-month EURIBOR (EURIBOR-Floor of 0.00%) plus a margin of 8.50% and can be increased to a nominal volume of up to EUR 250 million during the term. By further exercising the existing increase option, the bond was increased to this maximum nominal value of EUR 250 million after the reporting date in the first quarter of fiscal year 2024.

Overall statement on the opportunity situation

The opportunities described are not the only ones that present themselves, and are particularly enhanced by the opportunities in the current portfolio and a possible exceptionally good business performance in the portfolio companies (as described in the reports from the portfolio companies in section 2.3). The assessment of opportunities for future development is also subject to change, as both the Group and the markets in which the portfolio companies operate are subject to continuous change. It is also possible that opportunities may not necessarily materialize.

8 FORECAST REPORT

This forecast is based on the expectations described in section 7.2 with regard to the general economic development and the specific expectations with regard to the likely further development of the individual portfolio companies as described in section 2.3. The forecast also expressly assumes that further risks, in particular the geopolitical risks described, will not materialize to a significant extent for the financial, asset and earnings position. In light of the transactions concluded and signed in the current fiscal year 2024 up to the date of preparation of this Combined Management and Group Management Report, the assumptions regarding further intended transactions in the course of the year and the plans for the individual portfolio companies, the Management Board expected annual **revenue** for the Mutares Group to increase to between EUR 5.7 billion and EUR 6.3 billion in fiscal year 2024 (fiscal year 2023: EUR 4.7 billion).

Taking the transactions completed and signed by the time of preparation as well as further planned transactions in the current fiscal year 2024 into account, (reported) **EBITDA** should again reach at least a slightly positive level (fiscal year 2023: EUR 756.9 million), in particular due to the gains from bargain purchases in connection with the acquisitions.

In terms of **adjusted EBITDA**, the Management Board currently expects an extraordinary improvement compared to fiscal year 2023 on the basis of the existing budgets and the start to fiscal year 2024 to date, on balance due to opposing effects. Adjusted EBITDA will be negatively impacted by the negative earnings contributions of the newly acquired investments. On the other hand, from today's perspective, the Management Board expects the restructuring measures successfully initiated at the portfolio companies and the resulting increase in their respective profitability to make a significantly positive contribution to adjusted EBITDA overall, which amounted to EUR 3.5 million for fiscal year 2023.

The **net profit** of Mutares SE & Co. KGaA is to regularly be in a range of 1.8% to 2.2% of the consolidated revenues of the Mutares Group. Based on expected revenues for the Mutares Group of EUR 6.0 billion on average, the Management Board therefore expects net profit for the year of EUR 108 million to EUR 132 million in fiscal year 2024 (fiscal year 2023: EUR 102.5 million). To this end, all sources from which the net income of Mutares SE & Co. KGaA, namely revenues from the advisory business on the one hand and dividends from portfolio companies and, in particular, exit proceeds from the sale of investments on the other, are expected to contribute to this target. Based on the current planning and under consideration of the risk factors, the Management Board therefore assumes that a sufficiently high net profit can also be generated for fiscal year 2024 in order to ensure the ability of Mutares SE & Co. KGaA to pay dividends at least at the level of the market expectation.

General statement on the forecast

The benchmark for the success of Mutares SE & Co. KGaA and the Mutares Group is mainly the restructuring and development progress of the investments as well as completed M&A transactions, which contribute to an increase in value in the Group after a successful turnaround and a further development of the investments depending on the situation.

Building on a fiscal year 2023 with which the Management Board is generally satisfied, the Management Board believes that the ambitious growth course – in terms of both the above-mentioned forecasts and the medium-term targets – is on a successful path thanks to the acquisitions made and the transformation programs initiated in the portfolio.

However, it is fundamentally possible that further developments with regard to the external framework conditions, the respective effects of which cannot be fully reliably estimated at the time of preparing this Combined Management Report, could deviate from the Management Board's current expectations.

Munich, March 27, 2024

Mutares Management SE,
General Partner of Mutares SE & Co. KGaA

The Management Board

Robin Laik Mark Friedrich

FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FROM JANUARY 1 TO DECEMBER 31, 2023

EUR million	Note	2023	2022
Revenues	6	4,689.1	3,751.7
Change in inventories		-4.4	-16.4
Other income	7	986.1	355.5
Cost of material	8	-2,799.5	-2,398.6
Personnel expenses	9	-1,369.6	-909.6
Other expenses	10	-744.8	-601.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**756.9**	**181.5**
Depreciation and amortization expenses		-320.0	-184.6
Earnings before interest and taxes (EBIT)		**436.9**	**-3.1**
Financial income	11	19.5	15.1
Financial expenses	11	-92.9	-68.4
Profit before tax		**363.5**	**-56.5**
Income tax expense/income	12	3.6	35.5
Net income for the year		**367.1**	**-21.0**
Of which attributable to:			
Shareholders of the parent company		397.1	-6.7
Non-controlling interest		-30.0	-14.2
Earnings per share in EUR (basic)	14	**19.08**	**-0.33**
Earnings per share in EUR (diluted)	14	**18.41**	**-0.32**

EUR million	Note	2023	2022
Net income	13	**367.1**	**-21.0**
Other comprehensive income		**-16.2**	**30.1**
Items reclassified to profit or loss in future if certain conditions are met			
Currency translation differences		5.2	-4.9
Items not subsequently reclassified to profit or loss			
Actuarial gains/losses	37	-8.4	29.6
Change in fair value of financial assets/liabilities	35	-13.0	5.4
Total comprehensive income	**13**	**350.9**	**9.2**
Of which attributable to:			
Shareholders of the parent company		380.9	21.5
Non-controlling interest		-30.0	-12.3

CONSOLIDATED BALANCE SHEET

ASSETS
AT DECEMBER 31, 2023

EUR million	Note	12/31/2023	12/31/2022
Intangible assets	16	245.3	143.9
Property, plant and equipment	17	1,166.7	764.2
Right of use assets (RoU assets)	18	466.1	375.6
Trade and other receivables	23	0.7	4.2
Other financial assets	21	128.7	46.0
Income tax receivables	12	0.7	0.6
Other non-financial assets	22	2.3	17.8
Deferred tax assets	12	28.6	20.4
Contract costs		0.2	0.2
Non-current contract assets	20	5.2	4.2
Non-current assets		**2,044.5**	**1,377.2**
Inventories	19	673.4	560.7
Current contract assets	20	102.8	46.8
Trade and other receivables	23	491.0	407.1
Other financial assets	21	225.5	183.1
Income tax receivables	12	9.9	3.4
Other non-financial assets	22	142.8	89.8
Cash and cash equivalents	25	520.2	246.4
Assets held for sale	24	138.6	115.0
Current assets		**2,304.2**	**1,652.4**
Total assets		**4,348.7**	**3,029.6**

EQUITY AND LIABILITIES
AT DECEMBER 31, 2023

EUR million	Note	12/31/2023	12/31/2022
Share capital	26	21.0	20.6
Capital reserves	27	139.0	134.9
Retained earnings	28	900.2	526.6
Other components of equity	29	9.1	30.6
Share of equity attributable to shareholders of the parent company		**1,069.3**	**712.7**
Non-controlling interests	30	50.3	1.4
Total equity		**1,119.6**	**714.0**
Trade payables and other liabilities	34	5.6	4.7
Other financial liabilities	35	350.8	180.7
Lease liabilities	36	380.0	294.6
Provisions for pensions and other post-employment benefits	37	130.6	94.4
Other provisions	38	211.6	119.3
Other non-financial liabilities	39	1.2	2.5
Deferred tax liabilities	12	141.0	116.1
Non-current contract liabilities	20	3.8	4.1
Non-current liabilities		**1,224.6**	**816.3**
Trade payables and other liabilities	34	674.6	588.0
Other financial liabilities	35	342.4	305.9
Lease liabilities	36	86.9	60.2
Provisions	38	166.3	109.8
Income tax liabilities	12	24.3	8.6
Other non-financial liabilities	39	358.3	173.4
Current contract liabilities	20	220.4	156.7
Liabilities related to assets held for sale	24	131.3	97.0
Current liabilities		**2,004.5**	**1,499.6**
Total equity and liabilities		**4,348.7**	**3,029.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM JANUARY 1, 2022, TO DECEMBER 31, 2023

	Equity attributable to shareholders of the parent company						
EUR million	**Share capital**	**Capital reserve**	**Retained earnings**	**Other equity components**	**Total**	**Non-controlling interests**	**Total equity**
As at 01/01/2022	**20.6**	**134.0**	**565.8**	**0.8**	**721.2**	**15.2**	**736.4**
Net income for the year	0.0	0.0	–6.7	0.0	–6.7	–14.2	**–21.0**
Other comprehensive income after income taxes	0.0	0.0	0.0	28.2	28.2	1.9	**30.1**
Complete comprehensive income for the fiscal year	**0.0**	**0.0**	**–6.7**	**28.2**	**21.5**	**–12.3**	**9.2**
Dividends paid	0.0	0.0	–30.9	0.0	–30.9	–1.5	**–32.4**
Recognition of share-based payments	0.0	0.9	0.0	0.0	0.9	0.0	**0.9**
Reclassification due to deconsolidation	0.0	0.0	–1.6	1.6	0.0	0.0	**0.0**
As at 12/31/2022	**20.6**	**134.9**	**526.6**	**30.6**	**712.7**	**1.4**	**714.0**
As at 01/01/2023	**20.6**	**134.9**	**526.6**	**30.6**	**712.7**	**1.4**	**714.0**
Net income for the year	0.0	0.0	397.1	0.0	397.1	–30.0	**367.1**
Other comprehensive income after income taxes	0.0	0.0	0.0	–16.2	–16.2	–0.1	**–16.2**
Total comprehensive income for the fiscal year	**0.0**	**0.0**	**397.1**	**–16.2**	**380.9**	**–30.1**	**350.9**
Capital increase from conditional capital	0.4	2.9	0.0	0.0	3.3	0.0	**3.3**
Dividends paid	0.0	0.0	–36.1	0.0	–36.1	–1.2	**–37.3**
Recognition of share-based payments	0.0	1.2	0.0	0.0	1.2	0.0	**1.2**
Transactions with minority interests	0.0	0.0	0.0	0.0	0.0	87.5	**87.5**
Reclassification due to consolidation	0.0	0.0	12.6	–5.3	7.3	–7.3[1]	**0.0**
As at 12/31/2023	**21.0**	**139.0**	**900.2**	**9.1**	**1,069.3**	**50.3**	**1,119.6**

[1] Reclassifications relate in part to deconsolidation transactions with regard to non-controlling interests from previous years and from the sale of non-controlling interests.

CONSOLIDATED STATEMENT OF CASH FLOWS

FROM JANUARY 1 TO DECEMBER 31, 2023

EUR million	Note	2023	2022
Net income for the year	13	367.1	-21.0
Bargain purchases gains (-) from business combinations	5	-727.2	-262.0
Gains (-)/losses (+) from deconsolidations	5, 7, 10	-104.9	-28.6
Depreciation and amortization (+) of intangibles and non-current assets	16, 17	320.0	184.6
Gain (-)/loss (+) from the disposal of non-current assets	16, 17	-27.3	0.0
Other non-cash expenses (+)/income (-)		31.9	21.1
Interest expense (+)/interest income (-)	11	73.4	53.3
Income tax expense (+)/income (-)	12	-3.6	-35.5
Income tax payments (-)	12	-11.1	-6.1
Increase (-)/decrease (+) in inventories	19	71.1	-39.4
Increase (-)/decrease (+) in trade receivables	23	106.6	-60.4
Increase (+)/decrease (-) in trade payables	34	-52.1	128.6
Variations in trade working capital		**125.7**	**28.8**
Increase (-)/decrease (+) in contract assets	20	-15.7	55.4
Increase (-)/decrease (+) in other assets	21, 22, 24	-136.5	-7.0
Increase (+)/decrease (-) in accruals	37, 38	-45.7	-53.9
Increase (+)/decrease (-) in contract liabilities	20	-5.2	37.2
Increase (+)/decrease (-) in other liabilities	35, 39, 24	128.4	12.4
Variations in other working capital		**-74.8**	**44.1**
Currency translation effects		3.3	0.5
Cash flow from operating activities		**-27.5**	**-20.8**

EUR million	Note	2023	2022
Proceeds (+) from disposals of property, plant and equipment	17	67.8	29.2
Disbursement (-) for investments in property, plant and equipment	17	-138.2	-84.4
Proceeds (+) from disposals of intangible assets	16	0.2	1.1
Disbursement (-) for investments in intangible assets	16	-26.3	-18.5
Proceeds (+) from disposals of assets held for sale	24	17.1	18.9
Payments (-) for additions to the consolidation group	5	-72.5	-41.6
Proceeds (+) from additions to the consolidation group	5	426.4	152.0
Proceeds (+) from disposals from the consolidation group	5	171.3	54.3
Payments (-) from disposals from the consolidation group	5	-2.0	-27.6
Interest received (+)	11	8.3	0.7
Dividends received (+) from joint ventures	44	2.3	0.0
Cash flow from investing activities		**454.5**	**84.1**
Dividends paid (-) to shareholders of the parent company	28	-36.1	-30.9
Dividends paid (-) to non-controlling shareholders	30	-1.5	-1.5
Payments received (+) in connection with a capital increase from conditional capital	32	4.9	0.0
Proceeds (+)/payments (-) from bonds	35	69.2	0.0
Proceeds (+) from the issuance of (financial) loans	35	92.1	117.9
Payments (-) of (financial) loans	35	-114.0	-60.7
Payments (-) for the repayment of lease liabilities	36	-106.5	-74.0
Proceeds (+)/payments (-) from factoring	35	5.4	21.2
Interest paid (-)	11	-58.1	-27.8
Cash flow from financing activities		**-144.6**	**-55.8**
Change in cash and cash equivalents		**282.5**	**7.5**
Effect of currency translation on cash and cash equivalents		-0.1	-0.1
Change in cash and cash equivalents due to IFRS 5 reclassification	24	-8.6	-16.1
Cash and cash equivalents at the beginning of the period	25	246.4	255.1
Cash and cash equivalents at the end of the period	25	**520.2**	**246.4**

A BASIC PRINCIPLES / GENERAL INFORMATION

1 Reporting company

Mutares SE & Co. KGaA, Munich (hereinafter referred to as “the Company” or also “Mutares” or, together with the direct and indirect subsidiaries , also “the Group”) has its registered office in Munich and is registered there with the local court in the commercial register section B under number 250347. The registered office and head office of the Company is on Arnulfstraße 19, 80335 Munich, Germany.

Mutares is an international private equity investor that focuses on special situations. After the acquisition, the business model comprises three phases of value creation that portfolio companies usually go through during their affiliation with Mutares: Realignment, Optimization and Harvesting. Accordingly, after the transformation (restructuring, optimization and repositioning) and/or development, the value enhancement potential identified is realized by selling the company.

In addition to its domestic market of Germany, Mutares is present in other strategic core markets in Europe through a total of nine further offices of its own, including in France, Italy, Sweden and Spain. This is intended to ensure a constant deal flow based on a regional network. In addition, further geographical expansion has been initiated by expanding into China by opening an office in Shanghai and the planned opening of an office in the US in fiscal year 2024.

Mutares added a fourth segment to the previous three segments in fiscal year 2023. Lapeyre, keeeper Group and FASANA were carved out of the Goods & Services segment and included in the new independent segment called Retail & Food.[1] The signing of an agreement to acquire Gläserne Molkerei from the Emmi Group in July 2023 was the first step towards further strengthening this new segment. As of December 31, 2023, the portfolio of Mutares SE & Co. KGaA contains 30 operating investments or investment groups (previous year: 29), which are divided into the four segments Automotive & Mobility, Engineering & Technology, Goods & Services and Retail & Food.

2 Basis of preparation of the financial statements

As part of the regular review of its small-cap index in December 2023, Deutsche Börse decided to include the shares of Mutares SE & Co. KGaA in the SDAX as of December 18, 2023. This makes Mutares one of the most liquid and largest listed companies in Germany below the DAX and MDAX in terms of free float market capitalization. The share has already been included in the MSCI Germany Small Cap Index within the index family of the US financial services provider MSCI.

The Company’s fiscal year is the calendar year. The Consolidated Financial Statements of Mutares for fiscal year 2023, consisting of the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the Notes to the Consolidated Financial Statements, have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB. The term IFRS also includes all International Accounting Standards (IAS) still in force as well as all interpretations and amendments of the International Financial Reporting Standards Interpretations Committee (IFRS IC) – formerly the International Financial Reporting Interpretations Committee (IFRIC) – and the former Standing Interpretations Committee (SIC).

The Consolidated Financial Statements have been prepared under the historical cost convention. This does not apply to selected financial instruments and share-based payments, which are measured at fair value. A corresponding explanation is provided in the context of the respective accounting and valuation methods (cf. note 53).

Historical cost is generally based on the fair value of the consideration paid in exchange for the asset. The fair value is the consideration that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the transaction date. It is irrelevant for the price whether it is directly observable or determined using a valuation technique.

[1] The figures for the prior year were adjusted in line with the new segment structure.

If the fair value is determined using an evaluation procedure, it must be classified in one of the following three categories depending on the observable parameters available and the respective significance of the parameters for a valuation as a whole:

- **Level 1:** Input parameters are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- **Level 2:** Input parameters are prices other than those quoted in Level 1 that are either directly observable for the asset or liability or can be derived indirectly.
- **Level 3:** Input parameters are unobservable for the asset or liability.

The Group determines at the end of each fiscal year whether transfers have occurred between levels in the hierarchy by reviewing the classification (based on the lowest level input parameter that is significant to the fair value measurement as a whole).

The general responsibility for monitoring all significant fair value measurements, including Level 3 fair values, lies with the finance department, which reports directly to the Chief Financial Officer. Where necessary, selected external valuers are used to determine the fair value of significant assets and liabilities. Selection criteria include, for example, market knowledge, reputation, independence and compliance with professional standards. The finance department decides in discussions with the external valuers which valuation techniques and input factors are to be applied in each individual case.

As a rule, the Group classifies assets and liabilities as current if they are expected to be realized or settled within twelve months of the balance sheet date. Where assets and liabilities have both a current and a non-current portion, they are broken down into their maturity components and presented as current and non-current assets or liabilities in accordance with the balance sheet classification.

The Consolidated Statement of Comprehensive Income is prepared using the total cost method. Mutares SE & Co. KGaA prepares and publishes its Consolidated Financial Statements in euros (EUR). Unless stated otherwise, all figures are generally presented in millions of euros (EUR million for short). Differences of up to one unit (million, %) are rounding differences for computational reasons.

All IASs/IFRSs mandatory for December 31, 2022, and all interpretations (SIC/IFRIC) that have been adopted by the European Union by December 31, 2023, and are effective have been taken into account.

The Consolidated Financial Statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the Management Board considers information covering a period of at least twelve months from the date of preparation. On this basis, there are no known material uncertainties that could cast significant doubt on the Group's ability to continue as a going concern.

3 Estimates and discretionary decisions

The preparation of financial statements in conformity with IFRS requires estimates and discretionary decisions that affect the reported amounts and related disclosures. The estimates and discretionary decisions in these Consolidated Financial Statements relate primarily to purchase price allocations in the context of business combinations (in particular, determining the fair value of acquired assets and liabilities and estimating contingent purchase price components), the assessment of the recoverability of intangible assets, the uniform Group-wide determination of useful lives for property, plant and equipment and intangible assets as well as the recognition and measurement of retirement benefit plans/pension provisions, income taxes and deferred tax assets on loss carryforwards.

The macroeconomic and sector-specific conditions can have a direct and indirect impact on the business performance, risks, results of operations and cash flows of the portfolio companies in the Mutares Group. The assumptions underlying the discretionary decisions and estimates are based on the knowledge currently available. In particular, the expected future business development and the circumstances prevailing at the time of preparation of the Consolidated Financial Statements are taken into account. The future development of the business environment, which is assumed to be realistic, is also taken as a basis. Due to the increased uncertainty regarding future economic developments, among other things in the context of the current geopolitical situation or the ECB's restrictive monetary policy in response to a rise in inflation rates, the premises for discretionary decisions and estimates are therefore subject to uncertainty to a greater extent than usual. Should the conditions that occur deviate from the premises, or should developments occur that differ from the underlying assumptions and are beyond the company's control, the amounts that arise could differ from the originally expected estimates. The estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The estimates and assumptions are reviewed on an ongoing basis. Changes in estimates are only recognized in the period in which they occur if the change affects only one period. Revisions to estimates that affect both the current and subsequent reporting periods are recognized accordingly in this and subsequent periods.

Further information on estimates and judgments in connection with climate risks can be found in Note 54.

3.1 Estimates

In the context of **business combinations**, estimates are generally made with regard to the determination of the fair value of the acquired assets and liabilities. Land and buildings are generally valued according to standard land values or, like technical equipment and machinery, by an independent expert. For the valuation of intangible assets, independent external experts are generally consulted, depending on the type of asset and the complexity of the valuation. Depending on the type of asset and the availability of information, different valuation techniques are used, which can be broken down into cost, market price and capital value-oriented methods.

The total amount of net assets acquired from the business combinations in fiscal year 2023, for which the determination of the fair value was partly subject to estimation uncertainties, amounts to EUR 904.3 million (previous year: EUR 278.2 million). For further details, please refer to Note 5.

The fair value of contingent consideration in connection with business acquisitions and disposals that are subsequently measured at Level 3 fair value is determined in accordance with generally accepted valuation techniques based on discounted cash flow analyses. The main input parameters are expectations of future cash flows and discount rates.

The accounting treatment of business combinations for which the measurement period of IFRS 3.45 has not yet expired is still provisional in some cases. For further details, please refer to Note 5.1.

If circumstances arise that indicate that the carrying amount of a group of **cash-generating units** (CGUs) may not be recoverable, the respective CGUs are tested for impairment. An impairment test was then carried out on some of the CGUs to determine whether the recoverable amount (higher of fair value less costs to sell and value in use) exceeds the carrying amount of the CGU. This led to the recognition of an impairment loss in the income statement for four CGUs (see Note 16 “Intangible assets”, Note 17 “Property, plant and equipment” and Note 18 “Right-of-use assets”).

The cost of capital used in the impairment tests ranges between 6.6% and 12.9%. In connection with the impairment tests carried out, sensitivity analyses were performed with regard to the key parameters, namely the cost of capital and expected future net cash flows. The hypothetical increase in the cost of capital used for discounting the expected future net cash flows by 1 percentage point or the reduction in the expected future net cash flows by 10 percentage points would lead to an additional impairment requirement of EUR 19.4 million and EUR 13.6 million respectively.

Retirement benefit plans/pension provisions in some of the Group's portfolio companies are mapped by Mutares on the basis of actuarial mathematical models. For this purpose, estimates are required and made with regard to, among other figures, the discount rate, the compensation, and life expectancy. Changes in market and economic conditions can lead to deviating probabilities of current developments for the parameters mentioned. Differences in significant parameters are calculated on the basis of sensitivity analyses. For details of the estimates made, please refer to the relevant explanatory notes on retirement benefit plans/pension provisions in Note 37.

Mutares estimates the expected **useful lives** of intangible assets with finite useful lives (Note 53.3) and property, plant and equipment (Note 53.4), and tests them for an **impairment loss** annually, both on an ad hoc basis and additionally for intangible assets with indefinite useful lives (including goodwill). The recoverable amount must be estimated. This corresponds to the higher of fair value less costs to sell and value in use. Determining the recoverable amount regularly involves making estimates regarding the forecast and discounting of future cash flows. Management believes that the estimates made regarding the expected useful life and recoverability of certain assets, the assumptions about macroeconomic conditions and developments in the industries in which the portfolio companies of Mutares operate, and the estimate of the present values of future payments are appropriate. Nevertheless, changed assumptions or changed circumstances may make corrections necessary. These can lead to additional impairments or even reversals of impairments in the future, if the developments expected by Mutares cannot be fully realized. For details on the estimates made, please refer to the relevant explanations on assets in Note 16 and Note 17.

Some **leases** in the Mutares Group include renewal and termination options. When determining the term of leases, Mutares considers all relevant facts and circumstances that provide an economic incentive to exercise or not exercise renewal or termination options. Any changes in the lease term are only taken into account if there is sufficient certainty that renewal or termination options will or will not be exercised during the lease term. This generally leads to remeasurement of the lease liability and a corresponding adjustment to the right of use not affecting profit or loss.

3.2 Discretionary decisions

In the process of applying the accounting policies, judgments are made that affect theConsolidated Financial Statements. The judgments described below also include estimates.

In accordance with IFRS 15, Mutares makes judgments in determining the amount and timing of **revenue from contracts with customers**. For contracts that are fulfilled over a period of time, both the input method (cost-to-cost) and the output method are applied, depending on the assessment of Mutares' ability to convey a true and fair view of the performance. For time-period related services, performance is deemed to be fulfilled when the service is rendered. For contracts that are fulfilled at a specific point in time, revenue recognition is based on the transfer of control over the good. As a rule, the assessment of the transfer of control is based on the agreed Incoterms.

The companies of the Mutares Group are obliged to pay **income taxes**. Assumptions are required to determine the tax liabilities. There are business transactions and calculations for which the final taxation cannot be conclusively determined during the ordinary course of business. The Group measures the amount of provisions for expected tax payments on the basis of estimates as to whether and in what amount additional taxes will be due. If the final taxation of these transactions differs from the initial estimate, this will have an effect on the current and deferred taxes in the period in which the taxation is finally determined. For details of the discretionary decisions made, please refer to the explanatory notes on income taxes in Note 12.

For the recognition of deferred tax assets on loss carryforwards, Mutares estimates the future taxable income and the timing of the future realization and thus reversal of deferred tax assets. Estimates of the planned operating result, the result from reversing taxable temporary differences and realistic tax policies are consulted. Due to the uncertainty regarding future developments of the respective companies, Mutares must make reasonable assumptions regarding deferred tax assets on loss carryforwards. Accordingly, deferred tax assets are only recognized to the extent that future usability is sufficiently probable. For details on the discretionary decisions made, please refer to the explanations on deferred tax assets on loss carryforwards in Note 12.6.

If the respective assets do not generate cash inflows that are largely independent of other cash inflows, they are recognized in a cash-generating unit (CGU) and the **impairment test** is performed at the level of the cash-generating unit to which the assets to be tested are allocated.

In the accounting treatment of **leases**, Mutares regularly uses the incremental borrowing rate to discount the lease payments relevant to the measurement of the present value of the lease liabilities due to the lack of availability of the interest rate on which the lease is based. This is determined for each lease on a term-equivalent basis and on a currency-specific risk-equivalent basis and generally comprises three components. These generally comprise corresponding reference interest rates, company-specific credit risk premiums, and asset-specific adjustments. Mutares derives the reference interest rates from maturity-equivalent government bonds using a database. The credit risk premiums specific to companies are determined on the basis of capital market data via synthetic ratings. Contract-specific adjustments are implicitly taken into account.

B COMPOSITION OF THE GROUP

4 Scope of consolidation

Fully consolidated companies

In addition to the parent company, the consolidated Group of Mutares SE & Co. KGaA comprises 285 (previous year: 194) fully consolidated companies as of December 31, 2023. Of these, 93 (previous year: 76) companies have their registered office in Germany and 192 (previous year: 118) companies have their registered office abroad.

The scope of consolidation as of December 31, 2023, comprises the following operating units (investments) and national subsidiaries:

AUTOMOTIVE & MOBILITY SEGMENT

No.	Investment	Description
1	**Amaneos**	Amaneos SE, Frankfurt; MoldTecs-01-2022 GmbH, Stuttgart, and its subsidiaries; Light Mobility Solutions GmbH, Obertshausen; SFC-Gesellschaften in Europe and India; Elastomer Solutions GmbH, Wiesbaum, and its subsidiaries
2	**FerrAl United Group**	FerrAl United GmbH, Bad Wiessee; PrimoTECS S. p. A., Avigliana / Italy; Rasche Umformtechnik GmbH & Co. KG, Plettenberg, and its subsidiaries; Cimos d. d., Koper / Slovenia, and its subsidiaries; MMT-B SAS, Blanquefort / France; BEW Umformtechnik GmbH, Rosengarten and its subsidiaries; Selzer Fertigungstechnik GmbH & Co. KG and its subsidiaries; Gesenkschmiede Schneider, Aalen; Schöneweiss & Co. GmbH, Hagen; Falkenroth Umformtechnik GmbH, Schalksmühle; Jeco-Jellinghaus GmbH, Gevelsberg; Walor International, Laval / France and its subsidiaries
3	**HILO Group (formerly: KICO Group and ISH Group)**	KICO GmbH, Halver, and its subsidiaries; Innomotive Systems Hainichen GmbH and its subsidiaries in China und Romania; High Precision Components Witten GmbH, Witten
4	**iinovis Group**	iinovis Beteiligungs GmbH, Munich, and its subsidiaries
5	**Peugeot Motocycles Group**	Peugeot Motorcycles SAS, Mandeure / France, and its subsidiaries

The previously separate investments MoldTecs Group, LMS and the SFC and Elastomer companies have been organizationally combined under the umbrella brand **Amaneos** since fiscal year 2023.

FerrAl United Group includes the previously separate investments Cimos Group, PrimoTECS and Rasche Umformtechnik as well as the add-on acquisitions of Manufacturing Mobility of Tomorrow (MMT-B), BEW Umformtechnik, Selzer and Gesenkschmiede Schneider, Schöneweiss & Co., Falkenroth Umformtechnik and Walor in its organizational structure since fiscal year 2023.

HILO Group now includes the previously separately managed portfolio companies KICO Group and ISH Group, including the recently completed add-on acquisitions (see Note 5 and Note 50).

ENGINEERING & TECHNOLOGY SEGMENT

No.	Investment	Description
6	**Byldis**	Byldis Group B.V, Amsterdam / Netherlands and its subsidiaries
7	**Clecim**	Clecim SAS, Savigneux / France
8	**Donges Group**	Donges Steeltec GmbH, Darmstadt, and its subsidiaries
9	**Efacec**	Efacec Power Solutions SGPS, S. A., Porto / Portugal and its subsidiaries
10	**Gemini Rail and ADComms Group**	Gemini Rail Services UK Ltd, Wolverton / United Kingdom and ADComms, Scunthorpe / United Kingdom
11	**Guascor Energy**	Guascor Energy S. A. U., Zumaia / Spain and its subsidiaries
12	**La Rochette Cartonboard**	La Rochette Cartonboard SAS, Valgelon-La Rochette / France
13	**NEM Energy Group**	NEM Energy B. V., Zoeterwoude / Netherlands; Balcke-Dürr GmbH, Düsseldorf and its subsidiaries
14	**Steyr Motors Group**	Steyr Motors Betriebs GmbH, Steyr / Austria
15	**VALTI**	VALTI SAS, Montbard / France

Valti was sold to the local management at the beginning of fiscal year 2024. As the sale was already highly probable as of the reporting date, the assets and liabilities of Valti were recognized and measured as held for sale (see Note 24).

GOODS & SERVICES SEGMENT

No.	Investment	Description
16	**Asteri Facility Solutions and Palmia Group**	Asteri Facility Solutions AB Solna / Sweden; Palmia Oy, Helsinki / Finland and its subsidiaries
17	**Conexus (formerly: EXI and SIX Energy Group)**	EXI S.p.A., Rome / Italy and SIX Energy S.p.A., Milan / Italy
18	**Frigoscandia Group**	Frigoscandia AB, Helsingborg / Sweden, and its subsidiaries
19	**Ganter Group**	Ganter Interior GmbH, Waldkirch, and its subsidiaries
20	**GoCollective, ReloBus und MobiLitas (formerly: part of the Arriva Group)**	GoCollective A/S., Kastrup / Denmark and its subsidiaries; ReloBus Transport Polska Sp. Z.o.o., Torun / Poland; Arriva Litas d.o.o, Pozarevac / Serbia
21	**REDO**	Redo Oy, Vantaa / Finland
22	**Repartim Group**	REPARTIM SAS, Tours / France and its subsidiaries
23	**SRT Group**	SRT Group SAS Paris / France, and its subsidiaries
24	**Terranor Group**	terranor Oy, Helsinki / Finland, and its subsidiaries; terranor AB, Solina / Sweden, and its subsidiaries; terranor AS, Trige / Denmark

In December 2023, Mutares signed an agreement to sell **Frigoscandia** to the logistics service provider Dachser; the transaction was completed in the first quarter of fiscal year 2024. As the sale was already highly probable as of the reporting date, the assets and liabilities of Frigoscandia were recognized and measured as held for sale (see Note 24).

RETAIL & FOOD SEGMENT

No.	Investment	Description
25	**Gläserne Molkerei**	Gläserne Molkerei GmbH, Dechow, and its Münchehofe subsidiaries
26	**FASANA**	FASANA GmbH, Euskirchen
27	**keeeper Group**	keeeper GmbH, Stemwede, and its Polish subsidiary
28	**Lapeyre Group**	Lapeyre Holding SAS, Aubervillier / France, and its subsidiaries
29	**Prénatal**	Moeder & Kind B.V., Amersfoort / Netherlands, and its subsidiaries
30	**TeamTex**	TeamTex Management SAS, Charvieu-Chavagneux / France and its subsidiaries

NATIONAL SUBSIDIARIES

No.	Investment	Description
1	**Mutares France**	Mutares France SAS, Paris / France
2	**Mutares Italy**	Mutares Italy Srl, Milan / Italy
3	**Mutares UK**	Mutares UK Ltd, London / United Kingdom
4 + 5	**Mutares Nordics**	Mutares Nordics Oy, Vantaa / Finland; Mutares Nordics AB, Stockholm / Sweden
6	**Mutares Iberia**	Mutares Iberia S.L., Madrid / Spain
7	**Mutares Austria**	Mutares Austria GmbH, Vienna / Austria
8	**Mutares Benelux**	Mutares Benelux B.V., Amsterdam / Netherlands
9	**Mutares Poland**	Mutares Poland Sp.z.o.o., Czestochowa / Poland

Details of the scope of consolidation are provided in the list of shareholdings, which forms part of these Notes to the Consolidated Financial Statements as Annex 1.

5 Changes in the scope of consolidation

5.1 Acquisitions of subsidiaries

The acquisitions of subsidiaries in the two relevant reporting periods are listed below.

5.1.1 Acquisitions of subsidiaries in the fiscal year

The following subsidiaries were acquired and consolidated for the first time in the period from January 1 to December 31, 2023:

Acquisition of Peugeot Motocycles Group ("PMTC")

On January 31, 2023, Mutares completed the acquisition of 50% of the shares and a controlling 80% stake in Peugeot Motocycles (SAS) from Mahindra & Mahindra. PMTC designs and manufactures two- and three-wheeled scooters distributed by subsidiaries, importers and dealers in France and internationally on three continents. The acquisition serves to strengthen the Automotive & Mobility segment.

The consideration of EUR 7.0 million for the acquisition of the company was paid at the time of acquisition. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 108.1 million, resulting in a bargain purchase gain of EUR 15.0 million. Part of the acquired assets is a joint venture in China, which is included in other non-current assets with a fair value of EUR 37.6 million in the following table.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	25.6
Property, plant and equipment	21.9
Right of use assets	1.2
Other non-current assets	43.8
Non-current assets	**92.5**
Inventories	23.6
Receivables and other current assets	13.2
Other current assets	94.2
Current assets	**131.0**
Deferred tax liabilities	15.9
Other non-current liabilities	17.8
Non-current liabilities	**33.6**
Current liabilities	**81.7**
Net assets	**108.1**
Minority interest	**86.1**
Bargain purchase	**15.0**
Consideration	**7.0**

In connection with the acquisition, Peugeot Motocycles issued a floating-rate mandatory convertible bond in a nominal amount of EUR 74.1 million with a term of ten years, which was fully subscribed to by the previous shareholder and current minority shareholder (Mahindra & Mahindra). This mandatory convertible bond is a compound financial instrument that contains both an equity and a debt component. The nominal amount of EUR 64.1 million was classified as equity due to the fixed conversion ratio. The conversion of the contractually agreed (compound) interest, on the other hand, is based on the fair value of the shares at the time of conversion, meaning that they are to be treated as debt. Consequently, a financial liability of EUR 10.0 million was recognized in the amount of the fair value of the (compound) interest expected at the time of issue, which is subsequently measured at amortized cost.

The shares in non-controlling interests were measured at fair value; the general valuation methods used to determine the fair value of the assets were applied.

The other current assets acquired include cash and cash equivalents of EUR 83.9 million, which were used in part to repay bank loans of EUR 39.6 million and a loan from the former shareholder of EUR 3.9 million following the completion of the transaction in accordance with the agreement. The fair value of assets from promised compensation payments recognized in the opening balance sheet amounts to EUR 4.2 million and corresponds to provisions from legal disputes in the same amount.

The fair value of the acquired receivables based on a gross receivable amount of EUR 15.5 million at the acquisition date is EUR 13.2 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 2.3 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 105.2 million and earnings after taxes of EUR –8.1 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have generated sales of EUR 111.2 million and contributed a result after income taxes of EUR –9.5 million to the Group's result in the fiscal year.

Acquisition of Palmia

To strengthen the Goods & Services segment and its presence in Finland, Mutares completed the acquisition of all shares and voting rights in Palmia Oy from the City of Helsinki on February 7, 2023. Palmia is a Finnish service provider for schools, daycare centers, hospitals and other public sector facilities. Its services include food services, cleaning services, security services and building maintenance services.

The purchase price for the acquisition of the company amounted to EUR 0.4 million and was paid at the time of acquisition. Acquisition-related incidental costs in the low six-figure range were incurred. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR –2.2 million, resulting in goodwill of EUR 2.6 million, which reflects the expected positive future prospects of the Company. The transaction did not result in any goodwill that is deductible for tax purposes.

The following table shows the results of the purchase price allocation and the derivation of goodwill included in intangible assets:

EUR million	Fair Value
Intangible assets	4.4
Property, plant and equipment	5.2
Right of use assets	8.9
Other non-current assets	2.6
Non-current assets	**21.1**
Inventories	0.7
Receivables and other current assets	9.5
Other current assets	2.2
Current assets	**12.4**
Deferred tax liabilities	1.1
Other non-current liabilities	5.8
Non-current liabilities	**6.9**
Current liabilities	**28.8**
Net assets	**–2.2**
Goodwill	**2.6**
Consideration	**0.4**

The fair value of the acquired receivables based on a gross receivable amount of EUR 9.5 million at the acquisition date is EUR 9.5 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 123.5 million and earnings after taxes of EUR –5.7 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have contributed sales of EUR 134.8 million and earnings after income taxes of EUR –6.5 million to the Group's earnings in the fiscal year.

Acquisition of a plant from Magna in Bordeaux (now trading as Manufacturing Mobility of Tomorrow – Bordeaux ("MMT-B"))

Effective March 1, 2023, Mutares has completed the full acquisition of Manufacturing Mobility of Tomorrow – Bordeaux SAS ("MMT-B") including a French plant active in the production of gearboxes from the automotive supplier Magna. The acquisition strengthens the Automotive & Mobility segment as synergy effects can be expected with the activities of other portfolio companies in the segment, particularly within the FerrAl United Group.

The consideration for the acquisition of the company amounted to EUR 10.3 million. This consists of a purchase price payment of EUR 5.0 million at the time of acquisition, two deferred payments with a present value of EUR 9.6 million and an offsetting purchase price adjustment with a present value of EUR 4.3 million. There are also two earn-out clauses, which are calculated on the basis of an adjusted EBITDA figure defined in the purchase agreement and sales in subsequent years and which are measured at a fair value of EUR 0 at the time of acquisition. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 103.3 million, resulting in a bargain purchase gain of EUR 92.9 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.0
Property, plant and equipment	79.7
Right of use assets	0.4
Other non-current assets	0.0
Non-current assets	**80.1**
Inventories	11.4
Receivables and other current assets	29.7
Other current assets	43.5
Current assets	**84.5**
Deferred tax liabilities	12.6
Other non-current liabilities	14.5
Non-current liabilities	**27.1**
Current liabilities	**34.3**
Net assets	**103.3**
Bargain purchase	**92.9**
Consideration	**10.3**

The fair value of the acquired receivables based on a gross receivable amount of EUR 29.7 million at the acquisition date is EUR 29.7 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million. Environmental pollution was discovered at the production site that does not meet the recognition criteria for a provision or a contingent liability and was therefore not taken into account.

The former shareholder has also agreed to compensate MMT-B for expenses in connection with restructuring and transformation measures. On this basis, MMT-B recognized other income of EUR 23.7 million in fiscal year 2023.

The Consolidated Financial Statements for the fiscal year include sales of EUR 104.2 million and earnings after taxes of EUR –6.5 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have contributed sales of EUR 144.4 million and earnings after income taxes of EUR –3.5 million to the Group's earnings in the fiscal year.

Acquisition of BEW Umformtechnik

Effective April 28, 2023, Mutares has completed the acquisition of a majority stake of 87.5% in BEW-Umformtechnik GmbH ("BEW") from Marigold Capital and from the minority shareholder and Managing Director of the company. BEW is a manufacturer of forgings in raw, pre-formed or ready-to-install versions. BEW produces parts and components for transmissions, axles and steering systems in commercial vehicles, passenger cars, agricultural, material handling and construction machinery as well as for applications in general mechanical engineering and in the valves and hydraulics industry. The acquisition strengthens the Automotive & Mobility segment as synergy effects can be expected with the activities of other portfolio companies in the segment, particularly within the FerrAl United Group.

The consideration for the acquisition of the company amounted to EUR 5.7 million. Of this amount, EUR 2.8 million was paid at the time of acquisition. An additional amount of EUR 2.1 million is due as a deferred purchase price within twelve months of completion of the transactions. The remaining 12.5% of the shares are also to be transferred to Mutares by means of a payment of EUR 0.7 million fixed in the purchase agreement, which is to be made by the end of 2024. This acquisition obligation represents a synthetic forward, which means that Mutares applies the "anticipated acquisition method" and recognizes all of the company's assets and liabilities at the time of acquisition. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 6.5 million, resulting in a bargain purchase gain of EUR 0.8 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	**Fair Value**
Intangible assets	0.8
Property, plant and equipment	3.4
Right of use assets	5.3
Other non-current assets	0.0
Non-current assets	**9.5**
Inventories	8.4
Receivables and other current assets	3.7
Other current assets	1.5
Current assets	**13.6**
Deferred tax liabilities	0.7
Other non-current liabilities	4.9
Non-current liabilities	**5.6**
Current liabilities	**11.0**
Net assets	**6.5**
Bargain purchase	**0.8**
Consideration	**5.7**

The fair value of the acquired receivables based on a gross receivable amount of EUR 3.7 million at the acquisition date is EUR 3.7 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 32.4 million and earnings after taxes of EUR –0.7 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have contributed sales of EUR 51.6 million and earnings after income taxes of EUR 0.4 million to the Group's earnings in the fiscal year.

Acquisition of Arriva's activities in Denmark, Poland and Serbia (now trading as GoCollective A/S, ReloBus Transport Sp.z.o.o. and MobiLitas d.o.o)

Effective May 15 and June 15, 2023, Mutares completed the acquisition of the Danish, Polish and Serbian business activities of the Arriva Group, which belonged to Deutsche Bahn AG. These cover a broad range of transportation and mobility services, e.g. rail, bus, ferries and car sharing. The acquisition of this new platform is intended to further strengthen the Goods & Services segment and its presence in the Nordic countries. The companies were included in the Consolidated Financial Statements for the first time as of May 31, 2023. No significant business transactions were identified in the period between the acquisition date and initial consolidation.

The consideration for 100% of the shares and voting rights in the companies amounted to EUR 9.5 million, of which EUR 3 million was paid at the time of acquisition. An additional amount of EUR 9.5 million is due as a deferred purchase price on June 30, 2024. Acquisition-related incidental costs in the mid six-digit range were incurred. These are recognized in the Consolidate Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 158.7 million, resulting in a bargain purchase gain of EUR 149.2 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	35.8
Property, plant and equipment	156.3
Right of use assets	10.1
Other non-current assets	1.1
Non-current assets	**203.3**
Inventories	14.0
Receivables and other current assets	24.8
Other current assets	42.5
Current assets	**81.3**
Deferred tax liabilities	0.0
Other non-current liabilities	34.9
Non-current liabilities	**34.8**
Current liabilities	**91.1**
Net assets	**158.7**
Bargain purchase	**149.2**
Consideration	**9.5**

The fair value of the acquired receivables based on a gross receivable amount of EUR 25.3 million at the acquisition date is EUR 24.8 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.5 million.

Arriva's Danish business activities include Arriva Insurance A/S, an insurance company that provides insurance services exclusively to units of the Group and is obliged by regulatory requirements to maintain a certain level of liquidity. These blocked funds amounted to EUR 10.1 million at the time of acquisition and can be used for the company's day-to-day business but cannot be transferred to other companies in the Group.

The Consolidated Financial Statements for the fiscal year include sales of EUR 177.1 million and earnings after taxes of EUR –27.0 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have contributed sales of EUR 479.7 million and earnings after income taxes of EUR –58.3 million to the Group's earnings in the fiscal year.

Acquisition of Gläserne Molkerei

With effect from August 14, 2023, Mutares successfully completed the acquisition of Gläserne Molkerei GmbH and its subsidiaries from the Emmi Group. With two production sites in the north of Germany, Gläserne Molkerei specializes in the production of pure organic dairy products. The wide range of products includes organic milk, butter, yogurt, buttermilk, and cheese. The company is the first platform acquisition to strengthen the new Retail & Food segment.

The consideration for 100% of the shares and voting rights in the company amounted to EUR 1, which was paid at the time of acquisition. In addition, Mutares acquired a loan of EUR 1.7 million from the former shareholder against the company, which is recognized in the balance sheet of Gläserne Molkerei with a nominal value of EUR 8.0 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 30.1 million, resulting in a bargain purchase gain of EUR 30.1 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	1.7
Property, plant and equipment	20.6
Right of use assets	0.1
Other non-current assets	1.7
Non-current assets	**24.2**
Inventories	3.9
Receivables and other current assets	8.7
Other current assets	13.3
Current assets	**25.9**
Deferred tax liabilities	3.5
Other non-current liabilities	5.8
Non-current liabilities	**9.3**
Current liabilities	**10.6**
Net assets	**30.1**
Bargain purchase	**30.1**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 9.5 million at the acquisition date is EUR 8.7 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.8 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 39.1 million and earnings after taxes of EUR 0.8 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have generated sales of EUR 97.1 million and contributed a result after income taxes of EUR –4.2 million to the Group's result in the fiscal year.

Acquisition of Recover Nordic (now trading as "REDO")

Effective August 31, 2023, Mutares completed the acquisition of Recover Nordic (now operating as Redo Oy ("REDO")) from Recover Group as a platform acquisition to strengthen the Goods & Services segment. The company is a Finnish provider of expert emergency response and building restoration services with a comprehensive service offering and a nationwide geographic footprint. REDO offers the entire value chain of services for inspection, demolition, drying and reconstruction of water and fire damage, odor, and moisture.

The consideration for the acquisition of 100% of the shares and voting rights in the company amounted to EUR 1 and was paid at the time of acquisition. There is also an earn-out agreement, which was measured at a fair value of EUR 0 at the time of acquisition. The range of the agreed earn-out obligation cannot be reliably estimated due to uncertainties regarding the time horizon and the amount of the future achievable sales price. Acquisition-related incidental costs in the low six-digit euro range have been recognized. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 1.2 million, resulting in a bargain purchase gain of EUR 1.2 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.8
Property, plant and equipment	1.1
Right of use assets	2.8
Other non-current assets	0.1
Non-current assets	**4.7**
Inventories	0.0
Receivables and other current assets	3.4
Other current assets	2.1
Current assets	**5.4**
Deferred tax liabilities	0.2
Other non-current liabilities	1.5
Non-current liabilities	**1.7**
Current liabilities	**7.3**
Net assets	**1.2**
Bargain purchase	**1.2**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 5.4 million at the acquisition date is EUR 5.4 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 12.3 million and earnings after taxes of EUR –1.2 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have contributed sales of EUR 35.4 million and earnings after income taxes of EUR –2.0 million to the Group's earnings in the fiscal year.

Acquisition of the Selzer Group

With effect from August 31, 2023, Mutares acquired 100% of the shares and voting rights in Selzer Fertigungstechnik GmbH & Co. KG and its subsidiaries from INDUS that serves as an add-on acquisition for the FerrAl United Group in the Automotive & Mobility segment. The company manufactures, among other products, ready-to-install metal components and assemblies for automotive transmissions, brakes and engines as well as industrial applications.

The consideration for the acquisition of the company amounted to EUR 1.2 million. EUR 1.2 million of this was paid at the time of acquisition. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 50.3 million, resulting in a bargain purchase gain of EUR 49.1 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	1.5
Property, plant and equipment	51.0
Right of use assets	5.9
Other non-current assets	4.6
Non-current assets	**62.9**
Inventories	23.7
Receivables and other current assets	7.8
Other current assets	4.2
Current assets	**35.7**
Deferred tax liabilities	4.9
Other non-current liabilities	7.2
Non-current liabilities	**12.0**
Current liabilities	**36.3**
Net assets	**50.3**
Bargain purchase	**49.1**
Consideration	**1.2**

The fair value of the acquired receivables based on a gross receivable amount of EUR 10.7 million at the acquisition date is EUR 7.8 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 2.9 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 19.4 million and earnings after taxes of EUR –44.6 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have generated sales of EUR 66.7 million and contributed a result after income taxes of EUR –96.4 million to the Group's result in the fiscal year. Effects from consolidation measures of EUR 29.9 million have already been eliminated from earnings after taxes.

The purchase price allocation for the acquisition described above has not yet been finalized. Mutares does not yet have all relevant information – namely the information on the assets and liabilities of the company to be valued – in a final version. The disclosure of hidden reserves and liabilities is therefore currently not yet final.

Acquisition of assets of Holland Industrial Construction Systems Coöperatief and its subsidiaries ("Byldis")

Effective October 10, 2023, Mutares successfully completed the acquisition of assets of Holland Industrial Construction Systems Coöperatief and its subsidiaries from the insolvency estate. The activities, now combined under Byldis Group B.V. ("Byldis"), serve as a platform investment to strengthen the Engineering & Technology segment. The company designs, manufactures and assembles prefabricated and off-site construction elements for tall to mid-rise buildings on the European construction market.

The consideration for the acquisition of the company amounted to EUR 2.6 million, of which EUR 1.6 million was paid by Mutares and EUR 1.0 million by a third party on behalf of Mutares at the time of acquisition. Acquisition-related incidental costs for the transaction were incurred in the low six-digit range. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 4.6 million, resulting in a bargain purchase gain of EUR 3.0 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.2
Property, plant and equipment	5.7
Right of use assets	7.9
Other non-current assets	0.0
Non-current assets	**13.8**
Inventories	0.7
Receivables and other current assets	4.4
Other current assets	9.0
Current assets	**14.0**
Deferred tax liabilities	0.0
Other non-current liabilities	7.1
Non-current liabilities	**7.1**
Current liabilities	**16.2**
Net assets	**4.6**
Bargain purchase	**3.0**
Consideration	**1.6**

The fair value of the acquired receivables based on a gross receivable amount of EUR 7.2 million at the acquisition date is EUR 4.8 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 2.4 million.

The Consolidated Financial Statements include sales of EUR 19.0 million and earnings after tax of EUR –1.2 million from the acquired activities for the fiscal year. If the company had already been acquired as of January 1, 2023, it would have generated sales of EUR 87.9 million and contributed a result after income taxes of EUR –4.7 million to the Group's result in the fiscal year.

Acquisition of the Gesenkschmiede Schneider, Schöneweiss & Co., Falkenroth Umformtechnik

With effect from October 16, 2023, Mutares acquired four forging companies, Gesenkschmiede Schneider GmbH, Schöneweiss & Co. GmbH, Falkenroth Umformtechnik GmbH and Jeco Jellinghaus GmbH from CIE Forgings Germany, ultimately held by CIE Automotive S.A. The companies specialize in forging and machining technologies for the truck market and strengthen the FerrAl United Group in the Automotive & Mobility segment.

The consideration for 100% of the shares in the companies amounted to EUR 22.5 million. In addition to the shares, a loan was acquired from the former shareholder against Schöneweiss at a nominal value of EUR 1.6 million. The seller also granted the acquirer two loans of EUR 12.0 million. The total purchase price payment at the time of acquisition therefore amounted to EUR 12.0 million. Acquisition-related incidental costs for the transaction were incurred in the mid six-digit range. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 58.3 million, resulting in a bargain purchase gain of EUR 35.8 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	2.3
Property, plant and equipment	52.2
Right of use assets	8.7
Other non-current assets	1.0
Non-current assets	**64.1**
Inventories	42.1
Receivables and other current assets	12.5
Other current assets	4.6
Current assets	**59.2**
Deferred tax liabilities	4.4
Other non-current liabilities	29.4
Non-current liabilities	**33.9**
Current liabilities	**31.2**
Net assets	**58.3**
Bargain purchase	**35.8**
Consideration	**22.5**

The fair value of the acquired receivables based on a gross receivable amount of EUR 12.8 million at the acquisition date is EUR 12.5 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.3 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 37.8 million and earnings after taxes of EUR –8.4 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have generated sales of EUR 214.9 million and contributed a result after income taxes of EUR 4.3 million to the Group's result in the fiscal year. The result was adjusted for non-recurring special effects, mainly due to the reversal of provisions no longer required, and insurance compensation totaling EUR 25.4 million.

Acquisition of Walor International

As of October 31, 2023, Mutares acquired Walor International SAS and its subsidiaries from the shareholders Lorinvest, BNP Paribas Développement and Sodero Gestion to complement the Automotive & Mobility segment. The acquisition serves to strengthen the FerrAl United Group in the Automotive & Mobility segment. As a manufacturer of forged and machined steel parts, Walor offers a comprehensive product range for drivetrains, steering systems, bodyshells and passive safety applications for passenger cars.

The consideration for the acquisition of 100% of the shares and voting rights in the company amounted to EUR 15.7 million, of which EUR 14.4 million was paid at the time of acquisition and EUR 1.3 million is deferred and will be paid over a period of six years. Acquisition-related incidental costs for the transaction amounted to a high six-digit euro amount. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 83.4 million, resulting in a bargain purchase gain of EUR 67.7 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	4.6
Property, plant and equipment	66.8
Right of use assets	12.4
Other non-current assets	4.7
Non-current assets	**88.5**
Inventories	32.4
Receivables and other current assets	21.9
Other current assets	24.0
Current assets	**78.3**
Deferred tax liabilities	5.3
Other non-current liabilities	23.5
Non-current liabilities	**28.7**
Current liabilities	**54.7**
Net assets	**83.4**
Bargain purchase	**67.7**
Consideration	**15.7**

The fair value of the acquired receivables based on a gross receivable amount of EUR 23.3 million at the acquisition date is EUR 21.9 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 1.4 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 38.3 million and earnings after taxes of EUR –4.1 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have generated sales of EUR 254.6 million and contributed a result after income taxes of EUR –9.4 million to the Group's result in the fiscal year.

Acquisition of Efacec

On October 31, 2023, Mutares completed the acquisition of Efacec Power Solutions SGPS, S.A. and its subsidiaries from the Portuguese government (Participações Públicas (SGPS)) and MGI Capital as part of the reprivatization process initiated at the end of 2022. Efacec specializes in the manufacture and supply of critical equipment and solutions in the energy, technology and mobility sectors and strengthens the Engineering & Technology segment as a platform investment.

The consideration for the acquisition of 100% of the shares and voting rights in the companies amounted to EUR 15.0 million and was established at the time of acquisition. At the same time, there is also a subsequent payment from the seller to the acquired company based on the closing accounts of EUR 20.1 million. Acquisition-related incidental costs for the transaction were incurred in the lower seven-digit range. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 173.1 million, resulting in a bargain purchase gain of EUR 158.1 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	31.7
Property, plant and equipment	70.0
Right of use assets	2.4
Other non-current assets	22.9
Non-current assets	**127.1**
Inventories	41.0
Receivables and other current assets	74.0
Other current assets	197.4
Current assets	**312.4**
Deferred tax liabilities	0.0
Other non-current liabilities	87.5
Non-current liabilities	**87.4**
Current liabilities	**179.0**
Net assets	**173.1**
Bargain purchase	**158.1**
Consideration	**15.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 107.9 million at the acquisition date is EUR 74.0 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 33.9 million. These are attributable to risks from projects of the acquired company existing at the time of acquisition. In connection with the acquisition, contingent liabilities of EUR 6.5 million were recognized from Efacec's project list available at the time of acquisition, which represent the fair value of the negative margins of the individual projects from this list as well as any legal disputes. At the same time, related contingent assets of EUR 16.3 million were capitalized due to contractually agreed compensation payments by the seller, the amount of which is capped at EUR 30.0 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 30.9 million and earnings after taxes of EUR –15.8 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have contributed sales of EUR 145.2 million and earnings after income taxes of EUR –158.0 million to the Group's earnings in the fiscal year.

The purchase price allocation for the acquisition described above has not yet been finalized. Mutares does not yet have all relevant information – namely the information on the assets and liabilities of the company to be valued – in a final version. The disclosure of hidden reserves and liabilities is therefore currently still provisional.

Acquisition of Stuart ("SRT Group")

On November 30, 2023, Mutares acquired 100% of the shares and voting rights in SRT Group S.A.S. from Geopost SA. The company operates in the Goods & Services segment and strengthens Mutares' presence in the logistics and transportation sector in Europe. The company is a provider of urban on-demand delivery services in the field of city and last-mile logistics. Stuart relies on its platform solution, which connects customers with a fleet of independent couriers.

The consideration for the acquisition of the company amounted to EUR 1, which was paid at the time of acquisition. Acquisition-related incidental costs for the transaction were incurred in the lower seven-digit range. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 91.7 million, resulting in a bargain purchase gain of EUR 91.7 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	20.5
Property, plant and equipment	3.6
Right of use assets	8.3
Other non-current assets	38.9
Non-current assets	**71.4**
Inventories	1.0
Receivables and other current assets	36.7
Other current assets	32.8
Current assets	**70.5**
Deferred tax liabilities	4.8
Other non-current liabilities	6.1
Non-current liabilities	**10.9**
Current liabilities	**39.3**
Net assets	**91.7**
Bargain purchase	**91.7**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 38.3 million at the acquisition date is EUR 36.7 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 1.6 million. The fair value of assets from promised compensation payments recognized in the opening balance sheet amounts to EUR 16.0 million and corresponds to provisions from legal disputes in the same amount. There are also externally managed assets with a fair value of EUR 22.8 million, which are reported under current assets and serve to finance the operating business up until 2026. A contingent liability was identified with regard to pension benefits, the fair value of which could not be reliably determined as of the reporting date and was therefore not recognized. This could result in benefits of up to a mid-eight-digit euro amount.

The Consolidated Financial Statements for the fiscal year include sales of EUR 8.3 million and earnings after taxes of EUR –2.6 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have generated sales of EUR 121.9 million and contributed a result after income taxes of EUR –46.3 million to the Group's result in the fiscal year.

The purchase price allocation for the acquisition described above has not yet been finalized. Mutares does not yet have all relevant information – namely the information on the assets and liabilities of the company to be valued – in a final version. The disclosure of hidden reserves and liabilities is therefore currently still provisional, as is the final assessment of all components of the consideration.

Acquisition of Prénatal

With effect from November 30, 2023, Mutares acquired 100% of the shares and voting rights in Prénatal Moeder en Kind B.V. (now trading as Moeder & Kind B.V.) and its subsidiary in the Netherlands from PRG Retail Group. Prénatal is a retailer of textiles for expectant mothers and children, hardware and toys. The company offers its products via a network of stores and an e-commerce platform and serves to strengthen the Retail & Food segment.

The consideration for the acquisition of the company amounted to EUR 1.00 and was paid at the time of acquisition. Acquisition-related incidental costs for the transaction were incurred in the low six-digit range. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 6.0 million, resulting in a bargain purchase gain of EUR 6.0 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	3.5
Property, plant and equipment	4.8
Right of use assets	24.8
Other non-current assets	0.8
Non-current assets	**33.9**
Inventories	18.8
Receivables and other current assets	0.9
Other current assets	5.7
Current assets	**25.5**
Deferred tax liabilities	0.5
Other non-current liabilities	28.1
Non-current liabilities	**28.6**
Current liabilities	**24.8**
Net assets	**6.0**
Bargain purchase	**6.0**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 0.9 million at the acquisition date is EUR 0.9 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 8.1 million and earnings after taxes of EUR –0.9 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have contributed sales of EUR 105.0 million and earnings after income taxes of EUR 1.2 million to the Group's earnings in the fiscal year.

The purchase price allocation for the acquisition described above has not yet been finalized. Mutares does not yet have all relevant information – namely the information on the assets and liabilities of the company to be valued – in a final version. The disclosure of hidden reserves and liabilities is therefore currently still provisional, as is the final assessment of all components of the consideration.

Acquisition of High Precision Components

Effective December 1, 2023, Mutares acquired 100% of the shares and voting rights in High Precision Components Witten GmbH ("High Precision") from the company Westebbe Verwaltungs and the shareholder/Managing Director of the investment. HPC Witten specializes in the production of hinges for tailgates and hoods as well as transmission parts and body frame structures and manufactures the products by stamping, fineblanking, CNC machining, welding and laser cutting. The company strengthens the HILO Group (formerly KICO and ISH Group) in the Automotive & Mobility segment.

The consideration for the acquisition of the company amounted to EUR 3.0 million and was paid at the time of acquisition. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 12.9 million, resulting in a bargain purchase gain of EUR 9.9 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.7
Property, plant and equipment	17.9
Right of use assets	0.7
Other non-current assets	0.0
Non-current assets	**19.2**
Inventories	8.1
Receivables and other current assets	1.3
Other current assets	2.5
Current assets	**11.8**
Deferred tax liabilities	4.1
Other non-current liabilities	6.5
Non-current liabilities	**10.6**
Current liabilities	**7.6**
Net assets	**12.9**
Bargain purchase	**9.9**
Consideration	**3.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 1.4 million at the acquisition date is EUR 1.4 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The Consolidated Financial Statements for the fiscal year include sales of EUR 4.0 million and earnings after taxes of EUR –1.1 million from the acquired company. If the company had already been acquired as of January 1, 2023, it would have generated sales of EUR 53.6 million and contributed a result after income taxes of EUR –0.4 million to the Group's result in the fiscal year.

Acquisition of Team Tex

Effective December 18, 2023, Mutares successfully completed the acquisition of 83.08% of TeamTex Management SAS and its subsidiaries ("TeamTex") from Nania Developpement and Crédit Mutuel Equity. The company specializes in the manufacture and distribution of child restraint systems (car seats) and the sale of baby carriages and baby accessories. The transaction strengthens the Retail & Food segment as a new platform.

The consideration for the acquisition of the company amounted to EUR 5.1 million and was paid at the time of acquisition. Acquisition-related incidental costs for the transaction were incurred in the low six-digit range. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 18.6 million, resulting in a bargain purchase gain of EUR 10.4 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	3.5
Property, plant and equipment	7.2
Right of use assets	4.7
Other non-current assets	2.2
Non-current assets	**17.6**
Inventories	7.9
Receivables and other current assets	5.2
Other current assets	11.6
Current assets	**24.6**
Deferred tax liabilities	2.2
Other non-current liabilities	4.6
Non-current liabilities	**6.8**
Current liabilities	**16.8**
Net assets	**18.6**
Minority interest	**3.1**
Bargain purchase	**10.4**
Consideration	**5.1**

The fair value of the acquired receivables based on a gross receivable amount of EUR 6.6 million at the acquisition date is EUR 5.2 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 1.5 million.

Minority interests were measured at fair value; the general valuation methods used to determine the fair value of the assets were applied.

Due to the completion of the acquisition at the end of fiscal year 2023, the Consolidated Financial Statements do not include any revenue from the acquired company and – with the exception of the gain on bargain purchase – no earnings after taxes. If the company had already been acquired as of January 1, 2023, it would have generated sales of EUR 59.6 million and contributed a result after income taxes of EUR –2.2 million to the Group's result in the fiscal year.

Profit from the favorable acquisition of the acquired subsidiaries

All acquisitions, with the exception of the acquisition of Palmia, which resulted in goodwill, resulted in a bargain purchase gain from the comparison of the acquisition costs of the acquired companies and the revalued net assets, which is recognized in the Consolidated Statement of Comprehensive Income under other income. The acquisition price favorable to Mutares may be due, on the one hand, to the seller's efforts to realign the business activities and focus on core activities. While the acquired market segments appear unattractive to other investors, the acquisition is lucrative for Mutares as companies in transition situations fit into the Group's strategic direction. Mutares sees opportunities in its extensive operational industry and turnaround experience, which will be used to lead the acquired portfolio companies on a stable path of profitable growth. In addition, there may be some selling pressure on the seller side – among other things due to upcoming (major) investments or costs resulting from the shutdown of activities.

5.1.2 Acquisitions of subsidiaries in the previous year

In the period from January 1 to December 31, 2022, the following subsidiaries were acquired and consolidated for the first time:

Acquisition of Toshiba Transmission & Distribution Europe S.p.A. (now operating as Balcke-Dürr Energy Solutions S.p.A.)

Mutares signed an agreement to acquire Toshiba Transmission & Distribution Europe S.p.A. (now operating as Balcke-Dürr Energy Solutions S.p.A.) in October 2021. The company is a provider of power transmission and distribution projects, such as high- and medium- voltage switchgear, battery storage systems, smart grid solutions and renewable energy systems. As an add-on acquisition for the Balcke-Dürr Group, the company strengthens the Engineering & Technology segment. The closing of the transaction took place in February 2022.

The consideration for the acquisition of the company amounted to EUR 1. Acquisition-related incidental costs of EUR 0.4 million were incurred for the transaction. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. In addition, Mutares SE & Co. KGaA received a payment of EUR 12.0 million from the seller (for further details, please refer to Note 45). The net assets acquired were measured at a fair value of EUR 1.1 million, resulting in a bargain purchase gain of EUR 1.1 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.1
Property, plant and equipment	0.1
Right of use assets	0.5
Other non-current assets	0.1
Non-current assets	**0.7**
Inventories	0.0
Receivables and other current assets	7.3
Other current assets	27.6
Current assets	**34.9**
Deferred tax liabilities	0.0
Other non-current liabilities	11.1
Non-current liabilities	**11.1**
Current liabilities	**23.4**
Net assets	**1.1**
Bargain purchase	**1.1**
Consideration	**0.0**

In the course of the purchase price allocation, contingent liabilities of EUR 7.0 million were also recognized as provisions, which relate to possible obligations in connection with ongoing projects and are uncertain in terms of their amount and timing

The fair value of the acquired receivables based on a gross receivable amount of EUR 7.9 million at the acquisition date is EUR 7.3 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.6 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 4.3 million and earnings after income taxes of EUR –4.1 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 4.3 million and contributed earnings after income taxes of EUR –0.4 million to the Group's earnings in fiscal year 2022.

Acquisition of Polar Frakt AS

In April 2022, Mutares successfully completed the acquisition of Polar Frakt AS as an add-on acquisition for Frigoscandia Group, an investment in the Goods & Services segment, from private owners. The company is headquartered in Oslo, Norway, and specializes in transporting goods to northern Norway. The acquisition is intended to increase the efficiency of Frigoscandia Group's existing logistics routes in Norway and expand its market presence in Norway.

The consideration for the acquisition of the company amounted to NOK 7.5 million (approx. EUR 0.8 million). Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR –0.4 million, resulting in goodwill of EUR 1.2 million.

The following table shows the results of the purchase price allocation:

EUR million	**Fair Value**
Intangible assets	0.1
Property, plant and equipment	0.0
Right of use assets	0.0
Other non-current assets	0.0
Non-current assets	**0.1**
Inventories	0.0
Receivables and other current assets	0.6
Other current assets	0.0
Current assets	**0.6**
Deferred tax liabilities	0.0
Other non-current liabilities	0.0
Non-current liabilities	**0.0**
Current liabilities	**1.1**
Net assets	**–0.4**
Goodwill	**1.2**
Consideration	**0.8**

The fair value of the acquired receivables based on a gross receivable amount of EUR 0.7 million at the acquisition date is EUR 0.7 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 6.3 and earnings after income taxes of EUR 0.0 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 8.0 million and contributed earnings after income taxes of EUR –0.1 million to the Group's earnings in fiscal year 2022.

Acquisition of Allegheny Technologies Inc. (now trading as Special Melted Products Ltd.)

In May 2022, Mutares completed the acquisition of the Sheffield business of Allegheny Technologies Incorporated (now trading as Special Melted Products Ltd.). The company acts as a supplier of a range of quality low-alloy steel, stainless steel and nickel-based superalloy products and strengthens the Engineering & Technology segment.

The consideration for the acquisition of the company amounted to GBP 2.5 million (approx. EUR 3.0 million). Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 68.5 million, resulting in a bargain purchase gain of EUR 65.6 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.0
Property, plant and equipment	42.4
Right of use assets	0.5
Other non-current assets	11.6
Non-current assets	**54.5**
Inventories	29.4
Receivables and other current assets	20.1
Other current assets	3.1
Current assets	**52.6**
Deferred tax liabilities	3.8
Other non-current liabilities	2.8
Non-current liabilities	**6.6**
Current liabilities	**31.9**
Net assets	**68.5**
Bargain purchase	**65.6**
Consideration	**3.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 20.1 million at the acquisition date is EUR 20.1 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 58.6 and earnings after income taxes of EUR –12.1 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 96.8 million and contributed earnings after income taxes of EUR –21.3 million to the Group's earnings in fiscal year 2022.

Acquisition of Vallourec Bearing Tubes SAS (now trading as VALTI SAS)

Mutares completed the acquisition of Vallourec Bearing Tubes SAS from Vallourec Tubes SAS in May 2022 as an acquisition for the Engineering & Technology segment. The company is active in the production of seamless precision steel tubes manufactured to the most demanding standards and now operates under the name VALTI.

The consideration for the acquisition of the company amounted to EUR 0.5 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 32.9 million, resulting in a bargain purchase gain of EUR 32.4 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	2.1
Property, plant and equipment	12.7
Right of use assets	0.4
Other non-current assets	0.2
Non-current assets	**15.3**
Inventories	19.1
Receivables and other current assets	12.4
Other current assets	3.9
Current assets	**35.4**
Deferred tax liabilities	0.0
Other non-current liabilities	2.2
Non-current liabilities	**2.2**
Current liabilities	**15.7**
Net assets	**32.9**
Bargain purchase	**32.4**
Consideration	**0.5**

The fair value of the acquired receivables based on a gross receivable amount of EUR 12.1 million at the acquisition date is EUR 12.1 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 35.3 million and earnings after income taxes of EUR –4.2 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 62.8 million and contributed earnings after income taxes of EUR –7.3 million to the Group's earnings in fiscal year 2022.

Acquisition of Sealynx International (now trading as SFC Solutions Automotive France SAS)

Mutares made an irrevocable offer to acquire Sealynx International and its subsidiaries from GMD Group in November 2021. The company is a manufacturer and supplier of high-quality static and dynamic automotive seals with a competitive market position and established business relationships with European OEMs and now operates as SFC Solutions Automotive France SAS. The closing of the transaction took place in July 2022; since then, the company complements the European sites of SFC Group as an add-on acquisition within the investment ESF Industrial Solutions in the Automotive & Mobility segment.

The consideration for the acquisition of the company amounted to EUR 1. Acquisition-related incidental costs of EUR 0.6 million were incurred for the transaction. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 21.4 million, resulting in a bargain purchase gain of EUR 21.4 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	4.8
Property, plant and equipment	64.0
Right of use assets	2.5
Other non-current assets	0.4
Non-current assets	**71.7**
Inventories	10.0
Receivables and other current assets	15.2
Other current assets	2.5
Current assets	**27.7**
Deferred tax liabilities	2.8
Other non-current liabilities	51.5
Non-current liabilities	**54.3**
Current liabilities	**23.8**
Net assets	**21.4**
Bargain purchase	**21.4**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 15.2 million at the acquisition date is EUR 16.1 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.9 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 32.7 million and earnings after income taxes of EUR –10.4 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 68.6 million and contributed earnings after income taxes of EUR –35.7 million to the Group's earnings in fiscal year 2022.

Acquisition of the Cimos Group

In September 2022, Mutares completed the acquisition of Cimos d.d. and its subsidiaries from TCH S.r.L.. The company is a manufacturer of automotive components such as compressor and center housings, engine mounts, brake discs and drums, transmission parts, nozzle rings and flywheels and strengthens the Automotive & Mobility segment.

The consideration for the acquisition of the company amounted to EUR 1. In addition, an earn-out agreement was made in the purchase agreement, the fair value of which, based on estimates, amounted to EUR 0 and therefore the total consideration for the acquisition amounts to EUR 0.0 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 0.9 million, resulting in a bargain purchase gain of EUR 0.9 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.6
Property, plant and equipment	66.0
Right of use assets	2.5
Other non-current assets	6.2
Non-current assets	**75.3**
Inventories	24.1
Receivables and other current assets	7.1
Other current assets	7.6
Current assets	**38.7**
Deferred tax liabilities	0.0
Other non-current liabilities	48.7
Non-current liabilities	**48.7**
Current liabilities	**64.4**
Net assets	**0.9**
Bargain purchase	**0.9**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 7.1 million at the acquisition date is EUR 7.1 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 59.7 and earnings after income taxes of EUR –18.8 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 182.2 million and contributed earnings after income taxes of EUR –17.3 million to the Group's earnings in fiscal year 2022.

The purchase price allocation for the acquisition mentioned above had not yet been finalized as of December 31, 2022. At that time, Mutares did not yet have all the relevant information – namely the information on the company's assets and liabilities to be measured – in a final version. The disclosure of hidden reserves and liabilities was therefore still provisional.

Acquisition of Sirti Energia S.p.A. (now trading as Conexus S.p.a. (formerly: SIX Energy S.p.A.))

Mutares completed the acquisition of Sirti Energia from the Sirti Group, which was controlled by Pillarstone and KKR, in September 2022. The company is a provider of construction and maintenance services in the energy infrastructure market and now operates as SIX Energy within the Goods & Services segment.

The consideration for the acquisition of the company amounted to EUR 0.5 million. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 0.8 million, resulting in a bargain purchase gain of EUR 0.3 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	2.6
Property, plant and equipment	2.7
Right of use assets	3.1
Other non-current assets	7.0
Non-current assets	**15.4**
Inventories	2.4
Receivables and other current assets	10.4
Other current assets	9.6
Current assets	**22.5**
Deferred tax liabilities	0.8
Other non-current liabilities	5.2
Non-current liabilities	**5.9**
Current liabilities	**31.3**
Net assets	**0.8**
Bargain purchase	**0.3**
Consideration	**0.5**

The fair value of the acquired receivables based on a gross receivable amount of EUR 12.4 million at the acquisition date is EUR 12.8 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.5 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 12.3 million and earnings after income taxes of EUR –8.1 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 58.1 million and contributed earnings after income taxes of EUR –8.2 million to the Group's earnings in fiscal year 2022.

The purchase price allocation for the acquisition mentioned above had not yet been finalized as of December 31, 2022. At that time, Mutares did not yet have all the relevant information – namely the information on the company's assets and liabilities to be measured – in a final version. The disclosure of hidden reserves and liabilities was therefore still provisional. In addition, the assessment of Mutares' obligations in connection with the consideration for the acquisition of the company could not yet be finalized.

Acquisition of the MoldTecs Group

To strengthen the Automotive & Mobility segment and leverage synergies with LMS, among other objectives, Mutares completed the acquisition of MANN+HUMMEL's high-performance plastic parts business in September 2022. The product range of the three acquired plants in Germany and France as well as additional companies in the US, China, Brazil, South Korea, Japan includes products beyond filtration and separation solutions, including air intake manifolds, high-pressure air lines and fluid reservoirs. The acquired company now operates under the name MoldTecs Group.

The original consideration for the acquisition amounted to EUR 26.8 million, of which EUR 1.3 million to the shares in the target company and its subsidiaries and EUR 25.5 million to acquired receivables of the former shareholder from the target companies. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 66.0 million, resulting in a bargain purchase gain of EUR 64.8 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	14.2
Property, plant and equipment	90.1
Right of use assets	6.1
Other non-current assets	9.3
Non-current assets	**119.7**
Inventories	29.3
Receivables and other current assets	36.5
Other current assets	13.0
Current assets	**78.9**
Deferred tax liabilities	16.9
Other non-current liabilities	44.8
Non-current liabilities	**61.7**
Current liabilities	**70.9**
Net assets	**66.0**
Bargain purchase	**64.8**
Consideration	**1.3**

The fair value of the acquired receivables based on a gross receivable amount of EUR 36.5 million at the acquisition date is EUR 36.6 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.1 million.

The 2022 Consolidated Financial Statements included sales of EUR 64.4 million and earnings after taxes of EUR –20.9 million from the acquired company for the fiscal year. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 318.3 million and earnings after income taxes of EUR –38.0 million to the Group's earnings in fiscal year 2022.

The purchase price allocation for the acquisition mentioned above had not yet been finalized as of December 31, 2022. Mutares did not yet have all the relevant information at that time – namely the information on the assets and liabilities of the company to be valued – in a final version. The disclosure of hidden reserves and liabilities was therefore still provisional. In addition, the determination of the final purchase price was not yet final.

Acquisition of Energy Engines S.A.U. (now trading as Guascor Energy)

To strengthen the Engineering & Technology segment, Mutares acquired Siemens Energy Engines S.A.U. and related assets from Siemens Energy S.A. in October 2022. The company is a manufacturer of gas and diesel engines for power generation, cogeneration, waste-to-energy and marine applications and now operates as Guascor Energy.

The provisional consideration for the acquisition of the company amounted to EUR 6.0 million. In addition, an earn-out agreement with a fair value of EUR 1.2 million was included in the purchase agreement. The consideration for the acquisition of the company amounted to EUR 7.2 million. Acquisition-related incidental costs of EUR 0.4 million were incurred for the transaction. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 39.6 million, resulting in a bargain purchase gain of EUR 32.4 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	2.3
Property, plant and equipment	15.0
Right of use assets	6.2
Other non-current assets	2.9
Non-current assets	**26.3**
Inventories	34.5
Receivables and other current assets	8.0
Other current assets	5.5
Current assets	**48.0**
Deferred tax liabilities	1.5
Other non-current liabilities	5.9
Non-current liabilities	**7.5**
Current liabilities	**27.3**
Net assets	**39.6**
Bargain purchase	**32.4**
Consideration	**7.2**

The fair value of the acquired receivables based on a gross receivable amount of EUR 8.6 million at the acquisition date is EUR 8.9 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.3 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 11.6 and earnings after income taxes of EUR –3.6 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 66.9 million and contributed earnings after income taxes of EUR –5.1 million to the Group's earnings in fiscal year 2022.

The purchase price allocation for the acquisition mentioned above had not yet been completed on December 31, 2022, with regard to the final purchase price against the backdrop of the purchase price mechanism set out in the purchase agreement.

Acquisition of Götene Kyltransporter AB

Frigoscandia Group, an investment from the Goods & Services segment, completed the acquisition of Götene Kyltransporter AB from private owners in November 2022. Headquartered in Götene, Sweden, Götene Kyltransporter is a provider of temperature-controlled logistics with a strong presence in a strategically important region for Frigoscandia.

The consideration for the acquisition of the company amounted to SEK 88.7 million (approx. EUR 8.1 million). Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 11.7 million, resulting in a bargain purchase gain of EUR 3.6 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.4
Property, plant and equipment	9.5
Right of use assets	0.0
Other non-current assets	0.1
Non-current assets	**10.0**
Inventories	0.1
Receivables and other current assets	6.1
Other current assets	12.6
Current assets	**18.7**
Deferred tax liabilities	1.1
Other non-current liabilities	3.5
Non-current liabilities	**4.7**
Current liabilities	**12.3**
Net assets	**11.7**
Bargain purchase	**3.6**
Consideration	**8.1**

The fair value of the acquired receivables based on a gross receivable amount of EUR 6.1 million at the acquisition date is EUR 6.1 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.1 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 6.0 million and earnings after income taxes of EUR –1.0 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 34.4 million and contributed earnings after income taxes of EUR –1.4 million to the Group's earnings in fiscal year 2022.

Acquisition of NEM Energy B. V.

In November 2022, Mutares completed the acquisition of the Heat Transfer Technology business of Siemens Energy B. V. The activities now operate under the name NEM Energy – as they did before the acquisition by Siemens Energy – and promise synergies with the Balcke-Dürr Group in the Engineering & Technology segment. The company covers a wide range of heat transfer applications, from industrial-sized waste heat plants to large heat recovery steam generators for gas-fired power plants, and is active worldwide in the development, design, engineering, procurement and supply of components for power plants.

The preliminary consideration for the acquisition of the company amounted to EUR 15.0 million. In the context of a purchase price mechanism, the preliminary purchase price was adjusted by EUR 10.6 million. In addition, an earn-out agreement was made in the purchase agreement, the fair value of which, based on estimates, amounted to EUR 0 and therefore the total consideration for the acquisition amounts to EUR 4.4 million. Acquisition-related incidental costs of EUR 0.3 million were incurred for the transaction. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 12.5 million, resulting in a bargain purchase gain of EUR 8.2 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	**Fair Value**
Intangible assets	6.1
Property, plant and equipment	0.0
Right of use assets	5.9
Other non-current assets	0.0
Non-current assets	**12.0**
Inventories	4.7
Receivables and other current assets	0.2
Other current assets	95.5
Current assets	**100.4**
Deferred tax liabilities	0.0
Other non-current liabilities	4.8
Non-current liabilities	**4.8**
Current liabilities	**95.2**
Net assets	**12.5**
Bargain purchase	**8.2**
Consideration	**4.4**

The fair value of the acquired receivables based on a gross receivable amount of EUR 0.2 million at the acquisition date is EUR 0.3 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.1 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 22.8 and earnings after income taxes of EUR –4.2 million. If the company had already been acquired as of January 1, 2022, it would have generated sales of EUR 172.1 million and earnings after income taxes of EUR 15.9 million to the Group's earnings in fiscal year 2022.

The purchase price allocation for the acquisition described above had not yet been completed as of December 31, 2022, with regard to the final purchase price against the backdrop of the purchase price mechanism set out in the purchase agreement.

Acquisition of Steyr Motors

In November 2022, Mutares acquired Steyr Motors Betriebs GmbH as well as Steyr Motors Immo GmbH from Thales Austria GmbH. The company is a recognized specialist in the development and production of high-performance engines and electrical auxiliary power units for special applications in vehicles and boats.

The consideration for the acquisition of the company amounted to EUR 1. Acquisition-related incidental costs for the transaction were incurred only to an insignificant extent. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The net assets acquired were measured at a fair value of EUR 32.4 million, resulting in a bargain purchase gain of EUR 32.4 million.

The following table presents the results of the purchase price allocation and the derivation of the bargain purchase gain recognized in other income:

EUR million	Fair Value
Intangible assets	0.5
Property, plant and equipment	13.3
Right of use assets	0.0
Other non-current assets	0.5
Non-current assets	**14.3**
Inventories	17.0
Receivables and other current assets	4.1
Other current assets	3.2
Current assets	**24.3**
Deferred tax liabilities	0.8
Other non-current liabilities	1.5
Non-current liabilities	**2.3**
Current liabilities	**3.8**
Net assets	**32.4**
Bargain purchase	**32.4**
Consideration	**0.0**

The fair value of the acquired receivables based on a gross receivable amount of EUR 4.1 million at the acquisition date is EUR 4.1 million. Accordingly, the best estimate made at the acquisition date for contractual cash flows that are not expected to be collected is EUR 0.0 million.

The 2022 Consolidated Financial Statements include sales from the acquired company of EUR 2.7 million and earnings after income taxes of EUR 0.6 million. If the companies had already been acquired as of January 1, 2022, they would have generated sales of EUR 28.1 million and earnings after income taxes of EUR 0.4 million to the Group's earnings in fiscal year 2022.

The purchase price allocation for the acquisition mentioned above had not yet been finalized as of December 31, 2022. Mutares did not yet have all the relevant information at that time – namely the information on the assets and liabilities of the company to be valued – in a final version. The disclosure of hidden reserves and liabilities was therefore still provisional. In addition, the assessment of Mutares' obligations in connection with the consideration for the acquisition of the company could not yet be finalized.

Bargain Purchase from the subsidiaries acquired in the previous year

All acquisitions, with the exception of the acquisition of Polar Frakt AS, which resulted in goodwill, resulted in a bargain purchase gain from the comparison of the acquisition costs of the acquired companies and the revalued net assets, which is recognized in the Consolidated Statement of Comprehensive Income under other income. The acquisition price favorable to Mutares may be due, on the one hand, to the seller's efforts to realign the business activities and focus on core activities. While the acquired market segments appear unattractive to other investors, the acquisition is lucrative for Mutares as companies in transition situations fit into the Group's strategic direction. Mutares sees opportunities in its extensive operational industry and turnaround experience, which will be used to lead the acquired portfolio companies on a stable path of profitable growth. In addition, there may be some selling pressure on the seller side – among other factors due to upcoming (major) investments or costs resulting from the shutdown of activities.

Within the one-year period of IFRS 3, there was an adjustment in the first half of 2023 at SFC Solutions Automotive France and Conexus (formerly SIX Energy S.p.A.), two portfolio companies acquired in the second half of financial 2022, as well as at Steyr Motors and Guascor Energy in the second half of 2023, two companies that were acquired in the second half of 2022, led to an adjustment of the consideration transferred following the conclusion of negotiations with the sellers totaling EUR 6.2 million. The gain from bargain purchase increased by a total of EUR 6.2 million; a corresponding amount is included as an increase in other income in the Consolidated Statement of Comprehensive Income for the fiscal year.

5.2 Deconsolidation of subsidiaries

The deconsolidations of subsidiaries in the two relevant reporting periods are shown below.

5.2.1 Deconsolidations of subsidiaries in the fiscal year

The following subsidiaries were deconsolidated in the period from January 1 to December 31, 2023:

Disposal of Japy Tech

Effective January 5, 2023, the sale of 100% of the shares in Japy Tech SAS to the company's management was successfully completed. Japy Tech, a portfolio company that was assigned to the Engineering & Technology Segment until the sale, is a manufacturer of cooling tanks and other milk cooling solutions based in Dijon, France, and supplies products to the global dairy industry. The company was acquired by GEA Farm Technologies at the end of 2020. The deconsolidation result amounts to EUR 0.1 million, after the sale was already highly probable as of December 31, 2022, and the company's assets and liabilities were accordingly measured as held for sale in accordance with IFRS 5.

Disposal of Ganter France

In December 2022, Ganter Construction Interiors GmbH signed a put option with Malvaux Group at for the sale of 100% of the shares in its subsidiary, Ganter France S.A.R.L. The transaction was finally completed in March 2023. The business, which is allocated to the Goods & Services segment and is based in Saint Nazaire, France, focuses mainly on the interior design of cruise ships as well as furniture and furnishings. The deconsolidation result amounts to EUR 0.1 million and is recognized in other income.

Disposal of Lacroix + Kress

Mutares concluded an agreement on the sale of all shares in Lacroix & Kress GmbH, a portfolio company from the Engineering & Technology segment, to Superior Essex Global LLC on January 10, 2023, and the transaction was finally completed in March 2023. The company is a manufacturer of oxygen-free copper drawing with two production sites in Germany. The deconsolidation gain of EUR 0.7 million is reported under other income for the fiscal year.

Disposal of FDT Flachdach Technologie

In addition, a sale and purchase agreement for the sale of 100% of the shares in FDT Flachdach Technologie GmbH ("FDT") to Holcim Group was signed in January 2023. FDT was allocated to the Engineering & Technology segment as part of the Donges Group until the disposal. The transaction was finally completed in March 2023. The deconsolidation result amounts to EUR 11.7 million and is recognized in other income for the fiscal year.

Disposal of SABO-Maschinenfabrik GmbH

Effective September 12, 2023, Mutares sold SABO-Maschinenfabrik GmbH, a company from the Engineering & Technology segment, to SABO Holding GmbH. SABO-Maschinenfabrik GmbH is a supplier of high-quality lawn mowers and garden care products for private and commercial customers. The company manufactures its products in Gummersbach, Germany. The deconsolidation loss amounted to EUR 9.1 million and is reported under other operating expenses for the fiscal year.

Disposal of Special Melted Products

Effective September 19, 2023, Mutares sold Special Melted Products ("SMP"), a portfolio company from the Engineering & Technology segment, to Cogne Acciai Speciali. Based in Sheffield, UK, SMP is a supplier of nickel-based special steels and superalloys used in critical applications in the aerospace, oil and gas and nuclear industries. The deconsolidation result amounts to EUR 106.1 million and is recognized in other income for the fiscal year.

Disposal of the Plati Group

Mutares sold Plati Group, a portfolio company from the Automotive & Mobility segment, to Accursia Capital on November 8, 2023. The Plati Group is a global supplier of wire harnesses and cabling and has two production sites in Poland and Ukraine as well as a sales office in Italy. The deconsolidation result amounted to EUR –3.6 million and is reported under other expenses for the fiscal year.

In fiscal year 2023, a deferred purchase price receivable from the sale of STF Balcke-Duerr S.r.l. in the previous year was also written down following negotiations with the purchaser. This resulted in expenses of EUR 1.0 million included in other expenses for the fiscal year.

The disposal of net assets, the consideration less costs to sell and the gains on deconsolidation are presented below:

EUR million	Book Value
Intangible assets	10.9
Property, plant and equipment	36.8
Right of use assets	5.0
Other non-current assets	1.6
Non-current assets	**54.4**
Inventories	34.1
Receivables and other current assets	38.3
Other current assets	118.8
Current assets	**191.2**
Deferred tax liabilities	3.5
Other non-current liabilities	12.9
Non-current liabilities	**16.3**
Current liabilities	**164.3**
Exit net assets	**64.9**
Gains from deconsolidation	**104.9**
Consideration less exit costs	**169.8**

5.2.2 Deconsolidations of subsidiaries in the previous year

In the period from January 1 to December 31, 2022, the following subsidiaries were deconsolidated:

Disposal of BEXity GmbH

In December 2021, Mutares signed an agreement with Raben Group N.V., a Dutch logistics company, for the sale of all shares in BEXity. Already as of December 31, 2021, the assets and liabilities of BEXity were therefore classified in accordance with IFRS 5. The sale was subject to approval by the Austrian and German antitrust authorities and the former owner, the Austrian Federal Railways (ÖBB), and was completed in February 2022. BEXity is a provider of cross-border transport logistics and warehousing services with a nationwide network in Austria, which was acquired by Mutares at the end of 2019. The deconsolidation result amounts to EUR 13.8 million and is recognized in other income.

Disposal of SBL SAS

In March 2022, Lapeyre SAS completed the sale of all shares in its French subsidiary, SBL SAS, to Winferm. The sale took place against the backdrop of an adjusted sourcing strategy of Lapeyre SAS, whereby a suitable buyer was found in Winferm. The deconsolidation result amounts to EUR –2.8 million.

Disposal of Frigoscandia SAS

In June 2022, Frigoscandia successfully completed the sale of all shares in its French subsidiary, Frigoscandia SAS, to the French logistics company Olano Services SAS. The company, based in Boulogne-Sur-Mer, focuses primarily on the domestic transport of temperature-controlled goods. With the exit, Mutares now focuses Frigoscandia on the domestic market with the goal of consolidating and further expanding Frigoscandia's position as the leading temperature-controlled logistics platform in Northern Europe. The deconsolidation result amounts to EUR 5.0 million and is recognized in other income.

Disposal of Nordec Group Oyj

In September 2022, Donges SteelTec GmbH signed an agreement with a consortium of buyers consisting mainly of Harjavalta Oy and Tirinom Oy for the sale of all shares in Nordec Group Oyj. Nordec Group has been a significant part of Donges Group since the acquisition in 2020 and is one of the leading suppliers of steel frame constructions and façade solutions for construction projects in the Nordic countries with an equally strong positioning in the Central and Eastern European countries. The closing of the transaction took place on November 10, 2022. The deconsolidation result amounts to EUR 12.5 million and is recognized in other income.

Divestment of Royal De Boer Stalinrichtingen BV

Mutares sold Royal de Boer Stalinrichtingen BV to Turntide Technologies in December 2022. Royal de Boer is a manufacturer of barn equipment such as feed fences, cubicles, ventilation systems and manure technology and operates a production facility in Leeuwarden, Netherlands. The deconsolidation result amounts to EUR –0.4 million and is recognized in other expenses.

Disposal of STF Balcke-Duerr S.r.l.

Upon closing in December 2022, Mutares sold STF Balcke-Dürr S.r.l., a subsidiary of Balcke-Dürr GmbH, to C Capital. The company is active in the development, design, production and on-site assembly of heat exchanger components, titanium components and air filter systems for various industries. The deconsolidation result amounts to EUR 0.6 million and is recognized in other income.

The disposal of net assets, the consideration less costs to sell and the gains on deconsolidation are presented below:

EUR million	Book Value
Intangible assets	12.9
Property, plant and equipment	17.1
Right of use assets	7.0
Other non-current assets	2.9
Non-current assets	**39.9**
Inventories	27.2
Receivables and other current assets	62.7
Other current assets	141.1
Current assets	**231.0**
Deferred tax liabilities	2.1
Other non-current liabilities	7.8
Non-current liabilities	**10.0**
Current liabilities	**234.1**
Exit net assets	**26.9**
Gains from deconsolidation	**28.6**
Consideration less exit costs	**55.4**

C NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6 Sales/revenue from contracts with customers

The development of sales by segment and region is presented in the Notes to the Consolidated Financial Statements in accordance with IFRS 8 under segment reporting (see Note 15).

7 Other income

Other income breaks down as follows:

EUR million	2023	2022
Bargain purchase income	727.2	262.0
Gains from deconsolidation	118.6	31.8
Income from other services	17.3	4.2
Income from raw material and waste recycling	11.2	10.0
Income from the disposal of fixed assets	7.0	2.6
Other capitalized self-produced assets	6.4	1.5
Income from currency translation	6.0	2.2
Income from renting and leasing	4.5	3.4
Income from risk allowance	4.1	5.2
Income from insurance indemnifications	2.4	5.0
Miscellaneous other income	81.4	27.6
Other operating income	**986.1**	**355.5**

Gains from bargain purchases are presented in detail in Note 5.1 “Acquisitions of subsidiaries” and gains from deconsolidations in Note 5.2 “Deconsolidations of subsidiaries”.

Miscellaneous other income includes income of EUR 23.7 million from compensation from the seller of the portfolio company MMT-B acquired in fiscal year 2023 for expenses in connection with restructuring and transformation measures.

8 Cost of materials

The breakdown of the cost of materials is as follows:

EUR million	2023	2022
Cost of raw materials, consumables and supplies	2,131.6	1,751.1
Cost of purchased services	667.9	647.4
Cost of materials	**2,799.5**	**2,398.6**

9 Personnel expenses

Personnel expenses break down as follows:

EUR million	2023	2022
Wages and salaries	1,105.7	741.2
Social security contributions and pension contributions	263.9	168.4
Personnel expenses	**1,369.6**	**909.6**

In fiscal years 2023 and 2022, personnel expense was recognized for share-based payments, service cost relating to defined benefit obligations, and personnel expense for defined contribution plans. For further details, please refer to the explanations in the respective notes (Note 32 “Contingent capital and share-based payment” and Note 37 “Pension plans/pension provisions and similar obligations”).

10 Other expenses

The breakdown of other expenses is as follows:

EUR million	2023	2022
Selling expenses	169.3	167.6
Administration	93.2	65.4
Legal and consulting expenses	82.2	76.1
Rent, leases and license fees	72.9	60.2
Maintenance and servicing	68.9	49.5
Advertising and travel expenses	52.6	38.2
Damage claims, guarantee and warranty	50.3	29.4
Basic levies and other taxes	23.9	16.4
Expenses from the measurement of assets and liabilities held for sale	22.6	22.5
Vehicle fleet	18.1	13.0
Losses from deconsolidation	13.7	3.2
Expenses for general partners	12.5	10.5
Expenses from foreign currency translation	10.9	5.6
Expenses from expected credit losses	10.9	3.9
Losses from the disposal of non-current assets	6.4	3.1
Miscellaneous expenses	36.4	36.6
Other expenses	**744.8**	**601.2**

With regard to losses from deconsolidations, we refer to Note 5.2 “Deconsolidation of subsidiaries”.

11 Financial result

The breakdown of the financial result is as follows:

EUR million	2023	2022
Interest and similar income	10.7	3.4
Gains from currency translation	3.1	11.5
Income from changes in the value of derivatives	5.7	0.2
Financial income	**19.5**	**15.1**
Interest expenses from loans and borrowings	27.8	19.6
Interest expenses from leasing liabilities	21.0	12.2
Interest expenses from factoring	10.7	2.4
Interest expenses from the unwinding of discount on provisions	5.6	4.9
Losses from currency translation	7.2	7.7
Expense from charges in value of derivatives	1.2	5.9
Other interest and similar expenses	19.3	15.6
Financial expenses	**92.9**	**68.4**
Financial result	**–73.4**	**–53.3**

12 Income taxes

12.1 Income taxes and tax reconciliation

Income taxes recognized in the Consolidated Statement of Comprehensive Income break down as follows:

EUR million	2023	2022
Current income tax		
Current income tax form the year	–15.9	–8.7
Adjustments for income tax expense of prior periods	–0.2	–0.5
Deferred taxes		
Income from deferred taxes	36.4	59.4
Expenses from deferred taxes	–16.7	–14.8
Income tax income	**3.6**	**35.5**

The following table shows a reconciliation of the differences between the expected tax expense in the respective fiscal year (i.e. earnings before taxes multiplied by the expected tax rate) and the respective reported tax expense. Here, the income tax rates applicable to Mutares SE & Co. KGaA as the parent company are applied to the consolidated net income, taking a corporate income tax rate of 15.0% (previous year: 15.0%) plus solidarity surcharge of 5.5% into account (previous year: 5.5%) and a trade tax rate of 17.2% (previous year: 17.2%), resulting in an overall income tax rate of approximately 33.0% (previous year: approximately 33.0%).

The income tax rates applicable to the Group companies range between 8.75% and 33.0% (previous year: 2.5% and 33.0%).

EUR million	2023	2022
Profit before tax	**363.5**	**−56.5**
Domestic tax rate of parent company (in %)	33 %	33 %
Tax expense at the domestic tax rate of the parent company	**−119.9**	**18.6**
Increases/deductions due to		
Use of unrecognized loss carryforwards	8.9	3.1
Unrecognized deferred taxes on temporary differences and loss carryforwards	−103.8	−52.7
Subsequently recognized deferred taxes on temporary differences and loss carryforwards	15.8	14.3
Other non-deductible expenses including withholding tax	−52.5	−15.0
Tax benefits	0.0	0.9
Tax effect on appreciation of negative difference	278.9	86.4
Tax rate differences	−23.8	−14.7
Tax-exempt income	6.4	5.0
Additional payments and refunds	−0.2	−0.5
Change in valuation allowance for deferred tax assets	−9.5	−11.3
Change in tax rate	0.0	0.7
Other effects	3.3	0.7
Reported income tax income	**3.6**	**35.5**

12.2 Deferred taxes recognized in equity and in other comprehensive income

EUR million	2023	2022
Deferred taxes recognized directly in equity	−5.2	−11.2
Deferred taxes recognized in other comprehensive income	2.8	−10.3
Deferred taxes on the revaluation of the defined benefit obligation	2.7	−10.5
Total	**−2.4**	**−21.6**

12.3 Current tax assets and liabilities

Current tax assets and liabilities break down as follows:

TAX ASSETS

EUR million	12/31/2023	12/31/2022
Tax assets with remaining terms of more than 1 year		
Income tax receivables	0.7	0.6
Tax assets with remaining terms of less than 1 year		
Income tax receivables	9.9	3.4
Tax assets	**10.6**	**4.1**

TAX LIABILITIES

EUR million	12/31/2023	12/31/2022
Tax liabilities with a remaining term of more than 1 year		
Income tax liabilities	0.5	2.3
Tax liabilities with a remaining term of less than 1 year		
Income tax liabilities	24.3	8.6
Tax liabilities	**24.8**	**10.9**

12.4 Deferred tax assets and liabilities

Deferred tax assets and liabilities are composed as shown below:

EUR million	Deferred taxes beginning of the year	Recognized in profit or loss in the income statement	Recognized in other comprehensive income	Acquisitions / disposals	Exchange rate differences	Changes in income taxes	Closing balance deferred taxes
Goodwill	−0.6	0.0	0.0	0.3	0.0	0.0	−0.3
Other intangible assets	−14.8	3.2	0.0	−8.4	0.0	0.0	−20.0
Property, plant and equipment	−150.0	10.7	0.0	−35.6	0.1	0.3	−174.5
Non-current receivables from finance leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current financial assets	−2.1	2.7	0.0	−9.9	0.0	0.0	−9.3
Financial assets at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Available-for-sale financial assets (AfS)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventories	−2.9	2.2	0.0	1.5	0.1	0.0	0.9
Trade accounts receivables	5.0	−3.4	0.0	0.1	0.0	0.0	1.7
Current receivables from finance leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets and receivables	−8.6	3.2	0.0	−1.0	0.0	0.0	−6.4
Non-current liabilities from leases	36.3	5.5	0.0	2.3	0.0	0.0	44.1
Non-current financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension obligations	5.3	0.3	2.7	4.9	0.0	0.0	13.2
Translation differences of foreign operations	−0.1	−0.2	0.1	0.1	0.0	0.0	−0.1
Non-current provisions	0.9	−0.2	0.0	1.6	0.0	0.0	2.3
Trades accounts payable	−1.0	3.2	0.0	−0.5	0.0	0.0	1.7
Current liabilities from leases	5.3	0.4	0.0	0.3	0.0	0.0	6.0
Current financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current accrued liabilities	5.6	0.8	0.0	1.8	0.0	0.0	8.2
Current other liabilities	2.9	−1.3	0.0	0.2	0.1	0.0	1.9
Subtotal	**−118.8**	**27.1**	**2.8**	**−42.3**	**0.3**	**0.0**	**−130.6**
Tax losses	27.3	−1.6	0.0	−3.3	−0.1	−0.1	22.2
Other deferred taxes	−4.2	−5.8	0.0	6.0	0.1	0.0	−3.9
Total	**−95.7**	**19.7**	**2.8**	**−39.6**	**0.3**	**−0.1**	**−112.3**

12.5 Temporary differences

For so-called “outside basis differences”, i.e. differences between the IFRS equity value of an investment and its carrying amount for tax purposes, of EUR 759.2 million (previous year: EUR 524.1 million), no deferred tax assets are recognized as the Company can control the timing of the reversal and a reversal is not expected in the foreseeable future. If the deferred tax assets meet the recognition criteria, they would be recognized at 5% of the applicable tax rate.

In addition, no deferred tax assets are recognized for temporary differences of EUR 4.9 million (previous year: EUR 14.0 million), as it is not probable that taxable profit will be available against which they can be utilized in the future.

12.6 Unused tax losses and unused tax credits

Deferred tax assets of EUR 21.4 million were recognized for existing corporate income tax and trade tax loss carryforwards and other tax credits (previous year: EUR 27.3 million).

Deferred tax assets for unused tax losses and tax credits were recognized in the amount of EUR 6.4 million (previous year: EUR 10.7 million) in respect of Group companies that generated a negative result in the current period or in the previous period. Capitalization has been made because it is considered probable, based on planning, that taxable profit will be available in the future to offset these losses. This arises in particular in cases where companies have generated start-up losses or it is assumed that the restructuring measures will result in positive earnings in the foreseeable future.

EUR 2.2 million of this amount relates to deferred tax assets recognized in connection with the purchase price allocations (previous year: EUR 3.0 million).

In addition, no deferred tax assets are recognized for corporate income tax and trade tax loss carryforwards and other tax credits amounting to EUR 2,885.6 million (previous year: EUR 1,679.0 million), as there are legal or economic restrictions on their future utilization.

For the unused tax losses and tax credits in the reporting year, EUR 131.2 million are subject to a time restriction of less than 5 years (previous year: EUR 29.7 million). Furthermore, EUR 74.1 million (previous year: EUR 60.1 million) can be used for a maximum of 10 years; for unused tax losses and tax credits amounting to EUR 2,409.6 million (previous year: EUR 1,437.7 million) there is no time restriction on use under current tax legislation. Depending on the jurisdiction, however, there are regular restrictions on the amount that can be used (so-called minimum taxation), i.e. existing tax losses and tax credits may not be offset against taxable profits of a year without restriction; instead, offsetting only takes as a percentage of the taxable profit, for example.

12.7 Uncertain tax liabilities/assets

There are no uncertain tax positions in the fiscal year.

Furthermore, the adoption of IFRIC 23 did not have a material impact on the Consolidated Financial Statements as it did not change the measurement of the tax liabilities or assets recognized in the balance sheet.

IFRIC 23 addresses the accounting for current and deferred tax liabilities where there is uncertainty about the income tax treatment. Such uncertainties could arise when the application of the respective applicable tax law to a specific transaction is not clear and therefore also depends on the interpretation by the tax authority. However, Mutares SE & Co. KGaA was not aware of any such (disputed) interpretations when preparing the financial statements. IFRIC 23 requires an entity to recognize these uncertainties in the tax liabilities or assets recognized in the Consolidated Statement of Financial Position only when it is probable that the corresponding tax amounts will be paid or refunded. In this context, it is assumed that the tax authorities will exercise their right to review declared amounts and have full knowledge of all related information. In such cases, Mutares SE & Co. KGaA always considers the tax matters individually and assesses them at the most probable amount.

12.8 Outlook on the application of the minimum taxation rules / Pillar 2

With the law to implement Council Directive (EU) 2022/2523 to ensure global minimum taxation and other accompanying measures, Germany should comply with the obligation (applicable to all countries in the EU) to transpose the EU Directive on global minimum taxation ("Pillar Two"), which came into force at the end of 2022, into national law by December 31, 2023, at the latest. The regulations on global minimum taxation provide for the taxation of the worldwide profits of large companies (with annual sales of at least EUR 750 million) at an effective tax rate of at least 15%. Technically, the global minimum taxation is implemented via a primary supplementary tax, a secondary supplementary tax and a recognized national supplementary tax.

The Act to Ensure Global Minimum Taxation for Groups of Companies (Minimum Tax Act – MinStG), which contains the regulations on global minimum taxation in Germany, had already entered into force as of the balance sheet date and is generally applicable to all fiscal years from January 1, 2024.

The Mutares Group falls within the scope of these regulations.

Mutares has accordingly carried out an initial indicative analysis in cooperation with external advisors to determine the basic impact and the jurisdictions from which the Group is exposed to possible effects in connection with Pillar Two Top-up Taxes. The first step was to check whether the CbCR safe harbor regulations were relevant. If a country was not excluded from the Pillar Two calculation after checking the safe harbor regulations, the effective tax rate was calculated on a simplified basis. From this first indicative analysis, only insignificant effects from the payment of a Pillar Two top-up tax were identified.

Mutares, in cooperation with external advisors, is closely monitoring the progress of the legislative process in each country in which Mutares operates.

Mutares makes use of the exemption from accounting and further disclosures on deferred taxes in connection with Pillar Two income taxes, which was the subject of the amendments to IAS 12 published in May 2023.

13 Consolidated and comprehensive income

The consolidated net profit of EUR 367.1 million (previous year: EUR –21.0 million) includes non-controlling interests of EUR –30.0 million (previous year: EUR –14.2 million).

The total comprehensive income of EUR 350.9 million (previous year: EUR 9.2 million) includes non-controlling interests of EUR –12.3 million (previous year: EUR –12.3 million).

14 Earnings per share

Earnings per share are as follows:

		2023	2022
Net income for the year after taxes attributable to the shareholders of Mutares	EUR million	397.1	–6.7
Weighted average number of shares for calculating earnings per share			
Basic	Number	20,812,744	20,626,256
Diluted	Number	21,565,440	21,264,256
Earnings per share			
Basic	EUR	19.08	–0.33
Diluted	EUR	18.41	–0.32

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the fiscal year (number of shares used to calculate basic earnings per share: 20,812,744). Diluted earnings per share are calculated assuming that all potentially dilutive securities and share-based payment plans are converted or exercised (number of shares used to calculate diluted earnings per share: 21,565,440). The stock options issued and exercisable as part of share-based payment potentially have an impact on the dilution of earnings per share. For information on share-based payment, please refer to our comments in Note 32 below. Under the 2019 and 2021 stock option programs, a further 55,676 stock options may be issued to members of the Management Board and employees of the Company and employees of subsidiaries, which may dilute earnings per share in the future. There were no transactions with treasury shares or options between the reporting date of December 31, 2023, and the date of preparation of the Consolidated Financial Statements.

15 Segment information

In accordance with IFRS 8, operating segments are defined on the basis of internal reporting on the Group's operations, which is regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. Information reported to the Management Board as the chief operating decision maker for the purpose of allocating resources to the Group's operating segments and assessing their performance relates to the products and services that are manufactured or provided. The Management Board has decided to structure the reporting accordingly. No operating segment has been aggregated to arrive at the level of the Group's reportable segments.

As of December 31, 2023, the portfolio of Mutares SE & Co. KGaA contains 30 operating investments or investment groups (previous year: 29), which are divided into the four segments Automotive & Mobility, Engineering & Technology, Goods & Services and Retail & Food.

In fiscal year 2023, Mutares added a fourth segment to the previous three segments. Lapeyre, keeeper Group and FASANA were separated from the Goods & Services segment and established as an independent segment called Retail & Food. The signing of an agreement to acquire Gläserne Molkerei from the Emmi Group in July 2023 was the first step towards strengthening this new segment. The previous year's figures have been adjusted to reflect the new segment structure.

For details, please refer to our comments above under Note 4 on the scope of consolidation.

With regard to the changes in the segments due to acquisitions and disposals, please refer to the comments in Note 5 "Acquisitions of subsidiaries" and Note 5.2 "Deconsolidation of subsidiaries".

The investments or groups of investments in the four segments each comprise several legal entities. The allocation of the legal entities to the segments is clear; there are therefore no so-called zebra companies. All four segments generate income and expenses within the meaning of IFRS 8.5.

The individual segments are reported and managed in accordance with IFRS. The accounting policies of the reportable segments generally also apply to transactions between reportable segments and are consistent with the Group's accounting policies described in Note 53. Intersegment sales are accounted for at arm's length prices.

As the chief operating decision maker, the Management Board also measures the performance of the segments on the basis of a performance indicator adjusted for special effects, which is referred to as "adjusted EBITDA" in internal management and reporting. This alternative performance measure is calculated on the basis of reported Group EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for gains on bargain purchases, restructuring and other non-recurring expenses and income, as well as deconsolidation effects. This alternative performance measure is intended to make the operating developments within the segments transparent and to enable the chief operating decision makers to assess the operating earnings power of the individual segments.

The reconciliation from reported EBITDA to the performance indicator of adjusted EBITDA is as follows:

EUR million	2023	2022
EBITDA	**756.9**	**181.5**
Income from bargain purchases	–727.2	–262.0
Restructuring and other non-recurring expenses	78.7	76.4
Deconsolidation effects	–104.9	–28.6
Adjusted EBITDA	**3.5**	**–32.7**

For information on gains from bargain purchases, please refer to Note 5.1 on acquisitions of subsidiaries, and for information on deconsolidation effects, please refer to Note 5.2 on deconsolidations of subsidiaries.

	Segments											
	Automotive & Mobility		Engineering & Technology		Goods & Services		Retail & Food		Corporate / Consolidation		Mutares Group	
EUR million	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues	1,878.3	1,081.6	933.9	1,176.0	1,037.1	676.2	840.0	817.9	0.0	0.0	4,689.1	3,751.7
Cost of material	–1,171.0	–706.3	–653.2	–813.9	–535.5	–438.8	–439.8	–439.5	0.0	0.0	–2,799.5	–2,398.6
Personnel expenses	–534.0	–308.0	–209.7	–208.3	–368.8	–162.8	–190.4	–190.0	–66.7	–40.6	–1,369.6	–909.6
Other expenses	–278.9	–151.9	–151.7	–169.8	–120.7	–68.4	–250.1	–246.8	56.6	35.7	–744.8	–601.2
EBITDA	232.2	34.8	227.6	138.5	272.0	44.2	40.7	–20.5	–15.5	–15.5	756.9	181.5
Adjusted EBITDA	3.3	–49.0	–14.5	–3.9	38.3	20.8	–8.8	3.9	–14.7	–4.6	3.5	–32.7
Timing of revenue recognition												
Transferred at a point in time	1,835.9	1,051.9	605.0	803.4	693.5	409.7	840.0	817.9	0.0	0.0	3,974.2	3,082.8
Over period	42.4	29.7	329.0	372.6	343.5	266.5	0.0	0.0	0.0	0.0	714.9	668.8

The non-current assets of the units break down geographically by the location of the assets as follows:

EUR million	12/31/2023	12/31/2022
Europe	**1,827.7**	**1,270.4**
France	793.5	525.3
Germany	432.1	351.6
Sweden	79.7	84.0
United Kingdom	10.3	56.6
Italy	24.5	50.4
Poland	49.4	30.2
Croatia	20.4	24.5
Spain	27.7	23.7
Austria	8.9	13.7
Denmark	170.7	12.5
Finland	26.2	5.5
Rest of Europe	184.3	92.4
Rest of the world	**57.9**	**36.0**

The non-current assets of the segments comprise intangible assets, property, plant and equipment, rights of use and other non-current non-financial assets.

In fiscal year 2023, as in the previous year, revenues with no customer amounted to more than 10% of total third-party revenues in the Mutares Group.

Sales are broken down geographically by market based on the location of the respective customer as follows:

EUR million	2023	2022
Europe	**4,348.4**	**3,462.2**
Germany	1,278.7	891.0
France	995.3	936.7
Sweden	437.1	523.1
Italy	228.6	199.4
Denmark	214.7	78.4
Finland	189.9	91.0
United Kingdom	171.2	133.5
Switzerland	142.1	100.0
Spain	121.4	68.3
Poland	81.2	47.5
Austria	76.3	72.7
Netherlands	51.1	66.9
Czech Republic	33.0	27.8
Belgium	24.9	26.7
Rest of Europe	303.0	199.3
Asia	**188.4**	**179.8**
America	**109.6**	**77.9**
Africa	**42.7**	**31.8**
Revenue	**4,689.1**	**3,751.7**

Sales for each group of comparable products and services are not disclosed because the necessary information is not available and the cost to calculate them is excessive.

The reconciliation of profit before tax to total reported segment EBITDA is as follows:

EUR million	2023	2022
Profit before taxes	**363.5**	**-56.5**
Corporate/consolidation	-15.5	15.5
Depreciation	320.0	184.6
Financial result	73.4	53.3
Total segment EBITDA	**772.4**	**197.0**

D DISCLOSURES ON ASSETS

16 Intangible assets

The development of intangible assets is as follows:

ACQUISITION OR PRODUCTION COST

EUR million	Self-created	Software	Patents, concessions, etc.	Prepayments and such under development	Goodwill	Total
As at 01/01/2022	**-4.9**	**15.7**	**126.2**	**5.5**	**5.5**	**148.1**
Additions	2.4	3.8	1.3	10.6	0.3	**18.5**
Disposals	0.0	-0.1	-0.1	-1.0	0.0	**-1.1**
Reclassifications	0.0	2.6	0.4	-3.0	0.0	**0.1**
Change in the scope of consolidation	3.3	-0.3	8.6	-1.0	1.4	**11.9**
Currency translation effects	-0.1	-0.3	-1.5	0.0	-0.2	**-2.0**
Reclassification IFRS 5	0.0	-0.2	-1.9	0.0	0.0	**-2.0**
As at 12/31/2022	**0.8**	**21.2**	**133.3**	**11.1**	**7.0**	**173.4**
Additions	3.3	8.6	0.8	13.6	0.1	**26.3**
Disposals	0.0	-0.2	-8.1	-0.1	0.0	**-8.4**
Reclassifications	7.4	1.2	1.3	-8.4	0.0	**1.5**
Change in the scope of consolidation	24.6	10.7	87.2	11.1	2.7	**136.3**
Currency translation effects	0.0	-0.1	-0.4	0.0	-0.1	**-0.6**
Reclassification IFRS 5	0.0	-7.3	-13.1	-3.0	-1.1	**-24.4**
As at 12/31/2023	**36.1**	**34.1**	**201.0**	**24.3**	**8.6**	**304.1**

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES

EUR million	Self-created	Software	Patents, concessions, etc.	Prepayments and such under development	Goodwill	Total
As at 01/01/2022	**6.8**	**-5.8**	**-15.1**	**0.0**	**0.0**	**-14.1**
Amortization	-0.7	-4.2	-16.7	0.0	0.0	**-21.5**
Impairment	0.0	-0.1	-5.4	0.0	0.0	**-5.6**
Disposals	0.0	0.0	0.0	0.0	0.0	**0.0**
Reclassification	0.0	0.0	0.0	0.0	0.0	**0.0**
Changes in the scope of consolidation	1.4	1.2	7.6	0.0	0.0	**10.3**
Currency translation effects	0.0	0.0	0.3	0.0	0.0	**0.3**
Reclassification IFRS 5	0.0	0.2	0.9	0.0	0.0	**1.1**
As at 12/31/2022	**7.6**	**-8.7**	**-28.4**	**0.0**	**0.0**	**-29.5**
Amortization	-3.3	-5.7	-25.4	0.0	0.0	**-34.4**
Impairment	-4.4	-0.5	-4.4	-0.6	0.0	**-9.8**
Disposals	0.0	0.2	8.1	0.0	0.0	**8.3**
Reclassification	0.0	0.1	-0.1	0.0	0.0	**0.0**
Changes in the scope of consolidation	0.0	0.2	0.8	0.0	0.0	**0.9**
Currency translation effects	0.0	-0.1	0.0	0.0	0.0	**-0.1**
Reclassification IFRS 5	0.0	2.1	3.7	0.0	0.0	**5.8**
As at 12/31/2023	**-0.1**	**-12.4**	**-45.7**	**-0.6**	**0.0**	**-58.8**
Nett carrying amounts						
01/01/2022	1.9	9.9	111.1	5.5	5.5	**134.0**
12/31/2022	8.3	12.5	104.9	11.2	7.0	**143.9**
01/01/2023	8.3	12.5	104.9	11.2	7.0	**143.9**
12/31/2023	**36.0**	**21.7**	**155.3**	**23.7**	**8.6**	**245.3**

With regard to additions and disposals from changes in the scope of consolidation, please refer to the comments under Note 5 “Acquisitions of subsidiaries” and Note 5 “Deconsolidation of subsidiaries”.

The impairment test carried out on the basis of the indications of impairment described under “Principles/General information” led to the recognition of an impairment loss totaling EUR 9.8 million in the income statement for a total of four CGUs, which was recognized in depreciation and amortization. This relates to four CGUs from the Automotive & Mobility segment.

With regard to assets held for sale, please refer to the information in Note 24 “Assets held for sale and disposal groups”.

Intangible assets of EUR 137.5 million (previous year: EUR 33.7 million) were acquired as part of the acquisitions made in the fiscal year; we refer to the comments above (Note 5.1 “Acquisitions of subsidiaries”).

In the fiscal year, research and development expenses recognized as an expense amounted to EUR 8.7 million (previous year: EUR 3.2 million).

The reclassifications in accordance with IFRS 5 mainly relate to intangible assets of Frigoscandia and VALTI (see Note 24).

For intangible assets pledged as collateral as of December 31, 2023, see Note 35.

Intangible assets with indefinite useful lives

With the exception of the goodwill described below, there were no intangible assets with indefinite useful lives as of December 31, 2023 (December 31, 2022: EUR 0.0 million).

No intangible assets with indefinite useful lives were acquired as part of business combinations in the fiscal year.

Impairment of intangible assets

In the fiscal year, the comparison of the recoverable amount with the carrying amounts of individual assets or cash-generating units resulted in impairment losses for four cash-generating units in the Automotive & Mobility segment. In all cases, the recoverable amount corresponds to the value in use of the asset or cash-generating unit.

For the four cash-generating units in the Automotive & Mobility segment, the comparison of the value in use with the carrying amounts in the context of the negative impact on profitability and thus reduced expected cash inflows due to external conditions led to an impairment loss, which is recognized in the Consolidated Statement of Comprehensive Income under depreciation and amortization. The impairment loss is mainly attributable to acquired customer lists (EUR 4.2 million), internally generated intangible assets (EUR 4.4 million) and acquired software (EUR 0.5 million).

The cost of capital used to discount future cash flows of the CGUs in estimating the value in use ranges from 9.4% to 12.5%.

Please refer to Note 3.1 for information on scenario analyses with regard to the most important assumptions used.

The acquisition of a subsidiary in the Goods & Services segment in fiscal year 2023 resulted in goodwill of EUR 2.6 million. Please refer to Note 5.1.1. for details on the acquisition. Mutares tests goodwill for impairment annually and additionally if there are indications that the goodwill might be impaired. The acquisition of a subsidiary in the Goods & Services segment in the previous year also resulted in goodwill of EUR 1.2 million. For details on the acquisition, please refer to Note 5.1.2. Due to the recognition and measurement as held for sale (please refer to Note 24), no impairment test was carried out.

17 Property, plant and equipment

The development of property, plant and equipment is as follows:

ACQUISITION OR PRODUCTION COST

EUR million	Land and buildings	Technical equipment and machinery	Operating and business equipment	Advance payments and assets under construction	Total
As at 01/01/2022	**354.2**	**225.1**	**33.5**	**31.8**	**644.5**
Additions	7.7	24.0	9.4	43.4	**84.4**
Disposals	-25.8	-12.6	-4.7	-5.9	**-49.0**
Reclassification	1.7	18.8	1.9	-22.4	**-0.1**
Change in the scope of consolidation	108.3	158.8	17.7	5.3	**290.0**
Currency translation effects	-2.3	-2.1	-0.4	-0.2	**-4.9**
Reclassification IFRS 5	-36.6	-17.0	-2.8	-1.5	**-57.9**
As at 12/31/2022	**407.2**	**394.9**	**54.5**	**50.5**	**907.1**
Additions	26.4	60.6	22.0	32.9	**141.9**
Disposals	-43.0	-21.8	-23.5	-15.3	**-103.6**
Reclassification	0.8	19.0	-5.2	-16.1	**-1.5**
Change in the scope of consolidation	135.5	143.6	215.8	22.3	**517.2**
Currency translation effects	1.1	-1.2	1.0	-0.3	**0.6**
Reclassification IFRS 5	-8.3	-8.3	-6.4	0.0	**-23.0**
As at 12/31/2023	**519.7**	**586.8**	**258.2**	**74.0**	**1,438.7**

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES

EUR million	Land and buildings	Technical equipment and machinery	Operating and business equipment	Advance payments and assets under construction	Total
As at 01/01/2022	**-13.4**	**-62.7**	**-11.7**	**0.0**	**-87.8**
Additions	0.0	0.4	0.0	0.0	**0.4**
Amortization	-19.7	-42.0	-7.6	-0.6	**-69.9**
Impairment	-2.2	-13.3	-0.2	-0.3	**-15.9**
Disposals	3.0	2.5	2.4	0.0	**7.9**
Reclassification	0.2	-0.2	0.0	0.0	**0.0**
Changes in the scope of consolidation	0.3	6.9	1.9	0.0	**9.2**
Currency translation effects	0.3	0.4	-0.1	0.0	**0.6**
Reclassification IFRS 5	-1.7	13.1	1.1	0.2	**12.7**
As at 12/31/2022	**-33.1**	**-94.7**	**-14.2**	**-0.7**	**-142.8**
Additions	0.1	0.0	0.3	0.0	**0.4**
Amortization	-27.6	-74.8	-25.3	0.0	**-127.7**
Impairment	-8.9	-29.3	-1.3	-0.9	**-40.4**
Disposals	7.1	10.6	15.4	0.0	**33.2**
Reclassification	0.0	0.0	0.0	0.0	**0.0**
Changes in the scope of consolidation	0.6	5.4	0.3	0.0	**6.3**
Currency translation effects	-0.1	0.2	-0.1	0.0	**0.0**
Reclassification IFRS 5	0.7	-0.4	-1.3	0.0	**-1.0**
As at 12/31/2023	**-61.2**	**-183.0**	**-26.2**	**-1.6**	**-272.0**
Net carrying amounts					
01/01/2022	340.8	162.4	21.8	31.8	**556.7**
12/31/2022	374.0	300.2	40.3	49.7	**764.2**
01/01/2023	374.0	300.2	40.3	49.7	**764.2**
12/31/2023	**458.5**	**403.8**	**232.0**	**72.4**	**1,166.7**

As part of the acquisitions made in the fiscal year, property, plant and equipment of EUR 567.6 million was acquired (previous year: EUR 315.8 million); we refer to the comments above (Note 5.1 “Acquisitions of subsidiaries”).

The movements reported in the lines “Reclassification IFRS 5” mainly relate to Frigoscandia and VALTI (see Note 24).

Regarding property, plant and equipment pledged as collateral as of December 31, 2023, see Note 35.

Impairment of property, plant and equipment

The impairment losses on property, plant and equipment in fiscal year 2023 mainly relate to four cash-generating units from the Automotive & Mobility segment. The offsetting of the recoverable amount against the carrying amounts of the cash-generating units resulted in impairment losses on property, plant and equipment of EUR 40.2 million. In all cases, the recoverable amount corresponds to the value in use of the cash-generating unit.

- In the case of one cash-generating unit in the Automotive & Mobility segment, the comparison of the value in use with the carrying amounts in the context of the negative impact on profitability and thus reduced cash inflows due to the external conditions described above led to an impairment loss of EUR 16.9 million, which is recognized in the statement of comprehensive income under depreciation and amortization. The impairment losses relate entirely to technical equipment and machinery (EUR 14.3 million) and land and buildings (EUR 2.6 million).
- An impairment of EUR 16.9 million was identified for another cash-generating unit in the Automotive & Mobility segment, mainly for technical equipment and machinery (EUR 13.3 million) and land and buildings (EUR 3.4 million), which is recognized in the Consolidated Statement of Comprehensive Income under depreciation and amortization. The reason for the impairment was the negative impact on profitability and thus reduced expected cash inflows due to external conditions when comparing the value in use and the carrying amount.

The cost of capital used to discount future cash flows of the CGUs in estimating the value in use ranges from 9.4% to 12.5%.

Please refer to Note 3.1 for information on scenario analyses with regard to the most important assumptions used.

18 Rights of use

Mutares has leases for buildings, office space, technical equipment and machinery as well as other equipment, furniture and fixtures, vehicles and, to an insignificant extent, software.

The development of rights of use is as follows:

CHANGE IN RIGHTS OF USE RECOGNIZED IN THE BALANCE SHEET

EUR million	Intangible assets	Land and buildings	Vehicle fleet	Technical equipment and machinery	Total
As at 01/01/2022	**0.1**	**308.6**	**36.1**	**27.9**	**372.6**
Additions	0.0	101.1	8.1	17.8	**127.0**
Change in the scope of consolidation	0.0	13.5	1.9	5.9	**21.3**
Currency translation effects	0.0	-3.5	-0.6	-0.1	**-4.3**
Reclassification IFRS 5	0.0	-17.0	-0.9	-1.0	**-18.9**
Change due to revaluation or contract adjustment	0.0	-3.1	-6.1	-5.1	**-14.2**
As at 12/31/2022	**0.1**	**399.6**	**38.5**	**45.4**	**483.6**
Additions	0.3	84.1	22.5	15.9	**122.8**
Change in the scope of consolidation	0.1	85.5	6.6	10.0	**102.2**
Currency translation effects	0.0	-1.8	-0.3	0.1	**-2.0**
Reclassification IFRS 5	0.0	-63.9	-13.1	-0.7	**-77.7**
Change due to revaluation or contract adjustment	0.0	18.4	-6.7	-4.8	**6.9**
As at 12/31/2023	**0.5**	**521.9**	**47.5**	**65.9**	**635.8**

ACCUMULATED DEPRECIATION AND IMPAIRMENT

EUR million	Intangible assets	Land and buildings	Vehicle fleet	Technical equipment and machinery	Total
As at 01/01/2023	**-0.1**	**-37.9**	**-7.6**	**-8.5**	**-54.2**
Amortization	0.0	-42.8	-8.7	-5.2	**-56.7**
Impairment	0.0	-1.8	0.0	0.0	**-1.8**
Change in the scope of consolidation	0.0	-0.2	-0.2	-0.2	**-0.5**
Currency translation effects	0.0	0.8	0.3	0.0	**1.1**
Reclassification IFRS 5	0.0	3.2	0.5	0.4	**4.1**
As at 12/31/2022	**-0.1**	**-78.5**	**-15.7**	**-13.5**	**-108.0**
Amortization	-0.1	-58.8	-8.8	-8.3	**-75.9**
Impairment	0.0	-11.9	-0.3	-2.1	**-14.2**
Change in the scope of consolidation	0.0	0.4	0.3	0.1	**0.8**
Currency translation effects	0.0	0.4	0.2	-0.1	**0.5**
Reclassification IFRS 5	0.0	21.3	5.5	0.3	**27.1**
As at 12/31/2023	**-0.2**	**-127.1**	**-18.8**	**-23.6**	**-169.7**
Net carrying amounts					
01/01/2022	0.1	270.6	28.5	19.4	**318.6**
12/31/2022	0.0	321.1	22.8	31.9	**375.8**
01/01/2023	0.0	321.1	22.8	31.9	**375.8**
12/31/2023	**0.3**	**394.8**	**28.7**	**42.3**	**466.1**

The leases entered into by the Group are generally subject to restrictions. These arise from termination or sublease restrictions. Some leases also contain an option to purchase the underlying asset outright at the end of the lease or to extend the lease for a further term. In some cases, the lease includes corresponding maintenance, servicing and/or insurance obligations.

In the fiscal year, subsidiaries in all four segments sold real estate and plant and equipment as part of sale and leaseback transactions. These disposals were partly already planned at the previous year's reporting date and the corresponding assets were therefore already recognized at fair value less costs to sell in the course of the planned disposals. The effect on earnings of the sale-and-leaseback transactions amounted to EUR -0.2 million in the fiscal year (previous year: EUR -0.1 million). This is reported under other operating expenses.

For explanatory comments on the corresponding lease liabilities, please refer to Note 36 "Lease liabilities".

The movements reported in the lines "Reclassification IFRS 5" mainly relate to Frigoscandia and VALTI (see Note 24).

Impairment of rights of use

The impairment on right-of-use assets (EUR 14.2 million) mainly relates to a cash-generating unit in the Automotive & Mobility segment. The comparison of the recoverable amount with the carrying amounts of the cash-generating unit led to an impairment of EUR 12.9 million with regard to right-of-use assets. This mainly relates to right-of-use assets for buildings (EUR 11.9 million).

The cost of capital used to discount future cash flows of the CGUs in estimating the value in use ranges from 9.4% to 12.5%.

Please refer to Note 3.1 for information on scenario analyses with regard to the most important assumptions used.

19 Inventories

Inventories break down as follows:

EUR million	12/31/2023	12/31/2022
Raw materials, consumables and supplies	277.2	223.2
Work in progress	123.7	104.1
Finished goods and goods for resale	241.1	199.2
Prepayments for inventories	31.4	34.3
Inventories	**673.4**	**560.7**

Inventories recognized as an expense in 2023 amount to EUR 2,131.6 million (previous year: EUR 1,751.1 million).

For information on inventories pledged as collateral as of December 31, 2023, see Note 35.

The write-down of inventories to the lower net realizable value recognized in the Consolidated Statement of Comprehensive Income amounts to EUR 21.8 million (previous year: EUR 4.0 million).

The reversals of impairment losses recognized for inventories in the Consolidated Statement of Comprehensive Income amount to EUR 10.8 million (previous year: EUR 1.4 million) and result from changes in economic circumstances that indicate an increase in net realizable values.

20 Contract balances

Contract balances consist of contract assets and contract liabilities and are as follows by maturity:

EUR million	12/31/2023	12/31/2022
Non-current receivables from contracts with customer	0.7	4.2
Current receivables from contracts with customers	455.8	392.1
Receivables from contracts from customers	**456.5**	**396.3**
Non-current contract assets	5.2	4.2
Current contract assets	102.8	46.8
Contract assets	**108.0**	**51.0**
Non-current contract liabilities	3.8	4.1
Current contract liabilities	220.4	156.7
Current liabilities	**224.2**	**160.8**

The contract assets as of the balance sheet date largely result from long-term projects that meet the criteria for recognizing revenue over time. The contract assets represent the legal entitlement from goods and services provided which exceed the payments received. In the Engineering & Technology segment, the contract assets mainly relate to services with time-based revenue recognition in the area of plant and construction projects, and in the Automotive & Mobility segment to series production, prototypes and customer tools. The contract liabilities as of December 31, 2023, result mainly from advance payments received from customers in connection with long-term production contracts.

The change in contract balances in fiscal year 2023 is the result of ongoing business activity and the associated changes in project progress and billing, particularly in the Engineering & Technology segment, as well as changes in the composition of the Group. Revenue of EUR 40.7 million (previous year: EUR 10.1 million) was recognized in the fiscal year from contracts with customers that were included in contract liabilities at the beginning of the period. Contract liabilities of EUR 0.0 million (previous year: EUR 0.0 million), which were recognized in non-current contract liabilities at the beginning of the period, were reclassified to current contract liabilities as of December 31, 2023.

A total transaction price of EUR 451.3 million (previous year: EUR 218.0 million) has been allocated to the performance obligations not yet or not fully settled as of December 31, 2023. Management expects that EUR 159.0 million of this amount will be recognized as revenue in the next year (previous year: EUR 81.5 million) and EUR 292.2 million (previous year: EUR 136.4 million) in subsequent periods. The outstanding performance obligations mainly relate to manufacturing contracts from the Efacec, Byldis, the Balcke-Dürr Group, the Donges Group and Clecim and, in the case of the Gemini Rail Group, to obligations under long-term maintenance contracts. In accordance with IFRS 15, the transaction price is not disclosed for performance obligations with a maximum term of one year.

21 Other financial assets

Other financial assets are as follows:

EUR million	12/31/2023	12/31/2022
Receivables from company acquisitions	79.3	126.2
Retentions from recourse factoring	58.3	30.4
Security deposits	52.8	35.6
At-equity shares	37.0	0.1
Creditors with debit balances	22.7	2.4
Supplier bonuses	10.1	10.7
Cash and term deposits	5.6	3.4
Derivatives	4.8	0.0
Loans	4.1	7.6
Securities	3.3	0.1
Derivatives	1.1	9.4
Miscellaneous financial assets	75.1	3.1
Other financial assets	**354.2**	**229.1**
Current	225.5	183.1
Non-current	128.7	46.0

The receivables from business combinations of EUR 79.3 million (previous year: EUR 126.2 million) are related to the acquisition of the Lapeyre subgroup from 2021.

22 Other non-financial assets

Other non-financial assets are as follows:

EUR million	12/31/2023	12/31/2022
VAT receivables	74.3	40.9
Prepaid expenses	37.6	31.5
Advance payments	8.8	7.6
Other tax assets	8.9	6.9
Miscellaneous other assets	15.5	20.6
Other non-financial assets	**145.1**	**107.5**
Current	142.8	89.8
Non-current	2.3	17.8

Miscellaneous other assets include EUR 0.6 million (previous year: EUR 13.5 million) relating to defined benefit plans in accordance with IAS 19.

23 Trade receivables and other receivables

Trade receivables and other receivables break down as follows:

EUR million	12/31/2023	12/31/2022
Trade and other receivables	472.2	374.6
Less expected credit losses	-63.3	-15.5
Receivables from (recourse) factoring	48.0	37.2
Other receivables	34.8	15.0
Trade and other receivables	**491.7**	**411.3**
Current	491.0	407.1
Non-current	0.7	4.2

Trade and other receivables are non-interest bearing and, with the exception of receivables of EUR 0.7 million (previous year: EUR 4.2 million), have a maximum term of one year.

Expected credit losses are initially recognized in allowance accounts unless it can be assumed at the time the reason for the allowance arises that the receivable will be wholly or partly uncollectible. In such cases, the carrying amount of the receivables is derecognized directly through profit or loss.

For the calculation of impairment losses, please refer to Note 42.1.

As in the previous year, there are no trade receivables measured at fair value through other comprehensive income as of December 31, 2023.

For receivables pledged as collateral as of December 31, 2023, please see Note 35.

The expected credit losses for trade and other receivables developed as follows:

EUR million	2023	2022
As at 01/01	**15.5**	**26.0**
Changes in the scope of consolidation	42.2	1.8
Reclassification to disposal groups	–0.2	0.0
Additions	20.8	3.7
Utilizations	–17.1	–11.3
Reversal	–4.0	–4.1
Currency translation and other effects	6.2	–0.6
As at 12/31	**63.4**	**15.5**

Assignment of trade receivables

Mutares Group companies sell trade receivables to factoring companies in exchange for the granting of rights of recourse. These trade receivables are not derecognized from the balance sheet as Mutares retains substantially all the risks and rewards of ownership. These are primarily credit risks. The amounts received from the sale of trade receivables are recognized as other financial liabilities. Depending on the agreement with the respective factoring company, customers settle the corresponding open items directly to the respective Mutares company, which then forwards the amounts received to the factoring companies. The carrying amount of trade receivables not derecognized amounts to EUR 48.0 million as of the balance sheet date (previous year: EUR 38.9 million). The corresponding liabilities amount to EUR 36.2 million as of the balance sheet date (previous year: EUR 55.9 million). Due to the short-term nature of the trade receivables sold and the associated liabilities, the fair value approximates the carrying amount. The net position from this amounts to EUR –11.9 million (previous year: EUR –17.0 million).

Mutares also sold trade receivables with a carrying amount of EUR 149.8 million (previous year: EUR 111.6 million) to third parties on the basis of factoring agreements, whereby essentially all risks and rewards associated with ownership were transferred. Consequently, the receivables were derecognized in accordance with IFRS 9.3.2.6(a). Retentions in connection with these assigned receivables amount to EUR 41.9 million (previous year: EUR 28.5 million) and are recognized under other current financial assets. Due to the short-term nature of the trade receivables sold, the fair value approximates the carrying amount. In the event of a payment default by the customer, Mutares is exposed to a remaining payment risk of EUR 19.2 million (prior year: EUR 17.7 million) to the factoring company. The amounts to be repaid to the factoring company would be considered short-term and represent the maximum risk of loss for Mutares.

24 Assets and disposal groups held for sale

The disposals of Frigoscandia and VALTI, which were completed in the first quarter of fiscal year 2024, were already highly probable as of the reporting date. Accordingly, the assets and liabilities of the portfolio companies are reported as held for sale as of December 31, 2023, in accordance with IFRS 5. In this context, expenses totaling EUR 22.6 million were incurred from the measurement of the net assets of the aforementioned companies. These are recognized in the Consolidated Statement of Comprehensive Income under other expenses. The fair values of the disposal groups were measured in the context of determining their fair values less costs to sell based on the cash flows expected in the first quarter of 2024. This is a Level 2 measurement in the fair value hierarchy.

The assets and liabilities of the companies reported as IFRS 5 break down as follows:

EUR million	12/31/2023
Intangible assets	19.1
Property, plant and equipment	24.3
Right of use assets	52.3
Other non-current assets	11.4
Non-current assets	**107.2**
Inventories	8.9
Receivables and other current assets	28.6
Other current assets	16.7
Current assets	**54.1**
Deferred tax liabilities	3.4
Other non-current liabilities	48.2
Non-current liabilities	**51.6**
Current liabilities	**79.7**

As of December 31, 2022, the assets and liabilities held for sale mainly related to those of Lacroix + Kress GmbH, Japy Tech SAS, FDT Flachdach Technologie GmbH and Ganter France S.A.R.L. The sale of the companies was completed in the first half of 2023, as were the sale and leaseback transactions relating to the property of portfolio companies from the Goods & Services and Automotive & Mobility segments.

25 Cash and cash equivalents

Cash and cash equivalents are as follows:

EUR million	12/31/2023	12/31/2022
Bank balances	472.4	190.7
Cash equivalents	47.0	55.5
Cash balance	0.8	0.2
Cash and cash equivalent	**520.2**	**246.4**

As of December 31, 2023, EUR 15.7 million of cash and cash equivalents were restricted (previous year: EUR 10.3 million). Please see Note 35 for cash and cash equivalents pledged as collateral as of December 31, 2023.

As part of the acquisition of the Arriva Group, Arriva Insurance A/S, an insurance company that provides insurance services exclusively to Group entities and is obliged by regulatory requirements to maintain a certain level of liquidity, was acquired. These blocked funds amounted to EUR 10.9 million as of December 31, 2023, and can be used for the company's day-to-day business but cannot be transferred to other Group companies.

E INFORMATION ON EQUITY AND LIABILITIES

The individual components of equity and their development for the fiscal years 2022 and 2023 are presented in the Consolidated Statement of Changes in Equity.

26 Subscribed capital

The subscribed capital of Mutares SE & Co. KGaA is fully paid-in and consists of 21,058,756 (December 31, 2022: 20,636,731) registered no-par value shares with a notional interest in the share capital of EUR 1.00 each as of December 31, 2023. The increase in fiscal year 2023 is related to the exercise of share options in connection with share-based payment (422,025 shares) by means of fulfillment from Conditional Capital 2016/I and 2019/II.

27 Capital reserve

The capital reserve amounts to EUR 139.0 million as of December 31, 2023 (December 31, 2022: EUR 134.9 million) and consists of the premium on the issue of shares in the parent company of EUR 134.2 million (previous year: EUR 131.2 million) and the recognition of share-based payments of EUR 4.9 million by the parent company (previous year: EUR 3.7 million; please compare this with the comments in Note 32 below).

28 Retained earnings

By resolution of the Annual General Meeting on July 10, 2023, a partial amount of EUR 36,095,948.00 of the company's net retained profits of EUR 117,828,514.82 as of December 31, 2022, was distributed in the form of a dividend of EUR 1.75 per dividend-bearing share and the remaining amount of EUR 81,732,566.82 was carried forward to new account.

The Management Board of the general partner of Mutares SE & Co. KGaA will propose to the Annual General Meeting to resolve to use the distributable profit of Mutares SE & Co. KGaA for fiscal year 2023 of EUR 184.2 million to distribute a dividend of EUR 2.25 per dividend-bearing share and to carry forward the remaining amount to new account. This equates to a total amount of EUR 47.4 million with regard to the shares currently in circulation. The remaining amount of EUR 136.8 million is to be carried forward to new account.

29 Other components of equity

Other components of equity include the revaluation reserve for the recognition of actuarial gains and losses in connection with pension obligations, the foreign currency translation reserve and the reserve for fair value changes of financial assets and liabilities. The development in the fiscal year and the previous year is presented in the Consolidated Statement of Changes in Equity. Details of the development of the above components are shown in the following table:

EUR million	Actuarial gains/losses	Currency adjustment	Fair value changes of financial assets/liabilities	Other	Total
As at 01/01/2022	**6.5**	**-2.8**	**-3.1**	**0.3**	**0.8**
Other comprehensive income after income taxes	29.6	-4.9	5.4	0.0	**30.1**
Changes in the scope of consolidation	1.5	0.1	0.0	0.0	**1.6**
As at 12/31/2022	**37.6**	**-7.6**	**2.3**	**0.3**	**32.5**
Other comprehensive income after income taxes	-8.4	5.2	-13.0	0.0	**-16.2**
Changes in the scope of consolidation	-5.7	0.0	0.4	0.0	**-5.3**
As at 12/31/2023	**23.5**	**-2.4**	**-10.3**	**0.3**	**11.0**

EUR million	Non-controlling interest	Attributable to the shareholders of the parent company
As at 01/01/2022	**0.0**	**0.8**
Other comprehensive income after income taxes	-1.9	28.2
Changes in the scope of consolidation	0.0	1.6
As at 12/31/2022	**-1.9**	**30.6**
Other comprehensive income after income taxes	-0.1	-16.2
Changes in the scope of consolidation	0.1	-5.3
As at 12/31/2023	**-1.9**	**9.1**

30 Non-controlling interests

At Mutares, non-controlling interests exist at the reporting date in Repartim, PMTC, TeamTex and – due to management participation programs – also in the acquisition companies of various operating portfolio companies.

There are no restrictions on Mutares' ability to access or use assets of the subsidiaries and to settle liabilities.

The following tables relate exclusively to the above-mentioned subsidiaries in which non-controlling shareholders hold shares:

EUR million	12/31/2023	12/31/2022
Non-current assets	1,189.3	773.1
Current assets	1,405.7	894.5
Non-current liabilities	599.2	447.5
Current liabilities	1,239.3	717.7
Equity attributable to shareholders of the parent company	708.0	515.3
Non-controlling interests	**50.3**	**–12.9**

EUR million	2023	2022
Revenues	2,923.9	2,327.9
Other income and expenses (cumulative)	–2,843.3	–2,423.8
Net income	**80.6**	**–95.9**
Net income for the year attributable to shareholders of the parent company	110.5	–81.7
Net income for the year attributable to non-controlling interests	–30.0	–14.2
Other comprehensive income attributable to shareholders of the parent company	–0.1	14.8
Other comprehensive income attributable to non-controlling interests	–0.1	1.9
Total other comprehensive income	**–0.1**	**16.7**
Comprehensive income attributable to shareholders of the parent company	106.7	–66.8
Comprehensive income attributable to non-controlling interests	–30.1	–12.3
Total comprehensive income	**80.4**	**–79.2**

EUR million	2023	2022
Dividends paid (–) to non-controlling interests	1.5	1.5
Cash flow from operating activities	–48.5	5.0
Cash flow from investing activities	92.3	85.0
Cash flows from financing activities	–56.3	–97.5
Change in cash and cash equivalents	**–12.4**	**–7.5**

31 Authorized capital

By resolution of May 23, 2019, the Annual General Meeting of the Company resolved to cancel the Authorized Capital 2015/I and instead authorized the Management Board to increase the share capital of the Company in the period until May 22, 2024, with the consent of the Supervisory Board, by a total of up to EUR 7.7 million by issuing up to 7,748,146 new registered no-par value shares against cash contributions and/or contributions in kind ("Authorized Capital 2019/I"). The Management Board of the Company's general partner, Mutares Management SE, resolved on September 28, 2021, with the approval of the Supervisory Board, to increase the Company's share capital from previously EUR 15.5 million to EUR 20.6 million by issuing 5.1 million new no-par value registered shares. The capital increase with subscription rights for the limited liability shareholders of the Company was carried out in return for cash contributions by making partial use of the existing Authorized Capital 2019/I. After partial use of the Authorized Capital 2019/I, this capital amounts to EUR 2.608 million after the partial utilization. By resolution dated July 10, 2023, the Annual General Meeting of the Company resolved to cancel the Authorized Capital 2019/I and thus reduce the Authorized Capital 2019/I to EUR 0. Instead, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions in the period up to July 9, 2028, by a total of up to EUR 8,254,692.00 by issuing up to 8,254,692 new no-par value registered shares against cash and/or non-cash contributions ("Authorized Capital 2023/I").

32 Conditional Capital and share-based payment

32.1 Conditional Capital

The Annual General Meeting of the Company on June 3, 2016, authorized the Management Board, with the consent of the Supervisory Board, to issue up to 1,500,000 subscription rights ("stock options") to members of the Management Board of the Company, members of the management of affiliated domestic and foreign companies of the Company, and employees of the Company and employees of affiliated domestic and foreign companies until June 2, 2020 ("Mutares Stock Option Plan 2016"). The stock options entitle the holders to subscribe to up to 1,500,000 no-par value registered shares of the Company with a notional interest in the share capital of EUR 1.00 each. Furthermore, the Annual General Meeting resolved to conditionally increase the share capital of the Company by EUR 1.5 million by issuing up to 1,500,000 no-par value bearer shares to service the Mutares Stock Option Plan 2016 ("Conditional Capital 2016/I"). The Annual General Meeting of the Company on May 23, 2019, resolved to cancel the Conditional Capital 2016/I to the extent that it relates to the stock options not issued under the Mutares Stock Option Plan 2016. As a result, the Conditional Capital 2016/I amounts to EUR 361 thousand after reduction as of December 31, 2022. The Annual General Meeting of the Company on May 23, 2019, created Conditional Capital 2019/I of EUR 3,000 thousand for the purpose of granting shares upon exercise of conversion or option rights or upon fulfillment of conversion or option obligations to the holders or creditors of convertible bonds, warrant bonds, profit participation rights and/or participating bonds or combinations of these instruments issued on the basis of the authorization resolution of the Annual General Meeting on May 23, 2019.

After the partial cancellation of the Conditional Capital 2016/I became effective, the share capital of Mutares SE & Co. KGaA was conditionally increased by up to EUR 802 thousand by issuing up to 802,176 no-par value registered shares ("Conditional Capital 2019/II") by resolution of the Annual General Meeting on May 23, 2019. The Conditional Capital 2019/II serves to grant subscription rights to members of the Management Board and employees of the Company, members of the management and employees of companies affiliated with the Company.

After the partial cancellation of the Conditional Capital 2016/I has become effective, the share capital of the Company shall be conditionally increased by up to EUR 387 thousand by issuing up to 387,000 no-par value registered shares ("Conditional Capital 2021/I"). The Conditional Capital 2021/I exclusively served the purpose of issuing shares of the Company to service subscription rights to shares of the Company issued to members of the Management Board of the Company and employees of the Company as well as to members of the management and employees of affiliated companies within the meaning of Secs. 15 et seq. AktG in the form of stock options in accordance with the above authorization resolution pursuant to lit. b).

In the period from January 1, 2023, to December 31, 2023, a total of 154,525 new no-par value registered shares were issued from Conditional Capital 2016/I. As a result of the issue of the new no-par value registered shares, the Conditional Capital 2016/I was reduced from EUR 361 thousand to EUR 206 thousand.

The purpose of Conditional Capital 2016/I has also ceased to exist because all subscription rights have now been exercised or have expired and no new subscription rights can be issued on the basis of this authorization because this authorization was revoked by resolution of the Annual General Meeting on May 23, 2019. Conditional Capital 2016/I expired in 2023.

In the period from January 1, 2023, to December 31, 2023, a total of 267,500 new no-par value registered shares were issued from Conditional Capital 2019/II. As a result of the issue of the new no-par value registered shares, Conditional Capital 2019/II decreased by EUR 267 thousand from EUR 802 thousand to EUR 535 thousand.

32.2 Stock option plans

2019 Stock Option Plan

On August 9, 2019, the Management Board adopted option conditions under which a total of up to 360,979 stock options from Conditional Capital 2019/II may be issued to members of the management of affiliated domestic and foreign companies of the Company and to employees of the Company and employees of affiliated domestic and foreign companies until May 22, 2024. Upon fulfilment of certain exercise conditions – in particular a waiting period of at least four years and the achievement of a predefined, average, volume-weighted share price during the last 20 stock market trading days prior to the beginning of the respective exercise period, which must exceed the exercise price of the option by at least 85.7% – the stock options entitle the holder to subscribe to a total of up to 360,979 no-par value registered shares of the Company with a notional interest in the share capital of EUR 1.00 each.

Also on August 9, 2019, the Shareholders' Committee of the general partner of Mutares SE & Co. KGaA resolved, with the approval of the Supervisory Board, option conditions according to which a total of up to 441,197 stock options from Conditional Capital 2019/II may be issued to members of the Management Board of the Company until May 22, 2024. The stock options entitle the holder to subscribe to a total of up to 441,197 no-par value registered shares of the Company, each with a notional interest in the share capital of EUR 1.00, provided that certain exercise conditions are met, in particular a waiting period of at least four years.

782,696 stock options were issued in four tranches to date in September 2019, May 2020, May 2021 and November 2022 from the 2019 Stock Option Plan, of which 441,196 stock options were granted to members of the Management Board. The stock options granted are not entitled to dividends and do not grant any voting rights. In the fiscal year, a total of 267,000 stock options from the 2019 Stock Option Plan were exercised.

2021 Stock Option Plan

On August 31, 2021, the Management Board adopted option conditions under which up to 67,000 stock options from Conditional Capital 2021/I may be issued to members of the management of affiliated domestic and foreign companies of the Company and to employees of the Company and employees of affiliated domestic and foreign companies by May 19, 2026. Upon fulfilment of certain exercise conditions – in particular a waiting period of at least four years and the achievement of a predefined, average, volume-weighted share price during the last 20 stock market trading days prior to the beginning of the respective exercise period, which must exceed the exercise price of the option by at least 85.7% – the stock options entitle the holder to subscribe to a total of up to 67,000 no-par value registered shares of the Company with a notional interest in the share capital of EUR 1.00 each.

Also on August 31, 2021, the Shareholders' Committee of the general partner of Mutares SE & Co. KGaA resolved, with the approval of the Supervisory Board, option conditions according to which a total of up to 320,000 stock options from Conditional Capital 2021/I may be issued to members of the Company's Management Board until May 19, 2026. The stock options entitle the holder to subscribe to a total of up to 320,000 no-par value registered shares of the Company, each with a notional interest in the share capital of EUR 1.00, provided that certain exercise conditions are met, in particular a waiting period of at least four years.

From three tranches in November 2021, April 2022 and November 2022 to date, 350,804 stock options were issued from the 2021 Stock Option Plan, of which 288,804 were issued to members of the Management Board. The stock options granted are not entitled to dividends and do not grant any voting rights.

2023 Stock Option Plan

On September 5, 2023, the Shareholders' Committee of the general partner of Mutares SE & Co. KGaA resolved, with the approval of the Supervisory Board, option conditions according to which a total of up to 180,000 stock options from Conditional Capital 2019/II may be issued to members of the Management Board of the Company. The stock options entitle the holder to receive a certain cash amount ("VSOP profit") if certain exercise conditions are met – in particular a waiting period of at least four years. The VSOP gain is calculated from the average volume-weighted Mutares share price over the last 20 trading days prior to the date on which the declaration of exercise is received by the Company's general partner less the respective exercise price. The options serve as consideration for work still to be performed and expire without replacement if a beneficiary leaves the company within the minimum holding period or six years have elapsed since the issue date without exercise. The obligations from the virtual share options are reported under other financial obligations (see Note 35).

From a tranche in September 2023, 180,000 virtual stock options were issued to members of the Management Board from the virtual 2023 Stock Option Plan. The stock options granted are not entitled to dividends and do not grant any voting rights.

32.3 Valuation of the stock option plans

The stock options issued under the three plans have been valued using a binomial options price model. Where relevant, the Management Board's best estimate of the following factors has been used to determine the expected life of the options: Non-transferability, exercise restrictions (including the likelihood that the market conditions attached to the option will be met) and exercise behavior assumptions. The expected volatility is based on the development of the shares price volatility over the last six years. With regard to the timing of exercise, it was assumed that the program participants will exercise the options on average at the end of the exercise period of two years, i.e. six years after the grant date.

The following table shows the individual model parameters of the individual tranches from all three stock option plans:

		Options-tranche							
Modellparameter		**04/23/2018**	**09/05/2019**	**05/19/2020**	**05/21/2021**	**11/10/2021**	**04/22/2022**	**11/14/2022**	**09/05/2023**
Share price at grant date	in EUR	18.05	8.60	11.22	24.35	24.10	22.90	19.82	21.98
Exercise price	in EUR	12.44	4.54	6.54	14.78	14.08	13.47	11.59	15.39
Expected volatility	in %	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Option term	in years	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Dividend yield	in %	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Risk-free interest rate	in %	0.25	–0.76	–0.55	–0.35	–0.45	0.85	2.11	2.60

The risk-free interest rate is determined on the basis of observations of the market for risk-free government bonds with almost identical maturities to the option. If the maturity does not match exactly, the yield curve was interpolated to derive a suitable risk-free interest rate. The range of exercise prices of the options outstanding at the end of the reporting period is EUR 6.54 to EUR 15.39 and the weighted average exercise price is EUR 11.43 (previous year: EUR 11.02). The weighted average remaining contractual term is 3.79 years (previous year: 3.64 years). The weighted average fair value of the stock options granted in the fiscal year is EUR 1.24 (previous year: EUR 1.64).

The following table shows the average weighted option prices for different categories of options:

Groups of stock options	Groups of stock options	Weighted average of exercise prices
Options outstanding at December 31, 2022	**1,276,500**	**11.02**
Options granted in 2023	180,000	15.39
Options exercised in 2023	–432,500	7.55
Options expiring in 2023	–155,000	11.12
Options exercisable at December 31, 2023	**0**	**0.00**
Options outstanding at December 31, 2023	**869,000**	**11.43**

The development of the number of outstanding stock options at the respective reporting dates is shown in the following table:

	Options-tranche								
Number of stock options	**04/23/2018**	**09/05/2019**	**05/19/2020**	**05/21/2021**	**11/10/2021**	**04/22/2022**	**11/14/2022**	**09/05/2023**	**Summe**
As at 12/31/2022	**165,000**	**267,500**	**356,500**	**93,696**	**108,804**	**180,000**	**105,000**	**0**	**1,276,500**
+ new options granted	0	0	0	0	0	0	0	180,000	**180,000**
– exercised options	–165,000	–267,500	0	0	0	0	0	0	**–432,500**
– expired options	0	0	–65,000	0	0	–45,000	0	–45,000	**–155,000**
As at 12/31/2023	**0**	**0**	**291,500**	**93,696**	**108,804**	**135,000**	**105,000**	**135,000**	**869,000**
of which can be exercised	0	0	0	0	0	0	0	0	**0**

In fiscal year 2023, personnel expenses of EUR 1.2 million (previous year: EUR 0.9 million) were recognized from the aforementioned stock option plans.

The weighted average share price of the options exercised during the reporting period is EUR 26.32.

33 Own Shares

By resolution of the Annual General Meeting on May 23, 2019, the Management Board was authorized to acquire treasury shares of the Company up to a total of 10% of the Company's share capital existing at the time of the resolution or – if this figure is lower – at the time the authorization is exercised, subject to compliance with the principle of equal treatment (Section 53 AktG), until the end of May 22, 2024. The shares acquired on the basis of this authorization, together with other treasury shares of the Company which the Company has acquired and still holds or which are attributable to it in accordance with Sections 71a et seq. of the German Stock Corporation Act (AktG), may at no time exceed 10% of the respective share capital of the Company.

On the basis of corresponding resolutions, the Management Board, with the approval of the Supervisory Board, launched share buyback programs in the past fiscal years. In this context, a total of 261,875 shares were acquired in the period from January 15 to March 6, 2015, and in the period from June 1 to July 15, 2018, with each share representing EUR 1.00 of the share capital.

The Management Board of the general partner of Mutares SE & Co. KGaA resolved on September 17, 2020, with the approval of the Supervisory Board of the general partner, to launch a share buyback program using the authorization granted by the Annual General Meeting on May 23, 2019 ("Share Buyback Program 2020/I"). Under the share buyback program 2020/I, up to a total of 250,000 treasury shares (corresponding to up to 1.61% of the Company's share capital) could be repurchased in the period from September 17, 2020, to March 31, 2021, at a total purchase price (excluding incidental acquisition costs) of up to EUR 2.5 million. A total of 210,600 shares were acquired during this period. The difference between the acquisition cost and the notional value of the treasury shares amounts to a total of EUR 2.3 million and was offset against retained earnings.

To service the stock options exercised under the 2016 Stock Option Plan, the Company used part of the 472,475 treasury shares existing as of December 31, 2020, in fiscal year 2021. The reissuance prices ranged between EUR 19.10 and EUR 24.60 and were used to cover costs and to settle taxes arising from the exercise of the stock options for the beneficiaries and to be paid by the Company. The difference between the acquisition costs and the pro rata amount of the share capital of the treasury shares was offset against the profit carried forward when they were acquired in the past in the amount of EUR 3,649 thousand due to the lack of freely available reserves. When treasury shares were used in the context of servicing the stock options exercised under the 2016 Stock Option Plan, the difference between the nominal value of the treasury shares and the exercise price of EUR 3,649 thousand was offset against earnings carried forward in the opposite direction; the difference between the original average acquisition cost and the exercise price of EUR 1,351 thousand was also offset against retained earnings. Overall, the number of treasury shares thus decreased to 10,475 as of December 31, 2021.

In fiscal year 2023, treasury shares were used in connection with the exercise of share options. Therefore, no treasury shares were held as of December 31, 2023 (previous year: 10,475).

34 Trade payables

Trade payable amount to EUR 680.2 million (previous year: EUR 592.7 million) and are due to third parties. They are recognized at the settlement or repayment amount and are due in full within one year, except for EUR 5.6 million (previous year: EUR 4.7 million), which are due in more than one year.

As the Mutares Group is a conglomerate, practices regarding payment terms – including interest on outstanding amounts, if any – may diverge.

35 Other financial liabilities

Other financial liabilities developed as follows:

EUR million	12/31/2023	12/31/2022
Bond	196.1	79.2
Liabilities to banks	133.6	136.2
Outstanding invoices	123.1	80.8
Current third party loans	95.6	56.8
Current liabilities from factoring	36.2	54.0
Current liabilities to former shareholders	16.5	1.1
Liabilities for rebates	10.5	7.2
Earn-out liabilities	3.4	6.0
Debtors with credit balances	7.8	1.6
Miscellaneous financial liabilities	70.3	63.8
Other financial liabilities	**693.2**	**486.6**
Current	342.4	305.9
Non-current	350.8	180.7

With regard to one investment in the Automotive & Mobility segment, there are liabilities to banks of EUR 47.6 million (previous year: EUR 49.7 million), of which EUR 46.6 million (previous year: EUR 48.1 million) relate to terms of up to one year. The liabilities are secured by the assignment of machines and warehouses, receivables and land charges.

In the case of one investment in the Automotive & Mobility segment, there are non-current liabilities from loans to third parties of EUR 23.0 million (previous year: EUR 23.0 million).

For two further portfolio companies in the Automotive & Mobility segment there are mostly secured liabilities to banks of EUR 16.0 million (previous year: EUR 16.7 million), of which EUR 7.8 million (previous year: EUR 11.5 million) are due within one year.

There are also liabilities to banks at other portfolio companies of the Automotive & Mobility segment of EUR 38.9 million (previous year: EUR 27.3 million), of which EUR 17.0 million (previous year: EUR 10.4 million) are due within one year.

With one investment in the Engineering & Technology segment, there are liabilities to banks of EUR 14.7 million (previous year: EUR 11.1 million), of which EUR 2.3 million (previous year: EUR 2.7 million) are due within one year.

In connection with the outstanding bond and other financing, the companies have undertaken to comply with customary financial covenants and non-financial covenants, whereby non-compliance can result in a right of termination for the banks. The bond conditions include financial covenants with regard to a minimum liquidity level that must be maintained and the ratio of liabilities to assets and equity. In the fiscal year, loan agreement clauses for liabilities to banks with a carrying amount of EUR 21.8 million (previous year: EUR 58.1 million) were not complied with, for which no agreement on a waiver of termination had been reached with the banks by the balance sheet date. The majority of the carrying amount relates to liabilities to banks for an investment in the Automotive & Mobility segment. A resulting right of termination on the part of the banks was not exercised as of the reporting date. Discussions with the banks on a waiver of termination were initiated in the fourth quarter of fiscal year 2023. All liabilities covered by the non-compliance were reported as current.

The interest rates on all liabilities to banks range between 0.00% (previous year: 0.75%) and 14.91% (previous year: 11.75%) and include both fixed and variable interest rate agreements. The maturities of the main non-current liabilities to banks are a maximum of ten years (previous year: ten years).

Liabilities from third-party loans, which also include both fixed and variable interest rate agreements and range between 0.00% (previous year: 0.00%) and 11.50% (previous year: 8.00%), have a maximum term of 8 years (previous year: 8 years).

Liabilities from factoring include liabilities from factoring agreements under which the default risk of the transferred receivables is not transferred to the contractual partner, i.e., Mutares retains substantially all the risks and rewards incidental to ownership of the transferred receivables and no derecognition takes place. With regard to factoring, we refer to the comments in Note 23.

The bonds item comprises the senior secured bond issued in March 2023 with a term until March 31, 2027, which was increased by a volume of EUR 50 million to the nominal volume of EUR 150 million over the course of the fiscal year as part of an increase option. The proceeds from the issue will be used to refinance the bond issued in fiscal year 2020, which was redeemed in full ahead of schedule when the new bond was issued, as well as for general company financing. The new bond is listed on the OTC market of the Frankfurt Stock Exchange and on the Nordic ABM of the Oslo Stock Exchange. The bond was issued at an issue price of 100.00%. The bond bears interest quarterly, for the first time on June 30, 2023, at the 3-month EURIBOR (EURIBOR-Floor of 0.00%) plus a margin of 8.50% and can be increased to a nominal volume of up to EUR 250 million during the term depending on market conditions. The bond is secured by the pledge of 100% of the shares in certain affiliated companies held by Mutares SE & Co. KGaA and by the assignment of existing and any future loan receivables of Mutares SE & Co. KGaA from these affiliated companies.

The bond has been designated by the Company as at fair value through profit or loss (FVTPL). This category includes all financial liabilities held for trading as well as derivative instruments, unless they are part of a hedging relationship, and financial instruments for which the fair value option has been exercised. From the Company's perspective, there are no items in the Consolidated Statement of Financial Position or the Consolidated Statement of Income in connection with the bond that would give rise to accounting mismatches from the recognition of the default risk in other comprehensive income. As of the reporting date, there was a difference of EUR 10.6 million between the carrying amount (i.e. fair value) of the bond and the repayment amount at maturity. The cumulative change in the amount of the fair value of the bond attributable to changes in its default risk amounted to EUR 10.3 million as of the reporting date. Since the issuance of the bond and up to the reporting date, no reclassifications of the cumulative gain or loss within equity have been made. Furthermore, no (partial) derecognition of the bond occurred during this period. With regard to the valuation of the bond as of the balance sheet date, we refer to Note 41.

The bond issued in fiscal year 2020 was terminated prematurely in 2023 as part of the refinancing and repaid in full. The cumulative result from credit rating-related changes in the fair value of this bond of EUR –0.4 million recognized in other comprehensive income to date was realized when the liability was derecognized and reclassified to retained earnings.

In addition, the bonds item includes financing structured as an unlisted bond for a newly acquired investment in the Engineering & Technology segment in the amount of EUR 35 million. The bond matures on October 31, 2031 and has an interest rate of 6% per annum.

The following assets are pledged as collateral for liabilities:

EUR million	12/31/2023	12/31/2022
Intangible assets	0.0	1.4
Property, plant and equipment	75.5	126.6
Contract assets	0.0	0.0
Other non-current non-financial assets	0.0	0.3
Inventories	41.0	72.5
Trade and other receivables	13.0	58.7
Cash and cash equivalents	5.4	3.9
Pledged assets	**134.9**	**263.3**

The term of the collateral is generally congruent with the term of the underlying loan or credit agreement. As a rule, the collateral granted may not be sold by the collateral taker.

36 Leasing liabilities

The expense for lease payments not included in the measurement of the lease liability is as follows:

EUR million	12/31/2023	12/31/2022
Leasing expenses from short-term leasing relationships	-21.6	-16.1
Leasing expenses from low-value leasing relationships	-0.8	-1.2
Expenses from subleases	-0.3	-0.3
Variable leasing expenses (not included in the leasing liability)	-8.0	-4.6
Leasing liabilities	**-30.7**	**-22.2**

The total cash outflow from leases for fiscal year 2023 amounted to EUR 106.5 million (previous year: EUR 74.0 million).

Possible future cash outflows from renewal, termination and purchase options that are not considered sufficiently certain have not been included in the measurement of lease liabilities. As of the balance sheet date, there are no leases entered into but not yet commenced that would result in significant cash outflows.

The lease liabilities are generally secured by the leased asset underlying the lease. For information on the corresponding rights of use, please refer to the explanations in Note 18 “Rights of use”.

37 Pension plans/pension accruals and similar obligations

37.1 Defined contribution plans

The German statutory pension insurance, to which the employer must contribute at a currently applicable rate of 9.3% (employer’s contribution) of pensionable compensation, constitutes a defined contribution plan for all employees of Group companies in Germany. Furthermore, there are defined contribution plans mainly in Italy, France and other European countries.

The total expenses of EUR 65.5 million (previous year: EUR 47.4 million) recognized in personnel expenses represent the Group’s contributions due to these pension plans in accordance with the contribution rates applicable in the specific countries.

37.2 Defined benefit plans

EUR million	12/31/2023	12/31/2022
Present value of defined benefit obligation	1.7	69.5
Fair value of plan assets	2.3	83.0
Net assets from defined benefit obligation	**0.6**	**13.5**
Present value of defined benefit obligation	142.6	104.6
Fair value of plan assets	11.9	10.2
Net liability from defined benefit obligation	**130.6**	**94.4**
Total present value of defined benefit obligation	144.3	174.1
Total fair value of plan assets	14.2	93.2
	130.1	**80.9**

In various Group entities (but not at Mutares SE & Co. KGaA itself), primarily in Germany, France, Italy and the United Kingdom, there are defined benefit plans for pension payments or similar obligations based on country-specific laws or contracts. The amount of the obligations is predominantly derived from the performance-related remuneration, length of service and age. The pension plans are partly funded. As of December 31, 2023, the pension plans in the United Kingdom were overfunded, resulting in a defined benefit asset of EUR 0.6 million. This is recognized under non-current other assets. As the overfunding is available as a refund or future contribution reduction, no curtailment of the asset is necessary. The net liability from defined benefit plans of EUR 130.6 million (previous year: EUR 94.4 million) corresponds to the provisions for pensions and similar obligations.

Pension commitments in **Germany** are governed by various pension regulations and essentially comprise the granting of retirement, invalidity and surviving dependents’ benefits. The amount of the pension benefits is determined on the basis of the eligible period of service and the assigned pension group as well as the pension amount determined by the respective individual pension commitment.

The commitments in **France** include government-mandated lump-sum payments upon retirement. There are no minimum funding requirements. In addition, at one French subsidiary, there is a contractually agreed pension plan which entitles the holder to pension payments under certain conditions. Minimum funding requirements exist only for retirees. The plan has been closed to new employees since 1997.

The plans in **Italy** include commitments for benefits provided prior to 2007. Due to a change in legislation, all plans were restructured into defined contribution plans as of 2007. Accordingly, only interest effects and actuarial effects change the defined benefit obligations of the Italian subsidiaries. There are no minimum funding requirements.

The pension plans in the **United Kingdom** provide for retirement and surviving dependents' benefits. The benefits are service- and salary-related. There are statutory minimum funding requirements. Trustees manage the plan assets and make decisions regarding funding and investment strategies together with the subsidiaries. Under one plan, the subsidiary is obligated to pay 100% of the expenses and to be responsible for 100% of any plan deficit. Under the other plan, the subsidiary is required to contribute 60%. The remaining 40% is borne by active beneficiaries. The investment strategy is to invest approximately 60% in assets with volatile returns and 40% in defensive assets – mainly government bonds. This strategy reflects the liability profile of the plan and the risk attitude of the trustee and the subsidiary company. A risk minimization strategy is taken into account, according to which the share of assets with volatile returns is expected to decrease to 20% over the next 14 years.

The plans in **India** and **Poland** entitle employees leaving the company to one-time payments depending on their length of service with the company and their most recent remuneration. In addition, there is a plan in Poland under which the benefit to the beneficiaries is linked to their retirement or reaching the age of sixty.

The plans in Slovenia, Bosnia and Serbia also entitle retiring employees to one-time payments. While the one-time payments under the plans in Slovenia depend on the length of service and the last salary received, in Bosnia and Serbia they are calculated on the basis of the average income in the country.

The plan in **Sweden** is based on a collective agreement and entitles employees born before 1979 to lifetime pension benefits.

The Group is typically exposed to the following actuarial risks through these plans:

- **Investment risk:**
  The present value of the defined benefit obligation under the plan is determined using a discount rate determined on the basis of yields on senior, fixed-rate corporate bonds. To the extent that the return on plan assets (if any) is below this rate, this will result in a shortfall in the plan.

- **Interest rate risk:**
  A decrease in the bond interest rate leads to an increase in the plan liability.

- **Longevity risk:**
  The present value of the defined benefit obligation under the plan is determined on the basis of the best estimate of the probability of death of the beneficiary employees both during the employment relationship and after its termination. An increase in the life expectancy of the beneficiary employees leads to an increase in the plan liability.

- **Salary risk:**
  The present value of the defined benefit obligation under the plan is determined partly on the basis of the future salaries of the beneficiary employees. Thus, salary increases of the beneficiary employees lead to an increase in the plan liability.

The accrual for pensions and similar obligations was measured in accordance with generally accepted actuarial principles using the projected unit credit method.

The defined benefit obligations developed as follows as of December 31, 2023, compared to the previous year:

EUR million	12/31/2023	12/31/2022
Opening balance of defined benefit obligation	174.1	166.4
Service cost	2.6	2.8
Current service cost	4.1	3.1
Gains (–)/losses (+) from plan curtailment	–1.6	–0.3
Interest expense	5.2	4.4
Actuarial gains (–) and losses (+)	8.0	–78.9
due to experience-based adjustments	–0.4	5.7
due to change in demographic assumptions	0.6	–1.3
due to change in financial assumptions	7.8	–83.3
Change of valuation methods	0.0	0.0
Benefits paid	–7.6	–25.2
Changes in the consolidated group	42.1	134.4
from additions	42.1	135.6
from disposals	0.0	–1.2
Reclassification IFRS 5	–5.2	–25.8
Miscellaneous	–0.5	–3.9
Closing balance of defined benefit obligation	**218.7**	**174.1**

The change in the scope of consolidation in 2023 is mainly due to the acquisitions of four forging companies, Gesenkschmiede Schneider, Schöneweiss & Co., Falkenroth Umformtechnik and Jeco Jellinghaus from CIE Forgings Germany (EUR 15.8 million in total), MMT-B (EUR 9.3 million), Walor International (EUR 7.7 million) and the Selzer Group (EUR 3.4 million).

The amounts recognized in the income statement and in other comprehensive income – before income taxes and deferred taxes – for the two periods are as follows:

Interest expense is recognized in the financial result as interest expense from compounding of provisions. The fair value of plan assets developed as follows:

EUR million	2023	2022
Service cost	2.6	2.8
Current service cost	4.1	3.1
Gains (–)/losses (+) from plan curtailment	–1.6	–0.3
Net interest expense	4.6	2.2
Components of defined benefit obligations recognised in consolidated net income	7.2	5.0
Actuarial gains (–) and losses (+)	8.0	–41.5
due to experience-based adjustments	–0.4	5.7
due to change in demographic assumptions	0.6	–1.3
due to change in financial assumptions	7.8	–45.9
Components of defined benefit obligations recognised in other comprehensive income	8.0	–41.5
Comprehensive income from defined benefit obligations	**15.2**	**–36.5**

EUR million	12/31/2023	12/31/2022
Opening balance of plan assets measured at fair value	93.2	13.3
Employer contributions	2.7	10.6
Interest income	0.6	2.2
Gains (+) and losses (–) from revaluation	0.0	–37.4
Income (+)/expense (–) from plan assets	0.0	–37.4
Paid services	–2.2	–3.7
Changes in the consolidated group	–79.9	108.8
due to addition	4.2	108.8
due to disposal	–84.1	0.0
Reclassification IFRS 5	0.0	–0.5
Miscellaneous	0.0	–0.1
Closing balance of plan assets measured at fair value	**14.2**	**93.2**

The addition to the scope of consolidation in fiscal year 2023 mainly relates to the acquisitions of MMT-B (EUR 1.9 million) and PMTC (EUR 1.5 million).

The fair values of the major categories of plan assets at the balance sheet date for each category are as follows:

EUR million	12/31/2023	12/31/2022
Cash and cash equivalents	3.8	21.9
Equity instruments	2.2	6.0
Debt instruments	2.1	29.9
Securities funds	3.3	8.7
Real estate	0.2	0.2
Miscellaneous	2.5	26.5
Closing balance of plan assets measured at fair value	**14.2**	**93.2**

The fair values of the above debt instruments, securities funds and equity instruments were determined based on quoted prices in active markets.

37.3 Actuarial assumptions

The obligations are determined on the basis of actuarial assumptions using the following significant parameters – if relevant for the respective company-specific plan:

	German plans		Italian plans		French plans		UK plans	
%	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	31.12.2022
Discount rate	3.42% – 4.24%	4.06% – 4.26%	3.42% – 3.46%	4.06% – 4.14%	3.40% – 3.84%	4.14% – 4.18%	4.50%	4.75% – 5.05%
Salary trends	2.50%	2.70%	1.00%	n. a.	2.25%	2.60%	2.00%	2.00%
Pension trends	1.95%	1.90%	3.00%	3.30%	2.05%	n. a.	2.55%	2.90%
Mortality tables	Heubeck 2018G	Heubeck 2018G	IPS55	RG48 & IPS55	INSEE, RG48, TGH-TGF05, TV 88/90	INSEE 2016 – 2018	Series 3 SAPS	Series 3 SAPS

	Indian plans		Polish plans		Swedish plans		Other plans	
%	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Discount rate	7.25% – 7.40%	7.50%	5.31%	4.14% – 6.70%	3.69%	4.00%	3.60%	4.10%
Salary trends	8.00%	8.00%	8.00%	7.80%	2.50%	2.90%	3.60%	3.80%
Pension trends	n. a.	n. a.	n. a.	n. a.	n. a.	2.10%	n. a.	n. a.
Mortality tables	IALM 2012 – 14	IALM 2012 – 14	n. a.	n. a.	DUS21	DUS21	divers	divers

The other plans concern India and Polen.

37.4 Sensitivity analysis

The significant actuarial assumptions used to determine the defined benefit obligation are the discount rate, pension trend, salary trend and mortality expectations. The sensitivity analyses presented below were performed on the basis of reasonably possible changes in the respective assumptions as of the balance sheet date, with the other assumptions remaining unchanged in each case. The table shows the changed defined benefit obligation at the respective reporting date under the changed assumption.

		German plans		Italian plans		French plans		UK plans	
EUR million		12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Defined benefit obligation		56.8	44.7	12.5	13.4	55.2	42.3	0.0	64.8
Interest rate	+50 bp	54.3	41.7	12.0	13.3	54.7	40.3	0.1	61.0
	−50 bp	58.8	47.9	12.9	13.6	60.4	44.3	0.0	69.0
Salary trends	+50 bp	57.4	45.2	12.5	n. a.	59.9	44.1	0.0	64.8
	−50 bp	55.8	44.1	12.5	n. a.	54.9	40.6	0.0	64.8
Pension trends	+25 bp	58.1	45.3	12.6	13.5	54.8	n. a.	0.1	66.0
	−25 bp	53.3	42.2	12.4	13.4	54.8	n. a.	0.0	63.7
Longevity	+1 year	58.7	45.6	12.5	13.4	55.2	42.3	0.1	66.7
	−1 year	54.4	43.6	12.5	13.4	54.8	42.2	0.0	63.0

		Indian plans		Polish plans		Swedish plans		Other plans	
EUR million		12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Defined benefit obligation		2.5	2.7	0.7	0.4	0.2	3.4	2.8	2.4
Interest rate	+50 bp	2.0	2.6	0.7	0.4	0.2	2.9	2.7	2.3
	−50 bp	2.7	2.7	0.8	0.5	0.2	3.9	2.9	2.5
Salary trends	+50 bp	2.7	2.7	0.8	0.5	0.2	3.6	2.9	2.5
	−50 bp	2.0	2.6	0.7	0.4	0.2	3.2	2.8	2.4
Pension trends	+25 bp	2.5	n. a.	0.7	n. a.	0.2	3.6	2.8	n. a.
	−25 bp	2.5	n. a.	0.7	n. a.	0.2	3.2	2.8	n. a.
Longevity	+1 year	2.7	2.7	0.7	n. a.	0.2	3.5	2.8	2.4
	−1 year	2.1	2.7	0.7	n. a.	0.2	3.2	2.8	2.4

The foregoing sensitivity analysis is not expected to be representative of the actual change in the defined benefit obligation, as it is unlikely that deviations from the assumptions made will occur in isolation, as some of the assumptions are interrelated. Furthermore, the present value of the defined benefit obligation in the above sensitivity analysis was determined using the projected unit credit method, the same method used to calculate the defined benefit liability recognized in the Consolidated Statement of Financial Position.

37.5 Expected payments for defined benefit obligations

The following table shows the expected payments for defined benefit obligations for the next five years:

EUR million	12/31/2023	12/31/2022
Within a year	6.3	8.0
Between one and two years	7.0	8.0
Between two and three years	7.6	9.8
Between three and four years	8.6	10.9
Between four and five years	10.8	12.7

Contributions to plan assets are expected to amount to EUR 0.3 million in fiscal year 2023 (previous year: EUR 0.4 million).

The weighted average duration of the defined benefit obligations as of December 31, 2023, is 11.3 years (previous year: 13.3 years).

38 Other provisions

The development of other provisions is as follows:

EUR million	Personnel (excluding pensions)	Legal costs	Warranties	Restructuring and severance	Anticipated losses	Miscellaneous other	Total
As at 01/01/2022	**21.7**	**9.4**	**17.7**	**21.7**	**34.2**	**64.5**	**169.3**
Foreign exchange differences	-0.2	0.0	0.0	0.0	-0.9	-0.1	-1.2
Changes in consolidated group	5.5	2.5	6.5	0.0	68.6	10.3	93.4
Addition	11.3	2.7	3.6	11.5	2.2	48.5	79.9
Utilisation	-7.6	-3.0	-3.8	-17.0	-1.3	-42.2	-74.9
Effects from discounting	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reversal	-0.9	-1.8	-3.2	-3.3	-14.3	-10.8	-34.2
Reclassification IFRS 5	-1.4	-0.6	-0.9	0.0	0.0	-0.5	-3.3
Reclassifications	0.0	0.4	-2.7	0.0	-0.4	2.7	0.0
As at 12/31/2022	**28.5**	**9.7**	**17.3**	**12.9**	**88.1**	**72.4**	**229.0**
Current	14.7	2.1	8.3	9.3	32.3	43.0	109.8
Non-current	13.8	7.6	9.0	3.6	55.7	29.6	119.3
Foreign exchange differences	0.0	0.0	0.0	0.0	-0.3	0.0	-0.3
Changes in consolidated group	3.0	34.5	5.5	4.5	106.9	33.6	188.1
Addition	3.1	5.3	8.7	15.7	17.5	39.2	89.6
Utilisation	-17.6	-2.1	-3.7	-12.5	-13.8	-37.0	-86.6
Reversal	-1.7	-0.3	-2.5	-0.9	-31.3	-10.4	-47.2
Reclassification IFRS 5	-0.1	-0.2	0.0	0.0	0.0	-0.1	-0.5
Reclassifications	13.6	-0.4	0.0	0.0	1.7	-8.9	6.1
As at 12/31/2023	**28.7**	**46.5**	**25.3**	**19.8**	**169.0**	**88.9**	**378.2**
Current	1.1	23.3	10.8	18.5	61.6	51.0	166.3
Non-current	27.6	23.2	14.5	1.4	107.4	37.5	211.6

The personnel provisions as of December 31, 2023, amount to EUR 28.7 million (previous year: EUR 28.5 million), provisions for early retirement (EUR 6.9 million; previous year: EUR 8.1 million) and provisions for long-service awards (EUR 21.8 million; previous year EUR 5.7 million). The latter are accrued in accordance with the employee's length of service to date and discounted at an interest rate of 2.00% and 3.63% (previous year: 4.06% and 4.24%).

The increase in warranty provisions to EUR 25.3 million (December 31, 2022: EUR 17.3 million) is mainly attributable to the Engineering & Technology segment. The increase from changes in the scope of consolidation mainly relates to the acquisitions of PMTC and Efacec.

The increase in provisions for restructuring and severance payments to EUR 19.8 million (December 31, 2022: EUR 12.9 million) mainly results from restructuring programs initiated in the Automotive & Mobility and Goods & Services segments.

The increase in provisions for onerous contracts to EUR 169.0 million (December 31, 2022: EUR 88.1 million) is mainly due to the new acquisitions in the Goods & Services and Engineering & Technology segments in the fiscal year. In the Automotive & Mobility segment, there was a significant addition of EUR 14.9 million due to increased production costs.

Miscellaneous other provisions increased to EUR 88.5 million (December 31, 2022: EUR 72.4 million), with additions and utilization almost balancing each other out. Other provisions include payments received in connection with the acquisition of shares in Balcke-Dürr Energy Solutions S.p.A., Genoa, by an indirect subsidiary in the amount of EUR 12 million. The contribution received by Mutares SE & Co. KGaA serves to cover uncertain obligations from guarantees and is therefore recognized as other provisions. In addition, other provisions from the Automotive & Mobility segment include obligations of EUR 33.8 million resulting from issues in the context of customer relationships. The increase in other provisions is mainly attributable to acquisitions in the Engineering & Technology segment.

39 Other liabilities

Other liabilities break down as follows:

EUR million	12/31/2023	12/31/2022
Employee related liabilities	174.1	85.0
Social security liabilities	61.3	37.6
Deferred income	55.0	15.2
VAT liabilities	25.0	10.1
Liabilities from payroll and church taxes	8.0	8.8
Other levies	11.8	5.1
Advance payments received	10.7	1.6
Miscellaneous other liabilities	13.6	12.5
Other non-financial liabilities	**359.5**	**175.9**
Current	358.3	173.4
Non-current	1.2	2.5

Other personnel-related liabilities break down as follows:

EUR million	12/31/2023	12/31/2022
Accruals for occupational health and safety agency	3.1	2.1
Accruals for vacation and overtime	74.8	45.2
Outstanding salary payments; variable remuneration	89.8	29.6
Other employee benefits	6.4	8.1
Current employee-related liabilities	**174.1**	**85.0**

F FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

40 Capital Risk Management

The Group's objectives with regard to capital management are, on the one hand, to safeguard the Group's ability to continue as a going concern in order to continue to provide its shareholders with income and other stakeholders with the benefits to which they are entitled and, on the other hand, to maintain an optimal capital structure in order to reduce the cost of capital. Where companies have undertaken to comply with financial covenants, non-compliance can result in a right of termination for the financier and can therefore have a negative impact on the capital structure (Note 35). Management of the capital structure is largely decentralized, whereas monitoring is centralized. Standardized reporting of all portfolio companies on a monthly basis provides the Management Board with a comprehensive picture of the entire portfolio. The Management Board monitors the situation of the portfolio companies (including with regard to the capital structure) in regular reviews and is informed about all portfolio companies on the basis of the reporting system implemented.

	12/31/2023		12/31/2022	
EUR million		**As a percentage of total capital and financial liabilities**		**As a percentage of total capital and financial liabilities**
Equity attributable to shareholders of the parent company	1,069.3	36.7 %	712.7	33.2 %
Current financial liabilities	1,103.9	37.9 %	954.1	44.4 %
Non-current financial liabilities	736.4	25.3 %	479.9	22.4 %
Financial liabilities	1,840.4	63.3 %	1,434.0	66.8 %
Total capital and financial liabilities	**2,909.6**	**100.0 %**	**2,146.7**	**100.0 %**

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41 Fair value measurement

A breakdown of financial assets or liabilities by IFRS 9 measurement category for the reporting dates of December 31, 2023, and December 31, 2022, shows the following picture.

FINANCIAL ASSETS BY CLASS

	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
EUR million		12/31/2023	Amortized costs	Fair value OCI	Fair value PL	12/31/2023	Hierarchy
Non-current financial assets							
Trade accounts receivable and other receivables	AC	0.7	0.7			0.7	Level 2
Other non-current financial assets		**128.7**					
Deposits	AC	27.4	27.4			27.4	Level 2
Securities	FVPL	0.9			0.9	0.9	Level 3
Other non-current financial assets	FVPL	0.0			0.0	0.0	Level 3
Other non-current financial assets	AC	100.3	100.3			100.3	Level 2
Derivatives	FVPL	0.1			0.1	0.1	Level 2
Current financial assets							
Trade accounts receivable and other receivables	AC	491.0	491.0			491.0	Level 2
Other current financial assets		**225.5**					
Deposits	AC	25.4	25.4			25.4	Level 2
Loans	AC	1.4	1.4			1.4	Level 2
Other non-current financial assets	AC	194.5	194.5			194.5	Level 2
Other non-current financial assets	FVPL	3.3			3.3	3.3	Level 1
Other non-current financial assets	FVPL	0.0			0.0	0.0	Level 3
Derivatives	FVPL	0.9			0.9	0.9	Level 2
Cash and cash equivalents	AC	520.2	520.2			520.2	Level 2

FINANCIAL ASSETS BY CLASS

EUR million	Categories according to IFRS 9	Carrying amount	Measurement in accordance with IFRS 9			Fair value	
		12/31/2022	Amortized costs	Fair value OCI	Fair value PL	12/31/2022	Hierarchy
Non-current financial assets							
Trade accounts receivable and other receivables	AC	4.2	4.2			4.2	Level 2
Other non-current financial assets		**46.0**					
Deposits	AC	29.0	29.0			29.0	Level 2
Securities	FVPL	0.9			0.9	0.9	Level 3
Other non-current financial assets	FVPL	0.0			0.0	0.0	Level 3
Other non-current financial assets	AC	7.7	7.7			7.7	Level 2
Derivatives	FVPL	8.4			8.4	8.4	Level 2
Current financial assets							
Trade accounts receivable and other receivables	AC	407.1	407.1			407.1	Level 2
Other current financial assets		**183.1**					
Deposits	AC	6.6	6.6			6.6	Level 2
Loan	AC	4.3	4.3			4.3	Level 2
Other non-current financial assets	AC	171.2	171.2			171.2	Level 2
Other non-current financial assets	FVPL	0.0			0.0	0.0	Level 1
Other non-current financial assets	FVPL	0.0			0.0	0.0	Level 3
Derivatives	FVPL	1.0			1.0	1.0	Level 2
Cash and cash equivalents	AC	246.4	246.4			246.4	Level 2

FINANCIAL LIABILITIES BY CLASS

EUR million	Categories according to IFRS 9	Carrying amount 12/31/2023	Measurement in accordance with IFRS 9: Amortized costs	Fair value OCI	Fair value PL	Fair value 12/31/2023	Hierarchy
Non-current financial liabilities							
Trade payables and other liabilities	FLAC	5.6	5.6			5.6	Level 2
Other financial liabilities		**350.8**					
Liabilities to banks	FLAC	41.7	41.7			40.9	Level 3
Third party loans	FLAC	65.6	65.6			65.6	Level 3
Bonds	FLAC	35.5				38.8	Level 3
Bonds	FLFVO	160.6		160.6		160.6	Level 1
Other non-current financial liabilities							
Other non-current financial liabilities	FLAC	44.0	44.0			43.8	Level 3
Other non-current financial liabilities	FLFVPL	3.4			3.4	3.4	Level 3
Derivatives	FLFVPL	0.0			0.0	0.0	Level 2
Current financial liabilities							
Trade payables and other liabilities	FLAC	674.6	674.6			674.6	Level 2
Other financial liabilities		**342.4**					
Outstanding invoices	FLAC	123.1	123.1			123.1	Level 2
Liabilities to banks	FLAC	92.0	92.0			91.7	Level 3
Liabilities from factoring	FLAC	36.2	36.2			36.2	Level 2
Third party loans	FLAC	30.7	30.7			30.7	Level 3
Other current financial liabilities						0.0	
Other current financial liabilities	FLAC	59.5	59.5			59.4	Level 3
Other current financial liabilities	FLFVPL	0.7			0.7	0.7	Level 3
Derivatives	FLFVPL	0.2			0.2	0.2	Level 2

FINANCIAL LIABILITIES BY CLASS

EUR million	Categories according to IFRS 9	Carrying amount 12/31/2022	Measurement in accordance with IFRS 9: Amortized costs	Fair value OCI	Fair value PL	Fair value 12/31/2022	Hierarchy
Non-current financial liabilities							
Trade payables and other liabilities	FLAC	4.7	4.7			4.7	Level 2
Other financial liabilities		**180.7**					
Liabilities to banks	FLAC	46.9	46.9			45.4	Level 3
Third party loans	FLAC	28.5	28.5			28.5	Level 3
Bonds	FLAC	0.0				0.0	Level 3
Bonds	FLFVO	79.2		79.2		79.2	Level 1
Other non-current financial liabilities							
Other non-current financial liabilities	FLAC	20.1	20.1			20.1	Level 3
Other non-current financial liabilities	FLFVPL	6.0			6.0	6.0	Level 3
Derivatives	FLFVPL	0.0			0.0	0.0	Level 2
Current financial liabilities							
Trade payables and other liabilities	FLAC	588.0	588.0			588.0	Level 2
Other financial liabilities		**305.9**					
Outstanding invoices	FLAC	80.8	80.8			80.8	Level 2
Liabilities to banks	FLAC	89.3	89.3			88.8	Level 3
Liabilities from factoring	FLAC	54.0	54.0			54.0	Level 2
Third party loans	FLAC	28.3	28.3			28.3	Level 3
Other current financial liabilities						0.0	
Other current financial liabilities	FLAC	47.2	47.2			47.2	Level 3
Other current financial liabilities	FLFVPL	0.0			0.0	0.0	Level 3
Derivatives	FLFVPL	6.3			6.3	6.3	Level 2

SUMMARY BY CATEGORY

EUR million		Carrying amounts 12/31/2023	Carrying amounts 12/31/2022
Financial assets measured at amortized cost	AC	1,360.9	876.6
Financial assets measured at fair value through profit or loss	FVPL	5.3	10.3
Financial liabilities measured at amortized cost	FLAC	1,208.4	987.8
Financial liabilities measured at fair value through profit or loss	FLFVO	160.6	79.2
Financial assets measured at amortized cost	FLFVPL	4.3	12.3

The three steps for determining the fair value of financial instruments are described in Note 2 "Basis of preparation of the financial statements".

The fair values of the derivatives allocated to Level 2 are determined on the basis of bank valuation models or calculated on the basis of current parameters such as interest rates and exchange rates on the balance sheet date and taking the credit risk into account.

For all other financial assets and liabilities classified as Level 2, the carrying amount is a reasonable approximation of fair value.

No reclassifications were made between Level 1 and Level 2 of the hierarchy in the current fiscal year.

Miscellaneous other financial liabilities in the IFRS 9 category FLFVPL comprise contingent consideration in connection with acquisitions of subsidiaries that are subsequently measured at Level 3 fair value. The fair value is determined in accordance with generally accepted valuation techniques based on discounted cash flow analyses. In addition to the fact-specific discount rates, the main input parameters are the expectations of future cash flows, as well as the earnings figures specified in the purchase agreements and relevant to the earn-out, including maturity-specific probabilities of default.

For all other financial assets and liabilities allocated to Level 3, fair values are determined using the DCF method on the basis of expected cash flows and taking current parameters such as interest rates and credit risks into account.

The net gains or losses of the individual categories in accordance with IFRS 7.20 are as follows:

EUR million	2023	2022
from financial assets at fair value through profit or loss	0.1	0.6
from financial liabilities at fair value through profit or loss	-8.4	-13.9
from financial liabilities designated at fair value through profit or loss (OCI)	-13.0	5.4
from financial assets at amortized costs	-2.6	2.0
from financial liabilities at amortized costs	-44.6	-26.1
Total	**-68.5**	**-32.0**

Net gains and losses on financial instruments arise from changes in the fair value of financial instruments measured at fair value through profit or loss, with changes in the value of financial liabilities measured at fair value through profit or loss resulting from changes in the entity's own credit risk being recognized in OCI, foreign exchange gains and losses on financial assets and liabilities measured at amortized cost, expenses and income for expected credit losses, expenses for interest on financial liabilities measured at amortized cost, and expenses for interest on financial liabilities measured at fair value through profit or loss.

Total interest income and expenses are as follows:

EUR million	2023	2022
Financial assets measured at amortized cost	8.3	0.7
Financial liabilities not measured at fair value through profit or loss	-44.1	-30.0
Total	**-35.8**	**-29.3**

The changes in financial instruments measured at fair value at Level 3 are as follows:

EUR million	Other financial assets	Other financial liabilities	Total
Opening balance at 01/01/2023	**0.8**	**-6.0**	**-5.2**
Total gains and losses	0.0	-0.1	**-0.1**
recognised in the income statement	0.0	-0.1	**-0.1**
recognized in other comprehensive income	0.0		**–**
Reclassifications	0.0		**–**
Acquisitions	0.1		**0.1**
Disposals	-0.1		**-0.1**
Earn-out payments			**–**
Transfer from Level 3		1.9	**1.9**
Ending balance at 12/31/2023	**0.8**	**-4.2**	**-3.3**

EUR million	Other financial assets	Other financial liabilities	Total
Opening balance at 01/01/2022	**0.4**	**-3.8**	**-3.4**
Total gains and losses	0.0	-1.0	**-1.0**
recognized in the income statement	0.0	-1.0	**-1.0**
recognized in other comprehensive income	0.0		**–**
Reclassifications	0.0		**–**
Acquisitions	0.4	-1.2	**-0.8**
Disposals	0.0		**0.0**
Emissions	0.0		**–**
Earn-out payments			**–**
Ending balance on 12/31/2022	**0.8**	**-6.0**	**-5.2**

42 Financial Risk Management

The Group's management monitors the financial risks associated with the Group's business areas using internal risk reporting, which analyzes risks by degree and extent. These risks include credit, liquidity and market risks (currency and interest rate risks).

In some cases, the Group minimizes the impact of these risks by using derivative financial instruments. The use of derivative financial instruments is governed by policies established by the Group's management. These contain guidelines for the management of currency, interest rate and default risks. Compliance with the guidelines and risk limits is monitored on an ongoing basis. The Group does not contract or trade financial instruments, including derivative financial instruments, for speculative purposes.

42.1 Credit and default risk

Credit and default risk is the risk of loss to the Group if a counterparty fails to meet its contractual obligations. In the Group, business relationships are only entered into with creditworthy contracting parties and, if appropriate, with the provision of collateral in order to mitigate the risks of loss from non-performance of obligations. The Group only enters into business relationships with companies that are rated equally or better than investment grade. This information is provided by independent rating agencies. If such information is not available, the Group uses other available financial information as well as its own trading records to rate its major customers.

Credit risks are managed through limits per counterparty, which are reviewed and approved by local management.

Trade receivables are due from a large number of customers spread across different industries and geographical areas. Due to the business activities and the resulting diversification of Mutares, there was no significant concentration of risk in fiscal year 2023.

For the application of the expected credit loss model according to IFRS 9.5.5, Mutares mainly uses the simplified approach for trade receivables. For this purpose, probabilities of default are determined. These are based either on individual rating information of the customers or the customer group to which a corresponding probability of default is assigned, or on an impairment matrix that is prepared with reference to the previous default and an analysis of various factors. In order to determine the expected credit losses, the loss given default is applied in addition to the probability of default. Mutares generally assesses this with the value of 100%, which corresponds to the expectation of the default amount by Mutares.

Based on the risk ratings determined within the Group, the gross carrying amounts per rating class are shown below:

GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS PER DEFAULT RISK RATING CLASS

	12/31/2023		
EUR million	Trade and other receivables	Contract assets	Other financial assets
Rating			
A rating	388.1	84.6	259.9
B rating	122.2	27.6	44.8
C rating	51.8	0.0	7.2
Total	**562.1**	**112.2**	**311.9**

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GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS PER DEFAULT RISK RATING CLASS

	12/31/2022		
EUR million	Trade and other receivables	Contract assets	Other financial assets
Rating			
A rating	378.2	58.7	178.7
B rating	41.3	0.0	39.5
C rating	7.3	0.0	0.5
Total	**426.8**	**58.7**	**218.7**

The rating grades are based on both an individually assigned probability of default and a risk rating for individual customer groups with a comparable risk structure. The following table shows the default probabilities or rating classes assigned to the individual rating grades:

	Default rate as %	Rating
Rating		
A rating	0.0 – 0.0286	AAA – AA
B rating	0.0286 – 0.52	A – BBB
C rating	0.52 – 100	BB – D

The allowances for trade receivables changed as follows:

EUR million	Lifetime ECL (level 2) simplified model	Lifetime ECL (level 3) simplified model	Total
Impairment as at 01/01/2023	**4.4**	**11.1**	**15.5**
Changes in consolidated group	1.8	40.4	**42.2**
Transfers			
Transfer to level 2	2.8	–2.8	**0.0**
Transfer to level 3	–18.9	18.9	**0.0**
Additions	18.3	2.5	**20.7**
Utilization	0.0	–17.1	**–17.1**
Reversals	–2.1	–1.9	**–4.0**
Currency translation effects and other effects	1.3	4.9	**6.2**
Reclassification to disposal groups	–0.1	0.0	**–0.1**
Balance as at 12/31/2023	**7.5**	**56.0**	**63.4**

The reduction in the impairment loss compared to the previous year is mainly due to the derecognition of receivables in connection with the utilization.

For all other assets subject to the impairment model in accordance with IFRS 9.5.5, there were no significant expected credit losses.

The carrying amount of trade and other receivables as of the balance sheet date is EUR 491.7 million (previous year: EUR 411.3 million). The maximum default risk without taking collateral into account corresponds to the carrying amount. As in the previous year, there were no credit default swaps as of the reporting date.

The maximum default risk of the other financial assets also corresponds to their carrying amount, as there are no significant agreements in this respect that reduce the default risk.

42.2 Liquidity risk

Liquidity risk comprises the following risks:

- Not being able to meet potential payment obligations at the time they are due.
- Not being able to procure sufficient liquidity at the expected conditions when needed (refinancing risk).
- Not being able to terminate, extend or close out transactions, or only being able to do so at a loss or at excessive cost, due to market inadequacies or market disruptions (market liquidity risk).

Prudent liquidity management includes maintaining an adequate reserve of cash and cash equivalents and marketable securities as well as the ability to obtain financing through an adequate amount of committed credit lines. Due to the dynamic nature of the business environment in which the Group operates, the goal of the Group's finance department is to ensure the necessary flexibility in financing through sufficient unused credit lines within the Group. As of the balance sheet date, these exist in the low double-digit million range and are largely attributable to undrawn factoring lines for which saleable trade receivables are available.

The management of the Mutares Group monitors the liquidity of the operating companies as well as of the Group as a whole within the framework of rolling cash flow forecasts.

The Group can only use local means of payment in certain countries (e.g. China) on a cross-border basis subject to applicable foreign exchange restrictions. As part of the acquisition of the Arriva Group, Arriva Insurance A/S, an insurance company that provides insurance services exclusively to units of the Group and is required by regulatory provisions to maintain a certain level of liquidity, was acquired. These restricted funds amounted to EUR 10.1 million as of December 31, 2023.

The following overviews show the maturity structure of the financial liabilities. In contrast to the balance sheet, the future cash flows are presented here on an undiscounted basis:

	12/31/2023			
EUR million	Due within one year	Due in one to five years	Due in over five years	Total
Cash outflows from non-derivative financial liabilities	1,201.5	640.7	240.5	**2,082.7**
Lease liabilities	140.5	320.3	169.0	**629.8**
Liabilities from loans from third parties	1,061.0	320.4	71.5	**1,452.9**
Cash outflows from derivative financial liabilities	0.2	0.0	0.0	**0.2**
Total	**1,201.7**	**640.7**	**240.5**	**2,082.9**

	12/31/2022			
EUR million	Due within one year	Due in one to five years	Due in over five years	Total
Cash outflows from non-derivative financial liabilities	1,019.6	406.3	134.9	**1,560.8**
Lease liabilities	76.3	216.7	123.2	**416.3**
Liabilities from loans from third parties	943.3	189.6	11.7	**1,144.5**
Cash outflows from derivative financial liabilities	6.6	0.0	0.0	**6.6**
Total	**1,026.2**	**406.3**	**134.9**	**1,567.4**

42.3 Market price risk

The Group's activities expose it principally to minor financial risks from changes in foreign exchange rates and interest rates. The Group selectively enters into derivative financial instruments on a small scale to manage its existing commodity, interest rate and foreign exchange risks.

42.4 Exchange rate risk

The operating business is subject to exchange rate risks from purchases and sales that are not agreed in euros. The main currency risks for Mutares arise from transactions in GBP, USD and PLN (previous year: PLN, MAD and USD).

Existing risk positions are monitored on an ongoing basis and mitigated by offsetting existing foreign currency cash flows. Due to the manageable currency exposure, active currency risk management through the use of derivative financial instruments is currently only carried out in isolated cases.

The following table shows the sensitivity of a 10% rise or fall in the euro against the respective foreign currency from the Group's perspective:

	2023		2022	
EUR million	+10%	-10%	+10%	-10%
USD	-0.4	0.5	3.0	-3.7
CNY	0.2	-0.3	0.1	-0.1
PLN	0.9	-1.1	0.8	-0.9
GBP	-5.0	6.1	-0.5	0.7
SEK	0.0	0.0	-0.4	0.5
DKK	0.0	0.0	-0.7	0.9
NOK	0.1	-0.1	0.1	-0.1
RON	-0.2	0.3	0.0	0.0
MAD	0.0	0.0	1.8	-2.2
BAM	0.4	-0.4	0.0	0.0
CLP	0.1	-0.2	0.0	0.0
DZD	0.2	-0.2	0.0	0.0
MXN	0.1	-0.1	0.0	0.0
MZN	0.1	-0.1	0.0	0.0
RSD	0.2	-0.3	0.0	0.0

42.5 Interest rate risk

The Group is exposed to interest rate risk from variable rate loans as well as interest rate risk for fixed rate loans at the time of refinancing. The majority of the loans have variable interest rates. The interest rate risk results from changes in market interest rates, particularly for medium- and long-term variable-rate liabilities. In the case of current liabilities, and generally in the case of liabilities with fixed interest rates, the interest rate risk is insignificant.

EUR million	12/31/2023	12/31/2022
Carrying amount of fixed-interest loans	89.4	79.2
Carrying amount of variable-interest loans	156.4	151.5
Carrying amount of fixed-interest loans	35.0	
Carrying amount of variable-interest loans	161.1	79.2
Total	**441.9**	**309.9**

If necessary, the risk from variable-interest loans can be hedged in full or in part by using appropriate interest rate swaps with matching maturities and conditions. In addition, the development of interest rates and possible loan expiries is continuously monitored by management. Depending on the individual case, the management concludes transactions to reduce the risk position as required. In addition, there is an interest rate risk from the variable-interest liabilities from factoring.

The sensitivity analysis for interest rate risks represents the effect of the change in the risk-free market interest rate on profit before tax if the market interest rate level had been 100 basis points higher or lower compared to the level as of December 31, 2023 (or December 31, 2022) with all other variables held constant. Furthermore, for some financial instruments included, the analysis is prepared assuming that the amount of the outstanding liability at the end of the reporting period was outstanding for the full year.

	2023		2022	
EUR million	-100 bp	+100 bp	-100 bp	+100 bp
Effects on the income statement before taxes	4.3	-4.3	1.8	-2.9

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43 Notes to the cash flow statement

Cash and cash equivalents comprise cash and cash equivalents such as bank balances. Cash equivalents are used to meet short-term payment obligations. They are allocated to cash and cash equivalents because they can be converted directly into a fixed amount of cash and are subject to only insignificant risks of fluctuation in value.

The consolidated net profit includes gains on acquisitions ("bargain purchases") of EUR 727.2 million (previous year: EUR 262.0 million), which do not increase cash flow from operating activities and therefore must be adjusted. In connection with acquisitions, cash and cash equivalents of EUR 426.4 million (previous year: EUR 152.0 million) were acquired in the fiscal year, of which EUR 79.4 million (previous year: EUR 81.3 million) relate to payments received from an account managed by a third party relating to an acquisition in previous years. This amount is shown in cash flow from investing activities.

In addition, the consolidated result included profits (EUR 118.6 million; previous year: EUR 31.8 million) and losses (EUR 13.7 million; previous year: EUR 3.2 million) from deconsolidations, which also do not increase the cash flow from operating activities and therefore must be adjusted. In connection with the deconsolidations, there was a net inflow of EUR 169.3 million in cash and cash equivalents (previous year: EUR 26.7 million), which is reported under cash flow from investing activities.

Cash inflows from disposals of assets held for sale influenced the cash flows of the Mutares Group by EUR 17.1 million in the fiscal year (previous year: EUR 18.9 million) and mainly relate to various sales of subsidiaries (see Note 24).

A total of EUR 15.7 million (previous year: EUR 10.3 million) of bank balances are subject to drawing restrictions.

The reconciliation between opening and closing balance sheet values for liabilities from financing activities is as follows:

EUR million	Liabilities from financing activities
Total as at 12/31/2021	**511.8**
Cash transactions	
Proceeds (+) from (financial) loans	117.9
Repayments (–) of (financial) loans	–60.7
Repayments (–) of leasing liabilities	–74.0
Proceeds (+)/payments (–) from Factoring	21.2
Interest received (+)	0.7
Interest paid (–)	–27.8
Total cash transactions	**–22.7**
Non-cash effects	
Addition of lease liabilities	121.3
Addition/derecognition of (financial) loans from changes in consolidation group	68.3
Interest expense (+)/interest income (–)	53.3
Reclassification IFRS 5	–15.4
Other changes	–35.8
Total non-cash effects	191.9
Total as at 12/31/2022	**680.9**
Cash transactions	
Proceeds (+)/payments (–) from bonds	69.2
Proceeds (+) from (financial) loans	92.1
Repayments (–) of (financial) loans	–114.0
Repayments (–) of leasing liabilities	–106.5
Proceeds (+)/payments (–) from Factoring	5.4
Interest received (+)	8.3
Interest paid (–)	–58.1
Total cash transactions	**–103.6**
Non-cash effects	
Addition of lease liabilities	271.9
Addition/derecognition of (financial) loans from changes in consolidation group	83.4
Interest expense (+)/Interest income (–)	73.1
Reclassification IFRS 5	–53.1
Other changes	–49.0
Total non-cash effects	**326.2**
Total as at 12/31/2023	**573.8**

The reconciliation includes non-current and current liabilities to banks, liabilities from (unreal) factoring, lease liabilities and loans to third parties.

During the fiscal year and in the previous year, the Group carried out the following significant non-cash investing and financing activities, which are not reflected in the Consolidated Statement of Cash Flows:

- In accordance with the provisions of IFRS 16, rights of use have been capitalized and corresponding lease liabilities recognized; the payments for the redemption of lease liabilities are reported in cash flow from financing activities.
- In connection with the initial consolidations and deconsolidations, a net amount of EUR 83.4 million (previous year: EUR 68.3 million) in (financial) loans was added to the Group.

44 Participations in joint arrangements and joint ventures

Indirect subsidiaries of Mutares SE & Co. KGaA from the Engineering & Technology segment are involved as partners in joint arrangements within the meaning of IFRS 11 in the context of joint ventures or consortia agreements. These have been entered into with the objective of completing customer projects. The majority of the joint ventures are based in Germany, while a few are based in Portugal, Spain, Austria and France. The ownership interests range from 20% to 100%.

Taking the structure and legal form of the arrangements and all other relevant facts and circumstances into account, the joint arrangements are to be classified as joint operations that are not individually material to the Group.

As of the balance sheet date, the joint and several liability from the investment in the civil law companies relates to projects with a total contract value of approximately EUR 698.2 million (previous year: approx. EUR 462 million). The subsidiaries' own share of this amounts to EUR 318.1 million (previous year: EUR 192.5 million). Based on the ongoing credit assessments of the consortium partners, we do not expect any claims to be made on the shares of other companies. With the exception of the amounts recognized as provisions for onerous contracts or as part of the loss-free valuation, we also do not expect any utilization for our own share.

PMTC, which was acquired in fiscal year 2023, holds a 50.0% interest in Jinan Qingqi Peugeot Motocycles Co Ltd, China ("JNQP"), which is accounted for using the equity method. This is a joint venture with Jinan Qingqi Motorcycle Co Ltd, China ("JNQQ").

The following overview shows summarized financial information and a reconciliation to the carrying amount of the Group's interest in JNQP:

EUR million	12/31/2023
Non-current assets	10.6
Current assets	24.9
Cash and cash equivalents	10.2
Non-current liabilities	1.3
Non-current financial liabilities	0.0
Current liabilities	8.0
Current financial liabilities	5.0
Net assets	**26.1**
Related to Mutares SE & KGaA	13.0

EUR million	12/31/2023
Revenue	45.8
Depreciation & amortization	–0.9
Post-tax profit or loss from discontinued operation	2.0
Other comprehensive income	0.0
Total comprehensive income	**2.0**
Related to Mutares SE & KGaA	1.0

As the shares in JNQP are not listed on the stock exchange, no market values are available. In fiscal year 2023, PMTC received a dividend of EUR 2.4 million from JNQP.

45 Contingent liabilities, contingencies and litigation

Contingent liabilities/liabilities

Obligations from business combinations

As of the reporting date of December 31, 2023, the following obligations from company acquisitions exist:

Mutares has undertaken to indemnify the seller of keeeper GmbH in the event of a claim in connection with a previous financing commitment as well as previously issued guarantees, whereby this obligation is limited to an amount of EUR 3.5 million and ends on June 30, 2024.

A direct subsidiary completed the acquisition of Balcke Dürr Energy Solution S.p.A. in February 2022. As part of the acquisition, Mutares has undertaken to indemnify the seller from the signing of the purchase agreement until five years after the closing of the transaction against damages arising from the buyer's failure to fully and timely fulfill certain obligations defined in the guarantee. This obligation is limited to EUR 2.0 million. Furthermore, Mutares has undertaken vis-à-vis the seller and a group company of the seller to guarantee all obligations of the buyer under a customer relationship defined in the purchase agreement. This guarantee is limited to EUR 8.0 million and a period of five years after the closing of the transaction. In addition, Mutares has pledged credit balances of EUR 13.6 million at this bank in the course of the acquisition to secure a guarantee provided by Intesa Sanpaolo to the seller or a company belonging to the group of companies of the seller. The term of the obligation and the collateral is not limited. The obligation and the security reduce over time due to the completion of project services by Balcke Dürr Energy Solution S.p.A. Mutares has undertaken to use the funds released in the context of a reduction of the security by the bank up to an amount of EUR 12.0 million for the benefit of Balcke Dürr Energy Solution S.p.A., with the necessity depending on the development of Balcke-Dürr Energy Solutions S.p.A. at the discretion of Mutares. In connection with this obligation, Mutares indemnifies the seller against all possible damages resulting from the breach of its agreed obligations.

At the time of preparation of these financial statements, no breach of duty is known and no actions have been initiated in which a breach of the agreed duties could be seen.

A direct subsidiary completed the acquisition of MMT-B S.A.S. in March 2023. As part of the transaction, Mutares has guaranteed to pay an additional purchase price that could become due in 2026 if certain conditions are met. This guarantee is limited to a maximum of EUR 5.0 million. In addition, Mutares has guaranteed to cover the obligations of MMT-B S.A.S. under the loan agreement with the former shareholder in the amount of EUR 6.6 million until December 2025. This guarantee can be increased by up to EUR 2.5 million through a subsequent purchase price adjustment.

In October 2023, Mutares issued a guarantee of EUR 10.0 million to third parties in connection with the acquisition of the assets of Holland Industrial Constructions Systems Coöperatief U.A. for the acquiring company Byldis Prefab B.V. and Byldis Facades B.V.. This guarantee only expires when the guarantees between Byldis Prefab B.V. and Byldis Facades B.V. and the third party expire.

In December 2023, a direct subsidiary acquired 100% of the shares in Prénatal Moeder en Kind B.V. As part of the transaction, Mutares has undertaken to the seller to guarantee the fulfillment of the obligations of Prénatal Moeder en Kind B.V. under the so-called "403 Declaration", a declaration under Dutch law of the parent company, for a limited period until December 1, 2024, for the obligations of the subsidiary up to a total amount of EUR 1.0 million. In addition, Mutares has undertaken to indemnify the seller if claims are made against it under guarantees to third parties, or to replace the seller's guarantees with its own guarantees, up to a total maximum amount of EUR 5.3 million. The current indemnification has a term until December 1, 2026.

In principle, the Management Board does not expect any obligations arising from business combinations to be utilized. However, depending on further economic developments and the absence of or delayed progress in restructuring, the probability of utilization may increase and it cannot be ruled out that the obligations entered into could be utilized.

The following obligations from company acquisitions expired in fiscal year 2023:

In connection with the acquisition of the transport logistics and warehouse business by BEXity GmbH, Mutares has undertaken towards the seller to indemnify the seller against claims by third parties in connection with legal relationships assumed and in the event of insolvency of BEXity GmbH. The indemnification claim of the seller is limited in terms of time and amount to EUR 9.0 million until December 30, 2021, to EUR 6.0 million until December 30, 2022, and to EUR 3.0 million until December 30, 2023. The aforementioned liability limits increase by profit distributions of BEXity GmbH and decrease by Mutares's financing lines and loans not yet repaid. With the sale of BEXity GmbH in February 2022, the acquirer of BEXity has also assumed the aforementioned obligation to the seller at the time jointly and severally and has at the same time undertaken to indemnify Mutares in the event of a claim. Furthermore, the seller has also declared that it will only make claims against Mutares subordinate to the acquirer. This guarantee expired in the fiscal year without being called upon.

Mutares has undertaken to indemnify the seller of the paper napkin business acquired from FASANA GmbH for a period of four years from February 2020 against certain claims of the employees assigned to the paper napkin business. The amount of the indemnification was limited to EUR 10.0 million in the first two years; this amount is reduced by any funds that Mutares SE & Co. KGaA made available to FASANA GmbH. In the third year, the maximum exemption amount is reduced to EUR 7.5 million and in the fourth year to EUR 5.0 million. As of the reporting date, Mutares had provided FASANA GmbH with funds in such an amount that the guarantee was reduced to EUR 0.0 million.

In connection with the acquisition of Lacroix + Kress GmbH, Mutares has undertaken to indemnify the seller, a direct subsidiary, against any avoidance claims in the event of insolvency of Lacroix + Kress GmbH. The indemnification was limited to a period of 27 months from the closing of the transaction and thus until February 2023 and an amount of EUR 2.0 million. This guarantee expired in fiscal year 2023 without being called upon. In addition, the buyer of Lacroix + Kress GmbH indemnified the executive bodies of the seller, a direct subsidiary of Mutares, against any claims by third parties in connection with the legal relationships of Lacroix + Kress GmbH. Mutares guaranteed to the seller the fulfillment of the contractual obligations of the buyer. As part of the sale of Lacroix + Kress GmbH in March 2023, this guarantee expired without being invoked.

Obligations from company disposals

The sale of all shares in Nordec Group OY by DONGES STEELTEC GmbH was completed on November 10, 2022. In connection with the sale, Mutares SE & Co. KGaA has undertaken to guarantee the indemnification obligation of DONGES STEELTEC GmbH under the purchase and assignment agreement. The guarantee is limited to a maximum amount of EUR 13.0 million. The guarantee expires at the latest fifteen years after the issuance of the guarantee, i.e. at the end of November 10, 2037, or if all claims have been duly satisfied and no further claims for indemnification are expected or if the maximum amount has been exhausted or if a cancellation agreement regarding the guarantee has been reached or if the claims for indemnification have been waived as a result of a change of control. The Management Board does not expect to be called upon under this obligation. The guarantee was reduced to EUR 11.8 million in fiscal year 2023 due to the conclusion of a settlement agreement in April 2023.

In the course of the sale of properties and the leaseback of these to Japy Tech S.A.S. in November 2021, Mutares SE & Co. KGaA undertook to guarantee the investment obligations of Japy Tech S.A.S. in the amount of up to EUR 1.5 million and the payment obligations under the lease in the amount of up to EUR 1.2 million for a period of five years from the date of sale, i.e. until November 8, 2026. Both guarantees are reduced over time. Both obligations were reduced to EUR 0.9 million each in fiscal year 2023.

The Management Board does not expect any obligations from the sale of companies to be utilized. However, depending on developments that cannot be fully foreseen, the probability of utilization could increase and it cannot be ruled out that the obligations entered into could be utilized.

Litigation

A lawsuit was filed in the Court of Michigan against companies of the SFC Solutions Group by the former owner Cooper-Standard Automotive, Inc. ("CSA") based on alleged delayed payment of royalties in May 2022. The lawsuit is based on a license agreement under which companies of the SFC Solutions Group are required to pay royalties for intellectual property claimed by CSA. However, there is disagreement over the basis, cause, scope and existence of the claimed royalties. SFC Solutions Group considers the action to be inadmissible, in any case unfounded, and has taken up the defense. The Court of Michigan has referred the action to the competent federal court in Michigan (USA). A final ruling is still pending.

Another lawsuit is being pursued by the liquidator of the former investment Grosbill, based on an alleged corporate liability of Mutares. At the same time, this liquidator is also suing the former seller of Grosbill for breach of contract against the company sold. Mutares has defended itself in full against this action, which it considers to be unfounded. The lawsuit was initially deleted by the court from the list of ongoing proceedings for lack of grounds and put on hold; at the end of 2022, shortly before the statute of limitations for potential claims, the plaintiff filed a new claim containing grounds. Furthermore, in August 2023, the liquidator filed a further plea in law, which is basically directed against the former seller. Mutares will defend itself against this, as the claims are considered unfounded and legally absurd due to the lack of statutory provisions. A ruling is currently still pending.

With regard to the acquisition of the business now operating as MoldTecs Group, there are still differences of opinion between the acquiring company, a direct subsidiary of Mutares, and the former owner regarding the final purchase price and a possible purchase price adjustment. As no agreement has been reached to date, the former owner filed an arbitration claim with the German Institute of Arbitration in January 2024 in order to clarify preliminary legal issues. On this basis, an arbitrator will then decide on the final purchase price calculation and adjustment in a second step. The plaintiff is also claiming damages. Mutares' direct subsidiary will defend itself against the lawsuit together with its legal advisors and assumes that, following a phase of written statements, a hearing is not expected before the third quarter of fiscal year 2024. No reliable information can currently be provided on the possible outcome of the proceedings and any prospects of success of the lawsuit.

46 Related parties and companies

In accordance with IAS 24, related parties are defined as those persons and entities that can be significantly influenced by Mutares SE & Co. KGaA or that can significantly influence Mutares SE & Co. KGaA. On the one hand, this includes subsidiaries, including those that are not consolidated, as well as associated companies. On the other hand, they also include natural persons with a significant share of voting rights and members of the management in key positions such as members of the Management Board and Supervisory Board as well as their respective close family members.

Mutares SE & Co. KGaA has identified the members of the Management Board of the general partner and the members of the Supervisory Board of the parent company and the general partner, as well as their close family members and those companies over which these persons have or can have significant influence and which are not consolidated, as related parties.

Balances and business events between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed here. Details of transactions between the Group and other related parties are shown below.

The following balances due from related parties not belonging to the Group were outstanding at the end of the reporting periods:

	Receivables from related parties and companies		Liabilities to related parties and companies	
EUR thousand	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Subsidiaries	141	0	273	41
Other related companies	0	0	13,351	10,043
Supervisory Board	0	0	135	80
Management Board	0	0	1	10
Total	**141**	**0**	**13,761**	**10,174**

During the fiscal year, Group companies conducted the following transactions with related parties not included in the scope of consolidation:

	Sale of services to		Acquisition of services	
EUR thousand	2023	2022	2023	2022
Subsidiaries	45	0	764	434
Other related companies	359	174	12,750	10,526
Supervisory Board	0	0	141	138
Management Board	0	0	24	24
Total	**404**	**174**	**13,679**	**11,122**

Other related parties are, on the one hand, the general partner and, on the other hand, companies that are related to members of the Management Board of Mutares SE & Co. KGaA and that in one case provide consulting services and in another case lease office space to Mutares SE & Co. KGaA.

Organs of the company

The Management Board of Mutares Management SE as general partner of Mutares SE & Co. KGaA consists or consisted of:

Robin Laik, Chief Executive Officer, Munich;
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of December 31, 2023):
  - mutares Holding-02 AG, Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-11 AG i.L., Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-13 AG i.L., Bad Wiessee (until May 31, 2023 Member of the Supervisory Board)
  - mutares Holding-20 AG i.L., Bad Wiessee (Member of the Supervisory Board)
  - mutares Holding-21 AG, Bad Wiessee (Member of the Supervisory Board)

Mark Friedrich, Chief Financial Officer, Munich;
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of December 31, 2023): none

Johannes Laumann, Chief Investment Officer, Bonn (until November 10, 2023);
- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of December 31, 2023):
  - Amaneos SE (until November 13, 2023, Member of the Supervisory Board)

The total compensation of the Management Board (including share-based compensation) for fiscal year 2023 amounted to EUR 10.0 million (previous year: EUR 11.6 million), of which EUR 0.5 million (previous year: EUR 3.1 million) was paid to members of the Management Board who have since left the company. The entire compensation (with the exception of share-based compensation) is to be allocated to the category of short-term employee benefits according to IAS 24.17a. No payments were made to members of the Management Board in connection with defined contribution plans. For disclosures relating to stock options granted, please refer to the comments on share-based payment (Note 32).

The Supervisory Board of Mutares SE & Co. KGaA consists of:

Volker Rofalski, Managing Director of only natural munich GmbH, Munich, Chairman, Member of the Audit Committee;

- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of December 31, 2023):
  - HELIAD AG, Frankfurt/Main (Member of the Supervisory Board)
  - Bio-Gate AG, Nuremberg (Member of the Supervisory Board)
  - Mutares Management SE, Munich (Member of the Supervisory Board)
  - paycentive Group AG, Augsburg (Member of the Supervisory Board)
  - HELIAD Equity Partners GmbH & Co. KGaA, Frankfurt/Main (Chairman of the Supervisory Board)

Dr. Axel Müller, independent management consultant, Lahnstein, Vice Chairman, Chairman of the Audit Committee;

- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of December 31, 2023):
  - Mutares Management SE, Munich (Member of the Supervisory Board)
  - Mellifera Sechsunddreißigste Beteiligungsgesellschaft mbH (MIP Pharma Unter nehmensgruppe), Berlin (Chairman of the Advisory Board)

Dr. Lothar Koniarski, Managing Director of Elber GmbH, Regensburg, Member of the Supervisory Board;

- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of December 31, 2023):
  - Mutares Management SE, Munich (Deputy Chairman of the Supervisory Board)
  - CANCOM SE, Munich (Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee; until December 31, 2023)
  - SBF AG, Leipzig (Chairman of the Supervisory Board)
  - DV Immobilien Management GmbH, Regensburg (Deputy Chairman of the Supervisory Board)
  - Regensburger Universitätsstiftung, Universitätsstiftung Hans Vielberth and Universitätsstiftung für Immobilienwirtschaft Hans Vielberth (Member of the Foundation Board)

Raffaela Rein, Managing Director of WildWildVentures GmbH, Member of the Board of the German Startup Association, Berlin, Member of the Supervisory Board;

- Membership of statutory supervisory boards or comparable German or foreign boards of business enterprises (as of December 31, 2023):
  - IU International University of Applied Sciences GmbH, Erfurt (Member of the Advisory Board)
  - Member of the Sustainability Advisory Board, Porsche AG
  - Member of the Extended Board, German Startups Association e. V.

The current remuneration of the members of the Supervisory Board of the Company was determined with effect from January 1, 2022, by resolution of the Annual General Meeting of the Company on May 17, 2022. The members of the Supervisory Board of the Company receive a fixed basic remuneration of EUR 20 thousand for the respective fiscal year of the Company. The Chairman of the Supervisory Board receives fixed basic remuneration of EUR 45 thousand and his deputy receives fixed basic remuneration of EUR 30 thousand for the respective fiscal year of the Company As the Supervisory Board consisted of a Chairman, a Deputy Chairman and two other members in fiscal year 2023, the total basic remuneration of the Company's Supervisory Board members amounted to EUR 115 thousand in fiscal year 2023. For their work on the Audit Committee of the Supervisory Board, the Chairman of the committee receives an additional EUR 15 thousand and each other member of the committee receives an additional EUR 5 thousand for the respective fiscal year of the Company. The Company has an Audit Committee, of which Dr. Axel Müller is the Chairman and Mr. Volker Rofalski is a member. For their work on other Supervisory Board committees, the Chairman of the committee receives EUR 10 thousand and each other member of the committee EUR 5 thousand for the respective fiscal year of the Company. In addition to the aforementioned remuneration, the members of the Supervisory Board are reimbursed for expenses incurred in the performance of their duties, which also include any value-added tax incurred. The compensation is payable at the end of the respective fiscal year. Members of the Supervisory Board who are members of the Supervisory Board or a committee of the Supervisory Board for only part of the full fiscal year, or who hold the office of Chairman or Deputy Chairman, receive remuneration on a pro rata basis.

The remuneration of the members of the Supervisory Board of Mutares Management SE was resolved at the Annual General Meeting of Mutares Management SE on July 10, 2023. The members of the Supervisory Board of Mutares Management SE receive fixed basic remuneration of EUR 75 thousand for the respective fiscal year of the Company. The Chairman of the Supervisory Board receives fixed basic remuneration of EUR 150 thousand and his deputy receives fixed basic remuneration of EUR 110 thousand for the respective fiscal year of the Company. For their work on the Audit Committee of the Supervisory Board, the Chairman of the Committee receives an additional EUR 15 thousand and each other member of the Committee receives an additional EUR 5 thousand for the respective fiscal year of the Company. The Company has an Audit Committee, of which Dr. Axel Müller is the Chairman and Mr. Volker Rofalski is a member. The total basic remuneration of the Supervisory Board members (including remuneration for committee activities) amounted to EUR 430 thousand in fiscal year 2023.

In their capacity as shareholders of Mutares SE & Co. KGaA, members of the Supervisory Board and the Management Board received a low double-digit million euro amount (previous year: mid-single-digit million euro amount) as dividends in 2023.

Furthermore, Mutares Management SE, as general partner, receives annual remuneration of 4% of its share capital, irrespective of whether there was a profit or a loss, plus any value-added tax due. For fiscal year 2023, this remuneration amounted to EUR 5 thousand, as in the previous year.

47 Employees

In fiscal year 2023 and 2022, the Mutares Group employed the following average number of people in accordance with Section 267 (5) HGB:

	2023	2022
Wage workers	19,069	11,685
Salaried employees	8,276	7,336
Total	**27,345**	**19,021**

48 Fee of the auditor of the Consolidated Financial Statements

The following fees of the Group auditor were recognized at Mutares SE & Co. KGaA and its subsidiaries:

EUR million	2023	2022
Audit of the Annual Report	1.9	2.1
Other assurance services	0.0	0.1
Tax advisory services	0.0	0.0
Other services	0.1	0.1
Total	**2.0**	**2.3**

The audit services include fees of EUR 0.1 million relating to services for fiscal year 2022. In addition, the auditor of the Consolidated Financial Statements charged EUR 38 thousand for other confirmation services and EUR 54 thousand for other services. The other assurance services related to agreed investigation activities in connection with the bond and the other services related in particular to the audit of the non-financial reporting. The services were provided in each case on the basis of a prior engagement by the Audit Committee, which was authorized to do so by the Supervisory Board.

49 Declaration pursuant to Section 161 AktG on the German Corporate Governance Code

The Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, as well as the Shareholders' Committee and the Supervisory Board of Mutares SE & Co. KGaA are committed to the principles of corporate governance focused on long-term and sustainable value creation. To this end, they jointly issue a summarized "Corporate Governance Statement" in accordance with Sections 289f and 315d of the German Commercial Code (HGB). The full text of the current declaration is available on the Company's website at ir.mutares.com/en/corporate-governance. As part of the corporate governance statement, the Management Board of the general partner of Mutares SE & Co. KGaA, Mutares Management SE, and Supervisory Board of Mutares SE & Co. KGaA issued the statement required by Section 161 of the German Stock Corporation Act (AktG) in December 2023 and made it publicly available on the Company's website at ir.mutares.com/en/corporate-governance.

50 Events after the balance sheet date

The following events of particular importance took place after the end of the fiscal year:

Effective January 2, 2024, Mutares acquired Prinz Kinematics GmbH ("Prinz") from AL-KO. PRINZ is an automotive supplier of kinematic systems specializing in the development and production of hinge and closure systems used in vehicle doors, tailgates and hoods for premium OEM customers. The company strengthens the HILO Group in the Automotive & Mobility segment. The consideration for the acquisition of the company amounted to EUR 1 and was paid at the time of acquisition. The purchase price allocation has not yet been finalized. Mutares does not yet have all relevant information – namely the information on the assets and liabilities of the company to be valued.

Effective January 5, 2024 the sale of 100% of the shares in VALTI S.A.S. to the company's management was successfully completed. The company – a portfolio company that was allocated to the Engineering & Technology segment until its sale – is a manufacturer of seamless precision steel tubes and was acquired by Vallourec Tubes in fiscal year 2022. The deconsolidation result to be recognized in fiscal year 2024 is of minor significance, as the sale was already highly probable as of December 31, 2023, and the company's assets and liabilities were accordingly measured as held for sale in accordance with IFRS 5.

With the value date of January 29, 2024, Mutares SE & Co. KGaA as the issuer increased the current senior secured bond with a nominal volume of EUR 150 million and a term until March 31, 2027 (WKN A30V9T/ISIN NO0012530965) by an amount of EUR 100 million to the maximum nominal volume of EUR 250 million. The bond continues to bear interest on a quarterly basis at the 3-month EURIBOR (EURIBOR floor of 0.00%) plus a margin of 8.50%.

On March 1, 2024, Mutares successfully completed the acquisition of Temakinho S.r.l. from Cigierre – Compagnia Generale Ristorazione S.p.A.. The portfolio company will strengthen the Retail & Food segment as a new platform investment and operates a restaurant chain offering Japanese-Brazilian sushi, meat dishes and beverages. The consideration for the acquisition amounted to EUR 6.6 million, of which EUR 4.9 million was paid at the time of acquisition. An additional EUR 1.0 million is to be paid in two equal installments twelve and 24 months after completion of the transaction. The remaining EUR 0.7 million is to be paid in nine equal installments by March 2026. The purchase price allocation has not yet been finalized. Mutares does not yet have all relevant information – namely the information on the assets and liabilities of the company to be valued.

A contract for the sale of 100% of the shares in Frigoscandia SAS was signed with the logistics service provider Dachser in December 2023. The transaction was finally completed in March 2024. The portfolio company, which is allocated to the Goods & Services segment and is based in Helsingborg, Sweden, is a full-service provider for temperature-controlled logistics on the Nordic market. As the sale was already highly probable as of December 31, 2023, the assets and liabilities were measured and reported as held for sale in accordance with IFRS 5. The deconsolidation result could not be finally determined by the time these financial statements were prepared.

H ACCOUNTING POLICIES

51 New and amended IFRS

51.1 New and amended IFRSs to be applied for the first time

In the fiscal year, the IFRSs presented below were applied by the Group for the first time or in amended form. This did not have any material impact on these Consolidated Financial Statements. Furthermore, no statement can be made at this time regarding the effects on future transactions or agreements.

IFRS 17 "Insurance Contracts" including "Amendments to IFRS 17"
IFRS 17 "Insurance Contracts" was issued on May 18, 2017. The new standard pursues the goal of consistent, principles-based accounting for insurance contracts and requires insurance liabilities to be measured at a current settlement value. This leads to a uniform measurement and presentation of all insurance contracts.

The effective date was postponed from January 1, 2021, to fiscal years starting January 1, 2023, by resolution of March 18, 2020. The EU endorsement took place on November 19, 2021.

There were no significant cases of application for these amendments and therefore they do not have a material impact on these Consolidated Financial Statements.

Amendments to IAS 1 "Presentation of Financial Statements": Disclosure of Accounting Policies and Amendments to IFRS Guidance Document 2
On February 12, 2021, the IASB published further amendments to IAS 1 with "Disclosure of Accounting Policies". According to these amendments, IFRS users are to disclose their "material" accounting policies. Previously, "significant" accounting policies had to be disclosed. What is considered "material" is based on the usefulness of the information for decision-making by the users of the financial statements. Accompanying this, the IASB has issued amendments to IFRS Guidance Document 2, which provides additional guidance on the application of the concept of materiality to disclosures about accounting policies, as well as examples.

The amendments are effective for fiscal years beginning on or after January 1, 2023. The EU endorsement took place on March 2, 2022.

There were no significant cases of application for these amendments and therefore they do not have a material impact on these Consolidated Financial Statements.

Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates
On February 12, 2021, the IASB issued amendments to IAS 8 entitled "Definition of Accounting Estimates". The amendment clarifies the distinction between "changes in accounting policies" and changes in accounting estimates. Accordingly, changes in estimates are applied prospectively to transactions and other events from the date of the change in estimate, whereas to changes in accounting policies are generally applied retrospectively to past transactions and other past events.

The amendments are effective for fiscal years beginning on or after January 1, 2023. The EU endorsement took place on March 2, 2022.

There were no significant cases of application for these amendments and therefore they do not have a material impact on these Consolidated Financial Statements.

Amendments to IAS 12 "Income Taxes": Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction
On May 7, 2021, the IASB issued amendments to IAS 12 entitled "Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction". The amendments are intended to clarify the accounting for deferred taxes on transactions such as leases and decommissioning obligations. Therefore, the exemption rules under IAS 12 are specified, according to which entities are exempt from recognizing deferred taxes under certain circumstances if they relate to assets and liabilities recognized for the first time (initial recognition exemption). The amendments contain a re-exception to the initial recognition exemption and clarify that the latter does not apply to transactions that give rise to deferred tax assets and liabilities in the same amount.

The amendments are effective for fiscal years beginning on or after January 1, 2023. The EU endorsement took place on August 11, 2022.

There were no significant cases of application for these amendments and therefore they do not have a material impact on these Consolidated Financial Statements.

Amendments to IFRS 17 "Insurance Contracts": First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information

On December 9, 2021, the IASB published narrowly defined amendments to IFRS 17 entitled "First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information". The amendments relate to the disclosure of comparative information on financial assets as part of the first-time adoption of IFRS 17 for those entities that also apply IFRS 9 "Financial Instruments: Recognition and Measurement" for the first time at that date in accordance with the existing option. To avoid inconsistencies, the transitional provisions of IFRS 17 have been amended to allow affected entities to present comparative information on financial assets as if the classification and measurement of these instruments had already been performed in accordance with IFRS 9. The impairment requirements of IFRS 9 do not have to be applied when applying the classification overlay.

The version of IFRS 17 amended by these amendments is effective for fiscal years beginning on or after January 1, 2023. The EU endorsement took place on September 8, 2022.

Mutares is not affected by this change.

Amendments to IAS 12 "International Tax Reform – Pillar 2 Model Rules"

The International Accounting Standards Board (IASB) published amendments to IAS 12 "Income Taxes" on May 23, 2023. These amendments grant companies temporary relief in accounting for deferred taxes resulting from the international tax reform of the Organization for Economic Cooperation and Development (OECD).

The amendments introduce:

- Temporary exemptions from accounting for deferred taxes arising from the implementation of global tax rules in different jurisdictions. This is intended to ensure the consistency of the financial statements and facilitate the transition to the implementation of the regulations.

- Targeted disclosure requirements that allow investors to better understand the tax impact of the reform on companies, especially before the legislation implementing the rules comes into force.

The amendments are effective for fiscal years beginning on or after January 1, 2023. The EU endorsement took place on November 8, 2023.

The Management Board does not expect the amendments to have a material impact on future Consolidated Financial Statements. Further information can be found in Note 12.8.

51.2 New and amended IFRSs to be applied in the future

The following new or amended IFRSs have already been adopted by the IASB but are not yet mandatory or have not yet been endorsed in European law. Mutares has not applied the regulations early.

New and amended IFRS		To be applied for fiscal years beginning on or after the specified date:	Status of the EU Endorsement (as of the preparation period)
Amendments to IAS 1	Classification of liabilities as current or non-current	01/01/2024	pending
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and an associate or joint venture	Date of first-time application postponed indefinitely	pending
Amendments to IAS 21	Lack of exchangeability	01/01/2025	pending
Amendments to IAS 7 and IFRS 7	Supplier financing agreements	01/01/2024	pending
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback Transaction	01/01/2024	pending (November 20, 2023)

Amendments to IAS 1 "Presentation of Financial Statements": Classification of liabilities as current or non-current and non-current liabilities with ancillary conditions
On January 23, 2020, the IASB issued "Classification of Liabilities as Current or Non-Current" with amendments to IAS 1. The amendments are intended to clarify the criteria for classifying liabilities as current or non-current. Accordingly, the focus is to be on the existing rights at the reporting date and not on whether management intends to repay early or actually exercises these rights.

The effective date of the amendments was initially deferred on July 15, 2020, from January 1, 2022, to fiscal years beginning on or after January 1, 2023. As disputed application issues that the IASB had not previously considered have been identified in the meantime, the IASB published further amendments to IAS 1 entitled "non-current liabilities with ancillary conditions" on October 31, 2022. This clarifies that only those ancillary conditions that an entity must satisfy on or before the reporting date will affect the classification of a liability as current or non-current. However, an entity must disclose in the Notes information that enables users of the financial statements to understand the risk that non-current debt with ancillary conditions could become repayable within twelve months. Both the amendments already made in January 2020 and the most recently adopted amendments are now mandatory for the first time for fiscal years beginning on or after January 1, 2024. The date of EU endorsement is still open.

The Management Board is therefore unable to make any statement at this time as to whether and to what extent this will result in changes in future Consolidated Financial Statements.

Amendments to IFRS 10 and IAS 28 "Disposal or Contribution of Assets between an Investor and an Associate or Joint Venture"
The amendments address a conflict between the requirements of IAS 28 "Investments in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements". They clarify that in transactions with an associate or joint venture, the extent of income recognition depends on whether the assets sold or contributed constitute a business as defined by IFRS 3.

The date of first-time application of the amendments was postponed indefinitely by the IASB in December 2015, as any amendments to IAS 28 from the research project on accounting using the equity method are to be awaited. The latter was resumed in October 2020 after a longer break and in the context of the advancing Post Implementation Review on IFRS 11.

The Management Board assumes that these potential amendments to IFRS 10 and IAS 28 will have no impact on future consolidated results.

Amendments to IAS 21 "Presentation of Financial Statements"
On August 15, 2023, the IASB published amendments to IAS 21 entitled "Lack of Exchangeability", which will require entities to make more disclosures in their financial statements when a currency cannot be converted into another currency. The amendments require entities to adopt a consistent approach to assessing whether a currency is convertible into another currency and, if it is not, to determining the applicable exchange rate and the required disclosures.

The amendments are effective for fiscal years beginning on or after January 1, 2025. The EU endorsement is pending.

The Management Board does not expect the amendments to have a material impact on future Consolidated Financial Statements.

Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
On May 25, 2023, the IASB published amendments to IAS 7 and IFRS 7 entitled "Supplier Financing Arrangements" to improve the transparency of supplier financing arrangements and their impact on an entity's liabilities, cash flows and liquidity risk. The amendments supplement current requirements in IFRS accounting standards and require an entity to disclose the following information:

- the terms of the agreement
- the amount of liabilities that form part of the agreements, including a breakdown of the amounts for which the suppliers have already received payments from the lenders and where the liabilities are recognized in the balance sheet.
- ranges of maturities; and
- Information on liquidity risk

The amendments are effective for fiscal years beginning on or after January 1, 2024. The EU endorsement is pending.

The Management Board does not expect the amendments to have a material impact on future consolidated financial statements.

Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback Transaction"
On September 22, 2022, the IASB published amendments to IFRS 16 Leases that clarify the accounting treatment of sale and leaseback transactions after the transaction date.

In a sale and leaseback transaction, a company sells an asset and leases the same asset back from the new owner for a certain period of time. Previously, however, there were no precise rules on how these transactions should be measured in reporting after this point in time. The new amendments supplement the requirements for sale and leaseback transactions in IFRS 16 to ensure consistent application of the accounting standard.

These amendments only affect the accounting treatment of leases resulting from sale and leaseback transactions and do not change the accounting treatment for other types of leases.

The amendments are effective for fiscal years beginning on or after January 1, 2024. The EU endorsement took place on November 20, 2023.

The Management Board does not expect the amendments to have a material impact on future Consolidated Financial Statements.

52 Consolidation principles

52.1 Subsidiaries

Subsidiaries are entities that are controlled by Mutares SE & Co KGaA. The Group obtains control if it is able to exercise control over the subsidiary, is exposed to variable returns from its involvement with the subsidiary and has the ability to use its power over the subsidiary to affect the amount of the return on its investment in the subsidiary.

The assessment of control is reviewed by Mutares SE & Co. KGaA if there are indications that one or more of the aforementioned control criteria have changed.

A subsidiary is included in the Consolidated Financial Statements from the date on which the Company obtains control over the subsidiary until the date on which control by the Company ends. By way of derogation from this, the subsidiary is not consolidated in accordance with the general principle of materiality set out in IAS 1.29 et seq. if the subsidiary is of minor importance for the obligation to give a true and fair view of the net assets, financial position and results of operations of the Group – also together with other subsidiaries whose inclusion is waived and only an insignificant improvement in information would be achieved by their inclusion.

The results of subsidiaries over which control has been obtained or lost in the course of a fiscal year are recognized in the Consolidated Statement of Income and other comprehensive income with effect from the date on which control is obtained or lost.

Where necessary, the financial statements of the subsidiaries are adjusted to bring the accounting policies into line with those used in the Group.

The acquisition is accounted for using the purchase method (acquisition method). The consideration transferred in an acquisition is the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of the transaction. They also include the fair values of any recognized assets or liabilities resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Assets, liabilities and contingent liabilities identifiable as part of a business combination are generally measured on initial consolidation at their fair values at the acquisition date. The exceptions to the recognition and measurement principles required by IFRS 3, such as the recognition and measurement of deferred taxes on acquired assets and liabilities in accordance with IAS 12, are taken into account accordingly in the initial consolidation. An acquisition transaction with non-controlling shareholders is accounted for using the anticipated acquisition method if the contractual structure of the acquisition transaction provides for the shares of the non-controlling shareholders to be acquired with reasonable certainty.

Goodwill is recognized and tested at least annually for impairment at an amount equal to the excess of the cost of the acquisition, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest at the date of acquisition over the Group's share of the net assets measured at fair value. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Consolidated Statement of Income as bargain purchase income after reassessment.

If the consideration transferred includes contingent consideration, it is measured at fair value at the acquisition date. Changes in the fair value of the contingent consideration within the measurement period are adjusted retrospectively and recognized accordingly against goodwill or gain on favorable acquisition. Adjustments during the measurement period are adjustments to reflect additional information about facts and circumstances that existed at the acquisition date. However, the measurement period shall

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not exceed one year from the date of acquisition. Changes in the fair value of the contingent consideration that are not adjustments during the measurement period are accounted for depending on how the contingent consideration is to be classified.

Share disposals without a loss of control (buy-down) are accounted for as transactions between the equity providers (Mutares SE & Co. KGaA and the minority shareholders) with no effect on profit or loss.

Non-controlling interests are generally measured using the partial goodwill method; the assets and liabilities of the acquired company are remeasured in full irrespective of the share held by the controlling acquirer. The non-controlling shareholders are entitled to a share of the profit or loss from the date of transfer of the shares, which is presented separately in the Consolidated Statement of Comprehensive Income.

Majority-owned increases are accounted for as equity transactions, or transactions between the majority shareholder and the minority.

In the case of deconsolidation, a single sale is deemed to have taken place, i.e. the sale of all shares is presented as a transfer of individual assets and liabilities, including goodwill for consideration. The gain or loss on disposal is the difference between the proceeds on disposal and the carrying amount of the net assets disposed of, including hidden reserves and goodwill.

Balances and transactions with consolidated subsidiaries, and income and expenses arising therefrom, are eliminated in full for the purpose of preparing the Consolidated Financial Statements.

The tax deferrals required by IAS 12 were made on temporary differences arising on consolidation, with no deferred taxes to be recognized on goodwill.

52.2 Associated companies and joint ventures

An associate is an entity over which Mutares has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is defined as the power to participate in the financial and operating policy decisions of the entity without controlling or jointly managing it. If Mutares SE & Co. KGaA directly or indirectly holds between 20% and 50% of the voting rights in an entity, there is a presumption that significant influence can be exercised over the entity. In the case of a directly or indirectly held voting interest of less than 20%, significant influence is presumed if it can be clearly demonstrated.

Investments in associates are accounted for using the equity method and are therefore measured at cost when they are first recognized. Goodwill arising on the acquisition of an associate is included in the carrying amount of the investment in the associate. After initial recognition, the carrying amount of the investment increases or decreases in line with the investor's share of profit or loss or other comprehensive income of the investee – from the date that significant influence is first exercised until that influence ceases to exist. If Mutares' share in the losses of an associate equals or exceeds the value of the investment, the share is reduced to zero. In deviation from this, treatment as an associate in accordance with the general materiality principle of IAS 1.29 et seq. is waived if the associate is of minor importance for the obligation to give a true and fair view of the net assets, financial position and results of operations of the Group.

Unrealized gains based on transactions with associates are eliminated against the carrying amount of the investment to the extent of Mutares' interest. Unrealized losses are eliminated in the same way, but only to the extent that there is no indication of impairment.

The tax deferrals required by IAS 12 were made on temporary differences arising on consolidation.

A joint venture is a joint arrangement whereby the parties exercising joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. As part of the acquisition of PMTC in fiscal year 2023, a joint venture was acquired which is accounted for using the equity method.

52.3 Community activity

A joint operation is a joint arrangement whereby the parties exercising joint control have rights to the assets and obligations for the liabilities of the arrangement. Joint control is the contractually agreed, jointly exercised control of an arrangement. This only occurs when decisions about the relevant activities require the unanimous consent of the parties involved in joint control.

Where a Group company undertakes activities as part of a joint operation, the Group recognizes the following items as a joint operator in connection with its interest in the joint operation:

- its assets, including its share of jointly held assets.
- its debts, including its share of debts incurred jointly.
- its proceeds from the sale of its share of the products or services of the joint activity.
- its expenses, including its share of expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses in connection with its interest in a joint operation in accordance with IFRS applicable to those assets, liabilities, revenues and expenses.

When a Group entity enters into a joint operation in which another Group entity is a joint operator (for example, the sale or contribution of assets), the Group considers the transaction to be carried out with the other parties to the joint operation and therefore recognizes any gain or loss only to the extent of the interest of the other parties in the joint operation.

In transactions such as the purchase of assets by a Group company, gains and losses to the extent of the Group's interest in the joint operation are not recognized until the assets are resold to a third party.

52.4 Foreign currency

The Consolidated Financial Statements have been prepared in accordance with the functional currency concept. The functional currency is the primary currency of the economic environment in which Mutares Group operates. It corresponds to the euro, which is also the presentation currency of the Consolidated Financial Statements.

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency using the exchange rate at the balance sheet date. Foreign currency gains and losses resulting from these translations are recognized in the Consolidated Statement of Income within other income or other expenses.

Balance sheet items of subsidiaries whose functional currency is not the euro are translated into the presentation currency at the closing rate, income statement items at the average rate for the respective period, and equity items at historical foreign currency rates. The resulting translation differences are recognized in the currency translation reserve within other components of equity. Where non-controlling interests are involved, the corresponding portion of the translation difference is offset against the minority interest.

In the event of the disposal of a foreign operation, the translation differences accumulated to that date are included in the gain or loss on disposal, i.e. reclassified from equity to profit or loss.

With a few negligible exceptions, the functional currency of the subsidiary companies of Mutares SE & Co. KGaA corresponds to the local currency.

The main exchange rates used for currency translation are shown below:

		Closing rate		Average price	
1 EUR in	Code	12/31/2023	12/31/2022	2023	2022
USA	USD	1.105	1.067	1.090	1.053
China	CNY	7.851	7.358	7.787	7.072
Poland	PLN	4.340	4.681	4.334	4.688
Great Britain	GBP	0.869	0.887	0.862	0.853
India	INR	91.905	88.171	90.801	82.619
Sweden	SEK	11.096	11.122	11.203	10.623

53 Significant accounting policies

The Consolidated Financial Statements are based on uniform accounting policies. All companies included in the Consolidated Financial Statements of Mutares SE & Co. KGaA prepare their financial statements as of December 31 or have prepared interim financial statements for the reporting date and the period covered by the Consolidated Financial Statements.

The main accounting and valuation principles are explained below.

53.1 Revenue recognition

Sale of goods

The Group recognizes revenue when the performance obligation has been satisfied through the sale of separable goods. The customer must therefore have the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods. This is based on a contract between the Group and the customer. The contract and the agreements contained therein must have been agreed to by the parties, the individual obligations of the parties and the payment terms must be ascertainable, the contract must have economic substance and the Group must be likely to receive consideration for the service rendered. There must therefore be enforceable rights and obligations. The transaction price generally corresponds to the sales revenue. In individual companies, rebates and discounts are granted to the extent customary in the market and are included in the recognized sales revenue. If the contract includes more than one distinct performance obligation, the transaction price is allocated to the individual performance obligations on the basis of the relative individual selling prices. If individual selling prices are not observable, the Group estimates them. The individual identified performance obligations are realized either over a period of time or at a point in time.

The payment terms in the Mutares Group differ according to the different business models of the subsidiaries. Significant financing components do not exist on a regular basis and the period between the transfer of the goods or services and the payment date does not exceed twelve months on a regular basis, so that the consideration does not have to be adjusted by the time value of money. The Group's obligation to repair or replace defective products under statutory warranty is recognized as a provision.

Customer tools

Contracts for initial production tooling result in a separate performance obligation to the customer upon transfer of control. Revenue is recognized when control is transferred to the customer.

Customized products

Customized products are subject to revenue recognition over time if the products have no alternative use due to their specifications and have an enforceable payment claim against the customer at least in the amount of a reimbursement of costs incurred as a result of services already rendered, including an appropriate profit margin. The percentage of completion is determined using the input method based on the ratio of costs incurred to planned costs. Due to detailed internal cost controlling, this method provides a true and fair view of the transfer of goods.

Provision of services

Revenue from service contracts is recognized as soon as the performance obligation has been fulfilled and the time of performance has been determined to be a point in time or a period in time. Services provided over a certain period of time are recognized according to the stage of completion. If a service is not recognized over a specific period of time, revenue is recognized when control is transferred.

Rental income

The comments on leases under IFRS 16 apply analogously (see Note 53.6).

Production orders

If the transfer of control already takes place during the construction phase, revenue from construction contracts with a corresponding margin is recognized over a period of time (over time). A corresponding transfer of control is assumed if, in the event of termination of the contract, the compensation claim includes an appropriate margin in addition to the costs incurred to date and there are no alternative uses for the asset created. The stage of completion is determined on the basis of the contract costs incurred for the work performed in relation to the expected contract costs (input-based method). Management believes that this input-based method represents a reasonable estimate of the stage of completion. In the absence of a claim to remuneration or if it only includes the costs incurred, revenue is not recognized until the contract is completed.

If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense.

Where contract costs incurred plus recognized profits and less recognized losses exceed progress billings at the balance sheet date, the excess is recognized as a contract asset. For contracts in which progress billings exceed contract costs incurred plus recognized profits and less recognized losses, the excess is recognized as a contract liability in the same way as amounts received before construction is complete. Amounts billed for services already rendered but not yet paid by the customer are included in trade and other receivables in the Consolidated Statement of Financial Position.

The regulations of IFRS 15 are of no or only minor significance for Mutares Group in the following areas:

- Consignment store
- Contract acquisition or performance costs.
- Principal-agent relationships
- Bill-and-hold agreements
- Repurchase agreements.
- Guarantees

53.2 Income taxes Income tax expense or income represents the net of current tax expense and deferred taxes.

Current or deferred taxes are recognized either in the Consolidated Statement of Income, in other comprehensive income or directly in equity, depending on the underlying circumstances. Current or deferred taxes arising from the initial accounting for a business combination are recognized in the accounting for the business combination.

Current taxes

Current tax expense is determined on the basis of taxable income for the year. Taxable income differs from net income from the Consolidated Statement of Comprehensive Income due to expenses and income that are taxable or tax deductible in later years or never. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred taxes

Deferred taxes are calculated in accordance with IAS 12 on the basis of the internationally accepted balance sheet liability method. Accordingly, deferred tax items are recognized for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Statement of Financial Position, as well as for tax loss carryforwards.

Deferred taxes on these identified differences are generally always recognized if they result in deferred tax liabilities. Deferred tax assets are only recognized if it is probable that the corresponding tax benefits will also be realized. Deferred tax assets and liabilities are also recognized on temporary differences arising in the course of business combinations, with the exception of temporary differences on goodwill, where these are not recognized for tax purposes.

Deferred taxes on so-called "outside basis differences", i.e. differences between the assets of a subsidiary recognized in the Consolidated Financial Statements and the tax base of the shares held by the Group parent in the subsidiary, are generally taken into account (to the extent that tax effects are anticipated which may result in the future from the sale of the shares or from the distribution of profits).

Deferred tax assets and liabilities are offset if the requirements of IAS 12 are met. Accordingly, offsetting takes place if there is a legally enforceable right to offset and if the deferred tax assets and liabilities relate to income taxes levied by the same tax authority for either the same taxable entity or different taxable entities that intend to settle on a net basis.

Deferred taxes are calculated on the basis of the tax rates applicable in future years to the extent that they have already been enacted by law or the legislative process is substantially complete. Changes in deferred taxes in the balance sheet generally result in deferred tax expense or income. If items resulting in a change in deferred taxes are recognized directly in equity, the change in deferred taxes is also recognized directly in equity.

53.3 Intangible assets

Goodwill

The goodwill resulting from a business combination is determined by comparing the consideration paid for the acquisition with the revalued net assets of the acquired company and is recognized in the Consolidated Statement of Financial Position within intangible assets.

For the purpose of impairment testing, goodwill on acquisition is allocated to those cash-generating units (or groups thereof) of the Group that are expected to benefit from the synergies of the combination.

Cash-generating units to which a portion of goodwill has been allocated must be tested for impairment at least annually. If there are indications that a unit may be impaired, it may be necessary to perform impairment tests more frequently. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss shall be allocated first to the carrying amount of any goodwill allocated to the unit and then to the other assets on a pro rata basis based on the carrying amounts of each asset in relation to the total carrying amount of the assets within the unit. In this context, the recoverable amount is the higher of value in use and fair value less costs to sell.

Any impairment loss on goodwill is recognized directly in the income statement. An impairment loss recognized for goodwill may not be reversed in future periods.

On disposal of a cash-generating unit, the amount of goodwill attributable to it is included in the determination of profit or loss on disposal.

The Group's policy on goodwill arising on the acquisition of an associate or joint venture is described in Note 52.2.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and measured at fair value at the acquisition date.

In subsequent periods, intangible assets acquired in a business combination are measured at cost less any accumulated amortization and any accumulated impairment losses, in the same way as individually acquired intangible assets.

Intangible assets acquired separately

Intangible assets acquired separately, i.e. not as part of a business combination, with a definite useful life are recognized at cost less accumulated amortization and impairment losses. Amortization is recognized as an expense on a straight-line basis over the expected useful life. The expected useful life and the amortization method are reviewed at each reporting date and all changes in estimates are accounted for prospectively.

Separately acquired intangible assets with an indefinite useful life are recognized at cost less accumulated impairment losses.

Internally generated intangible assets

Internally generated intangible assets are capitalized at cost.

In order to determine whether internally generated intangible assets can be capitalized, research and development expenses must be separated. Expenditure on research activities with the prospect of gaining new scientific or technical knowledge and understanding is recognized as an expense in the period in which it is incurred.

The recognition of internally generated intangible assets requires the cumulative fulfillment of the capitalization criteria of IAS 38: the technical feasibility of the development project and a future economic benefit from the development project must be demonstrable, and the company must intend and be able to complete the intangible asset and use or sell it. Furthermore, adequate technical, financial and other resources must be available and the expenditure attributable to the intangible asset during its development must be reliably measurable.

Capitalized production costs comprise costs directly attributable to the development process as well as development-related overheads. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset must be capitalized as part of the cost of that asset in accordance with IFRS. In the reporting period and in the comparative period, no qualifying assets were acquired or manufactured for which capitalization of borrowing costs would be required.

If a useful life can be determined, these internally generated intangible assets are amortized on a straight-line basis over their respective useful lives. Internally generated intangible assets for which no useful life can be determined, or to which an indefinite useful life would be attributable, have not been recognized to date.

The following useful lives were used as the basis for calculating depreciation:

	Useful life in years
Self-created	1 to 10
Software	1 to 10
Patents, concessions, etc.	1 to 20

Impairment of intangible assets

If there are indications of impairment and the carrying amount of intangible assets exceeds the recoverable amount, impairment losses are recognized. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. If the reason for an impairment loss already recognized no longer exists, the impairment loss is reversed to amortized cost. Intangible assets with indefinite useful lives and goodwill are tested for impairment once a year. In addition, a review is carried out in each period to determine whether the assessment of an indefinite useful life continues to be justified. For intangible assets that do not generate cash flows themselves, the impairment test is performed at the level of their cash-generating unit.

Derecognition of intangible assets

An intangible asset shall be derecognized upon disposal or when no further economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the income statement when the asset is derecognized. This is recognized in other income or other expenses.

53.4 Property, plant and equipment

Property, plant and equipment acquired in a business combination
Property, plant and equipment acquired in a business combination are measured at fair value at the acquisition date.

In subsequent periods, property, plant and equipment acquired as part of a business combination are measured at cost less accumulated depreciation and any accumulated impairment losses in the same way as individually acquired property, plant and equipment.

Property, plant and equipment acquired separately
Property, plant and equipment are measured at cost less accumulated depreciation if the assets are depreciable, and impairment losses.

The cost of an item of property, plant and equipment comprises all costs directly attributable to the acquisition of the asset. Repairs and maintenance are recognized as expenses in the Consolidated Statement of Income in the fiscal year in which they are incurred. Internally generated assets are initially measured at the directly attributable production cost and production-related overheads.

Depreciation is recognized in the Consolidated Statement of Income on a straight-line basis over the estimated useful life of the asset.

Land is not depreciated on a scheduled basis.

Where significant parts of property, plant and equipment contain components with significantly different useful lives, these are recognized separately and depreciated over their respective useful lives.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset must be capitalized as part of the cost of that asset in accordance with IFRS. In the fiscal year and in the comparative period, no qualifying assets were acquired or manufactured for which capitalization of borrowing costs would be required.

The residual values and economic useful lives are reviewed at each balance sheet date and adjusted if necessary. The economic useful lives are based on estimates and are largely based on experience regarding historical usage and technical development.

Gains and losses on the disposal of assets are determined as the difference between the proceeds on disposal and the carrying amount and are recognized in profit or loss.

The following useful lives were used as the basis for calculating depreciation:

	Useful life in years
Building	10 to 50
Technical equipment and machinery	1 to 40
Operating and office equipment	1 to 25

Impairment of property, plant and equipment
If there are indications of impairment and the carrying amount of property, plant and equipment exceeds the recoverable amount, impairment losses are recognized. The recoverable amount is the higher of the asset’s fair value less costs to sell and its value in use. If the reason for an impairment loss already recognized no longer exists, the impairment loss is reversed to amortized cost. Property, plant and equipment that do not generate any cash flows themselves are tested for impairment at the level of their cash-generating unit.

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 gain or loss arising from the sale or retirement of an item of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

53.5 Leasing

IFRS 16 contains a comprehensive model for identifying leases and for accounting by the lessor and lessee, which is generally applicable to all leases. A lease exists when the lessee is contractually granted the right to control an identified asset for a specified period of time and the lessor receives consideration from the lessee in return.

Lessees do not distinguish between rental leases and finance leases. Instead, for all leases, the lessee must recognize the right-of-use asset and a corresponding lease liability (so called “right-of-use asset” or “RoU asset”). The only exceptions to this rule are short-term leases and leases of low-value assets, for which payments are recognized as an expense in the income statement on a straight-line basis over the term of the lease. Mutares takes advantage of these practical expedients. For low-value assets, a value limit of EUR 5,000 is applied in line with IFRS 16.BC100.

The amount of the RoU asset at the inception of the lease is the amount of the lease liability plus any initial direct costs incurred by the lessee. In subsequent periods, the RoU asset is measured at amortized cost (with two exceptions) until the earlier of the end of the leased asset’s useful life or the end of the lease term and is depreciated using the straight-line method.

The lease liability is measured as the present value of the lease payments relevant for measurement that are paid during the term of the lease. The marginal borrowing rate is regularly used for discounting purposes, as the interest rate on which the lease is based is generally not known to Mutares. The incremental borrowing rate is determined for each lease on a term-equivalent, country-specific and currency-specific risk-equivalent basis. Subsequently, the carrying amount of the lease liability is discounted using the discount rate and reduced by the lease payments made. Changes in the lease payments generally result in a revaluation of the lease liability against the corresponding right-of-use asset with no effect on profit or loss.

Mutares has also decided to apply IFRS 16 to other intangible assets, as permitted under IFRS 16.4. Leasing and service components are not presented separately at Mutares.

Sale and leaseback transactions are used by companies of the Mutares Group as an instrument to secure liquidity and to finance investments. The scope and terms of sale and leaseback transactions within the Mutares Group may vary per fiscal year and company.

For lessors, IFRS 16 basically retains the accounting treatment familiar from IAS 17 “Leases” with a distinction between finance and operating leases. The criteria for assessing a finance lease have been taken over unchanged from IAS 17. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise, it is classified as an operating lease. If Mutares acts as lessor under a finance lease, a receivable is recognized in the amount of the net investment in the lease. In the case of an operating lease, Mutares recognizes the leased asset as an asset under property, plant and equipment. It is measured at amortized cost. The following useful lives were used as a basis for calculating depreciation:

	Useful life in years
Building	1 to 30
Technical equipment and machinery	1 to 10
Operating and office equipment	1 to 20

Rental income is recognized in profit or loss on a straight-line basis over the lease term and reported in other income. As a lessor, Mutares essentially only enters into leases that are classified as operating leases.

For information on the discretionary decisions and estimates made in connection with leases, in particular for determining the lease term and the incremental borrowing rate, please refer to Note 3.

53.6 Cost of debt

Borrowing costs directly associated with the acquisition, construction or production of qualifying assets are added to the cost of those assets until the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get them ready for their intended use or sale.

Income earned from the interim investment of specially borrowed capital until it is spent on qualifying assets is deducted from the borrowing capital costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

53.7 Assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only considered to be met if the non-current asset or disposal group is available for immediate sale in its present condition and its sale is highly probable. Management must be committed to a sale. It must be assumed that the disposal transaction will be completed within one year of such classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their original carrying amount and fair value less costs to sell.

In the event that the Group has committed to a disposal involving a loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale if the above conditions are met. This applies regardless of whether or not the Group retains a non-controlling interest in the former subsidiary after the disposal.

53.8 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of raw materials and supplies is calculated using the moving average method. Incidental acquisition costs are also taken into account. Work in progress and self-constructed finished goods are valued at manufacturing cost. In addition to direct material, production and special production costs, production cost also includes an appropriate share of the overheads attributable to production and production-related depreciation, but not borrowing costs.

Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

53.9 Financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. They include non-derivative financial instruments, such as trade receivables and payables, as well as derivative financial instruments.

Financial assets and financial liabilities are initially measured at fair value, which is generally the transaction price. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument are only included in the carrying amount if the financial instrument is not measured at fair value through profit or loss. In the case of trade receivables, the transaction price is determined in accordance with IFRS 15. Subsequent measurement depends on the classification of the financial instruments.

Regular way purchases or sales of financial assets are generally recognized on the trade date.

53.10 Financial assets

Classification of financial assets
Financial assets include in particular:

- Trade receivables and other receivables,
- Other financial assets and
- Cash and cash equivalents

Financial assets with a maturity of more than twelve months are classified as non-current.
The classification of financial assets depends on the underlying business model and the so-called cash flow criterion, according to which the contractual cash flows of a financial asset may only consist of interest and principal payments on the outstanding principal amount of the financial instrument. The cash flow criterion is always assessed at the level of the individual financial instrument. The assessment of the business model relates to the question of how financial assets are managed to generate cash flows. The management can either be aimed at holding, selling or a combination of both.

The Company classifies financial assets into one of the following categories:

- Financial assets measured at amortized cost (debt instruments)
- Financial assets measured at fair value, with recycling, through profit or loss (debt instruments)
- Financial assets measured at fair value through profit or loss

Financial assets measured at amortized cost (debt instruments)
The most significant category of financial assets for Mutares is the category of assets measured at amortized cost with regard to debt instruments. Measurement at amortized cost occurs when the following two criteria are met:

- The business model for managing these financial instruments is geared towards holding them in order to generate the underlying contractual cash flows and to
- the contractual cash flows generated from this consist solely of interest and repayment on the principal outstanding.

Subsequent measurement of these financial assets is based on the effective interest method and is subject to the impairment requirements of IFRS 9.5.5 et seq. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, less principal repayments, plus accumulated amortization using the effective interest method, adjusted for impairment. At Mutares, trade receivables, other assets and bank balances are mainly subject to this category.

Mutares continues to classify trade receivables that are sold under a factoring agreement without a disposal of the receivables as part of the sale of the receivables as part of the business model “hold” and thus as “amortized cost”. Within the business model criterion, Mutares defines the sale as an actual sale that also leads to an accounting disposal. According to Mutares’ interpretation, a purely legal sale without disposal does not constitute a business model of sale within the meaning of IFRS 9. Receivables portfolios that are generally subject to the possibility of factoring with disposal of the corresponding receivables are allocated to the category “hold and sell” and measured at fair value through profit or loss (FVOCI). There are currently no cases of application for this in the Group.

Financial assets measured at fair value through profit or loss (debt instruments)
The valuation with no effect on profit or loss at fair value recycling for debt instruments is carried out if the following two criteria are met:

- The business model for managing these financial instruments is focused on holding them to generate the underlying contractual cash flows and also on selling them.
- The resulting contractual cash flows consist solely of interest and principal on the principal outstanding.

For these financial assets, interest, foreign currency valuation effects and expenses and income in connection with impairments are recognized in profit or loss. The remaining changes are recognized in other comprehensive income and reclassified to profit or loss on disposal (recycling).

At Mutares, mainly receivables related to a factoring agreement with disposal of the corresponding receivables are subject to this measurement.

Financial assets measured at fair value through profit or loss

The category includes financial assets held for trading, financial instruments using the fair value option, and financial assets for which mandatory measurement at fair value is intended. A trading purpose exists if a short-term purchase or sale is intended. Derivatives that are not part of a hedging relationship are always held for trading purposes. Financial assets that do not meet the cash flow criterion are always measured at fair value through profit or loss, regardless of the underlying business model. The same measurement results for financial instruments that are subject to a “sell” business model.

The fair value option for financial assets is not used.

At Mutares, derivatives that are not part of a hedging relationship and securities are mainly subject to this measurement.

Any changes in the fair value of these instruments are recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income (equity instruments)

Upon initial recognition of an equity instrument, Mutares has the irrevocable option to measure it at fair value through other comprehensive income. This is subject to the condition that the equity instrument is not held for trading and is not a contingent consideration as defined by IFRS 3. The option can be exercised separately for each equity instrument.

Mutares does not exercise the option and measures all equity instruments at fair value through profit or loss.

Impairment of financial assets

Financial assets (with the exception of financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income), contract assets according to IFRS 15, lease receivables, loan commitments and financial guarantees are subject to the impairment model as defined by IFRS 9.5.5. According to this model, Mutares recognizes an impairment loss for these assets based on the expected credit losses. Expected credit losses result from the difference between the contractually agreed cash flows and the expected cash flows, measured at present value using the original effective interest rate. The expected cash flows also include proceeds from the sale of collateral and other loan collateral that are an integral part of the respective contract.

Expected credit losses are recognized in three stages. For financial assets for which there has been no significant increase in the risk of default since initial recognition, the impairment loss is measured in the amount of the expected 12-month credit loss (Level 1). In case of a significant increase in default risk, the expected credit loss for the remaining term of the asset is determined (Level 2). Mutares generally assumes that there is a significant increase in credit risk if the asset is 30 days past due. This principle can be refuted if, in the respective individual case, reliable and justifiable information indicates that the credit risk has not increased. If there is objective evidence of impairment, the underlying assets are to be allocated to Level 3.

The relevant class of assets for Mutares for the application of the impairment model are trade receivables and contract assets. Mutares applies the simplified approach according to IFRS 9.5.15 for these. Accordingly, the impairment loss is always measured in the amount of the expected credit losses over the term.

For financial assets measured at fair value through other comprehensive income as debt instruments, Mutares considers all reasonable and reliable information that is available without unreasonable cost and time expenditure for the review of a possibly significantly increased expected credit risk. For this purpose, the associated default risk is mainly used. Rating information is used for the default risk. Mutares generally only holds instruments for which there is a low default risk. Mutares currently does not hold any financial assets that are measured at fair value through other comprehensive income as debt instruments.

For the other assets that are within the scope of the impairment model of IFRS 9 and that are subject to the general approach, financial assets are grouped together on the basis of common credit risk characteristics or individual default information is used to measure the expected losses. The calculation is based in each case on current default probabilities as of the respective reporting date.

Mutares generally assumes a default if the contractual payments are overdue by more than 90 days. In addition, in individual cases, internal or external information is also used to indicate that the contractual payments cannot be made in full. Financial assets are derecognized if there is no reasonable expectation of future payment.

53.11 Derivatives and hedging relationships

Within the Group, derivative financial instruments are used to manage risks arising from fluctuations in raw material prices and interest rates. Derivative financial instruments are initially recognized as financial assets or liabilities at fair value in the category of financial assets at fair value through profit or loss or financial liabilities at fair value through profit or loss.

Attributable transaction costs are recognized in profit or loss in the period in which they are incurred. With the exception of derivatives designated as hedging instruments in cash flow hedges, all derivatives are measured at fair value through profit or loss. They are presented in the Consolidated Statement of Financial Position under "other financial assets" or "other financial liabilities".

Currently, the Mutares Group does not make use of hedge accounting.

53.12 Financial liabilities

Financial liabilities regularly give rise to a right of return in cash and cash equivalents or another financial asset. These include in particular bonds and other securitized liabilities, trade accounts payable, liabilities to banks and derivative financial instruments.

For the initial measurement of financial liabilities, please refer to the description of financial assets. Financial liabilities are generally measured at amortized cost using the effective interest method ("FLAC").

The category of financial liabilities at fair value through profit or loss ("FLFVPL") includes all financial liabilities held for trading as well as derivative instruments, unless they are part of a hedging relationship, and financial instruments for which the fair value option has been exercised. This measurement category includes contingent consideration in connection with business combinations.

Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

To increase the reliability of the financial statement information and to reduce the complexity of preparing the financial statements, also in connection with the measurement of embedded derivatives, financial liabilities can be irrevocably designated at fair value through profit or loss ("FVPL") at the date of addition by exercising the fair value option. The Company's issued bond contains two embedded derivatives in the form of an early debt call right and an interest rate floor. These derivatives are treated as one compound derivative as they are subject to the same risk (IFRS 9.B4.3.4). If, in the case of an embedded derivative, one component gives rise to a separation obligation, the entire derivative is to be treated as subject to separation. Accordingly, Mutares exercises the option under IFRS 9.4.3.5 and accounts for the bond at fair value.

Subsequent measurement of financial liabilities measured by the Company at fair value through profit or loss is performed by recognizing net gains or losses and interest expenses in profit or loss. The Company recognizes changes in fair value due to changes in credit ratings in other comprehensive income.

If changes in the fair value that are due to factors other than changes in the default risk of the instrument or changes in the observed (reference) interest rate are not significant, the Company calculates the credit rating-induced change in the fair value of exchange-traded financial liabilities since the designation date as the difference between the fair value (market price) of the security and the present value of the contractual cash flows at the balance sheet date. The present value of the contractual cash flows is calculated on the basis of the internal rate of return of the security determined at the designation date and the reference interest rate observed externally at the reporting date.

53.13 Derecognition of financial assets and liabilities

Financial instruments are derecognized when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset only if a right of set-off exists for the net amount at that time.

53.14 Treatment of reverse factoring agreements

Under a reverse factoring agreement, the supplier and customer agree to sell existing or future trade receivables to a factoring company or financial institution.

In the case of a reverse factoring agreement, an assessment must be made at the customer level as to whether the changes to the original contractual terms of the trade payables lead to a change in the balance sheet presentation and the presentation in the cash flow statement and in the notes.

The assessment of whether a reverse factoring arrangement generally results in the derecognition of the original trade financial liability is based on the general principles set out above.

Depending on the circumstances – whether the trade liability is to be derecognized or not – the recognition is assessed in accordance with IAS 1.

Separate recognition of liabilities under reverse factoring arrangements is assessed based on the factors of whether additional collateral is provided as part of the arrangement that would not be so provided in the absence of the arrangement and whether the extent to which the terms of the liabilities that are part of the arrangement differ from the terms of the entity's trade payables that are not part of the arrangement.

Payments under reverse factoring agreements are allocated to cash flows from operating activities in the statement of cash flows if a trade liability exists. However, if the liability is not a trade payable due to its financing nature, an allocation to cash flow from financing activities is appropriate.

Reverse factoring agreements are currently only of minor importance in the Mutares Group.

53.15 Equity

Equity is defined as contributions in cash or in kind that represent a residual interest in the assets of an entity after deducting all related liabilities. The development of equity is presented in the Consolidated Statement of Changes in Equity.

Mutares accounts for acquired treasury shares using the so-called par value method, according to which the nominal amount of the acquired treasury shares is deducted from the subscribed capital. In addition, the acquisition costs in excess of this amount are deducted from retained earnings.

53.16 Share-based payments

Equity-settled share-based payments to members of the Board of Management or employees of the Company or to members of the management or employees of affiliated companies in Germany and abroad are measured at the fair value of the equity instrument at the grant date. In determining the fair value, the market-related performance condition with regard to the share price is taken into account.

Cash-settled share-based payments (virtual share options) to Management Board members are recognized as personnel expenses against liabilities and are subject to remeasurement at each reporting date and on the settlement date. Any changes in the revaluation are recognized in the income statement under personnel expenses.

Further information on share-based payments in the Mutares Group is presented in Note 32 "Conditional capital and share-based payment".

53.17 Employee benefits

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with an actuarial valuation performed at each reporting date.

Remeasurements consisting of actuarial gains and losses, changes resulting from the application of the asset ceiling and the return on plan assets (excluding interest on the net liability), are recognized directly in other comprehensive income and are therefore included directly in the Consolidated Statement of Financial Position. The remeasurements recognized in other comprehensive income are part of retained earnings and are no longer reclassified to the Consolidated Statement of Profit or Loss. Past service cost is recognized as an expense when the plan amendment occurs.

Net interest is calculated by multiplying the discount rate by the net liability (pension obligation less plan assets) or the net asset value, which results if the plan assets exceed the pension obligation, at the beginning of the fiscal year. The defined benefit cost includes the following components:

- Service cost (including current service cost, after service cost to be recognized, and any gain or loss on the plan amendment or curtailment)
- Net interest expense or income on net debt or net asset value
- Revaluation of net debt or net asset value

Mutares reports the first two components in the Consolidated Statement of Comprehensive Income. Gains or losses from curtailments are recognized as past service cost.

In May 2021, the IASB endorsed the IFRS IC agenda decision regarding the allocation of the benefit obligation over the service period. The decision gives preference in the calculation of the obligation for defined benefit plans with the characteristics of

- the rights depend on the seniority,
- the rights are capped after a certain length of service and
- the benefits are one-time payments upon retirement

to the linearization of the benefit entitlement over the period between retirement minus the maximum service period and retirement. As the French defined benefit plans have the three characteristics, Mutares follows the IFRS IC decision for these plans. Previously, the benefit entitlement was linearized over the period between entry into the company and retirement. The effect from the change in valuation method is recognized in retained earnings.

The defined benefit obligation recognized in the Consolidated Statement of Financial Position represents the current underfunding or overfunding of the Group's defined benefit plans. Any surplus arising from this calculation is limited to the present value of future economic benefits available in the form of refunds from the plans or reduced future contributions to the plans.

Payments for defined contribution plans are recognized as an expense when the employees have rendered the service entitling them to the contributions.

For short-term employee benefits (wages, sick pay, bonuses, etc.), the undiscounted amount of the benefit expected to be paid in exchange for the service rendered is recognized in the period in which the service is rendered by the employee.

The expected cost of short-term employee benefits in the form of compensated absences is recognized, in the case of accumulating entitlements, when the employee services that increase the employee's entitlement to future compensated absences are rendered. In the case of non-accumulating entitlements, however, recognition occurs when the absence occurs.

All personnel-related obligations that cannot be allocated either to pension provisions or to accruals for personnel-related obligations (personnel-related liabilities, for example, for uncompensated leave or overtime, and outstanding wages and salaries) are recognized in other personnel-related provisions. These include, for example, obligations for employee bonuses or to mark employee anniversaries.

A liability for termination benefits is recognized when the Group is no longer able to withdraw the offer of such benefits or, if earlier, the Group has recognized related restructuring costs (here we refer you to Note 53.18).

53.18 Other provisions and contingent liabilities

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the provision.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. In this context, risks and uncertainties inherent in the obligation must be taken into account.

If a provision is measured on the basis of the cash flows estimated to be required to settle the obligation, these cash flows must be discounted if the interest effect is material.

If it can be assumed that parts or all of the economic benefit required to settle the provision will be reimbursed by an outside third party, this claim is capitalized as an asset if the reimbursement is virtually certain and its amount can be reliably estimated.

The following section describes special circumstances relating to the recognition of other provisions:

Legal costs
The companies of the Mutares Group may be plaintiffs or defendants in lawsuits and other proceedings in the course of their business activities. If the general recognition criteria, in particular those according to IAS 37, are met, a provision is recognized for the best estimate of the cash flows expected to be required to settle the obligation and reported under other provisions. In cases where the general recognition criteria are not met, the existence of a contingent liability is assessed and disclosed in the Notes to the Consolidated Financial Statements.

Warranties
Provisions for the expected cost of warranty obligations are recognized at the time of sale of the respective products based on management's best estimate of the expenditure required to settle the Group's obligation.

Restructuring
A provision for restructuring costs is recognized when the Group has a detailed formal restructuring plan that has raised a valid expectation in those affected by it that the restructuring will be completed, either by commencing implementation of the plan or by announcing its main features. When measuring a restructuring provision, only the direct expenses incurred for the restructuring are taken into account. Therefore, only those amounts are involved which were caused by the restructuring and are not related to the Group's continuing operations. For liabilities arising from the termination of employment contracts, please refer to Note 53.17.

Impending losses
Present obligations arising in connection with onerous contracts are recognized as provisions. The existence of an onerous contract is presumed when the Group is party to a contract under which the unavoidable costs of meeting the obligations under the contract are expected to exceed the economic benefits to be received under it.

Contingent liabilities
A contingent liability is a possible obligation that arises from the occurrence or non-occurrence of uncertain future events and whose amount cannot be estimated with sufficient reliability. Contingent liabilities are not recognized as liabilities, but trigger disclosure requirements in the Notes to the Consolidated Financial Statements. Contingent liabilities assumed in the context of business combinations are recognized as liabilities.

53.19 Government grants

Government grants, including non-monetary grants at fair value, are only recognized if there is reasonable assurance that:

- the company will comply with the conditions attached to it, and that
- the grants are awarded.

Grants related to expenses are recognized on a systematic basis over the periods in which the related expenses are to be offset. Grants received to compensate for expenses already incurred or to provide immediate financial support irrespective of future expenses are recognized in profit or loss in the period in which the entitlement arises.

If Mutares merely prefinances claims by employees against the public sector and acquires a claim to reimbursement of the amounts paid out, the payment processing is treated as a transitory item and does not affect profit or loss. Such claims are recognized as soon as the reimbursement is virtually certain.

54 Areas of the Consolidated Financial Statements affected by climate change

Risks and uncertainties resulting from climate change or the transition to a low-carbon economy could affect the following areas of the Consolidated Financial Statements in particular.

54.1 Assessment of the going concern assumption

IAS 1 requires disclosure of material uncertainties related to events or conditions that could cast significant doubt on the entity's ability to continue as a going concern, or of significant judgments that lead to the conclusion that there are no material uncertainties related to the going concern assumption.

Such uncertainties can be attributed to climate change or to regulatory measures introduced to mitigate and adapt to climate change. Among other things, the introduction of legislation that directly affects a company's business model or results in increased compliance costs could cast significant doubt on its ability to continue as a going concern.

The Group uses various instruments to assess the going concern assumption with regard to climate risks. Firstly, the results of the due diligence of potential portfolio companies on physical and transitory climate risks are already known at the time of acquisition of the portfolio companies. These results provide the necessary information as to whether there are material uncertainties with regard to events or conditions that cast significant doubt on the Company's ability to continue as a going concern after an acquisition. Furthermore, an assessment of the going concern assumption with regard to climate risks is carried out regularly and on an ad hoc basis. Regular assessments of the going concern assumption are derived from the Group's risk management system, including the risk early warning system in accordance with Section 91 (2) AktG.

Event-related assessments of uncertainties due to climate change can result from the identification of new legislation, a change in the business model of a portfolio company and progressive effects of climate change of a physical nature which, in the event of an event, could cast significant doubt on the Company's ability to continue as a going concern.

On this basis, there are no known material uncertainties that could cast significant doubt on the Group's ability to continue as a going concern.

54.2 Impairment of non-financial assets

The impact of climate-related risks could be an indicator of impairment, e.g. a significant decline in demand for products or services or new regulations that negatively affect a company. Such factors could also affect the estimated cash flows used in determining the recoverable amount of an asset or group of assets.

When estimating the recoverable amount, climate-related aspects are also taken into account, as these can also provide an indication of the need for impairment. Depending on the business model, climate change and its various effects can give rise to a business risk with a potentially significant impact on a company's future cash flows. Climate- and environment-related developments can impact future cash flows in a variety of ways, e.g. on sales, current payments and capital expenditure. The following circumstances, among others, are of importance:

If customers increasingly demand more sustainable products and services, this can lead to changes in sales and growth. For example, a decline in demand for products that emit greenhouse gases or whose production is greenhouse gas intensive could indicate that a manufacturing facility that can only produce these products may be impaired in value. Activities that are perceived as potentially harmful to the environment could result in reputational damage and loss of customers, and could affect the value of brands, trademarks, and other intangible assets.

Similarly, the introduction of new laws or regulations could cause a company to reassess the profitability of a product line or impose new costs in the future, which could trigger the need to test the assets affected for impairment.

New environmentally friendly technologies can significantly affect a company's competitiveness and lead to higher investments for the development or acquisition of equivalent technologies.

The (physical) effects of climate change (e.g., rising temperatures, rising sea levels, increasing extreme weather events, and similar events) could, among other things, lead to higher insurance or maintenance expenses or even call into question the suitability of certain operating sites. Even voluntary climate commitments that the Company has entered into, such as the absolute reduction of CO_2 emissions over a defined time horizon, can influence the estimated cash flow and be an indicator of impairment.

54.3 Change in recognition, useful life or residual value of assets

Factors related to climate change may indicate that an asset may become physically unusable or commercially obsolete sooner than previously expected. In addition, the expected timeline for replacing existing assets may be shortened. If climate-related risks are significant, concerns about realizability could mean that the criterion (in IAS 16.7 for property, plant and equipment and in IAS 38.21 for intangible assets) that costs should be recognized as an asset only if it is probable that future economic benefits will flow to the entity is not met. Adapting an entity's operations to address aspects of climate change could also lead to additional research and development activities that require testing of the criteria for recognition as intangible assets in accordance with IAS 38.57.

The (scheduled) depreciation of property, plant and equipment and amortization of intangible assets are determined on the basis of the estimated useful lives of the assets. These are reviewed regularly and changes (including those resulting from climate-related aspects) are taken into account by adjusting depreciation and amortization. If Mutares considers decommissioning certain assets earlier than originally planned for climate-related reasons, this is taken into account in the depreciation and amortization for the reporting year (and subsequent periods) through changes in useful lives.

54.4 Impairment of financial assets

Climate-related events, such as floods and hurricanes, can affect borrowers' creditworthiness due to business interruptions, impacts on economic strength, asset values, and unemployment. In addition, borrowers' ability to pay could be affected if they operate in industries that are not considered climate-friendly or sustainable and are therefore under increased pressure. If a significant climate-related event has occurred, the impact of this event on trade receivables is assessed as of the reporting date.

54.5 Assets measured at fair value

The fair value measurement requirements of IFRS 13 apply to a wide range of assets and liabilities, both for measurement purposes and for disclosures in the notes. These include assets or cash-generating units that are tested for impairment on the basis of fair value less costs to sell, and the initial measurement at fair value of assets acquired in a business combination. The broad scope of the requirements of IFRS 13 could result in the impact of climate-related risks on fair values becoming significant even for entities whose operations are not directly affected by the apparent risks of climate change.

54.6 Provisions, contingent liabilities and onerous contracts

The pace and intensity of climate change and accompanying political and regulatory measures can affect the recognition, measurement and disclosure of provisions, contingent liabilities and onerous contracts. The recognition and measurement of provisions naturally also takes into account expectations of climate-related events, for example by including obligations resulting from expectations of changes in the (regulatory) framework. Contingent liabilities are not recognized as liabilities, but trigger disclosure requirements in the Notes to the Consolidated Financial Statements. This naturally also applies to those arising from climate risks.

54.7 Disclosure of significant judgments and estimates

If assumptions relating to the effects of climate change or the transition to a low-carbon economy entail a significant risk that they will result in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, then information on the assumptions must be disclosed in accordance with IAS 1.125. This also includes longer-term assumptions for which there is a risk that significant changes will have to be made within the next year. For a better understanding of the financial statements, it may also be necessary to disclose other uncertainties that are not expected to require material adjustment within one year. However, in accordance with IAS 1.125, these disclosures must be clearly separated from uncertainties that give rise to a significant risk of a material adjustment to the carrying amount of assets and liabilities within the next fiscal year. In applying the Company's accounting policies, management is required to make various judgments that can significantly affect the amounts reported in the financial statements. Such discretionary decisions are disclosed in accordance with IAS 1.122.

54.8 Realization of deferred tax assets

Climate-related factors can lead to a decrease in estimated future taxable profits. In this respect, climate-related aspects are also taken into account when forecasting future taxable profits.

54.9 Additional taxes or other charges

Additional taxes or other levies could be introduced as financial policy measures to promote carbon dioxide reduction. Any levy liability shall be recognized when the obligation is legally triggered (in accordance with IFRIC 21) and any effect on income taxes shall be included in the accounting in accordance with IAS 12.

54.10 Net realizable value of inventories

The net realizable value of inventories could be affected by climate-related factors. A distinction must be made between inventories held for resale and inventories held for production purposes.

In the case of inventories held for resale, the selling price could decrease due to climate change, resulting in a net realizable value below the carrying amount. A climate-induced reduction in the selling price can result, using the example of automotive parts, from the fact that they hinder the transition to a CO_2-neutral economy, and either due to changes in market behavior or changes in legal regulations, demand decreases.

The net realizable value of inventories used in production could decline due to increased costs of completion. This could lead to an increase in completion costs due to climate-related bottlenecks in the procurement of raw materials. Furthermore, weather events such as heavy rain and flooding, among others, can lead to damage to inventories. If in such cases the cost of inventories is no longer recoverable, a write-down to their net realizable value must be made in accordance with IAS 2.

54.11 Government grants

Governments could increasingly provide government grants and other forms of government support to businesses to encourage the transition to a low-carbon economy in line with government commitments to reduce greenhouse gas emissions. Government grants for the implementation of production- and or building-related energy efficiency measures can be used and, depending on the grant type and conditions, could fall within the scope of IAS 20.

54.12 Overall statement with regard to areas of the Consolidated Financial Statements affected by climate change

Based on the explanations in Note 54, the overall conclusion is that no material areas of the Consolidated Financial Statements will be affected by climate change in fiscal year 2023. Management therefore does not currently expect climate risks to have any material impact on the business model or on the presentation of the asset, financial and earnings position in the Consolidated Financial Statements.

Approval of the financial statements

These Consolidated Financial Statements were approved by the Management Board of Mutares Management SE as general partner of Mutares SE & Co. KGaA on March 27, 2024, and released for publication.

Munich, March 27, 2024

Mutares Management SE,
General Partner of Mutares SE & Co. KGaA

The Management Board

Robin Laik   Mark Friedrich

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APPENDIX 1: SCOPE OF CONSOLIDATION AND LIST OF SHAREHOLDINGS

Direct shareholdings / holding companies	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
mutares Holding-02 AG	Bad Wiessee	100	100
mutares Holding-03 AG	Bad Wiessee	100	100
mutares Holding-07 GmbH	Bad Wiessee	90	90
mutares Holding-14 GmbH	Bad Wiessee	100	100
mutares Holding-21 AG	Bad Wiessee	100	100
mutares Holding-25 GmbH	Bad Wiessee	100	100
mutares Holding-26 GmbH	Bad Wiessee	90	90
HILO Group GmbH (formerly: mutares Holding-28 GmbH)	Bad Wiessee	100	100
mutares Holding-33 GmbH	Bad Wiessee	100	100
mutares Holding-35 GmbH	Bad Wiessee	100	90
mutares Holding-36 GmbH	Bad Wiessee	100	90
mutares Holding-38 GmbH	Bad Wiessee	90	90
mutares Holding-39 GmbH	Bad Wiessee	90	90
mutares Holding-40 GmbH	Bad Wiessee	85	85
mutares Holding-41 GmbH	Bad Wiessee	100	100
mutares Holding-42 GmbH	Bad Wiessee	90	90
mutares Holding-45 GmbH	Bad Wiessee	90	90
mutares Holding-46 GmbH	Bad Wiessee	90	90
mutares Holding-47 GmbH	Bad Wiessee	90	90
mutares Holding-48 GmbH	Bad Wiessee	90	90
mutares Holding-49 GmbH	Bad Wiessee	87	87
mutares Holding-50 GmbH	Bad Wiessee	91	91
mutares Holding-51 GmbH	Bad Wiessee	100	100
mutares Holding-53 GmbH	Bad Wiessee	100	100
mutares Holding-54 GmbH	Bad Wiessee	100	100
mutares Holding-55 GmbH	Bad Wiessee	91	100
mutares Holding-56 GmbH	Bad Wiessee	90	100
mutares Holding-57 GmbH	Bad Wiessee	90	100
mutares Holding-58 GmbH	Bad Wiessee	90	100

Direct shareholdings / holding companies	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
FERRAL United GmbH (previously: mutares Holding-59 GmbH)	Frankfurt (previously: Bad Wiessee)	100	100
mutares Holding-60 GmbH	Bad Wiessee	90	100
mutares Holding-62 GmbH	Bad Wiessee	90	100
mutares Holding-63 GmbH	Bad Wiessee	100	100
mutares Holding-64 GmbH	Bad Wiessee	100	100
mutares Holding-65 GmbH	Bad Wiessee	100	100
mutares Holding-66 GmbH	Bad Wiessee	100	100
mutares Holding-67 GmbH	Bad Wiessee	100	100
mutares Holding-68 GmbH	Bad Wiessee	100	100
mutares Holding-69 GmbH	Bad Wiessee	100	100
mutares Holding-70 GmbH	Bad Wiessee	100	–
mutares Holding-71 GmbH	Bad Wiessee	100	–
mutares Holding-72 GmbH	Bad Wiessee	100	–
mutares Holding-73 GmbH	Bad Wiessee	100	–
mutares Holding-74 GmbH	Bad Wiessee	100	–
mutares Holding-75 GmbH	Bad Wiessee	100	–
mutares Holding-76 GmbH	Bad Wiessee	100	–
mutares Holding-77 GmbH	Bad Wiessee	100	–
mutares Holding-78 GmbH	Bad Wiessee	100	–
mutares Holding-79 GmbH	Bad Wiessee	100	–
mutares Holding-80 GmbH (previously: PFMB Acquisition GmbH)	Bad Wiessee (previously: Munich)	100	–
Purple Holding SAS	Paris / FR	100	100
Mutares Austria Holding-01 GmbH	Vienna / AT	90	100
Mutares Holding Italy 1 S.r.l.	Milan / IT	100	100
Mutares Management SE [1]	Munich	30	30
MuxTec GmbH	Munich	100	100
Novacchio S.r.l.	Milan / IT	51	–

National companies	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
Mutares France S.A.S.	Paris / FR	100	100
Mutares Italy S.r.l.	Milan / IT	100	100
Mutares UK Ltd.	London / UK	100	100
Mutares Nordics Oy	Vantaa / FI	100	100
Mutares Nordics AB	Stockholm / SE	100	100
Mutares Iberia S.L.U.	Madrid / ES	100	100
Mutares Austria GmbH	Vienna / AU	100	100
Mutares Benelux B.V.	Amsterdam / NL	100	100
Mutares Poland Sp.z.o.o.	Czestochowa / PL	100	100

Indirect shareholdings: Operating units /subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
Amaneos Group			
Amaneos SE (formerly: LMS Group SE)	Frankfurt a.M.	100	100
MoldTecs-01-2022 GmbH	Bad Harzburg	100	100
MoldTecs GmbH	Bad Harzburg	100	100
MoldTecs S.A.S.	Laval Cedex / FR	100	100
MoldTecs US L.L.C.	Wilmington / US	100	100
Shanghai MoldTecs Trading Co. Ltd.	Shanghai / CN	100	100
MoldTecs Brazil Ltd.	Indaiatuba / BR	100	100
MoldTecs Trading India Private Limited	Bangalore / IN	100	100
MoldTecs Korea Ltd.	Weonju / KOR	100	100
MoldTecs Godo Kaisha Ltd.	Yokohama / JP	100	100
MoldTecs Mexiko S.d.r.l.d.c.v.	Mexico City / MX	100	–
MoldTecs Auto Systems Taicang Co. Ltd.	Taicang / CH	100	–
Light Mobility Solutions GmbH	Obertshausen	100	100
SFC Solutions Germany GmbH	Mannheim	100	100
SFC Solutions India Sealing Private Ltd.	Dehli / IN	100	100
SFC Solutions India Fluid Private Ltd.	Chengalpattu / IN	100	100

Indirect shareholdings: Operating units /subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
SFC Solutions Czestochowa Sp.z.o.o.	Czestochowa / PL	100	100
SFC Piotrkow Sp.z.o.o.	Warsaw / PL	100	100
SFC Solutions Italy S.R.L.	Cirié / IT	100	100
SFC Solutions Spain Borja SL	Borja / ES	100	100
SFC Solutions France S.A.S.	Rennes / FR	100	100
SFC Solutions Automotive France S.A.S.	Charleval / FR	100	100
SFC Solutions Automotive S.r.l.	Clucereasa / RO	100	100
SFC Solutions Automotive Morocco S.a.r.l.	Tangier / MA	100	100
Elastomer Solutions GmbH	Wiesbaum	100	100
DF Elastomer Solutions Lda.	Mindelo / PT	100	100
Elastomer Solutions s.r.o.	Belusa / SK	100	100
Elastomer Solutions Maroc S.à.r.l.	Free trade zone Tanger / MA	100	100
Elastomer Solutions Mexico S. de R.L. de C.V.	Fresnillo / MX	100	100
HILO Group			
KICO GmbH	Halver	100	100
Mesenhöller Verwaltungs GmbH	Halver	100	100
KICO Kunststofftechnik GmbH	Halver	100	100
KICO-Polska Sp.z.o.o.	Swiebodzin / PL	100	100
KICO Sistemas Mexico S. de R.L. de C.V.	El Marqués / MX	100	100
Innomotive Systems Hainichen GmbH	Hainichen	100	100
Innomotive Systems Hainichen Co. Ltd.	Nanjing / CN	100	100
Innomotive Systems Romania S.R.L	Cluj / RO	100	–
High Precision Components Witten GmbH	Witten / GER	100	–
FerrAL United Group			
Ferral United France S.A.S.	Paris / FR	100	–
Cimos d.d.	Koper / SI	100	100
Akcionarsko Drustvo Livnica Kikinda	Kikinda / RS	92	92
Cimos IP d.o.o.	Koper / SI	100	100
P.P.C. Buzet d.o.o.	Buzet / HR	100	100

Indirect shareholdings: Operating units / subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
Cimos Buzet d.o.o.	Buzet / HR	100	100
Cimos Ljevaonica Roc d.o.o.	Roc / HR	100	100
Cimos "TMD Automobilka Indusrija" d.o.o.	Gradacac / BA	100	100
Livnica Kikinda Automobilska Indusrija d.o.o.	Kikinda / RS	100	100
Cimos Germany GmbH i.L.	Munich	100	100
PrimoTECS S.P.A.	Avigliana / IT	100	100
Rasche Holding GmbH	Plettenberg	100	100
Rasche Umformtechnik GmbH & Co. KG	Plettenberg	100	100
Rasche Verwaltungs GmbH	Plettenberg	100	100
BEW-Umformtechnik GmbH	Rosengarten	88	–
MMT-B SAS	Blanquefort / FR	100	–
Selzer Fertigungstechnik GmbH & Co.KG	Driedorf	100	–
Selzer Verwaltungsgesellschaft mbH	Driedorf	100	–
Selzer Systemtechnik GmbH	Driedorf	100	–
Selzer International GmbH	Driedorf	100	–
Selzer Automotive Systems Co. Ltd.	Kunshan / CH	100	–
Selzer Automotive Bosnia d.o.o.	Rajlovačka / BH	100	–
Selzer Automotive RO S.r.l.	Judet Bihor / RO	100	–
Selzer Automotive Automotive Brasil Ltd.	Sao Paolo / BR	100	–
Schöneweiß & Co. GmbH	Hagen	100	–
Gesenkschmiede Schneider GmbH	Aalen	100	–
Falkenroth Umformtechnik GmbH	Schalksmühle	100	–
Jeco-Jellinghaus GmbH	Gevelsberg	100	–
Walor International SAS	Laval / FR	100	–
Offranville WI SCI	Laval / FR	100	–
Laval WI SCI	Laval / FR	100	–
Toucy WI SCI	Laval / FR	100	–
Walor LCF SAS	Bec a Le Cambon-Feugerolles / FR	100	–
Walor Bogny SAS	Bogny-sur-Meuse / FR	100	–
Walor Lege SAS	Legé / FR	100	–

Indirect shareholdings: Operating units / subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
Walor Vouziers SAS	Vourziers / FR	100	–
Walor Extrusion SAS	Laval / FR	100	–
WALOR Vöhrenbach GmbH	Vöhrenbach	100	–
Suzhou Walor Automotive Components Co. Ltd.	Suzhou City / CH	100	–
Walor RO S.r.l.	Sfântu Gheorghe / RO	100	–
Walormex S de RL de CV	Irapuato / MX	100	–
iinovis Group			
iinovis Beteiligungs GmbH	Munich	100	100
iinovis Verwaltungs GmbH	Munich	100	100
iinovis Holding GmbH & Co. KG	Munich	100	100
iinovis GmbH	Bad Friedrichshall	100	100
BAUR Karosserie- und Fahrzeugbau GmbH	Bad Friedrichshall	100	100
iinovis Testing Spain S.L.	Antas / ES	100	100
Peugeot			
Peugeot Motocycles SAS	Mandeure / FR	80	–
Peugeot Motocycles Italia i.L.	Rome / IT	100	–
Peugeot Motocycles Deutschland GmbH	Rüsselsheim	100	–
PMTC Engineering Italia	Rome / IT	100	–
DBMC SAS	Mandeure / FR	80	–
NEM Energy Group			
NEM Energy B.V.	Zoeterwourde / NL	100	100
Balcke-Dürr GmbH	Düsseldorf	100	100
Wuxi Balcke-Dürr Technologies Co., Ltd.	Wuxi / CN	100	100
Balcke-Dürr Nuklearservice GmbH	Düsseldorf	100	100
Donges Group			
Donges SteelTec GmbH	Darmstadt	100	100
Kalzip GmbH	Koblenz	100	100

Indirect shareholdings: Operating units/subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
Kalzip France S. A. S.	Ancerville / FR	100	100
Kalzip FZE	Dubai / UAE	100	100
Kalzip Ltd.	Haydock / UK	100	100
Kalzip India Private Ltd.	Gurgaon / IN	100	100
Kalzip S. L. U.	Madrid / ES	100	100
Kalzip Asia PTE Ltd.	Singapore / SG	100	100
Kalzip Inc.	Michigan / US	100	100
Smart Curtain Wall S. A.	Madrid / ES	100	100
La Rochette			
La Rochette Holding S. A.S	Paris / FR	100	100
La Rochette Cartonboard S. A. S.	La Rochette / FR	100	100
Bonaparte Holding S. A. S.	Paris / FR	100	100
Gemini Rail und ADComms			
Gemini Rail Technology UK Ltd. i. L.	Wolverton / UK	100	100
Gemini Rail Services UK Ltd.	Wolverton / UK	100	100
Alan Dick Communications Ltd.	Scunthorpe / UK	100	100
Guascor Energy			
Guascor Energy S. A. U.	Zumaia / ES	100	100
Guascor Power USA Inc.	New York / US	100	100
Guascor Energy R & D	Miñano / ES	100	100
VALTI			
Valti S. A. S.	Montbard / FR	100	100
Clecim			
Clecim S. A. S.	Savigneux / FR	100	100
Steyr Motors Group			
Steyr Motors Betriebs GmbH	Steyr / AT	100	100

Indirect shareholdings: Operating units/subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
Byldis			
Byldis Group B. V.	Amsterdam / NL	100	–
Byldis Facades B. V. (formerly: Mutares Benelux OpCo 2 B. V.)	Amsterdam / NL	100	–
Byldis Prefab B. V. (formerly: Mutares Benelux OpCo. B. V.)	Amsterdam / NL	100	–
Byldis UK Ltd.	London / UK	100	–
Efacec			
Efacec Power Solutions, SGPS, S. A.	Porto / PT	100	–
Efacec Servicos Corporativos S. A.	Porto / PT	100	–
Efacec Central Europe Ltd. S. R. L.	Bucharest / RO	100	–
Efacec Praha S. R. O.	Prague / CZ	100	–
Efacec Angola Ltda	Luanda / AO	98.33	–
Efacec USA Inc.	Norcross / US	100	–
Efacec Equipos Electricos SLU	Tarragona / ES	100	–
Efacec Contracting Central Europe GmbH	Vienna / AU	100	–
Efacec Energia – Maquinas e Equipamentos Electricos S. A.	Porto / PO	100	–
Efacec Power Solutions Argentina S. A.	Buenos Aires / AG	99.95	–
Efacec Engenharia e Sistemas S. A.	Porto / PO	100	–
S2M Dublin Light Rail Ltd.	Clodalkin / IR	51	–
XELA AB	Malmö / SE	66.67	–
Efacec Engenharia e Sistermas (Chile)S. p. A.	Santiago de Chile / CL	100	–
Efacec Electric Mobility S. A.	Porto / PO	100	–
Efacec Marketing Internacional S. A.	Porto / PO	100	–
Power Solutions Brasil, Sistermas de Automacao e Potencia, Ltda.	Sao Paulo / BR	100	–
Efacec Chile S.A	Santiago de Chile / CL	100	–
Efacec Algerie EURL	Hydra / DZ	100	–

Indirect shareholdings: Operating units / subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
Efacec Mosambique Lda.	Maputo / ZA	100	–
Efacec Maroc SARLAU	Casablanca / MA	100	–
EFASA (PTY) Ltd.	Johannesburg / ZA	100	–
Efacec India PVT Ltd	Maharashtra / IN	100	–
EFAMULTI, AB	Sweden / SE	100	–
Frigoscandia Group			
Frigoscandia AB	Helsingborg / SE	100	100
Frigoscandia B. V.	DB Ridderkerk / NL	100	100
Frigoscandia Denmark A / S	Aalborg / DN	100	100
Svebol Logistics AB	Sundbyberg / SE	100	100
Frigoscandia Akeri AB	Helsingborg / SE	100	100
Frigoscandia Norway AS	Rud / NO	100	100
Frigoscandia Oy	Vantaa / FI	100	100
Frigoscandia Fastighets AB	Helsingborg / SE	100	100
Frigoscandia Transport AS	Oslo / NO	100	100
Götene Kyltransporter AB	Götene / SE	100	100
Terranor Group			
Terranor Oy	Helsinki / FI	100	100
Terranor AB	Stockholm / SE	100	100
Terranor A / S	Silkeborg / DN	100	100
Terranor Verte Oy	Helsinki / FI	100	–
Terranor Infra AB	Solna / SE	100	–
Conexus			
Conexus S. p. A. (formerly Six Energy S. p. A.)	Rome / IT	100	100
Balcke-Dürr Energy Solutions S. p. A.	Genoa / IT	100	100
Ganter Group			
Ganter Interior GmbH (formerly: Ganter Construction & Interiors GmbH)	Waldkirch	100	100
Ganter Italia S. r. l. i. L.	Meran / IT	100	100
Ganter Suisse AG	Schenkon / CH	100	100

Indirect shareholdings: Operating units / subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
Repartim Group			
Mouse Holding S. A. S.	Paris / FR	100	80
Repartim S. A. S	Saint-Pierre-des-Corps / FR	100	100
Presta Terre Services S. a. r. l.	Pompey / FR	100	100
Asteri			
Asteri Facility Solutions AB	Solna / SE	100	100
Arriva Group			
GoCollective A / S (formerly: Arriva Danmark A / S)	Kastrup / DN	100	–
RELOBUS Transport Sp.z. o. o. (formerly: Arriva Bus Transport Polska Sp.z. o. o)	Torun / PL	100	–
Arriva Litas d. o. o	Pozarevac / RS	100	–
Dan Insurance A / S (formerly: Arriva Insurance A / S)	Kastrup / DN	100	–
GoCollective Service A / S (formerly: Arriva Service A / S)	Kastrup / DN	100	–
GoCollective Rail A / S (formerly: Arriva Tog A / S)	Kastrup / DN	100	–
BusDan 32. 1 A / S	Kastrup / DN	100	–
BusDan 35 ApS	Kastrup / DN	100	–
BusDan 39 ApS	Kastrup / DN	100	–
BusDan 40 ApS	Kastrup / DN	100	–
BusDan 42 ApS	Kastrup / DN	100	–
UCPLUS A / S	Skovlunde / DN	100	–
Palmia			
Palmia Oy	Helsinki / FI	100	–
Palmia Palvelut Oy	Helsinki / FI	100	–
Redo			
Redo Oy (formerly: Recover Nordic Oy)	Vantaa / FI	100	–

Indirect shareholdings: Operating units / subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
Stuart			
SRT Group S. A. S.	Paris / FR	100	–
SRT France S. A. S.	Paris / FR	100	–
Stuart Delivery Ltd.	London / UK	100	–
Stuart Delivery SL	Madrid / ES	100	–
Stuart Urban SL	Madrid / ES	100	–
Stuart Polska S. p. z. o. o.	Warsaw / PL	100	–
SRT Delivery Portugal S. A.	Lisbon / PT	100	–
SRT Italy S. R. L.	Milano / IT	100	–
Lapeyre Group			
Lapeyre Holding S. A. S.	Paris / FR	100	100
Lapeyre S. A.S	Paris / FR	100	100
Lapeyre Services S. A. S.	Aubervilliers / FR	100	100
Distrilap S. A. S.	Aubervilliers / FR	100	100
Enterprise Cordier S. A. S.	Magenta / FR	100	100
Lagrange Production S. A. S.	La Magdelaine Sur Tarn / FR	100	100
Les Menuiseries du Centre S. A.S	Ydes / FR	100	100
Pastural S. A. S.	Epernay / FR	100	100
Poreaux S. A. S.	Saint Martin Sur Le Pre / FR	100	100
Giraud Production S. A. S.	Cours / FR	100	100
Azur Production S. A. S.	Aubervilliers / FR	100	100
Gam S. A. S.	Cours / FR	100	100
Cougnaud S. A. S.	Aizenay / FR	100	100
Ouest Production S. A. S.	La Chaize Giraud / FR	100	100
Rodrigues S. A. S.	Cholet / FR	100	100
MJ76 S. A.S	Montivilliers / FR	100	–
MLB S. A.S	Angoulins sur Mer / FR	100	–

Indirect shareholdings: Operating units / subgroups	Seat	Shares in % 12/31/2023	Shares in % 12/31/2022
FASANA			
FASANA GmbH	Euskirchen	100	100
keeeper Group			
keeeper GmbH	Stemwede	100	100
keeeper Sp.z. o. o.	Bydgoszcz / PL	100	100
Gläserne Molkerei			
Gläserne Molkerei GmbH	Dechow	100	–
Gläserne Molkerei Münchehofe GmbH	Münchehofe	100	–
Hofmolkerei Münchehofe GmbH	Münchehofe	100	–
Prénatal			
Moeder & Kind B. V.	Amersfort / NL	100	–
Wij Special Media B. V.	Blokker / NL	100	–
Team Tex			
Team Tex Management SAS	Charvieu-Chavagneux / FR	83.08	–
Team Tex UK Ltd.	Coalville / UK	100	–
Team Tex Brasil Artigos Infantis Ltda.	Sao Paulo / BR	83.79	–
Team Tex SAS	Charvieu-Chavagneux / FR	100	–
Logiplast SAS	Charvieu-Chavagneux / FR	100	–

[1] The company is an associated company and is not included in accordance with the materiality principle

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, March 27, 2024

Mutares Management SE,
General Partner of Mutares SE & Co. KGaA

The Board

Robin Laik | Mark Friedrich

INDEPENDENT AUDITOR'S REPORT

To Mutares SE & Co. KGaA, Munich/Germany

Report on the audit of the consolidated financial statements and of the combined Management Report

Audit Opinions

We have audited the consolidated financial statements of Mutares SE & Co. KGaA, Munich/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2023, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group ("combined management report") of Mutares SE & Co. KGaA, Munich/Germany, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB), including the statement pursuant to Section 161 German Stock Corporation Act (AktG) on the German Corporate Governance Code included therein, and the consolidated non-financial report pursuant to Section 315b (3) HGB, to which reference is made in section 6.3 of the combined management report. In addition, we have not audited the content of the subsections "Internal control system" and "Statement on the appropriateness and effectiveness of the risk management system and internal control system" contained in section 7.1 of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above-mentioned combined corporate governance statement including the statement pursuant to Section 161 AktG included therein, the content of the above-mentioned consolidated non-financial report and the content of the subsections "Internal control system" and "Statement on the appropriateness and effectiveness of the risk management system and internal control system" contained in section 7.1 of the combined management report.

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

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (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 European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the accounting for business combinations as a key audit matter that we have determined in the course of our audit.

Our presentation of this key audit matter has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements)

b) auditor's response

Accounting for business combinations

a) In the financial year, Mutares SE & Co. KGaA acquired a total of 16 businesses and/or groups of businesses. The overall purchase price totalled mEUR 97.0. Mutares accounts for business combinations in accordance with IFRS 3 (Business Combinations). The acquired companies are included in the scope of consolidation at their respective acquisition dates. The assets, liabilities and contingent liabilities of the acquired companies recognised at fair value in the context of the acquisition are determined and allocated by Mutares in the scope of the purchase price allocation with the support of external valuation specialists. The determined fair values result from measurements that have been calculated based on Mutares SE & Co. KGaA's planning at the respective acquisition dates using maturity-linked discount rates, leading to a bargain purchase gain from these business combinations totalling mEUR 727.2 in the reporting year. Without these bargain purchase gains the 2023 consolidated result would be negative at mEUR –360.1. Furthermore, goodwill of mEUR 2.6 was recognised. The business combinations were of particular importance in our audit due to the complexity of the transactions and the assumptions and judgemental estimates made by the executive directors in carrying out the purchase price allocation, as well as the related risk of material misstatement of the assets, liabilities, financial position and financial performance of the Group. The disclosures of the executive directors of the parent company on initial consolidations and concerning the total bargain purchase gains realised in the financial year 2023 are contained in section B (note 5) and section C (note 7) of the notes to the consolidated financial statements.

b) In conducting our audit we first obtained an understanding of the processes and workflows implemented by the executive directors in respect of the company transactions. In addition, we verified whether Mutares SE & Co. KGaA has obtained control at the respective acquisition dates, and must therefore consolidate the acquired company in question, based on the purchase agreements and other agreements under company law in accordance with the criteria defined in IFRS 10 (Consolidated Financial Statements). In auditing the (preliminary) purchase price allocations, we evaluated the methodological approach of the executive directors and of their external valuation specialists regarding the identification of acquired assets, liabilities and contingent liabilities, as well as the conceptual design of the measurement models taking account of the requirements under IFRS 3. We evaluated the valuation specialists consulted by the executive directors in respect of their competence, capabilities and objectivity. By deploying our in-house valuation specialists of the Valuation Services department, we obtained an understanding of the measurement methods applied by considering especially the requirements of IFRS 13 (Fair Value Measurement). The assumptions and judgemental estimates, such as, in particular, growth rates, capital costs or residual useful lives, made for determining the fair values of the identified acquired assets, liabilities and contingent liabilities at the acquisition date, were analysed by us so as to determine whether they complied with general and/or industry-specific market expectations. We recalculated the models underlying the measurements, performed plausibility checks on the future expected cash flows used and compared the assumptions and/or estimated values underlying the determined fair values with assumptions and expectations of expert external market participants that were publicly available at the acquisition date. We critically reviewed the company transactions and the reasons for the bargain purchase gains realised in individual cases, requesting comprehensive explanations from the executive directors. Moreover, we audited whether the recognition and presentation of the initial consolidations including the non-controlling interest and contingent liabilities from earn-out agreements in the consolidation system was technically appropriate. We also audited the disclosures on the business acquisitions in the notes to the consolidated financial statements for accruacy and completeness based on the applicable IFRS requirements.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises:

- the report of the supervisory board,
- the combined corporate governance statement including the statement pursuant to Section 161 AktG,
- the consolidated non-financial report, which is expected to be presented to us after the date of this auditor's report,
- the subsections "Internal control system" and "Statement on the appropriateness and effectiveness of the risk management system and internal control system" contained in section 7.1 of the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report, which is expected to be presented to us after the date of this auditor's report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors, the shareholder committee and the supervisory board are responsible for the statement according to Section 161 AktG concerning the German Corporate Governance Code, which is part of the combined corporate governance statement. Otherwise, the executive directors are responsible for the other information.

Our audit 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 audit opinion or any other form of assurance conclusion thereon.

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

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

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive 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 executive 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 executive 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 executive 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 audit 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 and the EU Audit Regulation and 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 audit 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 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 audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive 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 audit 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 IFRS as adopted by the EU and with 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 audit 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 audit 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 executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive 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 audit 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.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA 256 value 05f8a4def70985f3ff4771a6d95cbb9e1b83d24f343112189d8013639b21e8a6, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards on the system of quality control.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.

- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 10 July 2023. We were engaged by the supervisory board on 22 December 2023. We have been the group auditor of Mutares SE & Co. KGaA, Munich/Germany, without interruptions since the financial year 2011.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Wolfgang Braun.

Munich/Germany, 27 March 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Dirk Bäßler	Wolfgang Braun
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

FINANCIAL CALENDAR 2024

- **April 18, 2024** – German Investor Conference
- **May 7, 2024** – Publication of Q1 results
- **June 4, 2024** – Annual General Meeting
- **August 13, 2024** – Publication of half-year report
- **August 21–22, 2024** – Hamburg Investor Days
- **October 24, 2024** – 6th Capital Markets Day
- **November 7, 2024** – Publication of Q3 results
- **November 25–27, 2024** – German Equity Forum
- **December 2024** – New York Roadshow

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Anzinger und Rasp, Munich

Disclaimer

This translation is for convinience purposes only, the german version prevails.

MUTARES