Katjes International

ANNUAL REPORT
FOR THE 2023 CONSOLIDATED FINANCIAL STATEMENTS

Treets · Sperlari · Dallmann's · Bübchen · Theramed · Harlekijntjes · CANDY KITTENS · CARAMBAR&CO

CONTENTS

I. INTRODUCTION

(TRANSLATION FROM THE GERMAN LANGUAGE)

1. MANAGEMENT FOREWORD

Dear investors and business partners, dear employees,

Katjes International closed the financial year 2023 very successfully in a persistently challenging market environment and exceeded the guidance, which we had already raised during the course of the year.

We ended the financial year with total net sales of EUR 377.4 million, thus achieving an increase in sales of 28.1% compared to the previous year (EUR 294.5 million) and exceeding the guidance of EUR 350-375 million.

The consolidated operating result (EBITDA) totalled EUR 40.8 million, which corresponds to an increase of 9.4% (previous year: EUR 37.3 million). At 10.8%, the EBITDA margin is also above the published guidance of 9-10%.

Our equity increased to EUR 176.0 million and our equity ratio is stable at a comfortable 36.9%.

Overall, Katjes International has thus achieved a record year and met or exceeded the expectations communicated in the guidance.

In September 2023, we also refinanced our EUR 110 million bond from 2019 ahead of schedule and increased the volume of the newly issued bond by EUR 5 million due to high demand. We were particularly pleased with the good response to the exchange offer, which was offered for the first time to existing investors, as well as the first-time opportunity to subscribe via our website. The demand from institutional investors in the international private placement was also very strong. In this respect, as with all of our previous bond placements, we are very pleased with this highly successful placement of our new bond, which was issued for the first time as a so-called "Nordic Bond".

The acquisitions made in the previous year contributed to the company's success in 2023 as planned. Paluani 1921 S.R.L, based in Verona, which has been part of Katjes International since the beginning of August 2022, and the Oral Care business acquired from Henkel in December 2022, including brands such as Theramed and Vademecum, performed well in the financial year 2023.

In addition, we acquired the natural cosmetics brand Naturale Antica Erboristeria (N.A.E.) from Henkel in November 2023. This acquisition ideally complements our existing portfolio centred around Bübchen and the Oral Care business acquired from Henkel in 2022.

With the aim of further strengthening our existing brand portfolio and focusing both their brand presence and the respective product portfolios on successful and sustainable segments, we believe we are very well positioned in the competitive environment. With an eye on our profitability, we want to continue to grow - both through acquisitions and organically.

For the current financial year, we have set ourselves the target of generating Group sales of between EUR 390 million and EUR 420 million and an EBITDA margin between 9% and 10%.

Finally, we would like to thank our employees at Katjes International and at our subsidiaries, who have achieved this noteworthy success with great commitment, and you, dear investors and business partners, for your trust in our work.

Best regards

Bastian Fassin – Managing Shareholder
Tobias Bachmüller – Managing Shareholder
Stephan Milde – CFO, Managing Director

2. MANAGEMENT-TEAM

BASTIAN FASSIN

Managing Shareholder of Katjes International

Career

- Since 2004 – Managing Shareholder of Katjes International
- until 2003 – Marketing and Sales, Kraft Foods
- until 2000 – Roland Berger Strategy Consultants

TOBIAS BACHMÜLLER

Managing Shareholder of Katjes International

Career

- since 1996 – Managing Shareholder of Katjes International
- until 1995 – General Manager, Kraft Foods (Milka)
- until 1992 – Principal, The Boston Consulting Group

STEPHAN MILDE

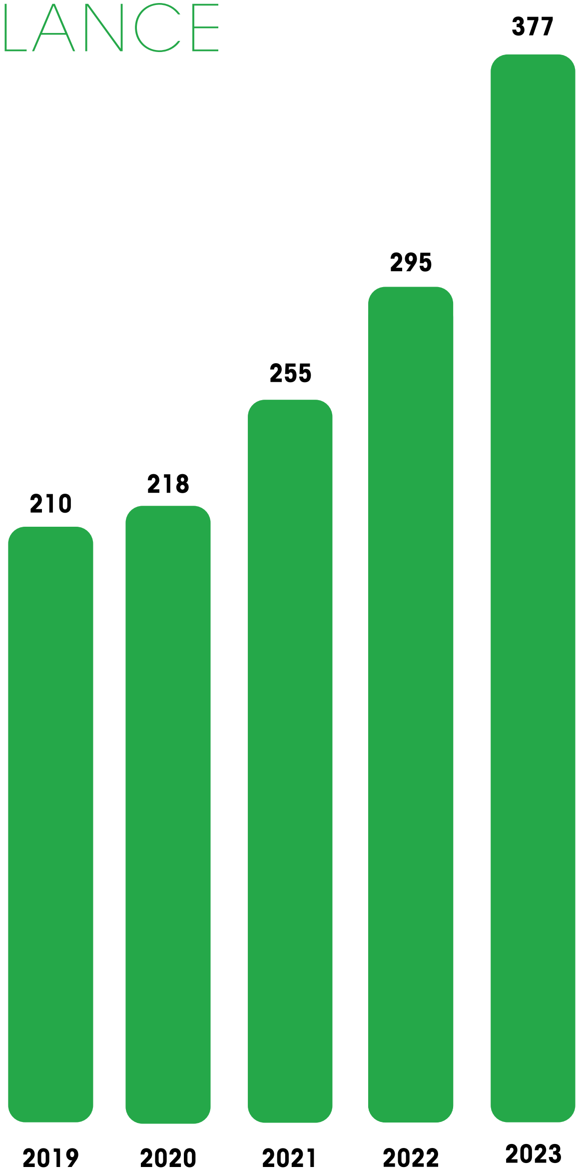
Managing Director (CFO) of Katjes International

Career

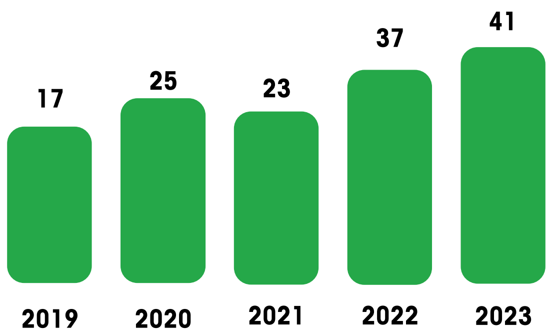
- since 2012 – CFO Katjes International
- Before several years in Investment Banking at Deutsche Bank and Citigroup in London

3. AT A GLANCE

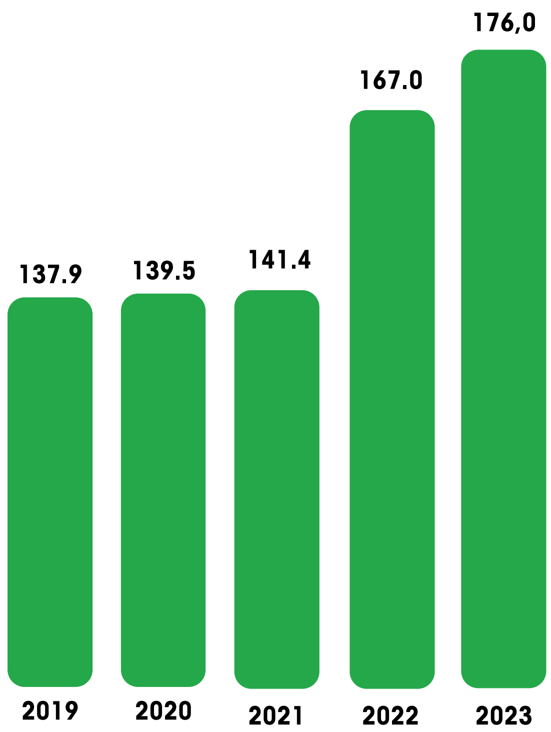
Sales development
(in EUR million)



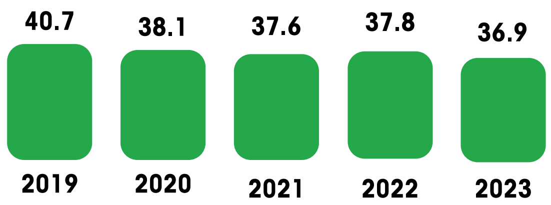
EBITDA
(in EUR million)



Equity
(in EUR million)



Equity ratio
(in %)



4. KATJES INTERNATIONAL

Established in 2011 from predecessor companies, the Katjes Group consists of Katjes International GmbH & Co. KG ('Katjes International') together with its two independent and legally autonomous sister companies, Katjes Fassin GmbH + Co. KG ('Katjes Deutschland') and Katjesgreenfood GmbH & Co. KG ('Katjesgreenfood'). The Group mainly uses Katjes International to bundle its participations in established and strong local brands in Europe.

As expected, the brands and business units acquired in the previous year, "Paluani" and "Oral Care", performed well in the financial year 2023.

With the acquisition in Italy in August 2022, Sperlari benefits from the additional expertise in the seasonal business, while Paluani is supported by Sperlari's sales strength and experience.

On December 2022, the Katjes International subsidiary Bübchen Bodycare GmbH took over the Oral Care business unit, including all brand rights, from Henkel, thereby further strengthening the brand presence in the care products segment in the financial year 2023. Following the successful acquisition of the Bübchen brand in 2020, we expect significant synergy effects, particularly in sales.

Clear growth strategy

To achieve its goals, Katjes International focuses on the systematic development and expansion of its brands. Further acquisitions are also part of the company's clearly defined growth strategy. With this in mind, potentially interesting companies in the fast moving consumer goods (FMCG) sector are continuously being evaluated, the focus being on the confectionery industry as well as on body care products in Europe.

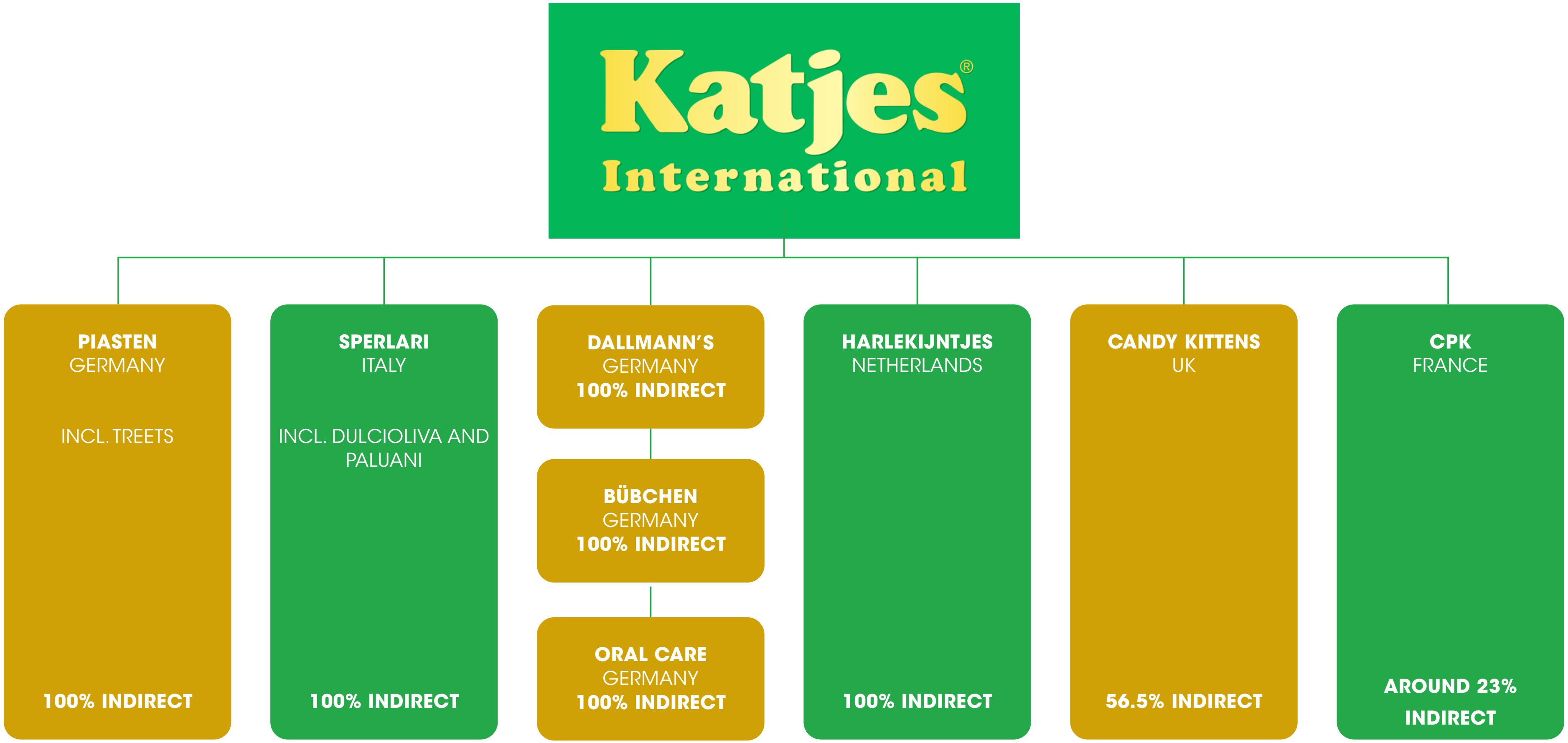
Strong brands

Through its investments in strong brands, Katjes International's activities are currently focused on Italy, Germany, the Netherlands, the UK, Spain and France. The participations, which are independent in their markets or segments in both legal and organisational terms, and their products are strengthened by gearing them towards one principal characteristic with a focus on sustainability. The resulting increase in brand value is supported by regular targeted marketing and advertising measures. This is also reflected in sales and earnings, which also benefit from further synergy effects.

A sustainable and responsible approach

Acting sustainably and taking responsibility for society and employees, as well as for the environment – for Katjes International, these are more than just fashionable buzzwords. As part of a group of companies that has been family-owned for over 100 years, acting sustainably is a matter of importance for all employees and something that they put into practice day in, day out.

5. OUR SUBSIDIARIES AND PARTICIPATIONS



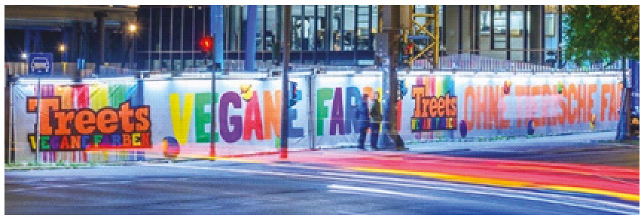
5.1 TREETS PIASTEN

treets.eu

Since 2017 Treets has been part of Piasten GmbH, Bavaria's largest confectionery manufacturer and Germany's largest dragee producer based in Forchheim, which celebrated its 100th anniversary in 2023. Treets is Piasten's orange flagship brand and continued to write its success story in 2023.

The flashy love brand of dragee junkies is primarily focused on the European market with its assortment of chocolate-covered dragees, peanut dragees and a diverse range of peanut products.

Loud campaign: Treets x futurebae – vegan colors
In 2023, the brand ran a national campaign spanning several months. The strong message "Treets - VEGAN COLORS" was spread via high-reach out-of-home media and a targeted approach across digital channels.
The new brand campaign, created by Antoni Jellyhouse, comes with a music-first approach. The agency X&, Universal Music Publishing's in-house music department, developed a dedicated song for Treets: "Million Dollar Candy Smile" is the centerpiece of the Treets campaign, written and sung by the aspiring newcomer singer futurebae. The lyrics of the song make it clear: Treets focuses on the topic of colors. The dragees are made with vegan colors, i.e. without animal colorants such as carmine/E120. Instead, Treets are dyed with vegan alternatives, including the plant-based beet root red.



These happy vibes are also conveyed through visually stunning scenes in the music video. The artist dances between balloons and colorful dragees and spreads the Treets spirit like no other: https://youtu.be/o-9GJA2jY-E

piasten.de

More than peanuts: CRISPY, CHOCO, MALTY

Treets has strategically expanded its dragee portfolio beyond peanut products. Since May CHOCO, CRISPY and MALTY complement the Treets range and form an eye-catching spot on the shelf in the typical Treets orange. The new Treets CHOCO are vegan colored lentils with a choco core, crunchy sugar coating and come in a 300g share size. Absolutely CHOCO-LICIOUS! And for all those who love crunch on the outside and crispiness on the inside, the new Treets CRISPY 255g come at just the right time: a crispy core covered in chocolate and a crunchy, colorful sugar coating. The brown Treets MALTY balls in 212g stand-up pouches with a crunchy malt center coated in delicious milk chocolate complete the new range.

„Crunch with us" – Cornflakes & Peanuts

The new snack superstar was unveiled at ISM 2023 and immediately won the SHOW STAR for trade fair innovations. Launched in June, Treets Cornflakes & Peanuts improves any snacking get together, is the perfect passenger in the center console or energy kick at a festival. The peanut choctail is made with natural ingredients, vegan colors, Fairtrade-cocoa, palm oil-free and vegetarian. Crunchy orange Treets Peanuts mixed with chocolate covered cornflakes. This tastes NATURALLY crunchy!

PIASTEN GMBH, GERMANY	
Brand/market position	Treets, Piasten; largest manufacturer of chocolate buttons in Germany
Markets	Germany and export markets (e.g. Italy and eastern Europe)
Range	Dragees, Pralines, Cereal, Bars
Headquarters/ production	Forchheim, Germany
Participation	100%, held indirectly via Katjes 24 GmbH and Katjes 21 GmbH
Consolidation	Fully consolidated

5.2 SPERLARI

sperlari.it

Our Italian subsidiary with a rich tradition, which has been successful in its home market and also in export markets since 1836, showcased its traditional brands in a new light in 2023 with innovative campaigns and once again proved its dominant position in the seasonal business.

Since it was set up 187 years ago, the company has established itself as the second largest player in the Italian sugar confectionery market and is the market leader in the segment for seasonal products, sweeteners and sugar-free candy.

The best-known brands include Sperlari (Italian nougat: ‘torrone’, candies, fruit gums), Saila (liquorice) and Dietor (sweetener).

Tradition and emotion

In 1836, Enea Sperlari opened his white nougat factory in the heart of Cremona, Italy, combining his personal passion with traditional Cremonese products.
As the Italian market leader for white nougat, the company’s expertise in nut specialities is obvious and is also reflected in high quality standards. In addition to the painstaking selection of first-rate ingredients, this includes careful, strictly controlled processing.

The most traditional and popular products are sold under the brand name ‘Sperlari’, mainly around Christmas time: nougat (torrone) and chocolate in a range of variations, with new innovations enriching the product range year after year. The brand has been synonymous with Italian tradition since the company was founded and, with its bite-sized individually wrapped torrone and chocolate pieces, invites consumers to get together and share.
Sperlari was able to play to its strengths and maintain its leading position in the 2023 Christmas season. In addition to the fantastic products, the result can be attributed to a new communication campaign in synergy with Paluani.
As a matter of fact Sperlari & Paluani launched a new communication campaign called “Sperlari & Paluani. Together more Christmas!” that was brought to life through an integrated media plan based on TV, radio and digital assets. During the December campaign, Sperlari & Paluani reached 82% of its target group: This was supported by a dominant point of sale presence and the partnership with the brand ambassador, chef Rugiati, who is a well known TV-personality in Italy.

Dietor - Simply beautiful

‘Sweetness can be sugar-free’: DIETOR, the number one sweetener in Italy, turned sweetener dispensers into an accessory in 2022 with an impressive relaunch and a high-coverage digital campaign. In 2023 the journey kept on going through a new collaboration with Italian Influencer Giulia de Lellis, who has 5.3M followers. Together with her Dietor launched a new campaign and a new limited edition, along with a prestigious event to launch the campaign.

Further development with 'Saila' and 'Galatine'

SAILA

Under the brand name Saila, traditional products based on liquorice and mint have been produced on the seafront of Silvi Marina for more than 80 years.
Sperlari processes more than a thousand tonnes of liquorice a year and applies the same care to every single sweet.
Saila stands for an authentic liquorice experience based on real Italian liquorice and has given the brand a strong presence with its digital campaign in H1 2023 'Saila – the dark side of refreshment' started in 2022. In H2 2023, the brand signed a new successful collaboration with a famous soccer player: Christian Vieri known as "BOBO" and "the BOMBER" by his fanbase. Together with Bobo, the brand worked on its awareness and engagement by creating a new limited edition sold through various retail channels, as well as a new digital campaign.

Galatine LE ORIGINALI DAL 1956

The sweets made from Italian milk have been produced since 1956. Their timeless taste has created a firm fan community spanning generations. Galatine signed a new successful collaboration with another iconic brand, Barbie, which saw a great momentum in the second half of 2023 with the launch of "Barbie" the movie. The union of these famous brands talking to the same target (kids and their mums) become a limited edition product and a digital campaign.

SPERLARI S.R.L., ITALY	
Brand/market position	Sperlari, DIETOR, Saila, Galatine etc., number two brand in Italy
Markets	Italy and export markets (including Spain, China, Germany)
Range	Torrone/nougat, chocolate, candies, jellies, liquorice, sugar-free sweets, milk-based sweets and sweeteners
Headquarters/ production	Cremona, Italy, and three other production sites in Italy
Participation	100%, held indirectly via Katjes 24 GmbH and Katjes Italy GmbH
Consolidation	Fully consolidated

DULCIOLIVA

dulcioliva.it

Dulcioliva has become an integral part of the successful Italian brands

The Piedmont-based chocolate brand has been part of Katjes International since mid-2021.

Established in 1924 in the province of Cuneo, a delicate dark chocolate with a soft filling, the 'Borghigiano', quickly became a firm favourite. This means that the focus was on making continuous improvements to the original recipe. To extend the product's shelf life without adding preservatives, rum was added to the praline and the Cuneesi was born. In 1940, the Oliva family expanded their father's laboratory and extended the sale of their products throughout Italy. In addition to the Cuneesi, sweet truffles are made from cocoa and finely ground Piedmontese hazelnuts based on an old family recipe.

Today, Dulcioliva has extensive experience in the production of chocolate specialities such as gianduotti, truffles and other chocolates, and is the market leader in traditional Cuneesi from Piedmont.

DULCIOLIVA S.R.L., ITALY	
Brand/market position	OLIVA, market leader for Cuneesi pralines
Markets	Italy and export markets (especially the USA)
Range	Filled chocolates, chocolate, spread
Headquarters/ production	Borgo San Dalmazzo, Italy
Participation	75%, held indirectly via Katjes 24 GmbH, Katjes Italy GmbH and Sperlari S.r.l.
Consolidation	Fully consolidated

PALUANI 1921

Paluani.it

Latest acquisition to strengthen the seasonal business in Italy

Effective 1 August 2022, Sperlari laid the foundation to further expand its leadership position in the seasonal business: the company acquired the operating business of Paluani S.p.A., based in Verona. Via Sperlari, we took over the day-to-day operations of Paluani, which specialises in Christmas and Easter specialities with its traditional panettone and colomba cakes, among other products.

Until insolvency proceedings were opened in October 2021, Paluani was Italy's fourth-largest panettone producer, with sales of around EUR 40 million in the year 2021.

In 2021, the brand celebrated its centenary, which underlines the popularity and quality of the products manufactured.

All Paluani products are manufactured with special attention to quality. By selecting the very best ingredients, striving for quality in every detail and using original recipes and production methods, the company respects Italian baking traditions.

In 2023, Paluani, together with Sperlari, was the protagonist of the communication campaign "Sperlari & Paluani. Together more Christmas!". This was a very important step forward for the brand, which had been very quiet over the past five years, to regain its presence among retailers and end consumers following the insolvency proceedings. The strong campaign contributed significantly to the brand's growth in 2023.

PALUANI S.R.L., ITALY	
Brand/market position	Paluani ranks among the four leading panettone producers
Markets	Italy
Range	Panettone, Colomba
Headquarters/ production	Verona, Italy
Participation	100% held indirectly via Katjes 24 GmbH, Katjes Italy GmbH and Sperlari S.r.l.
Consolidation	Fully consolidated

5.3 DALLMANN'S

Dallmann's

dallmanns-salbei.de

Dallmann's remains the number one sage throat lozenge in German pharmacies. By bundling its distribution forces, which is also reflected in the sales of WICK cough sweets, this traditional company creates considerable added value for Katjes International.

Dallmann's: tradition meets innovation

The Dallmann's brand stands for tradition and knowledge that has been passed down through generations. The company, set up in 1889, has been producing Dallmann's sage throat lozenges since the 1950s based on a well-kept secret recipe made from the best ingredients and involving a great deal of craftsmanship. And this continuity pays off for the company from Hofheim am Taunus: in addition to a high level of end consumer acceptance, Dallmann's sweets are synonymous with the healing power of nature 'Made in Germany', making them the ideal companion for the cold season.

The latest innovation 'cherry and sage' with vitamin C and soothing honey has been rolling off the production line since December 2023 and comes just in time for the start of the cough and cold season. The carefully selected composition of soft cherry, honey, vitamin C and the proven extract from the sage plant (Salvia officinalis L.) promises a fruity taste experience.

In the financial year 2023, Dallmann's achieved significant double-digit sales growth, which is partly due to a continued strong cold season not related to the Covid-19 pandemic.

DALLMANN'S PHARMA CANDY GMBH, GERMANY	
Brand/market position	Dallmann's sage lozenges; number one in German pharmacies (based on the number of packs sold)
Markets	Germany
Range	Throat and cough drops / distribution of 'WICK' cough drops
Headquarters/ production	Hofheim am Taunus, Germany
Participation	100%, held indirectly via Candy Pharma GmbH
Consolidation	Fully consolidated

WICK

wick-hustenbonbons.de

WICK: Sugar-free cough sweets with cooling menthol

In addition to German and Austrian pharmacies, well-known drugstore chains and food retailers also offer their customers WICK cough drops as an established part of their product range. WICK benefits from the unmistakable flavour of cooling menthol, which ensures a deep breathing experience. The iconic polar bear that has featured on the packaging of the cough drops for decades has been implemented as a fixed brand component and is recognised as a representative of the cooling menthol. In addition to the cough drops, the range is complemented by the vegan fruit gum variety "WICK Rachendrachen-Kirsche".

WICK is a proud partner of the Polar Bears International initiative, which is dedicated to the protection of polar bears.

Protect their future and save ours
POLAR BEARS INTERNATIONAL

The partnership is demonstrated by the "Polar Bears International" logo on all packaging.

WICK has skilfully showcased the USP and brand hero in a high-reach TV campaign. With the claim "Feel the air of the Arctic", the USP was communicated to consumers in state-of-the-art style. For the filming, WICK did not enter the natural habitat of the polar bears, but relied on CGI bear scenes. WICK received several awards for the successful production and great pictures.

WICK Cough Drops was one of the main sponsors of the Ski Jumping World Cup in renowned German winter sports resorts such as Klingenthal, Willingen and Oberstdorf in the 23/24 winter season. In addition, WICKS cough drops has strengthened its presence at international level by being one of the main sponsors of the prestigious Lahti Ski Games 2024 in Finland. A particular highlight: the launch of our polar bear hero as an inflatable in XXL format, which also caused a sensation on television.

WICK BLAU-Original with sugar 144g megapack has been new to the range since 2023. With this, WICK not only offers its customers an advantageous size, but also taps into a new consumer group. The absence of sugar substitutes also enables consumers with an intolerance to sugar substitutes to consume WICK.

BÜBCHEN

Bübchen

buebchen.de

Bübchen is expanding its market leadership in the "Baby & Kids Care" segment in 2023

Thanks to more than 60 years of experience and scientific research, the "Bübchen" brand has become known for its very gentle body care products for babies and kids. Thanks to the brand's innovation strategy and sustainable differentiation since its acquisition by Dallmann's in 2020, the gap to the competition has widened over the past year.

More than 100 million contacts

"For our baby skin" is the title of the emotional Bübchen campaign that touches the heart. In the 2023 spin-off, Bübchen accompanies the at the time pregnant protagonist Rola, who is now mother to a little girl named Snow. The online campaign with an influencer extension ran from mid April to mid June on the most frequented social media and video platforms and reached 100 million contacts. Further information can be found at: https://buebchen.de/pages/kampagne

Monster-like foam and slime fun in the bathroom

The monster fun never stops, because alongside the colourful bath slime, two new monster products were added to the Kids product line in March. The Cookie Monster bubble bath colors the bath water purple with food dye and smells simply delicious with its cookie scent. The 2in1 Shampoo & Shower Gel provides absolute monster fun in the shower. It gently cleanses children's delicate skin with natural aloe vera. The launch of the four new products was accompanied by an eye-catching display in over 1,250 dm stores to ensure the visibility of the new launch.

Bübchen x Pokémon continues on the path to success

Due to overwhelming demand, the Bübchen Pokémon range was expanded in May by adding a Glumanda 2in1 Shampoo & Shower Gel with an apricot scent, which is available exclusively at dm and immediately became the top selling shower product for kids.

In Autumn, the range was expanded to include a 2in1 shampoo & shower gel with the remaining starter Pokémon Bisasam, which was requested many times by the large fan community.

BÜBCHEN-WERK EWALD HERMES PHARMAZEUTISCHE FABRIK GMBH, GERMANY	
Brand/market position	Bübchen is the market leader in the baby and kids care sector in Germany
Markets	Germany, Europe
Range	Body care products
Headquarters/ production	Soest, Germany
Participation	100%, held indirectly via Candy Pharma GmbH
Consolidation	Fully consolidated

The Lapras bubble bath with sea scent and natural aloe vera colors the bath water in a bright sea blue and creates great foam mountains.

Outlook 2024 - cared for with love

Whether it's dry or itchy skin, the challenges of the cold season or intensive care needs - the new Bübchen SOS care range is the optimal support. The strong, nature-related formulations are very gentle on baby and also adult skin.

BÜBCHEN ORAL CARE

Theramed Vademecum Antica Erboristeria Licor del Polo Denivit **Bübchen Oral Care**

The financial year 2023 was characterised by the acquisition and integration of the Oral Care business, which was acquired from Henkel at the beginning of December 2022. The entire export business was taken over within a few months and has already been expanded. The brands Theramed, Vademecum, Antica Erboristeria, Licor del Polo, Denivit and Teraxyl were successfully integrated into Bübchen and are now closely supported by our marketing teams.

These six strong Oral Care brands, each with their own unique brand identity and with a comprehensive product portfolio, cover all oral hygiene formats and consumer needs. Following the successful acquisition of Bübchen from Nestlé/Galderma in 2020, this is a further step in acquiring and growing well-known, strong brands in the personal care sector.

Vademecum: The number 1 organic toothpaste in France

Laboratoires Vademecum is a well-known natural toothpaste brand throughout Europe and the No.1 organic toothpaste in France. Since its foundation in 1892 as a pharmacy brand, Vademecum has combined the power of science and plants. Today, all Vademecum toothpastes consist of at least 98% natural ingredients and 99% for Vademecum organic toothpastes. Thanks to the ECOCERT-certified product line, Vademecum offers consumers toothpaste alternatives that combine sustainability and naturalness with performance.

Theramed: Iconic packaging formats and unique 2in1 toothpaste "made in Germany"

Theramed has been caring for healthy teeth, healthy gums and comprehensive oral hygiene since 1979. The three product lines are characterised by unique and practical application forms. These include the iconic Theramed 2in1 bottles, which offer consumers an innovative combination of fluoride toothpaste and antibacterial mouthwash.

Antica Erboristeria: Herbal-based oral and hair care of Italian origin

Inspired by Italian treasures, Antica Erboristeria has been living natural oral and hair care with carefully selected ingredients for over 40 years. The toothpastes contain 94% natural ingredients. The Antica Erboristeria brand enjoys a high brand awareness of over 85% in Italy and is associated as a brand of natural origin. In addition, Antica Erboristeria offers consumers an extensive hair care portfolio consisting of shampoos and conditioners, with the right product for every hair type.

Licor del Polo: The family brand for natural freshness in Spain since 1876

Licor del Polo is one of the leading oral care brands in the Spanish market and the No. 1 toothpaste brand for children in Spain. The portfolio impresses with natural, fresh products aimed at optimising oral hygiene. Licor del Polo is particularly well known for its toothpaste with chlorophyll, which was launched on the market as an innovation in 1930 and is still one of the top sellers today.

Denivit: Whitening expert developed by dental experts for radiant white teeth

Denivit is a whitening toothpaste brand developed by dental experts that is recognised in over 20 countries and creates a radiant white smile on consumers' faces.

BÜBCHEN BODYCARE GMBH, GERMANY	
Brand/market position	Theramed, Vademecum, Antica Erboristeria, Licor del Polo, Denevit
Markets	Germany, France, Italy, Spain, Europe
Range	Oral hygiene, toothpaste
Headquarters/ production	Düsseldorf, Germany
Participation	100%, held indirectly via Candy Pharma Candy
Consolidation	Fully consolidated

In addition, extensive preparations were made in the financial year to successfully take over the production site in Viersen, including around 50 employees, at the beginning of 2024. The new production site offers the opportunity to consistently develop the dental and oral care business and bring innovations to the market at short notice.

5.4 HARLEKIJNTJES

harlekijntjes.nl

The Dutch manufacturer Harlekijntjes, which has been in existence since 2005, remains the market leader with its products and continues to focus on liquorice. The company, which has been wholly owned by Katjes International since 2016, can look back on a history as a liquorice manufacturer dating back to the 1930s.

Harlekijntjes products have been the best-selling liquorice in the Netherlands for years. In Nijkerk, around 2.5 million liquorice pieces are packed every day, which are unique due to their clown shape, taste and texture.

The soft, sweet variety is by far the most popular with our consumers.

Harlekijntjes X CliniClowns

Since 2005, Harlekijntjes has supported the non-profit organisation CliniClowns, whose logo is proudly displayed on all packaging (https://www.cliniclowns.nl/en). A portion of the sales generated is donated to the charitable organisation.

HARLEKIJNTJES B.V., NETHERLANDS	
Brand/market position	Harlekijntjes, the best-selling liquorice product in the Netherlands by volume
Markets	Netherlands
Range	Liquorice, liquorice with fruit gum/foam
Headquarters/ production	Nijkerk, Netherlands
Participation	100%, held indirectly via Katjes 24 GmbH and Katjes Nederland GmbH
Consolidation	Fully consolidated

5.5 CANDY KITTENS

candykittens.co.uk

Candy Kittens is a purpose-led confectionery brand dedicated to putting people and planet first with its plant-powered gourmet sweets

SHOX: The gourmet sour sweet

2023 saw Candy Kittens launch their first true sour sweet, SHOX, in a mixed bag of strawberry and apple. With a product concept promoting the brand's ethical credentials, communicating that SHOX provides a sour taste in your mouth but not on your conscience, the launch saw Candy Kittens partner with Lime electric bikes, encouraging consumers to adopt small changes in their day-to-day life to choose more sustainable options.

Leading the way with sustainability in the category

As a brand that has made a commitment to do good, for people and planet, Candy Kittens continued to push their sustainability agenda throughout the year. With every product made with a vegan recipe, this meant a removal of in total 82.6 tonnes of animal gelatine from UK confectionery. The brand worked on several supply chain efficiencies that resulted in improving the sustainability of the Candy Kittens range. This included removing the plastic reseal zipper across their entire 140g pouch range, resulting in a 25% reduction in plastic and consequently saving 80 tonnes of carbon dioxide emissions.

'No Nasties. All Good.'

In October, Candy Kittens launched their new brand platform 'No Nasties. All Good.', a long-term creative platform which lays the foundation for future campaigns. This platform communicates the core identity of the brand, and focuses on what makes them stand out from the rest of the category - a 100% plant-powered range.

CANDY KITTENS LTD, UK	
Brand/market position	Candy Kittens gourmet sweets, founded in 2012 with fast-growing market shares
Markets	Mainly UK
Range	Innovative »Gourmet Sweets«
Headquarters/ production	London, UK
Participation	56.5%, held indirectly via Katjes 24 GmbH and Katjes France GmbH
Consolidation	Fully consolidated

LOVES: the multi-flavoured mixed bag to celebrate love in all its forms

In May, Candy Kittens launched its second LOVES collaboration with an award winning LGBTQ+ artist, Ashton Attzs. The LOVES packaging hosts a series of collaborations, to celebrate artists in the LGBTQ+ space, and inspire a future powered by love. The Candy Kittens LOVES Ashton Attzs product is multi-flavoured to celebrate today's rainbow coloured society. One of Candy Kittens co-founders, Jamie Laing, worked alongside Ashton Attzs to raise positive awareness for the LGBTQ+ community through a series of online and offline marketing activities.

5.6 CPK

carambarco.com

Carambar & Co, the wholly owned subsidiary of the investment company CPK S.A.S., was founded in 2017 and combines manufacturing expertise with ambitious goals.

At the end of 2018, Katjes International contributed its French subsidiary Lutti - already the second-largest sugar confectionery brand in France at the time - into CPK together with the Belgian distribution specialist Continental Sweets Belgium (CSB), creating a new heavyweight in the French confectionery market, in which Katjes International now holds a stake of around 23%.

Carambar & Co

The name Carambar is a fusion of the words "caramel" and "barre" (bar), alluding to the content and shape of the product, for which a product defect was originally responsible. In 1954, a Carambar factory produced elongated caramel sweets due to a machine failure. The elongated caramel bar was born. With jokes printed on the inside of the packaging, it became a cult product in France over the following decades.

The group embodies the concentrated "savoir-faire à la francaise" in the confectionery sector and has made it its mission to put a smile on the faces of its fans from morning to night with its wide range of products.

Carambar & Co uses all its expertise and ambition to bring back popular and legendary brands such as Carambar, Poulain, Kréma and Michoko, which most customers remember from their childhood.

Broader horizons

CPK's products are manufactured exclusively in France, but are already distributed in a large number of European countries and beyond. At four research and development sites, the team is constantly working on improving recipes and creating new flavours.
The focus is not only on flavour, but on sustainability and health. With ingredients from organic cultivation ("Krema bio", "Poulain bio"), plant-based colourings, less sugar, no aspartame and no animal gelatine or palm oil, the aim is to appeal to an increasingly broad group of buyers who prioritise healthy and sustainable food.

CPK S.A.S., FRANCE	
Brand/market position	Leading confectionery brand in France through the contribution of Lutti
Markets	Chewy sweets, candies, chocolate, fruit gums and chewing gum
Headquarters/ production	Paris, France
Participation	Around 23%, held indirectly via Katjes 24 GmbH, Katjes France GmbH and Heel Veel Snoepjes B.V.
Consolidation	At-equity-consolidation

Even after the integration of Lutti into CPK at the end of 2018, the former Katjes International subsidiary continued to develop dynamically and was the fastest-growing sugar confectionery brand among the major suppliers in France in 2023.

II. GROUP MANAGEMENT REPORT AS AT 31 DECEMBER 2023

(TRANSLATION FROM THE GERMAN LANGUAGE)

1. FUNDAMENTALS OF THE GROUP

1.1 Business model

Katjes International GmbH & Co. KG (hereinafter also referred to as 'Katjes International', 'the Company' or 'the Group') has been operating as a strategic investor for more than a decade. Together with its sister companies Katjes Fassin GmbH + Co. KG ('Katjes Germany') and Katjesgreenfood GmbH & Co. KG ('Katjesgreenfood'), the company forms the Katjes Group. All three of these companies are legally independent.

Katjes International has a broad portfolio of holdings focused on the European fast-moving consumer goods (FMCG) market. The company targets strong, established brands in its domestic markets.
These consolidated financial statements relate exclusively to Katjes International and its associated companies.

1.2 Strategy and objectives

Katjes International pursues the objective of further expanding its position in Europe with a focus on FMCG (mainly confectionery and body care products). To this end, the company acquires strong brands, leverages the resulting synergies and aims for further growth. Katjes International also sees itself as a carve-out investor that acquires divisions of large corporations that no longer form part of their core business. For example, the acquisition of Büb-chen from Nestlé/Galderma in 2020, the oral care business from Henkel AG & Co. KGaA ('Henkel') in 2022 and the acquisition of the natural cosmetics brand Naturale Antica Erboristeria (N.A.E.) in the reporting year.
Katjes International generally pursues a long-term and sustainable acquisition approach. After the acquisition, the associated companies remain independent in legal and organisational terms, and the local management is kept in place. This ensures that the necessary expertise and an understanding of the local market conditions are retained.
To make the associated companies more successful and profitable in the long term, Katjes International supports them with two strategic objectives:

- A (continued) focus on strong brands, brand names and products.

- Alignment of the product portfolios with a sustainable, future-oriented approach.

In addition, the following synergy effects are created:

- **Purchasing synergies:** The entities of the Katjes group are mainly active in the European sugar confectionery market. With regional proximity and largely identical raw materials, the group creates synergy effects in purchasing.

- **Distribution synergies:** Use of similar distribution channels for different brands gives rise to synergies in distribution. The good market positions and long-standing customer relationships support the distribution of the various products and lead to cross-selling effects.

With its extensive experience in acquiring brands and companies, the management team of Katjes International is continuously assessing suitable new acquisition candidates. These must be a good fit for the company in terms of product category, sector and market position.

1.3 Organisation

As at 31 December 2023, Katjes International held all shares in the German companies Piasten, Dallmann's, Bübchen and Bübchen Bodycare (mainly the oral care business), as well as Sperlari and Paluani in Italy and Harlekijntjes in the Netherlands, through various intermediate holding companies. Katjes International holds an indirect stake of 56.5% in the UK company Candy Kittens and a 75% stake in Dulcioliva in Italy, with the option to acquire the remaining 25%. As at 31 December 2023, it can still be assumed that the option will be exercised. In addition, Katjes International holds an indirect stake of around 23% in the French company CPK as at the reporting date. It also holds additional minority interests of less than 20%.

Internal control and reporting within Katjes International is carried out through the fast-moving consumer goods segment.

1.4 Market positions

In the financial year 2023, the market positions of the associated companies generally ranged from stable to positive.

- With its Dallmann's sage cough drops, the Germany-based company Dallmann's Pharma Candy (part of Katjes International since 2012) is the leader in German pharmacies in terms of number of packets sold.
- In Germany, Piasten has been part of Katjes International's portfolio of holdings since 2014. Piasten is one of the largest German producers of chocolate dragees and launched the brand 'Treets – THE PEANUT COMPANY' on the German market in 2018.
- Since 2016, Katjes International has held all shares in the Dutch company Harlekijntjes, which makes the country's best-selling liquorice product (based on volume).
- In Italy, Sperlari has been part of Katjes International since 2017. Sperlari is the second largest provider in the Italian sugar confectionery market, and the market leader in the segment for sugar-free candies, seasonal products and sweeteners.
- With Candy Kittens, Katjes International holds a majority stake in one of the UK's fastest growing gourmet fruit gum brands.
- Since May 2020 Bübchen, the market leader in the baby & kids body care segment in Germany, is part of the Katjes International Group.
- Dulcioliva,new to Katjes International since 30 June 2021, is the leading producer of 'Cuneesi' chocolates, a chocolate speciality from Piedmont.
- Paluani, a well-known producer of panettone in Italy, has been part of Katjes International since 1 August 2022.
- The oral care business acquired from Henkel, which includes the brand rights for Theramed, Vademecum, Licor del Polo, Antica Erboristeria and Denivit, has been part of Katjes International since December 2022. The different brands, which focus on natural ingredients and organic products, are particularly well-represented in Germany, Italy, France and Spain. For instance, Vademecum is the leading organic toothpaste in France. Licor del Polo has also had organic products on the market for several years and is one of the leading producers of oral care products in Spain.
- In November 2023, Naturale Antica Erboristeria (N.A.E) became part of Katjes International, another brand from the body care sector. N.A.E specialises in certified organic body care products, particularly in the French market.
- In France, CPK, which Katjes International has held an approximately 23% stake in since 31 December 2018, holds leading market positions with iconic brands such as Carambar, Lutti, Poulain and the British chocolate brand Terry's.

1.5 Research and development

The company's management is constantly addressing and exploring topics related to processes, innovation and the future of the Group. One very important aspect of this is the sustainable orientation of the subsidiaries and brands.

In addition, the subsidiaries of Katjes International carry out their own research and development activities. In the reporting year, the corresponding expenses amounted to EUR 1.0 million (previous year: EUR 1.0 million). The subsidiaries receive support from the Katjes Group's development department where necessary. New products are being developed all the time, and existing products and their packaging are changed, improved and developed further. The products are also optimised in terms of standardising the raw materials used in order to leverage additional purchasing synergies.

Katjes International believes it has a well-filled pipeline of new products and promising product ideas.

1.6 Principles of the control system

Katjes International has an internal control system in place, in which strategic planning is combined with value-oriented business development. The key performance indicators (KPIs) are financial in nature and include revenue as an indicator of business growth and EBITDA (earnings before interest, taxes, depreciation and amortisation) as a key indicator of profitability.

2. OVERALL ECONOMIC DEVELOPMENT AND MARKET ENVIRONMENT

2.1 Overall economic development

With its holdings, Katjes International is primarily active in the Italian, German, UK and Dutch markets. The Companies' main sales markets for fast-moving consumer goods (FMCG) are generally characterised by low sensitivity to business cycles and high economic resilience. This was also noticeable in 2023. However, the global economy continues to face the challenges of persistently high, albeit weakening, inflation and subdued growth prospects, with the effects of the necessary tightening of monetary policy, weak trade and a mixed consumer climate continuing to make themselves felt. In its 'Economic Outlook' published in November 2023 and updated in February 2024, the OECD identified subdued development overall for 2023 in the Eurozone, the region that is particularly relevant for Katjes International. Gross domestic product (GDP) increased by only 0.5% as a whole (2022: 3.4%), driven by persistent core inflation, the increasing impact of higher interest rates on the real economy, and the uncertainty associated with mounting geopolitical risks.

The Italian economy grew by 0.7% (2022: 3.9%) with France, the second-largest economy in the Eurozone, also showing subdued development, reporting only slight growth of 0.9% (2022: 2.5%). Germany's GDP fell by -0.1% (2022: 1.9%).

Growth in the UK was weak at 0.3% in total (2022: 4.3%). The Netherlands recorded GDP growth of 0.2% (2022: 4.3%).

(OECD, November 2023 |February 2024| OECD Economic Outlook| OECD iLibrary (oecd-ilibrary.org))

2.2 Fast Moving Consumer Goods (FMCG)

The sales markets for FMCG were characterised by low sensitivity to business cycles and high economic resilience, as confirmed by the latest figures for 2023.

Sugar confectionery market

The growth witnessed in the European sugar confectionery market confirms this resilience: a further increase of 4.1% was recorded in 2023, well ahead of the general increase in the gross domestic product figures reported by the individual countries.

As the first year without any restrictions associated with the pandemic, 2023 was a year of positive developments for consumers in many respects. Since the start of the war in Ukraine in early 2022, however, Europe had found itself faced with a new crisis due to the rising cost of living, which has led to drastic cost increases for raw materials, personnel, logistics and packaging, and significant supply chain disruption.

There was less uncertainty in 2023 thanks to greater stability in raw material prices and supply chains, while persistently high costs were partially offset by price increases.

The German sugar confectionery market grew by just under 4% in 2023. Experts (statista, November 2023) are predicting that the European sugar confectionery market will continue to grow and will reach a volume of just under EUR 298 billion by 2028.

The main reason for the increase in 2023 is generally thought to be the normalisation of (in-store) shopping behaviour and price increases passed on by manufacturers.

Current market trends

For consumers in Germany and many other countries in Europe, inflation (including rising food prices) was a key issue. In addition, the topics of health, wellness and sustainability remain important. Sugar confectionery products that do not contain animal gelatine or which have a reduced sugar content, for example, continue to grow in popularity. In particular, the fundamental issues of animal welfare and environmentally friendly production, packaging and supply chains remain important.

Katjes International recognised these developments at an early stage. With a strong focus on sugar-free products (e.g. Dallmann's WICK, Dietorelle) or confectionery containing nuts (e.g. Piasten's Treets, Sperlari), the brands and their products are continuously optimised in line with Katjes International's future-oriented strategy. In addition, the goal of climate-neutral production is being driven forward with the continuous improvement of our footprint.

Market volume confectionery	in EUR billion *(Source: statista)*	
	2023	**2022**
Germany	17.1	16.8
France	17.4	17.3
Netherlands	2.7	2.7
Italy	20.8	20.7
United Kingdom	16.2	15.7

2.3 Baby & kids body care market

In Germany, the market for body care products for babies and kids is constantly growing. With products such as baby lotions, oils, powders and sun creams for babies and kids, sales are increasing year on year.
According to the Nielsen analysis, the total market volume in Germany grew by 7.6% to EUR 554 million in 2023. Sales volumes increased by 0.4% in the same period.
After acquiring Bübchen, a household brand for baby and kids body care products and the market leader in the kids body care segment in Germany, Katjes International is now well represented in this market and can leverage synergy effects in distribution.

2.4 Oral care market

In Germany, dental and oral care is one of the most important product categories in the consumer goods segment of body care products. In 2023, sales of these types of products amounted to around EUR 1.8 billion, representing a healthy increase compared to the previous year (+4.6%).

3. COMPANY-SPECIFIC EVENTS

3.1 Katjes International

In 2023, Katjes International continued to develop its portfolio in line with its long-term acquisition strategy.

In November of the reporting year, the natural cosmetics brand (N.A.E.) was acquired from Henkel to support and expand the brand portfolio in the personal care segment.

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4. SALES, EARNINGS, FINANCIAL AND ASSET POSITION

4.1 Sales and earnings

In the financial year 2023, Group sales increased from EUR 294.5 million to EUR 377.4 million.

Katjes International generated 30.6% of its sales in Italy (previous year: 29.2%) and 27.7% in Germany (previous year: 29.4%). Sales in the Netherlands and the United Kingdom amounted to 4.4% and 4.0% respectively (previous year: 5.3% and 4.8%). Sales in the other EU countries and Switzerland totalled 28.6% (previous year: 25.9%). The Group generated 4.8% of its sales outside the EU (previous year: 5.4%), which is in line with its strategy.

The 23% stake in CPK, the number two in the French sugar confectionery market, is consolidated using the equity method. As a result, its revenue in France, Belgium, the UK and other export markets is not reflected in the profit and loss statement.

'Sugar confectionery' and 'body care' were the most important product categories in the financial year. The company generated 41.4% of its sales from sugar confectionery (previous year: 43.1%), followed by body care products, which made up 23.1% of sales in the reporting year (previous year: 18.8%). Chocolate products accounted for 15.7% (previous year: 18.7%) and seasonal products amounted to 12.4% (previous year: 12.6%).

Cost of sales amounted to EUR 295.5 million (2022: EUR 243.2 million). At 78.3%, cost of sales as a percentage of revenue was below the previous year's level (2022: 82.6%). This was due in particular to price increases and the stabilisation in raw material and energy costs.

Gross profit on sales developed in line with the stabilisation of the cost of sales and amounted to EUR 81.9 million (2022: EUR 51.3 million). Accordingly, the gross margin of 21.7% was higher than in the previous year (2022: 17.4%).

At EUR 31.7 million in the financial year 2023 (2022: EUR 29.4 million), distribution costs were up year-on-year, which is mainly due to the full-year inclusion of the oral care business.

At EUR 35.7 million, administrative expenses were higher than in 2022 (EUR 29.6 million). This was also due to the first-time consolidations in the previous year and the associated expenses.

Other operating result includes other income and expenses. It amounted to EUR 8.0 million in the reporting year 2023 (2022: EUR 29.9 million). In addition to income from the reversal of provisions, other operating income in the financial year 2023 mainly results from settlements with several contracting parties. In the previous year, this item mainly included the effects of the purchase price allocation of EUR 14.1 million for Paluani and EUR 10.3 million for the oral care business, which were recognised in the income statement. For more information, see the Annex (section 3).

EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to EUR 40.8 million in the financial year 2023 (2022: EUR 37.3 million). As a result, the key performance indicator for Katjes International (EBITDA margin) reached 10.8% (2022: 12.7%).

The financial result was EUR -11.4 million in 2023 (2022: EUR -6.4 million.). It mainly includes the expense for the interest payment on the corporate bond issued by Katjes International and other loan interest and financing costs, as well as the participation in the result of the at-equity investment in CPK in the amount of EUR -0.7 million (previous year: EUR -0.1 million).

Earnings before taxes amounted to EUR 11.1 million in the reporting year (2022: EUR 15.8 million).

The tax expense of Katjes International amounted to EUR 0.9 million in the reporting period (previous year: EUR 1.0 million). For more information, see the Annex (particularly section 7.5). Net earnings therefore amounted to EUR 10.2 million (2022: EUR 14.8 million).

Earnings of non-controlling interests in the reporting year were EUR 0.1 million (2022: EUR -0.4 million).
Shareholders' earnings amounted to EUR 10.1 million (2022: EUR 15.2 million).

4.2 Financial position

Katjes International generally uses corporate bonds as an instrument to finance acquisitions.
On 21 September 2023, Katjes International placed a corporate bond with a volume of EUR 115 million and an interest rate of 6.75%. In the run-up to the issue of the new 2023/2028 bond, existing investors of the bond issued in 2019 with a volume of EUR 110 million were able to exchange their bonds. The EUR 65.6 million that had not previously been exchanged in the exchange offer was subsequently redeemed early on 12 November 2023.
The company mainly finances its operations with internal funds, factoring, bank loans and credit facilities provided for this purpose. To hedge against interest rate risks, the company uses derivatives (interest rate swaps) to an appropriate extent if this appears to make sense from a risk perspective. For more information, see the Annex (section 6.2).
Katjes International helps its subsidiaries to finance their activities where this makes sense for the Group. For more information, see the Annex (section 4.1).

Investments

In the year under review, Katjes International acquired another brand from Henkel's body care products segment via its subsidiary Bübchen Bodycare. Since November 2023, the natural cosmetics brand Naturale Antica Erboristeria (N.A.E.) complements the existing body care portfolio centred around Bübchen, acquired from Galderma in 2020 and the oral care business acquired from Henkel in 2022.

Cash flow statement

In the financial year 2023, cash flow from operating activities amounted to EUR 31.8 million (2022: EUR 10.4 million).
Cash flow from investment activities was EUR -14.6 million in 2023 (2022: EUR -28.8 million). This value mainly takes into account investments in property, plant and equipment and intangible assets within the framework of the subsidiaries' operating activities. Accordingly, it also includes the cash outflow from the acquisition of the N.A.E. brand.
Cash flow from financing activities amounted to EUR 5.7 million in 2023 (2022: EUR 2.8 million), which mainly reflects the cumulative effect of the redemption of the 2019/2024 bond in the amount of EUR 110 million and the issue of the 2023/2028 bond (EUR 115 million), as well as financing activities associated with the operating business. Overall, the developments in the financial year 2023 led to a marked increase of EUR 22.9 million in cash and cash equivalents to EUR 58.4 million as at 31 December 2023 (31 December 2022: EUR 35.5 million).

4.3 Asset position

The consolidated balance sheet total as at 31 December 2023 amounted to EUR 477.6 million (31 December 2022: EUR 441.4 million).
Due to the retrospective effects of the purchase price allocation finalised in the reporting year, the previous year's figures were adjusted with regard to property, plant and equipment, equity, pension provisions, deferred taxes and current financial liabilities. For further information, please refer to section 3 of the notes.

On the assets side, non-current assets decreased by EUR 4.6 million to EUR 313.0 million (31 December 2022: EUR 317.6 million). These primarily include land, buildings and machinery, the capitalised brands, the Company's subsidiaries and the capitalised rights of use from leasing arrangements. Under non-current assets, tangible fixed assets amounted to EUR 122.4 million as at the balance sheet date. This was below the previous year's level (31 December 2022: EUR 126.0 million). This is mainly due, among other things, to the retroactive finalisation of the purchase price allocation, the effects of which are shown as an adjustment to the previous year's figures. Intangible assets increased to EUR 112.4 in the reporting year (31 December 2022: EUR 109.7 million). This is mainly due to the acquisition of the N.A.E. brand in the reporting year. The development of fixed assets as at 31 December 2023 is shown in the fixed assets schedule on page 88.
Current assets increased to EUR 164.6 million in the financial year 2023 (31 December 2022: EUR 123.8 million), with the establishment and expansion of the oral care business playing a significant role.
Trade receivables and other receivables increased to EUR 57.3 million (31 December 2022: EUR 47.5 million).
Cash and cash equivalents also showed positive development and, at EUR 58.4 million as at 31 December 2023, were up significantly in a year-on-year comparison (31 December 2022: EUR 35.5 million).

On the liabilities side, Group equity increased and totalled EUR 176.0 million as at the reporting date (31 December 2022: EUR 167.0 million). The final purchase price allocation also had an impact on the previous year's figures. The equity ratio remained stable at 36.9% as at the reporting date (31 December 2022: 37.8%). Shareholders' equity amounts to EUR 173.0 million (31 December 2022: EUR 164.1 million). Non-controlling interests are reported at EUR 3.0 million (31 December 2022: EUR 2.9 million) and mainly relate to the minority interests in Candy Kittens.

Non-current liabilities mainly comprised financial liabilities for the issued corporate bond, deferred tax liabilities and provisions. They increased by EUR 11.7 million to EUR 191.0 million as at 31 December 2023 (31 December 2022: EUR 179.3 million), mainly due to the higher nominal volume of the bond issued in the reporting year and increased borrowing at subsidiary level.
Non-current financial liabilities, under non-current liabilities, increased to EUR 156.7 million as at the end of the financial year 2023 (31 December 2022: EUR 141.6 million), which is mainly due to the aforementioned increase in the nominal volume of the newly issued bond and the increase in the acquisition loan for the oral care business (for the takeover of the production facility). In addition to the liabilities from the bond (EUR 115.0 million; 31 December 2022: EUR 110.0 million), non-current financial liabilities include long-term bank loans of EUR 34.5 million (previous year: EUR 24.8 million) and liabilities from lease agreements within the meaning of IFRS 16 in the amount of EUR 4.0 million (31 December 2022: EUR 3.4 million). The purchase option resulting from the future acquisition of the minority interests in Dulcioliva is also reported as a liability here. Due to the continued likelihood of the option being exercised, this was fully recognised as a liability as at the balance sheet date.
Deferred tax liabilities fell by EUR 3.9 million to EUR 24.0 million (31 December 2022: EUR 27.9 million). For more information, see the Annex (6.11).
As at 31 December 2023, non-current provisions were at the previous year's level of EUR 0.7 million (EUR 0.8 million).
Provisions for pensions and similar obligations amounted to EUR 9.6 million as at 31 December 2023 (31 December

2022: EUR 9.0 million).

Current liabilities increased to EUR 110.6 million as at the balance sheet date (31 December 2022: EUR 95.1 million). Trade and other payables of EUR 56.7 million were reported under current liabilities as at 31 December 2023 (31 December 2022: EUR 49.7 million). The increase is mainly due to the oral care business, which had been fully integrated in operational terms as at the reporting date.

Financial liabilities included in current liabilities amounted to EUR 35.2 million and were higher than in the previous year (EUR 32.0 million).

Current provisions amounted to EUR 16.7 million as at 31 December 2023 (31 December 2022: EUR 12.0 million). The increase is also mainly due to the expansion of the oral care business.

4.4 Non-financial performance indicators

As a strategic investor in the fast-moving consumer goods (FMCG) sector, Katjes International also relies on non-financial performance indicators besides financial ones. The main ones include employee satisfaction, certifications, brand awareness and the sustainable orientation of the company and its holdings.

Employees

In 2023, an average of 998 employees (2022: 980 employees) were employed in the holding company and its subsidiaries. Of these, around 60% worked in Germany, followed by around 37% in Italy and around 1% in the Netherlands. The percentage of employees in the UK was 2% on average.

Personnel expenses amounted to EUR 65.1 million in the financial year 2023 (2022: EUR 57.9 million).

The Group therefore attaches great importance to the expertise of its employees in all areas along the value chain, from development through to production. Katjes International employed an average of 24 apprentices in 2023.

Certifications

Safety is a top priority for Katjes International. The production sites of all companies within the Group possess the necessary certifications for quality, hygiene and occupational safety.

To this end, Katjes International's significant holdings undergo regular food and quality audits and are certified according to the International Featured Standards (IFS) or the British Retail Consortium (BRC) Food Safety Standard, for example.

Sustainability

As a medium-sized family business, Katjes International implements sustainable practices as a principle. Besides careful use of natural resources, this also includes fulfilling social responsibilities towards employees and the public The company engages in regular dialogue with the various stakeholders for this purpose.

Brands

Katjes International has a portfolio of well-known and established brands, including Piasten, Dallmann's, Bübchen, the oral care portfolio (Theramed, Vademecum, Antica Erboristeria, Licor del Polo, Denivit), Sperlari, Dulcioliva, Paluani, Candy Kittens, N.A.E and Harlekijntjes.

The value of these brands is represented financially as an intangible asset in the Group's balance sheet. Consistent brand development boosts the corresponding business. Katjes International expects this to have a positive knock-on effect on the Group's overall profitability in the long term.

The management therefore attaches importance to developing and expanding the existing brands, as well as acquiring new ones. In the financial year, the company focused on the Bübchen, Treets, Sperlari, Paluani, the acquired oral care and Candy Kittens brands in particular.

5. OPPORTUNITIES AND RISKS REPORT

Identifying opportunities or significant risks is a fundamental part of the corporate strategy, as is dealing with, and monitoring, identified risks in an appropriate manner. The business operations of Katjes International give rise to the following opportunities and risks.

5.1 Opportunities

The entire FMCG sector, especially the sugar confectionery industry and body care products industry, are relatively stable with low sensitivity to business cycles. In consideration of this strong cyclical resilience that is typical of the industry, the management of Katjes International expects sales volumes to continue developing at a relatively stable level.

In the sugar confectionery industry, there is a continuing trend towards healthy and sustainably made products. The subsidiaries of Katjes International have an opportunity to benefit from this trend, such as by offering vegan, sugar-free confectionery, products containing nuts, or products in sustainable packaging for example. They can also take advantage of the observed increase in demand for branded goods with specific measures to boost the sales of their strong brands. In addition to boosting productivity, launching new products and carrying out target group-oriented marketing activities. Katjes International's main objectives also include acquiring new customers and expanding distribution.

For body care products, the call for sustainability can be answered by further reducing packaging waste and making the production process more sustainable, for example.

Katjes International plans to continue pursuing its core strategy. It is targeting further growth through acquiring companies with strong brands with a focus on Europe. There are always attractive takeover candidates in this market. Opportunities have been identified in particular in connection with succession planning situations, with company spin-offs as part of portfolio adjustments, and with the ongoing consolidation of the market, which Katjes International would like to play an active part in shaping. As with the acquisition of Bübchen and the Oral Care business, acquisitions of other strong consumer goods brands from outside the sugar confectionery sector will also be considered if they offer additional synergies for the Group.

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Business opportunities

- Expanding the foreign business could open up new sales channels and potentially increase sales and earnings.
- The value of the company could be increased by acquiring companies in Europe.
- By continuously developing new products and identifying new trends (e.g. health and/or sustainability) at an early stage, new products could be developed and launched on the market. This could improve sales and earnings.
- Falling raw material prices could also improve Katjes International's earnings.

5.2 Risks

Risks are generally divided into market- and company-specific risks, as well as risks associated with the group structure:

Market-related and regulatory risks

- The business in the confectionery market is subject to seasonal fluctuations.
- Due to changes in consumer behaviour, competition and greater price pressure in the relevant markets, Katjes International may no longer be able to sell its products in the planned quantities or on the planned terms. This could have a negative impact on sales and earnings.
- Geopolitical and trade policy developments at global and/or European level could give rise to uncertainty, especially in relation to the predictability of energy and raw material prices, as well as general resource scarcity and allocation. Further escalation of the Russia-Ukraine war and its effects on other countries is particularly relevant in this respect.
- The wars in Ukraine and the Middle East could cause further unrest in the procurement market.
- The structure of retail and wholesale could change, especially as a result of market consolidation. This could have an impact on the sales volumes and conditions of Katjes International. Concentration risks could arise from major customers, especially in the food retail sector.
- The terms for purchasing the auxiliary and raw materials needed for production – especially sugar, cocoa, nuts, glucose and panthenol – could become less favourable. In such case, Katjes International might not be able to fully or partially absorb the higher costs or pass them on to customers by increasing prices.
- The behaviour of competitors could harm the image of individual products sold by Katjes International.
- Due to a change in the legal landscape or other regulatory interventions, it may no longer be possible for Katjes International's products to be produced or sold in the existing way or in the required volumes.
- The regulatory landscape could change, affecting the ability of Katjes International to promote or sell its products or pushing up its production costs.

Due to the company's risk mitigation measures (see section 6), Katjes International considers the overall risk arising from the aforementioned market-related and regulatory risks to be negligible.

Company-related risks

- The expansion of foreign business may not be carried out in the planned scope. Acquisitions may not be completed or may not achieve the intended results.
- Katjes International might not be able to increase its production capacities or increase its sales as planned.
- Group companies have to repay subsidies or other government funding.
- Legal disputes may give rise to negative consequences that have a significant impact on the company's financial situation.
- Purchasing synergies or distribution synergies between Katjes International and Katjes Germany may not be realised or not to the planned extent. .
- Katjes International is dependent on certain suppliers. Delivery delays or non-delivery by a supplier could lead to production downtime.
- Raw materials, other resources or products of Katjes International might be handled or stored incorrectly by suppliers, logistics companies or distributors. Because of a

product defect, Katjes International could get caught up in a product liability case that harms its reputation.

- Production methods could change due to technological advancements, and Katjes International might not be able to adapt its production to this development in time or at all.
- The success of Katjes International depends on the knowledge and experience of individual managers and skilled personnel.
- The financial results of Katjes International could be negatively affected by the unsuccessful execution or integration of acquisitions, divestments, joint ventures or mergers.
- The products and trademarks of Katjes International may not be adequately protected; competitors might copy the company's products; Katjes International may infringe the intellectual property rights of third parties.
- There are general tax risks.
- The risk of cyberattacks (e.g. hacking attacks, phishing emails) is increasing all the time. A single attack can have significant consequences (e.g. business interruption, loss of data).

Due to the company's existing risk management system, Katjes International considers the company-related risks to be manageable.

Risks arising from the group structure

As a strategic holding company, Katjes International provides operational services to its subsidiaries and holdings in return for payment, but its earnings are largely depending on the results of the subsidiaries and holdings.

5.3 Summary

The overall situation with regard to opportunities and risks is based on an assessment of the individual risks specified above. In general, the opportunity and risk situation has not changed much from the previous year. However, developments in the Russia-Ukraine war and the situation associated with the war in the Middle East are important, as an escalation of these conflicts could have a number of consequences for the Group on both the sales and procurement side.

6. RISK MANAGEMENT AND CONTROL SYSTEM

To counter the risks mentioned above, Katjes International has various coordinated risk management and control systems in place. This includes adequate internal reporting to identify risks from business operations, as well as intensive internal communication in the form of regular management meetings.

The aim of risk management is to identify risks affecting the Company and their impact on its business objectives and to assess these risks and decide on measures for dealing with them. Risk management is closely linked to the Company's decision-making processes in order to be able to communicate necessary measures quickly and directly and monitor them on a regular basis.

Katjes International also has a voluntary external advisory board in place. Consisting of several experienced specialists, it observes the management and advises it on its activities in accordance with the provisions of the Articles of Association. The members of the advisory board have many years' experience in management consulting/auditing, as well as extensive industry and marketing experience. In addition the regular management meetings, the advisory board also meets with the management several times a year to discuss and critically review Katjes International's strategy and business operations.

Risks relating to raw material prices are monitored as part of the joint purchasing activities with Katjes Germany and the subsidiaries of Katjes International. Appropriate countermeasures are taken where necessary. In the short term, price risks can be managed by agreeing to longer-term fixed price contracts with suppliers. However, it should be accepted that raw material prices will inevitably change in the medium to long term. It is therefore not possible to permanently hedge against price changes.

Potential quality risks are countered with a comprehensive internal quality management system that is continuously monitored and further developed within the context of internal reviews and external audits. In addition, insurance policies are taken out against corresponding loss incidents.

Market changes are continuously monitored by the management of the holding company and the associated companies and their relevance to business development is assessed. This enables new trends in the confectionery industry and the body care industry to be identified, exploited or responded to at an early stage.

7. FORECAST REPORT

The OECD is expecting gross domestic product (GDP) to increase by a modest 0.6% in the Eurozone in 2024. An increase of 0.3% is expected for Germany and 0.5% for the Netherlands. GDP in Italy is expected to grow by 0.7%. In France, growth of 0.6% is expected, while GDP in the UK is expected to increase by 0.7%. This data is based on a forecast by the OECD from November 2023, updated in February 2024.

The market volume for sugar confectionery in Europe is expected to increase by around 6% in 2024, which corresponds to growth well above the increase in GDP.

Katjes International will continue to push forward with its proven strategy in 2024. This includes increasing the organic growth of the Group subsidiaries and other holdings with a focus on strong brands and on Europe. At the same time, Katjes International also wants to leverage further synergies within the Group. To this end, the company is continuously assessing suitable takeover candidates in the target regions.

The Company has identified various business opportunities, especially in connection with succession situations, group spin-offs in the context of portfolio adjustments and the ongoing consolidation of the market. With regard to the latter in particular, the company would like to play an active role in 2024. It is therefore constantly reviewing interesting acquisition opportunities and is regularly at different stages of negotiating or closing deals.

The company expected to achieve consolidated net sales of between EUR 350 million and EUR 375 million for the financial year 2023. With consolidated sales of around EUR 377.4 million in the reporting year, it exceeded the forecast figure.

Katjes International's EBITDA margin in the reporting year was 10.8%, well above the forecast range of 9–10%.

Taking into account the current state of development, the company is expecting sales of between EUR 390 million and EUR 420 million for the financial year 2024. In terms of earnings, Katjes International is aiming for an EBITDA margin of between 9% and 10% in the financial year 2024. The company's goal is to reach and sustain an average EBITDA margin of at least 10%.

III. CONSOLIDATED FINANCIAL STATEMENTS

(TRANSLATION FROM THE GERMAN LANGUAGE)

1. CONSOLIDATED INCOME STATEMENT

(from 1 January to 31 December 2023)

	consolidated	
in EUR million	2023	2022
Revenue	377.4	294.5
Cost of sales	295.5	243.2
Gross profit on sales	**81.9**	**51.3**
Other operating income	8.4	31.0
Distribution costs	31.7	29.4
Administrative expenses	35.7	29.6
Other operating expenses	0.4	1.1
Operating result	**22.5**	**22.2**
Financial result	**-11.4**	**-6.4**
Earnings before income taxes	**11.1**	**15.8**
Income taxes	-0.9	-1.0
Earnings after tax	**10.2**	**14.8**
of which non-controlling interests	**0.1**	**-0.4**
of which attributable to Katjes International GmbH & Co. KG	**10.1**	**15.2**

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(from 1 January to 31 December 2023)

	consolidated	
in EUR million	2023	2022
Earnings after tax	**10.2**	**14.8**
Other comprehensive income		
Change in market values of financial instruments	-0.7	0.0
of which income tax effects	*-0.1*	*0.0*
items to be reclassified to profit or loss	*0.0*	*0.0*
Differences from foreign currency translation of consolidated subsidiaries	0.1	-0.2
Actuarial gains/losses from the remeasurement of defined benefit pension plans	-1.0	4.2
of which income tax effects	*-0.3*	*-1.3*
not to be reclassified to profit or loss in subsequent periods	*-1.0*	*4.2*
Other earnings after taxes	**-1.6**	**4.0**
Total comprehensive income	**8.6**	**18.8**
of which non-controlling interests	**0.0**	**-0.1**
attributable to the owners of the parent company	**8.6**	**18.9**

3. CONSOLIDATED BALANCE SHEET

(as at 31 December 2023)

ASSETS

in EUR million	Annex	31 Dec 23	31 Dec 22
Non-current assets			
Property, plant and equipment(1)	6.1	122.4	126.0
Right-of-use assets	6.1	6.7	6.3
Intangible assets	6.1	112.4	109.7
At-equity investments	3	63.7	64.4
Other financial assets	6.4	4.2	7.7
Deferred tax assets	6.11	3.6	3.5
		313.0	**317.6**
Current assets			
Inventories	6.6	46.4	36.2
Trade and other receivables	6.5	57.3	47.5
Income tax receivables		2.5	4.6
Cash and cash equivalents	6.7	58.4	35.5
		164.6	**123.8**
Total assets		**477.6**	**441.4**

3. CONSOLIDATED BALANCE SHEET

(as at 31 December 2023)

LIABILITIES AND EQUITY

in EUR million	Annex	31 Dec 23	31 Dec 22
Equity			
Subscribed capital		0.6	0.6
Other reserves		2.0	2.0
Retained earnings		2.0	2.0
Profit carried forward(1)		153.5	138.1
Other comprehensive income		4.8	6.2
Result for the period		10.1	15.2
Shareholders' equity		173.0	164.1
Non-controlling interests		3.0	2.9
Total equity	**6.8**	**176.0**	**167.0**
Non-current liabilities			
Interest-bearing and non-interest-bearing financial liabilities	6.9	156.7	141.6
Provisions	6.13	0.7	0.8
Provisions for pensions and similar obligations(1)	6.12	9.6	9.0
Deferred tax liabilities(1)	6.11	24.0	27.9
		191.0	**179.3**
Current liabilities			
Trade payables and other liabilities	6.10	56.7	49.7
Interest-bearing and non-interest-bearing financial liabilities(1)	6.9	35.2	32.0
Provisions	6.13	16.7	12.0
Income tax liabilities		2.0	1.4
		110.6	**95.1**
Total liabilities		**301.6**	**274.4**
Total equity and liabilities		**477.6**	**441.4**

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[1]

(from 1 January to 31 December 2023)

	Shareholders' equity										
	Subscribed capital	Other reserves	Generated capital			Other comprehensive income			Total		
EUR million	Subscribed capital	Other reserves	Retained earnings	Profit carried forward	Result for the period	Change in market values of financial instruments / Differences from foreign currency translation of consolidated subsidiaries	Actuarial gains/losses from the remeasurement of defined benefit pension plans	Total other comprehensive income		Non-controlling interests	Total equity
Annex						4.1 / 6.2				3.	
As at 31 Dec 2021 / 01 Jan 2022	**0.6**	**2.0**	**2.0**	**129.5**	**0.9**	**2.1**	**0.2**	**2.3**	**137.3**	**4.1**	**141.4**
Earnings after tax	0.0	0.0	0.0	0.0	-0.9	0.0	0.0	0.0	-0.9	-0.3	-1.2
Other earnings after taxes	0.0	0.0	0.0	0.0	0.0	-0.2	4.2	4.0	4.0	-0.4	3.6
Total comprehensive income	0.0	0.0	0.0	0.0	-0.9	-0.2	4.2	4.0	3.0	-0.7	2.3
Finalisation purchase price allocation	0.0	0.0	0.0	7.7	0.0	0.0	0.0	0.0	7.7	0.0	7.7
Result of the period	0.0	0.0	0.0	0.9	15.2	0.0	0.0	0.0	16.1	-0.6	15.5
As at 31 Dec 2022	**0.6**	**2.0**	**2.0**	**138.1**	**15.2**	**1.9**	**4.4**	**6.2**	**164.1**	**2.9**	**167.0**
As at 31 Dec 2022 / 01 Jan 2023	**0.6**	**2.0**	**2.0**	**138.1**	**15.2**	**1.9**	**4.4**	**6.2**	**164.1**	**2.9**	**167.0**
Earnings after tax	0.0	0.0	0.0	15.2	-15.2	0.0	0.0	0.0	0.0	0.0	0.0
Other earnings after taxes	0.0	0.0	0.0	0.0	0.0	-0.7	-0.8	-1.5	-1.5	0.0	-1.5
Total comprehensive income	0.0	0.0	0.0	15.2	0.0	-0.7	-0.8	-1.5	-1.5	0.0	-1.5
Other	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.3	0.0	0.3
Result of the period	0.0	0.0	0.0	0.0	10.1	0.0	0.0	0.0	10.1	0.1	10.2
As at 31 Dec 2023	**0.6**	**2.0**	**2.0**	**153.5**	**10.1**	**1.2**	**3.6**	**4,8**	**173.0**	**3.0**	**176.0**

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

5. CONSOLIDATED CASH FLOW STATEMENT

(from 1 January to 31 December 2023)

in EUR million	Annex	2023	2022
Operating activities			
Earnings before income taxes		**11.0**	**16.1**
Reconciliation of earnings before income taxes to net cash flows:			
Depreciation of, and impairment losses on, tangible fixed assets		11.0	9.7
Amortisation of right-of-use assets	6.1	3.1	2.3
Amortisation of, and impairment losses on, intangible assets		4.2	3.1
Financial income	7.4	-0.6	-0.4
Interest received		0.6	0.4
Financial expenses	7.4	11.3	6.8
Result from investments accounted for using the equity method	7.4	0.7	0.1
Income taxes paid		-2.5	-2.6
Increase/decrease in taxes	6.11	-1.8	1.6
Addition/disposal of assets and liabilities from acquisitions (non cash)		0.0	-24.4
Other non-cash changes		-0.4	0.7
Change in other provisions	6.13	4.5	1.4
Change in pension liabilities	6.12	0.0	-1.6
Changes in net working capital			
Increase/decrease in trade receivables and other receivables as well as prepayments and other financial assets	6.5	-1.1	-3.5
Increase/decrease in inventories	6.6	-10.2	-3.9
Increase/decrease in trade payables and other liabilities	6.10	2.0	4.6
Cash flow from operating activities		**31.8**	**10.4**

in EUR million	Annex	2023	2022
Investing activities			
Acquisition of property, plant and equipment	6.1	-7.4	-6.1
Acquisition/sale of financial investments		0.0	-0.6
Acquisition of intangible assets	6.1	-7.2	-1.2
Acquisition of subsidiaries		0.0	-20.9
Cash flow from investing activities		**-14.6**	**-28.8**
Financing activities			
Repayment of the 2019/2024 bond (EUR 110 million) / issue of the 2023/2028 bond (EUR 115 million)		5.0	0.0
Incidental costs of the bond		-2.8	0.0
Repayments/payments from loans		14.8	10.9
Payment of leasing installments		-3.2	-2.4
Interest paid	7.4	-8.1	-5.7
Cash flow from financing activities		**5.7**	**2.8**
Change in cash and cash equivalents	6.7	22.9	-15.6
Cash and cash equivalents as at 1 January		35.5	51.1
Cash and cash equivalents as at 31 December	**6.7**	**58.4**	**35.5**

As at 31 December 2023, cash and cash equivalents in a foreign currency with a value of EUR 2.0 million (SEK 24.0 million) are reported. The effects from currency conversion as at the reporting date amount to EUR 0.0 million.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(TRANSLATION FROM THE GERMAN LANGUAGE)

1. INFORMATION ON THE GROUP

Katjes International GmbH & Co. KG ('Katjes International') is a limited partnership (Kommanditgesellschaft) established under the laws of the Federal Republic of Germany with its registered office in Emmerich am Rhein. It is registered in the Commercial Register of the Kleve Local Court (Amtsgericht) under commercial register number HRA 1076. The business address is:

Dechant-Sprünken-Str. 53–57
46446 Emmerich am Rhein
Germany

Pursuant to Article 2 of the Articles of Association dated 20 September 2011, the object of the Company is to hold and manage investments in the companies belonging to the Katjes Group. The Company is also authorised to finance, and acquire participating interests in, companies of all kinds, in particular in the confectionery industry. Within this context, the Company is entitled to execute all transactions and perform all legal acts, which are appropriate in pursuing the object of the Company or which appear suitable to promote the Company. It can establish, acquire and purchase interests in identical or similar companies in Germany and abroad and set up branches. The Company can pursue its corporate purpose in whole or in part through dependent companies.
The Company has been established for an indefinite period. The financial year is the calendar year.

The personally liable partner (general partner) of the Company is Xaver Fassin International GmbH with its shareholders Bastian Fassin and Tobias Bachmüller. In addition to the two shareholders, Stephan Milde has also been appointed as managing director. Xaver Fassin International GmbH does not hold an interest in the capital of Katjes International GmbH & Co. KG. The limited partnership capital amounts to EUR 600 thousand. The limited partners are Bastian Fassin, with registered liability of EUR 540 thousand and Tobias Bachmüller with registered liability of EUR 60 thousand.

In the financial year 2023, production and sales activities were performed in the Group companies in Italy, Germany, the United Kingdom (UK) and the Netherlands.
The Company employed an average of 998 employees in the financial year 2023 (2022: 980), of which 596 were employed in Germany (2022: 571), 373 in Italy (2022: 380) and 14 in the Netherlands (2022: 13). An average of 15 employees worked in the UK in the reporting year (2022: 16).

Katjes International also provides management services to its subsidiaries.

2. SUMMARY OF KEY ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

The consolidated financial statements are prepared using the cost principle. This does not include financial assets and financial liabilities, some of which are recognised at fair value.

The consolidated financial statements were prepared in millions of Euros. Unless otherwise stated, all amounts in the Annex are also stated in millions of Euros (EUR million). Rounding was based on standard commercial rules. For reasons related to the calculations, rounding differences may occur in tables and in references.

Statement of compliance with the IFRS

The consolidated financial statements of Katjes International GmbH & Co. KG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the supplementary provisions set out in section 315e (1) of the German Commercial Code (HGB).

Consolidation principles

The consolidated financial statements comprise the financial statements of Katjes International GmbH & Co. KG and its subsidiaries as at 31 December of each financial year. The financial statements of the domestic and foreign subsidiaries are prepared as at the same balance sheet date as the financial statements of the parent company, in accordance with the accounting policies that apply throughout the Katjes International Group as standard.

Receivables and liabilities, as well as income and expense, between the consolidated companies are offset against each other. Inventories are adjusted to reflect intercompany results.
Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which the Company obtains control.

In the case of subsidiaries consolidated for the first time, the assets and liabilities are measured at their fair value at the time of acquisition. The consolidated financial statements include the expenses and income of the company to be consolidated that arose in the period after the acquisition.

Scope of consolidation

In addition to Katjes International GmbH & Co. KG, the consolidated financial statements include all investees that Katjes International controls directly or indirectly because the Company is exposed, or has rights, to variable returns and has the ability to affect those returns through power over the investee.

Inclusion starts on the date on which the possibility of control arises; it ends when such control is no longer possible. Companies over which the Katjes International Group can exert a significant influence but which it does not control are treated as associates. These investees are accounted for using the equity method.

The composition of the Katjes International group based on the number of companies included is shown in the following table:

Katjes International GmbH & Co. KG and fully consolidated subsidiaries		
	2023	**2022**
Germany	22	17
Other countries	9	9
Total	**31**	**26**

2.2 Changes in accounting policies and disclosures

2.2.1 New and amended standards applicable in 2023

The amendments to IAS 12 to be applied from 1 January 2023 with regard to the initial recognition exemption for transactions that lead to equal and offsetting temporary differences, such as leases, do not have any impact on the Group, as the associated deferred tax assets and liabilities were already recognised when IFRS 16 was first applied.
The (temporary) changes to IAS 12 resulting from the provisions related to the International Tax Reform – Pillar Two Model Rules do not have any effect on the Group in the reporting year. The amendments provide for a temporary mandatory exception, to be applied with immediate effect, to the recognition of deferred taxes resulting from the introduction of global minimum taxation. Since, however, the Group did not exceed the required minimum revenue volume of EUR 750 million, the amendments have no impact on the consolidated financial statements.

The amendments to IAS 1 as at 1 January 2023 are also applied. Strictly speaking, these do not lead to a change in the accounting policies themselves, but require disclosures on 'material accounting policies' as opposed to 'significant accounting policies'. The management reviewed the accounting policies accordingly.

The amendments to IAS 8 (Definition of Accounting Estimates) that came into force in the reporting year did not have any significant impact on the Group.

IFRS 17 (Insurance Contracts) comprehensively reorganises the accounting treatment of insurance contracts by the insurance provider. The standard replaces the previously applicable IFRS 4. This had no impact on the consolidated financial statements.

Accounting standards not yet applied

The following accounting standards have already been adopted into EU law, but are not yet applicable in the financial year 2023 or have not been voluntarily applied early: IAS 1 (Amendment), IFRS 16 (Amendment) (effective for financial years beginning on or after 1 January 2024).
The aforementioned accounting standards and amendments to existing standards that have not yet been applied are not expected to have any material impact on the consolidated financial statements.

2.3 Summary of key accounting policies

Business combinations/goodwill

Acquired subsidiaries are accounted for using the purchase method. The acquisition costs correspond to the fair value of the transferred assets, the equity instruments issued and the debts arising/being assumed at the time of the transaction. Acquisition-related costs are expensed as incurred. Assets, liabilities and contingent liabilities that can be identified within the context of a business combination are measured at their fair value at the acquisition date upon initial consolidation.
Goodwill is recognised as the amount by which the cost of the acquisition, the amount of any non-controlling interests in the acquiree and the fair value of any previously held equity interest at the date of acquisition exceeds the Group's interest in the net assets measured at fair value. If this consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the income statement as other operating income.

IAS 28 Investments in associates and joint ventures
An associate is an entity over which the Group can exert a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
The considerations used to determine significant influence are similar to those required to determine control of subsidiaries. The Group's shares in an associate are accounted for using the equity method.

Foreign currency conversion
The financial statements of Candy Kittens and Longaim, whose functional currency is GBP as opposed to the Euro, are translated into the Group's reporting currency, the Euro, applying the concept set out in IAS 21 'The Effects of Changes in Foreign Exchange Rates'. The functional currency of the foreign Group companies corresponds to the local currency.

Assets and liabilities are translated at the exchange rate on the balance sheet date. Equity is carried at historical rates. Expenses and income are translated into Euros at weighted average exchange rates for the period concerned. Translation differences recognised directly in equity are only recognised in profit or loss when the corresponding entity is sold or deconsolidated.

Foreign currency transactions are translated into the functional currency at the exchange rates in effect at the time of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate are recognised in profit or loss.

Exchange rate effects from intercompany loans are recognised directly in equity if the loans meet the requirements of a net investment within the meaning of IAS 21.
The following exchange rates were used: Closing rate for GBP as at 31 December 2023: 1.15, average rate for 2023: 1.15, closing rate for SEK as at 31 December 2023: 11.10.

Property, plant and equipment
Property, plant and equipment is measured at cost, less depreciation and – if necessary – impairment losses. In addition to direct costs, cost includes the appropriate portions of necessary material and production overheads.
Subsequent costs, for example due to expansion or replacement investments, are only recognised in the cost of the asset or as a separate asset if it is probable that future economic benefits will flow to the Group as a result, and the costs of the asset can be reliably determined. Expenses for repairs and maintenance that do not represent a significant replacement investment are recognised as an expense in the income statement in the financial year in which they are incurred.

Property, plant and equipment is depreciated on a straight-line basis pro rata temporis over its expected useful life. The depreciation method, the useful lives and the residual carrying amounts are reviewed annually.
Impairment losses on property, plant and equipment are recognised in accordance with IAS 36 if the net realisable value or the value in use of the asset concerned has fallen below the carrying amount. If the reasons for an impairment loss recognised in previous years no longer apply, the impairment loss is reversed.

Gains and losses on disposals of property, plant and equipment are determined as the difference between the proceeds on disposal and the carrying amount of the property, plant and equipment and are recognised in the income statement.

With regard to right-of-use assets, we refer to section 6.1 of the Annex.

Intangible assets
(a) Goodwill
Goodwill arising from a business combination is initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contin-

gent liabilities acquired. After initial recognition, goodwill is measured at cost less any impairment losses recognised. Goodwill is tested for impairment at least annually.

(b) Trademarks, licences, patents and similar rights and assets

Purchased intangible assets are capitalised at cost. Acquired trademarks with finite useful lives are amortised on a straight-line basis over their economic useful lives of 40 years.

Acquired trademarks with an indefinite useful life are not amortised. At least once a year, in accordance with the provisions of IAS 36, an assessment is performed to determine whether the useful life is still indefinite and whether there is any impairment, which is then recognised in profit or loss.

(c) Computer software

Maintenance costs for computer software are recognised in the statement of comprehensive income in the period in which they are incurred. Purchased software is amortised over its usual useful life.

Impairment of non-monetary assets

Assets that have an indefinite useful life, such as goodwill, are not amortised; they are tested for impairment at least annually. Assets that are subject to amortisation are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purposes of the impairment test, assets are grouped at the lowest level for which cash flows can be identified separately (cash-generating units, or CGUs). With the exception of goodwill, non-monetary assets for which an impairment loss was recognised in the past are reviewed at each balance sheet date to determine whether the impairment loss should be reversed.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to the grants and that the grants will be received. Government grants are recognised in the income statement on a systematic basis over the period in which the expenses that are intended to compensate for the government grants are recognised. Government grants that are paid as compensation for expenses or losses already incurred or for immediate financial support without future related expenses are recognised in the period in which the corresponding claim arises. In the reporting period, government grants were mainly guaranteed in the form of relief amounts under the Electricity Price Reduction Act (StromPBG) around EUR 2.4 million. These were recognised as a reduction in the cost of sales.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets if their maturity date is no more than 12 months after the balance sheet date. Otherwise, they are reported as non-current assets.

The Company's loans and receivables are reported in the balance sheet under 'Trade and other receivables'.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Group has substantially transferred all risks and rewards of ownership. Loans and receivables are stated at amortized cost using the effecti-ve interest method.

Offsetting of financial instruments

Financial assets and liabilities are only netted and reported as a net amount in the balance sheet if there is a legal entitlement to netting and the intention is to settle on a net basis or to clear the associated liability by liquidating the asset concerned.

Impairment of financial instruments

An assessment is made at each balance sheet date as to whether there is objective evidence that a financial asset or group of financial assets is impaired.

In principle, a financial asset or group of financial assets is only impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and this loss event (or events) has an impact on the expected future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first determines whether there is objective evidence of impairment. The amount of the loss is calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows (excluding future credit losses that have not yet been incurred), discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the loss amount is recognised in profit or loss. If a loan or receivable has a variable interest rate, the discount rate used to measure the impairment loss corresponds to the current effective interest rate determined in accordance with the contract. The Group measures the impairment of a financial asset carried at amortised cost on the basis of the fair value of the financial instrument using an observable market price.

If the amount of the impairment is reduced in a subsequent period and this reduction results from circumstances that occurred after the initial recognition of the impairment (e.g. a better rating), the reversal is recognised in profit or loss.

The Group recognises an impairment loss for expected losses from financial investments in debt instruments measured at amortised cost or at fair value through other comprehensive income, receivables from finance leases, trade receivables, contract assets and financial guarantee contracts. The amount of the expected losses is updated on each balance sheet date to reflect changes in the default risk since the initial recognition of the respective financial instrument.

Inventories

Inventories include raw materials and consumables, merchandise and work in progress and finished goods valued at cost. If these cannot be determined by specific identification, the simplified measurement procedures permitted under IAS 2 are applied. In addition to direct costs, cost includes the appropriate portions of necessary material and production overheads. If the values are lower on the balance sheet date due to lower prices on the sales market, these values are recognised.

Trade receivables

Trade receivables are amounts due from goods sold or services rendered in the ordinary course of business. If the payment term is one year or less, the receivables are clas-sified as current. Otherwise, they are recognised as non-current receivables.

Trade receivables are measured at amortised cost using the effective interest method and deducting impairment losses.

Cash and cash equivalents

Cash and cash equivalents shown in the balance sheet include cash on hand, current account balances at banks, cheques and other short-term investments with a maturity of up to three months. Cash and cash equivalents in the consolidated cash flow statement are recogni-sed according to the above definition.

Subscribed capital

The limited partner contributions of the two limited partners are shown as subscribed capital.

Trade payables

Trade payables are payment obligations for goods and services acquired in the ordinary course of business. Liabilities are classified as current liabilities if the payment obligation is due within one year or less. Otherwise, they are recognised as non-current liabilities.

Trade payables are stated at amortized cost using the effective interest method.

Financial liabilities

Financial liabilities are initially recognised at amortised cost using the effective interest method. In subsequent periods, they are measured at amortised cost; any difference between the disbursement amount (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the loan using the effective interest method.

Contingent liabilities

Contingent liabilities, to the extent that they were not recognised as part of an acquisition, are possible or present obligations that arise from past events and for which an outflow of resources is not probable. According to IAS 37, such obligations are not to be recognised in the balance sheet but rather are to be disclosed in the annex. The amount of contingent liabilities is determined based on the principles on which provisions are measured.

Taxes

Current tax assets and tax liabilities

Deferred taxes are recognised for all temporary differences between the amounts recognised for tax purposes and those recognised in the consolidated balance sheet (temporary concept). Deferred taxes are also recognised on loss carryforwards if it is assumed that they can be used in the future. Deferrals are made in the amount of the expected tax burden or relief in subsequent financial years on the basis of the tax rate applicable at the time of realisation.

Deferred Taxes

Deferred tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised. Deferred tax liabilities arising from temporary differences relating to holdings in subsidiaries and associates are re-cognised unless the date of the reversal of the temporary differences can be determined by the Group and it is pro-bable that the temporary differences will not be reversed within a foreseeable period of time due to this influence.
Deferred tax assets and liabilities are netted if there is a legally enforceable right to net them, and if the deferred tax assets and liabilities refer to income taxes levied by the same tax authority for either the same taxpayer or for diffe-rent taxpayers intending to effect settlement on a net ba-sis.

Deferred tax liabilities for taxable temporary differences ari-sing from investments in subsidiaries or associates, as well as investments in joint ventures, are not recognised as long as a reversal of the temporary differences is not pro-bable in the foreseeable future.

Employee benefits

(a) Employer pension plans

Provisions for employer pension plans are set up on the basis of pension plans for individual commitments to retirement, invalidity and surviving dependants' benefits. These are commitments made by the subsidiaries in Germany and Italy. The Group's benefits vary based on the legal, tax and economic circumstances prevailing in each country and are generally dependent on employees' length of service and remuneration.

The company pension scheme is based on defined benefit plans and defined contribution payments in the form of statutory pension insurance. Pension provisions for defined benefit plans are calculated in accordance with IAS 19 (Employee Benefits) using the internationally accepted projected unit credit method. As part of this process, the future obligations are measured on the basis of the benefit entitlements acquired pro rata as at the balance sheet date. Measurement also takes into account expected future increases in salaries and pensions.

Actuarial gains or losses arise from portfolio changes and deviations of actual trends (e.g. income, pension increases) compared to the calculation assumptions. They are recognised in full in other comprehensive income in the financial year in which they arise.

The Group maintains defined benefit plans which establish an amount of pension benefits that an employee will receive upon retirement, usually dependent on one or more factors such as age, length of service and salary.
The provision for defined benefit plans recognised in the balance sheet corresponds to the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of the plan assets, adjusted for past service cost not recognised in profit or loss. The DBO is calculated annually by an independent actuarial expert using the projected unit credit method. The present value of the DBO is calculated by discounting the expected future cash outflows using the interest rate of high-quality corporate bonds. The corporate bonds are denominated in the currency of the payout amounts and have maturities that match the pension obligations.

If the fair value of the plan assets exceeds the present value of the obligation, a net defined benefit asset is recognised, taking into account the recognition restrictions set out in IAS 19.

Unvested past service cost is recognised in profit or loss either at the date of the change or at the date when the related restructuring costs or contract termination costs are recognised, whichever is earlier.

(b) Termination benefits

Termination benefits are paid if an employee is dismissed by a Group company before his or her regular retirement date or if an employee voluntarily leaves the employment relationship in return for a severance payment. The Group recognises severance payments when it is demonstrably committed to terminating the employment of current employees in accordance with a detailed formal plan that cannot be rescinded, or when it is demonstrably required to make severance payments upon voluntary termination by employees. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Provisions

In accordance with IAS 37, provisions are recognised to the extent that there is a present obligation to a third party 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 obligation.

In accordance with IAS 37, provisions are recognised for all identifiable risks and uncertain obligations in the amount of their probable occurrence and are not offset against recourse claims.

Provisions are measured at the present value of the expected expenses, using a pre-tax interest rate that takes into account current market expectations regarding the interest effect, as well as the risks specific to the obligation. Increases in provisions resulting from pure compounding are recognised in the income statement as interest expenses.

Derecognition of financial assets and liabilities

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognised when contractual rights to receive cash flows from a financial asset have expired. Loans and receivables are derecognised upon settlement.

Companies included in the scope of consolidation engage in factoring. The receivables sold are derecognised at the time of sale, as the requirements set out in IFRS 9.3.2.3 are met. The receivables are derecognised as soon as the opportunities and risks have been transferred to the factoring provider and there is no longer any power of disposal on the part of the factoring client.

Financial liabilities are derecognised when the obligation is settled, cancelled or has expired. Any differences between the amount paid and the carrying amount of the liability are recognised in profit or loss when the liability is derecognised.

Revenue and expense recognition

Revenue and other operating income

As a rule, revenue or other operating income is not recognised until the services have been rendered or the goods or products have been delivered, i.e. control has been transferred to the customer.

This is usually the case when the goods are delivered (delivery at a particular point in time). The fact that some customer contracts provide for volume-based discounts, rights of return or trade discounts is also taken into account. Volume-based discounts are determined based on historical experience (expectation method). There is no significant financing component due to the standard market payment term. If reliable determination is not possible, revenue is recognised only when certainty is obtained. Under IFRS 15, liabilities for expected refunds to customers are recognised as a reduction in revenue. An asset is recognised based on the right of recovery and a corresponding adjustment made to the cost of sales at the same time. The asset is recognised at its original carrying amount.

All contracted revenues are realised in the next 12 months.

Interest income

Interest income is recognised using the effective interest method. If a receivable is impaired, the Group writes off the carrying amount to the recoverable amount, which is the amount of the expected future cash flows discounted at the initial effective interest rate. The impaired receivable continues to accrue interest at the initial effective interest rate and is recognised as interest income. The interest income from impaired loan receivables is consequently also recognised using the effective interest rate.

Interest expenses

Interest on debt is capitalised as part of the cost if the assets are produced or acquired over a period of more than one year (qualifying assets). Other interest on debt is recognised as an expense in the period in which it is incurred.

Leases

Leases are accounted for in line with the requirements set out in IFRS 16.

This involves assessing at the contract inception whether a contract creates or contains a lease. The focus is on whether a contract entitles the holder to use an asset over a certain period of time in return for a fee. In principle, liabilities for the payment of lease instalments and assets embodying the right to use the leased asset are recognised. Short-term leases and low value leased assets are the exception.

3. BUSINESS COMBINATIONS AND OTHER TRANSACTIONS

Finalisation of the purchase price allocation for the acquisition of the oral care division

On 7 December 2022, Katjes International, through its subsidiary Bübchen Bodycare, acquired the oral care and part of the hair care business (the 'oral care division') from Henkel AG & Co. KGaA ('Henkel'). This includes the following five trademarks and all associated patents, formulas, customer lists, rights, etc.: Theramed, Antica Erboristeria, Vademecum, Licor del Polo, Denivit. In addition, a purchase agreement to take over the entire production site in Viersen was signed with Henkel on 7 December 2022. As expected, the site was transferred to the Company on 2 January 2024, including approximately 50 employees. Until then, Henkel continued to produce the goods for Bübchen Bodycare.

The Oral Care business division generated sales of EUR 49 million in 2022 and was profitable.

In EUR million	**7 Dec 2022**
Assets	
Property, plant and equipment	25.9
Intangible assets	23.8
Liabilities	
Financial liabilities	20.4
Pension provisions and similar obligations	3.1
Deferred tax liabilities	8.1
Total identifiable net assets at fair value	**18.1**

In connection with the acquisition of the assets, there was an outflow of cash amounting to EUR 14.0 million in the previous year. The remaining portion of the purchase price for the production facility in Viersen fell due on 2 January 2024 and was reported as a liability on the reporting date.

At the time of initial consolidation on 7 December 2022, a difference on the liabilities side in the amount of EUR 10.3 million was recognised in other operating income in accordance with the provisional purchase price allocation (largely with regard to the property, plant and equipment to be acquired). Prior to recognition, a reassessment was performed as to the completeness and accuracy of the recognition of all assets and liabilities acquired. The difference resulted mainly from the competitive situation at the time of acquisition.

In the financial year 2023, the property, plant and equipment to be acquired was valued by independent experts; the resulting changes in the recognition of assets were made retrospectively within the measurement period in accordance with IFRS 3.45 and accordingly accounted for in the previous year's figures. Other information that led to changes in the amounts recognised for assets or liabilities was also taken into account.

Shares in associates

Katjes International holds a stake of approximately 23% in CPK S.A.S., Paris, France as at 31 December 2023. The shares are recognised in the consolidated financial statements using the equity method.

The following table contains summarised financial information on the company

in EUR million	31 Dec 2023	31 Dec 2022
Current assets	4.5	2.0
Non-current assets	268.5	268.5
Current liabilities	6.1	1.5
Non-current liabilities	0.0	0.0
Cash and cash equivalents	0.1	1.0
in EUR million	**2023**	**2022**
Revenue from contracts with customers	1.4	2.0
Depreciation/amortisation	0.1	0.1
Financial result	-0.1	0.0

In the reporting year, Katjes International participated in the loss of CPK in the amount of around 23% or EUR -0.7 million (previous year: EUR -0.1 million).

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk management

The Group's operations are exposed to a variety of financial risks: market risk (including foreign currency risk, interest rate risk from changes in fair value, interest rate-related cash flow risk and market price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictable nature of developments in the financial and commodity markets, and aims to minimise the potential negative impact on the Group's financial position.

Risk management is the responsibility of the operating units and is regularly monitored by Katjes International. Certain areas, such as the handling of foreign currency risk, interest rate and credit risk, the purchase of raw materials, the use of derivative and non-derivative financial instruments, and investments of surplus liquidity are discussed at regular meetings.

(a) Market risk

Foreign currency risk

The Company operates mainly within the European Union. The vast majority of transactions are conducted in Euros. As at 31 December 2023, there are no hedging instruments to hedge currency risks.

Market price risk

The Company is subject to market price developments, particularly with regard to the raw materials sugar, glucose, cocoa, nuts, panthenol and energy. The Company counters this risk by concluding contracts with suppliers that generally have a term of three to 24 months.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from non-current interest-bearing liabilities. The liabilities with variable interest rates expose the Group to interest rate-related cash flow risks. The fixed-interest liabilities give rise to an interest rate risk from changes in fair value. The Group's variable-rate liabilities are denominated in Euros.

To hedge any interest rate risks, the Company makes use of derivatives (interest rate swaps) to an appropriate extent, provided this makes sense from a risk perspective.

The Group is also exposed to an interest rate risk from factoring. The risk relates to the development of the three-month and two-month Euribor on which the factoring contracts are based. If these interest rates had increased/fallen by 1%, profit after tax would have been EUR 0.8 million lower/EUR 0.8 million higher in the reporting year (2022: EUR 0.2 million lower/EUR 0.2 million higher).

(b) Credit risk

Credit risk is managed at Group and subsidiary level. Credit risks arise from cash and cash equivalents and deposits with banks and financial institutions, as well as from the utilisation of credit facilities by wholesale and retail customers, which include outstanding receivables. Individual risk limits are set based on internal or external ratings in line with limits set by management. Compliance with credit limits is monitored at regular intervals. No significant concentrations of risk were apparent as at the balance sheet date.
The maximum default risk is limited to the carrying amount (EUR 57.3 million; 2022: EUR 47.5 million).

Credit management sets payment conditions for each customer individually. In addition, receivables are monitored on an ongoing basis so that the Group is not exposed to any significant default risk.

No material credit limit was exceeded during the reporting period and management does not expect any material defaults due to non-performance by counterparties. Customer relationships are long-term and involve well-known, trustworthy companies. Credit insurance is also taken out for certain receivables.

(c) Liquidity risk

The Group monitors and updates its cash planning on a regular basis. The Group's aim is to cover the assets tied up in the long term through long-term financing and, moreover, to ensure that short-term financing requirements are covered through sufficient credit lines.

The following table shows the Group's financial liabilities by maturity class, based on the remaining term to maturity at the balance sheet date, in relation to the contractually agreed final maturity. The amounts shown in the table are undiscounted cash flows. Interest is not included in the information presented.

(See following page)

Maturity groups financial liabilities (duration as of balance sheet date)

in EUR million	Up to one year	One to two years	Two to five years	More than five years	Total	Carrying amount
As of 31 Dec 2022						
Non-current financial liabilities (incl. liabilities from leases)	0.0	125.4	13.1	3.1	**141.6**	**141.6**
Current financial liabilities (incl. liabilities from leases)(1)	32.0	0.0	0.0	0.0	**32.0**	**32.0**
thereof from lease liabilities	*3.0*	*1.6*	*1.6*	*0.2*	***6.4***	***6.4***
Trade payables and other liabilities	49.7	0.0	0.0	0.0	**49.7**	**49.7**
Income tax liabilities	1.4	0.0	0.0	0.0	**1.4**	**1.4**
As of 31 Dec 2023						
Non-current financial liabilities (incl. liabilities from leases)	0.0	15.1	137.4	4.2	**156.7**	**156.7**
Current financial liabilities (incl. liabilities from leases)	35.2	0.0	0.0	0.0	**35.2**	**35.2**
thereof from lease liabilities	*2.9*	*1.9*	*1.9*	*0.1*	***6.8***	***6.8***
Trade payables and other liabilities	56.7	0.0	0.0	0.0	**56.7**	**56.7**
Income tax liabilities	2.0	0.0	0.0	0.0	**2.0**	**2.0**

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

4.2 Capital risk management

The Group's objectives with regard to capital management are to safeguard its ability to continue as a going concern in order to continue to provide returns to shareholders and benefits to other stakeholders. Another objective is to maintain an optimal capital structure in order to reduce the cost of capital.

As is customary in the industry, the Group monitors its capital on the basis of its leverage, calculated from the ratio of net debt to total capital. Net debt is composed of financial liabilities less cash and cash equivalents. The total capital is calculated based on the equity according to the consolidated balance sheet, plus net debt.

Financial liabilities mainly include the corporate bond in the amount of EUR 115.0 million (2022: EUR 110.0 million) and accrued interest liabilities from the bond in the amount of EUR 2.1 million (2022: EUR 3.4 million), as well as liabilities to banks in the amount of EUR 56.3 million (2022: EUR 42.5 million). The liability from the takeover of the production site for the oral care division in the amount of EUR 6.4 million is also included. In addition, liabilities from leases in accordance with IFRS 16 are reported in the amount of EUR 6.8 million (2022: EUR 6.4 million). Financial liabilities also include liabilities from hire-purchase contracts in the amount of EUR 3.0 million (2022: EUR 2.7 million). In addition, the liability from the exercise of the purchase option for the remaining 25% of Dulcioliva is reported here (EUR 1.2 million).

in EUR million	Annex	2023	2022(1)
Financial liabilities	6.9	191.9	173.5
Less: Cash and cash equivalents	6.7	58.4	35.5
Net debt		133.5	138.0
Equity	6.8	175.8	167.0
Total capital		309.3	305.0
Leverage ratio		43%	45%

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

5. SIGNIFICANT ESTIMATES AND ASSUMPTIONS IN ACCOUNTING AND MEASUREMENT

The preparation of the consolidated financial statements in accordance with IFRS requires assumptions to be made for certain items that affect the amounts recognised in the Group's balance sheet or statement of comprehensive income and the disclosure of contingent liabilities.

Trademarks, licences, patents and similar rights and assets with indefinite useful lives

Forward-looking assumptions, based on which there is a risk that a significant adjustment of the carrying amounts of assets and liabilities will be required within the next few financial years, are taken into account in the measurement of intangible assets with an indefinite useful life. The Group tests for impairment at least annually at the balance sheet date.

Further information can be found in section 6.1 of the Annex.

Goodwill

Forward-looking assumptions, based on which there is a risk that a significant adjustment of the carrying amounts of assets and liabilities will be required within the next few financial years, are taken into account in the measurement of goodwill. The Group tests for goodwill impairment at least annually at the balance sheet date. This involves determining the revenue that can be generated by the cash-generating units to which the goodwill is allocated. To estimate this amount, the Group has to estimate the expected future cash flows from the cash-generating unit and also determine an appropriate discount rate to calculate the present value of these cash flows.

Deferred tax assets

Deferred tax assets are recognised, among other things, for unused tax loss carryforwards to the extent that it is probable that taxable income will be available against which the loss carryforwards can actually be utilized. Significant management judgement is required to determine the amount of deferred tax assets, based upon the likely timing and the amount of future taxable income together with future tax planning strategies. Further information can be found in section 6.11 of the Annex.

Pensions and similar obligations

The expense for pensions and similar post-employment obligations is determined on the basis of actuarial reports. The actuarial valuation is based on assumptions regarding discount rates, the expected return on plan assets, future salary increases, mortality and future pension increases. In line with the long-term nature of these plans, such estimates are subject to uncertainty. These assumptions may differ from the actual data due to changes in economic conditions or the market situation. Further information can be found in section 6.12 of the Annex.

The following items also contain estimates: Impairment losses on intangible assets and property, plant and equipment, specific loan loss provisions on receivables, impairment losses on inventories, measurement of provisions, purchase price allocation, revenue and the calculation of taxes. In the context of the application of IFRS 16, assumptions are also made when determining the incremental borrowing rate and in relation to the exercise of renewal or termination options.

6. NOTES TO THE BALANCE SHEET

6.1 Property, plant and equipment and intangible assets

The development of the individual balance sheet items is shown in the statement of changes in fixed assets on pages 88 and 89, with details of depreciation and amortisation for the financial year. Property, plant and equipment includes the following values from right-of-use assets in accordance with IFRS 16 for which the Group is the lessee:

in EUR million	31 Dec 2023	31 Dec 2022
Cost: capitalised right-of-use assets	17.8	14.3
Cumulative depreciation/amortisation	-11.1	-8.0
Carrying amount	**6.7**	**6.3**

Payments made under short-term leases and leases of low-value assets are recognised in the income statement on a straight-line basis. Leases with a term of less than 12 months are considered short-term. Low-value assets include, for example, smaller pieces of office furniture or IT hardware with a value of less than EUR 5,000. When determining lease terms, all facts and circumstances that provide an economic incentive to exercise an extension or termination option are evaluated.

The depreciation/amortisation period is based on the term of the underlying contract. The capitalised right-of-use assets can be broken down as follows:

in EUR million	31 Dec 2023	31 Dec 2022
Land and buildings	2.9	3.4
Machinery	0.2	0.2
Vehicles	2.0	1.0
Other operating equipment	1.6	1.7
Carrying amount	**6.7**	**6.3**

Depreciation of property, plant and equipment is mainly based on the following useful lives:

Buildings	27 to 40 yearse
Technical equipment and machinery; operating and office equipment	3 to 30 years

The measurement of the 'Harlekijntjes' brand at the time of initial consolidation was based on the relief-from-royalty method. The brand revenue generated in the 2015 financial year was applied, as was the forecast revenue for the financial years from 2016 onwards. The assumed royalty is 6.0%. The discount rate is 6.3%. The useful life is indefinite due to the strength of the brand. The brand value calculated using this method amounted to EUR 4.9 million.

The measurement of the 'Piasten' brand at the time of initial consolidation was based on the relief-from-royalty method. The brand revenue generated in the 2013/14 financial year was applied, as was the forecast revenue for the financial years from 2015 onwards. The assumed royalty was 2.0%. The discount rate was 7.5% and the useful life was 40 years. The brand value calculated using this method amounted to EUR 6.0 million.

The measurement of the 'Dallmann's' brand at the time of initial consolidation was based on the relief-from-royalty method. The brand revenue generated in the 2011 financial year was applied, as was the forecast revenue for the financial years from 2012 onwards. The assumed royalty was 9.5% and the discount rate was 8.4%. The useful life is indefinite due to the strength of the brand. The brand value calculated using this method amounted to EUR 7.7 million.

The measurement of brands belonging to Sperlari at the time of initial consolidation was based on the relief-from-royalty method. The brand revenue generated in the (pro rata) 2017 financial year was applied, as was the forecast revenue for the financial years from 2018 onwards. The assumed royalty was 3.5% and the discount rate was 6.4%. The useful life is 40 years. The brand value calculated using this method amounted to EUR 22.9 million.

The measurement of the brand belonging to Candy Kittens at the time of initial consolidation was based on the relief-from-royalty method. The forecast revenue of the brand for the financial years from 2021 onwards was taken as a basis. The assumed royalty was 6% and the discount rate was 8.3%. The useful life is indefinite due to the strength of the brand. The brand value calculated using this method amounted to EUR 9.8 million.

The measurement of the 'Bübchen' brand at the time of initial consolidation was based on the relief-from-royalty method. The brand revenue generated in the (pro rata) 2021 financial year was applied, as was the forecast revenue for the financial years from 2022 onwards. The assumed royalty was 4.0% and the discount rate was 5.0%. The useful life is 40 years. The brand value calculated using this method amounted to EUR 22.5 million.

The measurement of the 'Dulcioliva' brand at the time of initial consolidation was based on the relief-from-royalty method. The brand revenue generated in the (pro rata) 2021 financial year was applied, as was the forecast revenue for the financial years from 2022 onwards. The assumed royalty was 5.0% and the discount rate was 4.0%. The useful life is 40 years. The brand value calculated using this method amounted to EUR 7.6 million.

The measurement of the 'Paluani' brand at the time of initial consolidation was based on the relief-from-royalty method. The brand revenue generated in the (pro rata) 2022 financial year was applied, as was the forecast revenue for the financial years from 2022 onwards. The assumed royalty was 3.5% and the discount rate was 5.9%. The useful life is 40 years. The brand value calculated using this method amounted to EUR 7.1 million.

The measurement of the brands belonging to the oral care division (Theramed, Vademecum, Antica Erboristeria, Licor del Polo, Denivit) at the time of initial consolidation was based on the relief-from-royalty method. The brand revenue generated in the (pro rata) 2022 financial year was applied, as was the forecast revenue for the financial years from 2022 onwards. The assumed royalty was 4.0% and the discount rate was 5.7%. The useful life is 40 years. The brand value calculated using this method amounted to EUR 23.8 million.

The brand N.A.E. was recognised at cost at the time of acquisition.

6.2 Financial instruments by category

in EUR millions	Carrying amount	Fair value	IFRS 9 measurement
Financial assets:			
Other financial assets[3]	1.9	1.9*	FV OCI
Other financial assets[1]	2.3	2.3**	Amortised cost
Option[3]	0.0	0.0*	FV OCI
Total non-current	**4.2**	**4.2**	
Trade and other receivables[1]	57.3	57.3*	Amortised cost
Other financial assets[3]	0.0	0.0**	FV PL
Total current	**57.3**	**57.3**	
Total	**61.5**	**61.5**	
Financial liabilities:			
Interest-bearing loans[2]	36.5	36.5*	Amortised cost
Liabilities from the issuance of a bond[2]	115.0	123.1**	Amortised cost
Other financial liabilities[3]	1.2	1.2**	FV PL
Liabilities arising from derivatives[3]	0.0	0.0**	FV PL
Total non-current	**152.7**	**160.8**	
Trade payables and other liabilities[2]	56.7	56.7*	Amortised cost
Interest-bearing loans[2]	23.6	23.6*	Amortised cost
Total current	**80.3**	**80.3**	
Total	**233.0**	**241.1**	

The Group uses the following hierarchy to determine the fair values of financial instruments and for the purpose of disclosures according to the measurement techniques:
*): Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data (level III). Level III parameters for participations in companies are determined with the help of information on economic developments and available industry and company data.
**): Techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (level II). The fair value of debt instruments that are not actively traded, such as loans, borrowings and financial liabilities, as well as shares in unlisted companies, is determined by discounting the future cash flows. If discounting is necessary, this is based on current standard market interest rates over the remaining term of the financial instruments.
The market values of the other financial assets and liabilities correspond to the respective carrying amounts.
1) 'Loans and receivables' category
2) 'Financial liabilities and assets measured at amortised cost' category
3) Measured at fair value through profit or loss' category
There were no changes between the measurement hierarchies in the reporting year.

Interest-bearing financial liabilities

Interest-bearing financial liabilities increased compared to the previous year. The main changes arose from the increase of the bond and taking out new loans, repayments and the different drawdowns on existing lines partly offset the increase. Other financial liabilities mainly include liabilities from leases and the liability from the takeover of the production site for the oral care division.

Hedging future cash flows

As at 31 December 2023, the Group had three interest rate swaps (31 December 2022: three interest rate swaps) with a notional principal amount of EUR 6.0 million, EUR 0.3 million and EUR 1.7 million respectively (2022: EUR 8.2 million, EUR 0.9 million and EUR 3.3 million respectively). The interest rate swaps serve to hedge the risk of an increase in the variable interest rate and are structured accordingly. The reduction in the fair value of the interest rate swaps in the amount of EUR 0.0 million (31 December 2022: EUR 0.0 million.).

Interest-bearing financial liabilities	Interest rate in %	2023 in EUR million	2022 in EUR million
Corporate bond	6.75 (previous year: 4.25)	115.0	110.0
Bank loan kEUR 24.000	5.6	24.0	15.0
Bank loan kEUR 11.700	2.9	6.0	8.2
Bank loan kEUR 5.000	4.98	5.0	0.0
Bank loan kEUR 5.000	8.5	4.4	0.0
Bank loan kEUR 5.000	0.7	1.7	3.3
Bank loan kEUR 3.000	2.0	1.1	1.9
Bank loan kEUR 3.000	1.8	0.3	0.9
Bank loan kEUR 1.500	5.6	0.0	1.5
Other loans	Variable and fixed	12.5	11.7
Other financial interest-bearing liabilities(1)	Variable and fixed	8.9	10.7

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

6.3 Credit quality of financial assets

The credit quality of the financial assets is reviewed by the Group at regular intervals. Apart from impairment losses on trade receivables, there was no need for impairment as at the balance sheet date.

Cash and short-term deposits are mainly placed with banks. These have an appropriate rating.

6.4 Other non-current financial assets

in EUR million	31 Dec 2023	31 Dec 2022
Other financial assets (non-current)	4.2	7.7

As at 31 December 2023 this item mainly includes future payments from the transaction with CPK completed in 2018 and the non-current financial assets of Katjes International.

The fair values of the other financial assets correspond to their carrying amounts.

6.5 Trade and other receivables

in EUR million	31 Dec 2023	31 Dec 2022
Trade receivables	42.4	38.7
Less: Impairment losses	-0.4	-1.2
Net receivables	**42.0**	**37.5**
Other current financial assets	10.4	5.8
Prepayments, prepaid income and other receivables	4.9	4.2
Trade and other receivables	**57.3**	**47.5**

The fair values of trade receivables correspond to their carrying amounts.

As at the balance sheet date, trade receivables in the amount of EUR 0.9 million were more than six months overdue and were written off in full in the amount of EUR 0.9 million.

The other categories within trade and other receivables do not include any impaired assets.

The carrying amounts of the trade receivables and other receivables recognised in the Group are mainly denominated in Euros.

The maximum credit risk exposure on the reporting date corresponds to the carrying amount of each category of the above-mentioned receivables. The Group has not received any security deposits.

In the reporting year, 87% of Piasten's trade receivables, around 38% of Sperlari's trade receivables and 70% of Candy Kittens' trade receivables were sold to factoring companies. The receivables sold were derecognised, as the requirements set out in IFRS 9.3.2.3 are met.

6.6 Inventories

in EUR millions	31 Dec 2023	31 Dec 2022
Raw materials	20.8	17.7
Unfinished goods	2.8	3.1
Finished products and products for sale	22.8	15.4
Total	**46.4**	**36.2**

Impairment losses were recognised on inventories in the amount of EUR 0.9 million (2022: EUR 0.6 million). The cost of finished goods and works in progress recognised as an expense in the cost of sales amounted to EUR 19.4 million (2022: EUR 17.9 million). As at the balance sheet date, EUR 0.0 million (2022: EUR 3.7 million) of the inventory assets were deposited as collateral.

6.7 Cash and cash equivalents

in EUR millions	31 Dec 2023	31 Dec 2022
Balances at banks and cash on hand	58.4	35.5
Total	**58.4**	**35.5**

The carrying amount of cash and short-term deposits corresponds to the fair value.

6.8 Equity

in EUR millions	31 Dec 2023	31 Dec 2022
Fixed capital shares		
General partner	0.0	0.0
Limited partner Bastian Fassin	0.5	0.5
Limited partner Tobias Bachmüller	0.1	0.1
	0.6	**0.6**
Other reserves	2.0	2.0
Retained earnings	2.0	2.0
Profit carried forward(1)	153.5	138.1
Other comprehensive income	4.8	6.2
Result for the period	10.1	15.2
Shareholders' equity	**173.0**	**164.1**
Non-controlling interests	**3.0**	**2.9**
Total equity	**176.0**	**167.0**

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

The change in profit carried forward is the result of the retrospective finalisation of the purchase price allocation in the reporting year as well as the allocation of the previous year's result.

The disclosure of non-controlling interests relates to the minority interests in Candy Kittens and its subsidiary Longaim, as well as Tuckshop.

6.9 Interest-bearing and non-interest-bearing financial liabilities

in EUR millions	31 Dec 2023	31 Dec 2022
Non-current interest-bearing and non-interest-bearing financial liabilities		
Liabilities from the issuance of a bond	115.0	110.0
Liabilities to banks and other financial liabilities	37.7	28.2
Liabilities from leases	4.0	3.4
Total non-current liabilities	**156.7**	**141.6**
Current interest-bearing and non-interest-bearing financial liabilities		
Liabilities to banks and other financial liabilities(1)	30.2	25.6
Liabilities from leases	2.9	3.0
Interest liabilities	2.1	3.4
Total current liabilities	**35.2**	**32.0**
Total	**191.9**	**173.5**

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

Non-current liabilities do not include any significant non-cash items. Current liabilities also do not contain any significant non-cash effects.

Corporate bond

The outstanding 2019/2024 bond was refinanced prematurely at 100.5% on 12 November 2023. Due to high demand, a bond with an interest rate of 6.75% and a total volume of EUR 115 million was issued in September 2023 to redeem the previous bond. As part of the placement, existing investors in the 2019/2024 bond had the opportunity to exchange their holding of the existing bond.

Liabilities to banks

The fair value of liabilities to banks corresponds to the carrying amount.

Liabilities to banks include a loan granted as part of support measures to secure liquidity in 2020 (total of EUR 5.0 million, 31 December 2023: EUR 1.7 million). The loan was not granted by a development bank or similar institution, but it was secured by a state guarantee for the majority of the amount.

Liabilities from leases

in EUR millions	31 Dec 2023	31 Dec 2022
Liabilities from leasing contracts		
Up to one year	2.9	3.0
More than one year and up to five years	3.8	3.2
More than five years	0.1	0.2
Total	**6.8**	**6.4**

6.10 Trade payables and other liabilities

in EUR millions	31 Dec 2023	31 Dec 2022
Trade payables	43.5	38.7
Social security contributions	1.4	1.3
Wage and salary liabilities	3.7	3.7
Other	8.1	6.0
Total	**56.7**	**49.7**

6.11 Deferred taxes

The development in deferred taxes is shown below:

in EUR millions	31 Dec 2023	31 Dec 2022
On 1 January	**-24.3**	**-10.5**
Tax income/(expense) recognised through profit or loss in the reporting period	3.6	1.0
Tax income/(expense) recognised in other comprehensive income in the reporting period	0.1	-1.3
Deferred taxes resulting from business combinations[1]	0.0	-13.5
Other	0.2	0,0
On 31 December	**-20.4**	**-24.3**

The change in deferred tax assets and liabilities in the current year, without taking into account the netting of items outstanding with the same tax authority, is determined as follows:

Deferred tax assets in EUR millions	Pension liabilities	Losses carried forward	Other	Total
1 Jan 2022	**1.5**	**8.1**	**3.6**	**13.2**
(Expense)/income in the income statement	0.1	1,2	0,4	1.7
Deferred taxes resulting from business combinations[1]	0.9	0.0	2.6	3.5
Tax income/(expense) recognised in other comprehensive income	-1.3	0.0	0.0	-1.3
31 Dec 2022	**1.2**	**9.3**	**6.6**	**17.1**
(Expense)/income in the income statement	-0.1	-0.3	0.1	-0.3
Tax income/(expense) recognised in other comprehensive income	0.1	0.0	0.0	0.1
31 Dec 2023	**1.2**	**9.0**	**6.7**	**16.9**

Deferred tax liabilities in EUR millions	**Fixed assets**	**Changes in tax rates**	**Other**	**Total**
1 Jan 2022	**23.3**	**0.0**	**0.1**	**23.6**
Expense/(income) in the income statement	0.3	0.4	0,1	0.8
Tax income/(expense) recognised in other comprehensive income	0.0	0.0	0.0	0.0
Deferred taxes resulting from business combinations(1)	17.2	0,0	0,0	17.2
31 Dec 2022	**40.8**	**0.4**	**0.2**	**41.5**
Expense/(income) in the income statement	-2.2	-2.6	0.9	-3.9
Tax income/(expense) recognised in other comprehensive income	0.0	0.0	0.0	0.0
Other	-0.1	0.0	-0.1	-0.2
31 Dec 2023	**38.5**	**-2.2**	**1.0**	**37.3**

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

No deferred taxes were recognised on corporate tax loss carryforwards in the amount of EUR 35.8 million (2022: EUR 35.9 million), or on trade tax loss carryforwards in the amount of EUR 6.8 million (2022: EUR 6.2 million). There are also other unrecognised loss carryforwards of EUR 8.1 million (2022: EUR 8.3 million). The loss carryforwards in Germany and abroad can generally be carried forward indefinitely. A period of six years is taken as the planning horizon for the utilisation of the recognised loss carryforwards. One exception involves Dutch corporation loss carryforwards in the amount of EUR 1.3 million (2022: EUR 1.7 million), which expire in one to five years.

6.12 Pension obligations

As at 31 December 2023, the Group runs defined benefit plans in Germany and Italy based on employee remuneration at the time the employment relationship is terminated and length of service. Since May 2020, some funded benefit plans are reported in the Group:

in EUR millions	2023	2022(1)
Present value of funded benefit obligations	10.7	9.4
Fair value of plan assets	-9.8	-10.6
Obligation reported	0.9	0.0

In the prior year in connection with provisions of IAS 19.65, no asset resulting from the overfunding (EUR 1.2 million) was recognised.

The development of unfunded obligations as at 31 December 2023 is calculated as follows:

in EUR millions	2023	2022(1)
Present value of the unfunded obligations	8.5	7.1
Addition due to initial consolidation (obligation recognised)	0.0	3.1
Actuarial losses/(gains)Actuarial losses/(gains)	0.2	-1.2
Other	0.0	0.0
Provision recognised	**8.7**	**9.0**

In the reporting year, actuarial gains from the valuation of plan assets amounted to EUR 0.6 million and interest income to EUR 0.4 million.

The changes in the present value of the defined benefit obligations are shown in the following overview. The partially opposing developments of the plan assets are included.

in EUR millions	2023	2022(1)
Obligation at the beginning of the financial year	9.0	11.7
Addition due to initial consolidation (obligation recognised)	0.0	3.1
Current service cost	0.5	0.5
Interest expense	0.5	0.2
Actuarial losses/(gains)	-1.3	-5.4
Pension payments	1.3	-0.9
Other	-0.4	-0.2
Present value of funded benefit obligations	**9.6**	**9.0**

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

The expected return on plan assets in the reporting year was EUR 0.5 million.

Pension provisions were calculated based on the following assumptions regarding expected salary and pension increases:

in %	2023	2022
Discount rate	3.2%-3.6%	3.7%-4.2%
Inflation rate	0.0%-2.0%	0.0%-2.3%
Future salary increases	0.0%-3.0%	0.0%-2.8%
Future pension increases	0.0%-2.0%	0.0%-2.0%

The expected mortality figures used are based on published statistics and empirical values in Italy and Germany.

The sensitivity of the total pension obligation to changes in the weighted principal assumptions is as follows (please note that the parameters shown are closely related to each other, meaning that changes in only one individual parameter are not likely):

	Change in assumption	Impact on obligation
Discount rate	Increase/decrease by 0.5 %	Increase/decrease by up to 4.1%/ up to -5.2%
Inflation rate	Increase/decrease by 0.5 %	Increase/decrease by up to 5.2 %
Expected mortality	Increase by one year	Increase by up to 8.96%

6.13 Provisions

in EUR millions	Start of the financial year	Utilisation	Additions	Reversals	End of the financial year
Non-current (more than one year)					
Provision for long-service bonuses	0.5	0.0	0.1	0.0	0.6
Other	0.3	-0.2	0.0	0.0	0.1
Total	**0.8**	**-0.2**	**0.1**	**0.0**	**0.7**
Current (less than one year)					
Personnel related provisions	1.5	-1.1	2.2	-0.1	2.5
Provision for returns	5.1	-5.1	5.4	0.0	5.4
Provision for outstanding invoices	2.9	-2.7	4.8	-0.3	4.7
Other	2.5	-14.2	15.9	-0.1	4.1
Total	**12.0**	**-23.1**	**28.3**	**-0.5**	**16.7**

The payment of the current provisions is mainly expected within the following year, the payment of the non-current provisions mainly within the next five years.

7. NOTES TO THE CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

7.1 Revenue

Group revenue by business line:

in EUR million	2023	2022
Confectionery	156.2	127.0
Body care products	87.0	55.4
Chocolate	59.4	55.2
Seasonals	46.7	37.2
Other	28.1	19.7
Total	**377.4**	**294.5**

7.2 Cost of sales, distribution costs, administrative costs

in EUR million	2023	2022
Cost of sales	295.5	243.2
Distribution costs	31.7	29.4
Administrative costs	35.7	29.6
Total	**362.9**	**302.2**

The expenses include in detail:

in EUR million	2023	2022
Cost of raw materials, consumables and supplies, and purchased merchandise	204.4	158.4
Personnel expenses	65.1	57.9
Depreciation and amortisation	18.1	15.1
Transportation costs	16.8	13.8
Energy	12.6	12.5
Advertising costs	12.2	11.7
Legal and advisory costs	5.5	6.5
Expenses for temporary workers	5.7	6.0
Maintenance	4.8	4.0
Total expenditures on purchased services	1.8	1.8
Insurance	0.7	0.9
Change in inventories	-2.9	-1.0
Other expenses	18.1	14.6
Total	**362.9**	**302.2**

Personnel expenses

in EUR million	2023	2022
Wages and salaries	50.7	44.9
Social security	11.5	10.4
Post-employment costs	1.8	1.9
Other personnel expenses	1.1	0.7
Total	**65.1**	**57.9**

In the reporting year, contributions to statutory pension insurance totalled around EUR 6.5 million.

The average number of employees in the reporting year was:

	2023	2022
Blue-collar workers	656	650
Salaried employees	318	308
Other	24	22
Total	**998**	**980**

In the past financial year, expenses for severance payments were incurred in the amount of EUR 0.2 million (2022: EUR 1.2 million).

Auditor's fees

The following fees paid to the auditor of the consolidated financial statements were recognised as expenses incurred by the Group:

in EUR million	2023	2022
Fees for audit services	0.5	0.4
Tax consultancy services	0.1	0.1
Other services	0.0	0.1
Total	**0.6**	**0.6**

Of this amount, EUR 0.2 million of the audit services were attributable to foreign subsidiaries in the scope of consolidation.

7.3 Other operating result

Other operating income

in EUR million	2023	2022
Recognition of negative goodwill in profit or loss	0.0	24.4
Income from the reversal of provisions	0.5	0.7
Other	7.9	5.9
Total	**8.4**	**31.0**

This item mainly includes income relating to other periods. In addition to income from the reversal of provisions, other operating income mainly results from settlements with several contracting parties.

Other operating expenses

in EUR million	2023	2022
Other taxes	0.1	0.1
Other	0.3	1.0
Total	**0.4**	**1.1**

7.4 Financial result

Financial expenses

in EUR million	2023	2022
Interest expenses corporate bond	6.5	4.7
Interest expenses banks	3.6	1.2
Loss participation eat-equity investments	0.7	0.1
Interest expenses – leasing	0.2	0.2
Other	0.8	0.6
Total	**12.0**	**6.8**

The expenses from the interest cost of liabilities within the meaning of IFRS 16 amounted to EUR 0.2 million in the reporting year.

Financial income mainly includes income from invested credit balances amounting to EUR 0.3 million and income from loans to related parties (EUR 0.1 million; previous year: EUR 0.3 million).

7.5 Income Taxes

in EUR million	2023	2022
Current tax expense/(income):		
Germany	4.2	1.8
Other countries	0.2	0.0
	4.4	**1.8**
Deferred tax expense/(income):		
Germany	-3.1	-0.6
Other countries	-0.4	-0.2
	-3.5	**-0.8**
of which temporary differences	*-0.5*	*-0.2*
Total	**0.9**	**1.0**

The effective tax burden is as follows:

in EUR million	2023	2022
Earnings before income taxes	11.1	15.8
Income taxes 12.37% (2022: 12.30%)	1.4	2.0
Differences at the group tax rate	2.0	4.2
Non-taxable expenses	0.5	0.6
Effects from purchase price allocation	0.0	-7.2
Non-taxable income	-1.3	-1.3
Tax rate changes	-2.6	0.4
Tax losses carried forward not recognized	0.7	1.4
Other	0.2	0.9
Tax expense/(income):	**0.9**	**1.0**

The expected tax rate of 12.4% (2022: 12.3%) is the average trade tax rate of the German parent company.
For taxable temporary differences in connection with shares in subsidiaries in the amount of EUR 654.2 million (2022: EUR 562.1 million), no deferred taxes were recognised as at 31 December 2023 because the Company can control the reversal and there will be no reversals in the foreseeable future.

8. SEGMENT REPORTING

The Katjes International Group, through its subsidiaries, is a manufacturer and supplier of FMCG (fast moving consumer goods) confectionery and personal care products. The products are sold primarily through food retailers and drugstores. The focus is on the distribution of strong and well-known brands – such as Sperlari, Treets – The Peanut Company or Dallmann's and Bübchen, as well as Candy Kittens and brands from the oral care sector and N.A.E. – with a focus on the European region. The reporting on operating segments in accordance with IFRS 8 is based on the internal organisational and reporting structure.

The general partner of Katjes International GmbH & Co. KG is the chief operating decision maker throughout the group, allocating resources and evaluating performance at group level. The main indicator for performance measurement and management is the operating result (EBITDA).

Internal reporting and management is based on the 'FMCG' segment.

The measurement principles used for segment reporting are based on the International Financial Reporting Standards (IFRS).

Group revenue by region:

in EUR million	**2023**	**2022**
Italy	115.5	86.0
Germany	104.4	86.7
Netherlands	16.5	15.5
UK	15.1	14.2
Other EU countries + Switzerland	107.8	76.3
Non-EU countries	18.1	15.8
Total	**377.4**	**294.5**

Our approximately 23% stake in CPK, the number two in the French sugar confectionery market, is consolidated using the equity method. As a result, its revenue in France, Belgium, the UK and other export markets is not shown here.

The group's non-current assets comprise property, plant and equipment, intangible assets and other financial assets, as well as financial investments.

Non-current assets of the Group:

in EUR million	2023	2022
Germany	132.4	121.5
Italy	94.9	97.2
Netherlands	71.1	71.9
UK	10.3	10.6
Total	**308.8**	**301.2**

Non-current assets (Netherlands) include an investment of EUR 63.7 million that is accounted for using the equity method.

For more detailed information, please refer to section 3.

9. OBLIGATIONS FROM LEASES

The Company has entered into rental and lease agreements (leases within the meaning of IFRS 16). These are mainly for vehicles, technical equipment and office equipment. The payments expected under these leases are as follows:

in EUR million	2023	2022
Due within one year	2.9	3.0
Due between one and five years	3.8	3.2
Due after five or more years	0.1	0.2
Total	**6.8**	**6.4**

10. LEGAL DISPUTES

Katjes International GmbH & Co. KG or its group companies are not involved as a defendant in current or foreseeable legal or arbitration proceedings that could have a significant influence on the economic situation or have had such an influence within the last two years. Appropriate provisions have been set up at the relevant group company for any financial burdens arising from other legal or arbitration proceedings.

11. TRANSACTIONS WITH RELATED PARTIES

Related parties within the meaning of IAS 24 are persons or entities that can be influenced by the reporting entity or that can influence the reporting entity.

The parent company is managed by the general partner Xaver Fassin International GmbH, whose shareholders are Mr Bastian Fassin and Mr Tobias Bachmüller. These individuals are also the limited partners of the parent company.

The following transactions were conducted with related parties:

in EUR million	2023	2022
Trade payable for goods and services to Katjes Germany	2.0	1.2
Interest-bearing clearing accounts of the limited partners	0.5	0.5
Sale of goods to Katjes Germany	0.3	0.3
Purchase of goods and services from Katjes Germany	14.7	10.2
Total remuneration paid to the management*	0.3	0.3
Other income	7.7	5.0
Loans to related companies	1.8	3.6

**Remuneration paid to the general partner.*

All business relationships are conducted at arm's length and are not collateralised.
The interest-bearing clearing accounts of the limited partners bear interest at a rate of 5.0% (2022: 5.0%).

With reference to the protective clause set out in section 286 (4) of the German Commercial Code (HGB) (in conjunction with section 315e (3) in conjunction with (1)), the remuneration paid to the executive bodies beyond the remuneration paid to the general partner is not disclosed.

12. EVENTS AFTER THE BALANCE SHEET DATE

The Katjes International 2023/2028 bond, which was for the first time structured as a Nordic bond, was included in the Nordic ABM of the Oslo Stock Exchange at the end of January 2024 as planned within six months of the issue date.

The takeover of the production site in Viersen for Henkel's Oral Care division took place as planned on 2 January 2024.

Beyond this, no events of particular significance or with a significant impact on the earnings, financial or asset situation occurred after the reporting date of 31 December 2023 of which the management of Katjes International is aware.

13. DISCLOSURES REGARDING SECTION 264 (3) (HGB)

The domestic subsidiaries listed below, which have the legal form of a corporation, make use of the exemption from certain regulations on the preparation, auditing and publication of the annual financial statements/management report pursuant to section 264 (3) HGB:

- Piasten GmbH
- Dallmann's Pharma Candy GmbH
- Katjes 24 GmbH
- Bübchen Skincare GmbH

These consolidated financial statements were approved for publication by the management on 27 March 2024.

Emmerich, 27 March 2024

Katjes International GmbH & Co. KG
The management

V. APPENDICES

(TRANSLATION FROM THE GERMAN LANGUAGE)

Information on shareholdings

in %	2023		2022	
Germany				
Katjes France GmbH, Emmerich am Rhein	100	A	100	A
Katjes Nederland GmbH, Emmerich am Rhein	100	A	100	A
Katjes 21 GmbH, Emmerich am Rhein	100	A	100	A
Dallmann's Pharma Candy GmbH, Hofheim am Taunus	100	A	100	A
Candy Pharma GmbH, Hofheim am Taunus	100	A	100	A
Piasten GmbH, Forchheim	100	A	100	A
Treets GmbH, Forchheim	100	A	100	A
CCV-Vertriebs-GmbH, Forchheim	100	A	100	A
Katjes 24 GmbH, Emmerich	100	A	100	A
Katjes Italy GmbH, Emmerich	100	A	100	A
Bübchen Skincare GmbH (previous: Dallmann's Pharma GmbH), Hofheim am Taunus	100	A	100	A
Bübchen-Werk Ewald Hermes Pharmazeutische Fabrik GmbH, Soest	100	A	100	A
Bübchen Bodycare GmbH, Düsseldorf	100	A	100	A
Candy Kittens EU GmbH, Emmerich	100	A	100	A
Pharma Candy Management GmbH	100	A	100	A
Pharma Candy GmbH & Co. KG	99.9	A	99.9	A
Blaue Helden GmbH, Bad Homburg	11,1	—	16.1	—

in %	2023		2022	
Other countries				
Heel Veel Snoepjes B.V., Nijkerk, Netherlands	100	A	100	A
Harlekijntjes B.V., Nijkerk, Netherlands	100	A	100	A
ÖZW Österreichische Zuckerwaren GmbH, Innsbruck / Austria	100	A	100	A
Sperlari S.r.l., Cremona, Italy	100	A	100	A
Dulcioliva S.r.l., Borgo San Dalmazzo, Italy	75	A	75	A
Paluani 1921 S.r.l., Verona, Italy	100	A	100	A
Candy Kittens Ltd., London, UK	56.5	A	56.5	A
Longaim Ltd, London, UK	56.5	A	56.5	A
Tuckshop Ltd, London, UK	75	A	75	A
CPK S.A.S., Paris, France	23	B	23	B
Nuud Snacks Ltd, London ,UK	10	—	10	—

The following companies in Germany were in the process of being founded as at 31 December 2023: Theramed GmbH, Düsseldorf, Smile Cosmetics GmbH, Düsseldorf, Antica Erboristeria GmbH, Düsseldorf, Laboratoires Vademecum GmbH, Düsseldorf, Licor del Polo GmbH, Düsseldorf.

A: Included in the consolidated financial statements as fully consolidated subsidiaries
B: Included in the consolidated financial statements as an associate accounted for using the equity method

Statement of changes in fixed assets as at 31 December 2023

(in EUR million)

	HISTORICAL COST						DEPRECIATION/AMORTISATION					CARRYING AMOUNTS	
	As at 1 Jan 2023[1]	Additions	Initial consoilidation	Transfers	Disposals/ Currency effects	As at 31 Dec 2023	As at 1 Jan 2023[1]	Additions	Initial consoilidation	Disposals	As at 31 Dec 2023	As at 31 Dec 2023	As at 31 Dec 2022[1]
INTANGIBLE ASSETS													
1. Purchased concessions, industrial rights and similar rights and assets, and licences in such rights and assets	121.2	4.8	0.0	0.0	0.2	126.2	11.8	4.1	0.0	0.0	15.8	110.4	109.4
2. Goodwill	0.3	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.3	0,3
3. Assets under construction	0.0	1.6	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0	1.6	0.0
	121.5	6.4	0.0	0.0	0.2	128.1	11.8	4.1	0.0	0.0	15.8	112.4	109.7
PROPERTY, PLANT AND EQUIPMENT													
4.Land, land rights and buildings, including buildings on third-party land	83.5	1.2	0.0	0.0	0.0	84.7	11.9	2.5	0.0	0.0	14.4	70.2	71.6
5. Technical equipment and machinery, other equipment, operating and of-fice equipment	110.3	5.3	0.0	0.0	-1.0	114.6	57.7	8.4	0.0	-1.0	65,1	49.5	52.6
6. Prepayments and assets under construction	1.8	1.4	0.0	0.0	-0.5	2.7	0.0	0.0	0.0	0.0	0.0	2.7	1.8
	195.5	7.9	0.0	0.0	-1.5	202,0	69.6	10.9	0.0	-1.0	79.6	122.4	126.0
	317.0	14.3	0.0	0.0	-1.3	330.1	81.3	14,9	0.0	-1.0	95.4	234.8	235.7
Right-of-use assets	14.2	3.5	0.0	0.0	0.0	17.7	7.9	3.1	0.0	0.0	11.0	6.7	6.3
At-equity investments	64.4	0.0	0.0	0.0	-0.7	63.7	0.0	0.0	0.0	0.0	0.0	63.7	64.4
Participation	2.6	0.0	0.0	0.0	0.0	2.6	0.0	0.7	0.0	0.0	0.7	1.9	2.6
	398.2	17.8	0.0	0.0	-2.0	414.0	89.2	18.7	0.0	–1.0	107.0	307.1	309.0

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

Statement of changes in fixed assets as at 31 December 2022[1]

(in EUR million)

	HISTORICAL COST						DEPRECIATION/AMORTISATION					CARRYING AMOUNTS	
	As at 1 Jan 2022	Additions	Initial consoildation	Transfers	Disposals/ Currency effects	As at 31 Dec 2022	As at 1 Jan 2022	Additions	Initial consoildation	Disposals	As at 31 Dec 2022	As at 31 Dec 2022	As at 31 Dec 2021
INTANGIBLE ASSETS													
1. Purchased concessions, industrial rights and similar rights and assets, and licences in such rights and assets	89.1	1.3	30.9	0.4	-0.5	121.2	8.8	2.9	0.1	0.0	11.8	109.4	80.3
2. Goodwill	0.3	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0,3	0.4
3. Assets under construction	0.4	0.0	0,0	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
	89.8	1.3	30.9	0.0	-0.5	121.5	8.8	2.9	0.1	0.0	11.8	109.7	81.1
PROPERTY, PLANT AND EQUIPMENT													
4. Land, land rights and buildings, including buildings on third-party land	48.7	0.3	34.3	0.2	0.0	83.5	10.1	1.6	0.2	0.0	11.9	71.6	38.7
5. Technical equipment and machinery, other equipment, operating and office equipment	92.7	5.8	12.3	0.0	-0.4	110.3	49.7	7.7	0.5	-0.2	57.7	52.6	43.0
6. Prepayments and assets under construction	1.2	0.8	0.0	-0.2	0.0	1.8	0.0	0.0	0.0	0.0	0.0	1.8	1.2
	142.6	6.7	46.6	0.0	-0.4	195.5	59.7	9.3	0.7	-0.2	69.6	126.0	82.9
	232.4	8.0	77.5	0.0	-0.8	317.0	68.5	12.3	0.8	-0.2	81.3	235.7	164.0
Right-of-use assets	12.2	1.9	0.0	0.0	0.0	14.2	5.6	2.3	0.0	0.0	7.9	6.3	6.5
At-equity investments	64.5	0.0	0.0	0.0	-0.1	64.4	0.0	0.0	0.0	0.0	0.0	64.4	64.5
Participations	1.8	0.8	0.0	0.0	0.0	2.6	0.0	0.0	0.0	0.0	0.0	2.6	1.8
	310.9	10.7	77.5	0.0	–0.9	398.2	74.1	14.6	0.8	-0.2	89.2	309.0	236.8

(1) The previous year's figures have been adjusted due to the retrospective effects of the purchase price allocation finalised in the reporting year.

VI. INDEPENDENT AUDITORS' REPORT

(TRANSLATION FROM THE GERMAN LANGUAGE)

INDEPENDENT AUDITORS' REPORT

Reproduction of the auditor's report

To Katjes International GmbH & Co. KG

Opinions

We have audited the consolidated financial statements of Katjes International GmbH & Co. KG, Emmerich, and its subsidiaries (the Group), which comprise the consolidated income statement und consolidated statement of other comprehensive income for the fiscal year from 1 January 2023 to 31 December 2023, the consolidated balance sheet as at 31 December 2023, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from 1 January 2023 to 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Katjes International GmbH & Co. KG for the fiscal year from 1 January 2023 to 31 December 2023.
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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 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 fiscal year from 1 January 2023 to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 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 group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

The executive directors are responsible for the other information. The other information comprises the following parts to be included in the annual report, of which we obtained a copy prior to issuing this auditor's report, in particular:

- the introduction to the annual report,

but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec 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 group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB 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 group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the 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 group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with 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 group 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 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 re-garding, among other matters, the planned scope and ti-ming of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, 27th March 2024

EY GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft

Michael	Ulrich
Wirtschaftsprüfer	Wirtschaftsprüfer

LEGAL INFORMATION

Contact
Katjes International GmbH & Co. KG
Dechant-Sprünken-Straße 53-57
46446 Emmerich
http://www.katjes-international.de

Corporate Communications
Tel.: +49 2822 / 601-700
Fax: +49 2822 / 601-125
E-Mail: info@katjes-international.de

Concept, text, design and editing
Katjes International GmbH & Co. KG

All reports are available for download at:
http://www.katjes-international.de/en/

DISCLAIMER

This report contains forward-looking statements that are based on the current assumptions and estimates of the management of Katjes International GmbH & Co. KG. Forward-looking statements are identified by the use of words such as expect, intend, plan, anticipate, assume, believe, estimate and similar formulations.

These statements are not to be understood as guarantees that these expectations will prove to be correct. The future development and the results actually achieved by Katjes International GmbH & Co. KG and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements.

Various of these factors are beyond the company's control and cannot be accurately estimated in advance, such as the future economic environment and the behaviour of competitors and other market participants. The company neither plans nor undertakes to update any forward-looking statements.