Management Report of the Uzin Utz Group for the Financial 2023

Group Management Report of the Uzin Utz Group for the Financial Year from 01 January 2023 to 31 December 2023*.

Reporting is in EUR thousand. The preparation of the consolidated financial statements in EUR thousand may result in rounding differences, as the calculations of the individual items are based on figures in EUR.

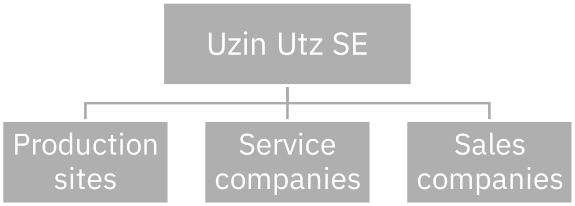
Principles of the Group

Business model

As a globally active full-range supplier in the flooring sector, we support professional floor layers in all their areas of responsibility with our six brands. The clear focus on the core competence of flooring is our worldwide concern. This enables us to develop comprehensive system solutions without having to make compromises. We offer our customers a wide range of products for soil cultivation, from construction chemical product systems and surface finishes to machines. Our goal is to optimally combine state-of-the-art technology and the wishes of our customers, while acting in a sustainable and growth-oriented manner. In order to ensure this, we are in constant exchange with floor layers and other processors of our products. We see ourselves as a partner of the trade and as the innovation engine of the industry. That is why research and development is so important to us. The focus is on the development of healthy and environmentally friendly building products. The Uzin Utz Group is active in 53 countries, 20 of which have their own production and/or sales companies (as of March 2024). The company's business focus is predominantly in Germany and the other European markets, as well as in North America. However, the company also has production facilities in China and Indonesia.

At the top of the group structure is Uzin Utz SE with its registered office in Ulm. As Uzin Utz SE is a European company, it is primarily regulated by the provisions of the European SE Regulation (COUNCIL REGULATION (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European company (SE) (OJ L 294 of November 10, 2001) as well as the national SE Act (SE Implementation Act) of December 22, 2004 (BGBl. I p. 3675). In terms of content, the national Stock Corporation Act regularly applies by way of references, in particular Art. 9 para. 1 SE Regulation. In order to maintain the clarity of the presentation, this annual report refrains from quoting the complete chain of norms in each case. Any reference to provisions of the Stock Corporation Act shall be understood as a reference within the meaning of the reference provisions of the specific SE law.

Uzin Utz SE performs the tasks of group management. In addition to research, development, production and sales of environmentally friendly and sustainable building products, it thus has a central management and administrative function. In annual international planning meetings, strategic and sustainable decisions are discussed together with the subsidiaries, enabling the Executive Board to make well-founded decisions. Structurally, the companies are subdivided as follows:



A detailed view of the shareholdings of all Group companies can be found in the notes to the Consolidated Financial Statements.

With the six brands UZIN, WOLFF, PALLMANN, Arturo, codex and Pajarito, we offer our customers floor expertise built up over decades on the international market for the new installation, renovation and value retention of all types of floor coverings.

*All previous year's figures in brackets. For reasons of better readability, only the masculine form is used in some places when referring to persons and person-related nouns. Corresponding terms apply to all genders in the interests of equal treatment. The abbreviated form is for editorial reasons only and does not imply any judgement.

Strategy and goals

Internal success factors

The focus for 2024 remains on pursuing the goals set out in the Passion 2025 strategy. By focusing on these goals, we are creating sustainable and healthy growth through the efforts of our global employees and investments. Our internal success factors are based on the following four pillars (4 P's):

- Profit
- Products & Services
- People
- Planet

Our goal is to exploit the full potential in each of these areas in order to continue to lead our customers and ourselves to success in the future. We want to motivate and train our employees through support and further development measures so that they can be deployed in the company according to their strengths. In doing so, we will create the conditions for an innovative working environment in increasingly international teams. Transparent processes and the exchange of knowledge across countries and brand companies are essential here. In addition, the relationships with our customers and partners are a central component of the People thrust. The cultivation of these relationships is elementary in order to be able to continue to develop benefit-oriented products and services that delight our customers. Uzin Utz is an internationally oriented company, which is why our customers worldwide are looked after and supported by our local sales teams. Only through close cooperation with the craftsmen is it possible to offer our customers the customised products and services mentioned.

Another important component of Uzin Utz's corporate culture is sustainability. Within the framework of this thrust, the topics of resources and the environment are brought closer into focus. The aim of Uzin Utz is to constantly make an even greater contribution to sustainability and to take on a pioneering role within the industry.

Our core markets are in Germany, the Netherlands and Switzerland. Growth markets for Uzin Utz are the UK, USA and France. In addition to our core and growth markets, we also want to grow continuously outside these regions and gain market share in order to achieve our planned sales target of more than EUR 550 million in 2025. This goal is part of our Passion 2025 corporate strategy, but our focus is not on short-term sales maximisation, but on sustainable and healthy growth. This is reflected in the EBIT margin target of more than 8% by 2025.

Internal organization and decision making

Direct decision-making channels and the flattest possible hierarchies are the basic principles of the Group's internal organisation. All important decisions are prepared in departmental and divisional committees and passed on to the respective managing director or board member with a decision recommendation. The managing director of the associated company then discusses the decision recommendation with the board of directors of Uzin Utz SE. The Executive Board of Uzin Utz SE submits all transactions requiring approval to the Supervisory Board for decision.

Internal control system

Uzin Utz wants to grow sustainably and operate successfully. In order to make this possible, a variety of mechanisms and key figures are used to map area-specific processes and make them measurable. Budget and corporate targets are set on the basis of these key operating figures. The Executive Board monitors developments in the Group by means of a monthly reporting system, which enables it to respond directly to current business developments. Across all divisions, Uzin Utz focuses on the following financial indicators and key figures:

Key figures	Determination
Sales revenues	Statement of comprehensive income
Earnings before interest and taxes (EBIT)	Statement of comprehensive income
EBIT margin	EBIT/Turnover
Cash flow from operating activities of the Group	Cash flow statement
Return on equity	EBIT/Equity
Equity ratio	Equity/Balance sheet total

The performance of the subsidiaries within the Group can be analysed on the basis of sales and EBIT.

The EBIT margin reflects the relationship between EBIT and turnover. It shows how much of the turnover generated could ultimately be transferred to the operating result. In the event of deviations, a detailed breakdown of the income and expense items enables us to analyse the causes. This enables us to initiate appropriate countermeasures in a targeted manner.

Cash flow from operating activities - also known as operating cash flow - provides an overview of the cash and cash equivalents generated by operating activities.

The return on equity can be determined with the help of the return on equity. It is calculated from the quotient of EBIT and the opening balance of equity in the respective reporting year. It is an important key figure for our shareholders, as it enables investors to assess the profitability of the capital employed and is therefore monitored regularly.

The equity ratio is an indicator of the risk and creditworthiness of a company. A high equity ratio reduces the insolvency risk from over-indebtedness and insolvency. The higher the equity ratio of a company, the higher its financial stability and independence from lenders. The primary objective of the Group's capital management is to ensure that a high credit rating and a good equity ratio are maintained to support the business and maximise shareholder value.

Uzin Utz fundamentally pursues the goal of sustainably securing its equity base and generating an appropriate return on capital employed. The Group's accounting capital acts as a passive control criterion, while sales and EBIT are used as active control parameters.

The equity ratio has a positive impact on the equity ratio and a negative impact on the return on equity, which is why both ratios are regularly reported to the Executive Board.

In addition to financial indicators, the Group also uses non-financial performance indicators.

Key figures	Determination
Capacity utilization	Production quantity/capacity
Novelty ratio	Sales revenues own products younger than 5 years/total sales revenue of all own products
Health ratio	Actual workdays/planned workdays

We regularly calculate the capacity utilization of our production sites in order to analyse performance. In this way, optimizations of the work processes can be created.

Uzin Utz sees itself as an innovator in the industry, which is why it is essential to further develop our existing products, but also to secure our lead over the competition through new products. Due to this pioneering position, the novelty rate is an essential key figure for Uzin Utz. The novelty rate is calculated on the basis of the quotient of sales with own products, which have new, unprecedented or greatly improved properties, whose marketing exploitation is verifiable and which are not older than five years, in relation to the total sales of all our own products.

The health quota gives us an overview of the number of days worked by our employees worldwide. It is determined by the quotient of the actual number of working days and the target number of working days. In addition, the health rate can be used to draw conclusions about employee satisfaction.

Research and development

In the construction chemicals industry, innovations are essential for competitiveness. Innovations can set trends in efficiency and sustainability. Our production companies around the world are continuously researching environmentally friendly and healthy products with constantly improving properties. The R&D headquarter in Ulm plays the leading and coordinating role. In research, our development departments consistently focus on the demands and requirements of floor layers and other craftsmen who use the products. New products open up new market segments and improve existing ones in terms of efficiency and sustainability.

Research and development is based on the systematisation of planning, implementation and control for the creation of innovations, in short innovation management. On the one hand, innovation management describes dealing with technical and economic change; on the other hand, innovation management is the basis for future viability in competition.

Key figures and evaluations from the area of research and development are explained in the section on research and development activities.

Business report

General economic conditions

According to the World Economic Outlook Update of the International Monetary Fund (IMF) of January 2024, global economic growth of 3.1% was achieved in 2023. The historical average of 3.8% for the years 2000 - 2019 was thus not achieved. Nevertheless, growth was slightly higher than expected towards the beginning of 2023. The development during the year was primarily influenced by the faster than expected decline in inflation, subdued demand due to high interest rates and fiscal policy support, which varied greatly between countries.

The factors that were already influencing the development of the global economy in 2022 are also having an impact at the start of 2023. Many countries had little room for manoeuvre to implement fiscal policy measures due to increased national debt. Prices, which rose in 2022 as a result of the Russian war against Ukraine, fell. The ongoing war and further geopolitical tensions nevertheless dampened economic growth. In addition, the rise in interest rates as part of the fight against inflation revealed weaknesses in the banking sector. As a result of these factors, the IMF lowered its forecast for global economic growth to 2.8% in April 2023. In the second quarter, the estimate was raised again to 3.0%. This was largely due to the reduction in impending risks from the banking sectors in the USA and Switzerland, which was achieved through the actions of the relevant authorities. The forecast for the second quarter was confirmed in the third quarter. Economic growth in the USA and some other major developing and emerging countries was stronger than expected in the second half of the year due to stable government and private consumption. In contrast, weak consumer sentiment was observed in the eurozone, which, in combination with persistently high energy prices and interest rate-sensitive commercial investments, dampened growth.

As Europe is a relevant market for Uzin Utz, the development of the European economy is important. Towards the end of 2022, there were already signs of an abrupt end to the economic expansion in Europe, which continued throughout 2023. As a result, growth of just 0.5% was achieved in Europe.

In contrast to the European economy, no growth was achieved in Germany, one of our core markets, in 2023. While gross domestic product (GDP) increased by 0.1% in the first quarter and stagnated in the second and third quarters, economic output shrank by 0.3% in the fourth quarter. Overall, economic output also fell by 0.3%. This was mainly due to the low growth of the global economy, consumer consumption reluctance due to high inflation and the poor performance of industry, which makes a major contribution to economic output. The economy in the Netherlands performed significantly worse than expected at the beginning of the year. While the EU Commission's spring forecast for real GDP growth was still at 1.8%, actual economic output was significantly lower with an increase of 0.2% according to the IMF. During the year, GDP fell in two consecutive quarters, leading to a technical recession, which was overcome by growth in the fourth quarter. The economic slowdown was primarily triggered by weak consumption, which was a reaction by households to the rising price level. The export business also developed negatively due to the sluggish economic development of the most important trading partners. In Switzerland, economic growth of 1.3% was expected for 2023 according to the estimate published by the State Secretariat for Economic Affairs in mid-December. After a good start to the year, the economic upturn slowed from the second quarter onwards as foreign demand and household consumption declined. In contrast to the Dutch economy, private consumption nevertheless had a positive impact on GDP. The inflation rate was 2.1% and the unemployment rate was roughly the same at 2.0%. Unemployment reached its lowest level in 20 years in 2023 and was reduced across all regions, age groups and genders, while the proportion of long-term unemployed also fell sharply.

In the UK, defined as a growth market, the economy stagnated in 2023 with growth of 0.1%. As economic output was still expected to fall by 1.0% at the beginning of the year, the trend was nevertheless significantly more positive than forecast. Unemployment remained at a low level despite the stagnation and real wages rose over a longer period of time. Nevertheless, this could not prevent a technical recession from occurring at the end of the year. Of all our growth markets, the USA recorded the strongest economic growth at 2.8%. This was mainly due to household consumption and government spending. As a result of the fiscal policy measures, the government deficit increased significantly and totalled USD 1.84 trillion at the end of 2023. The upturn was also reflected in employment figures, with the unemployment rate remaining at a historically low level. Inflation was also reduced, with declines in food, energy and goods prices being the main contributors. While the economy in the growth market of France recorded growth in the first half of the year, which was particularly strong in the second quarter, it stagnated in the second half of the year. Due to the stable first half of the year, GDP rose by 0.9% overall. This was primarily due to stronger domestic demand and foreign trade as a result of government support. In France, too, the economic upturn was slowed by high inflation and more difficult financing conditions. Inflation peaked at 7.0% in the first quarter of 2023 and fell to 4.2% by the fourth quarter, mainly due to falling energy and commodity prices.

Overall Statement of the Executive Board

At the 95th EUROCONSTRUCT conference, which took place in June 2023, the forecast growth of the construction industry in the EUROCONSTRUCT countries for 2023 was adjusted. While growth in construction output was previously assumed, an expected decline of 1.1% was announced due to the continuous development and consolidation of the factors affecting the construction industry. The weaker momentum of global economic development, inflation and the sharp turnaround in monetary policy associated with the rise in interest rates contributed significantly to this. The reaction to the negative factors varied depending on the sector. Residential construction suffered the most from the changed conditions, as the high interest rates significantly worsened the affordability of residential construction projects. Accordingly, the June conference forecast that residential construction output would fall compared to the previous year. At the conference in November, the forecast for total construction output was again revised downwards by 0.6 percentage points to -1.7%. The correction affected both new construction of non-residential buildings and renovation, for which a decline was now also expected. According to a study by the European Central Bank (ECB), lending regulations tightened across all loan categories in the third quarter of 2023. As a result, demand for loans once again fell significantly for both households and companies. EUROCONSTRUCT's assessment is in line with the values for the Construction Activity Index (CAI), which is calculated by the Royal Institution of Chartered Surveyors (RICS) and was negative for Europe in December 2023, as in the five previous quarters. The main reason for this was the decline in the volume of work in the construction of residential and non-residential buildings.

The ifo Business Climate Index still showed positive momentum in the construction industry in the heartland of Germany at the start of the year. For example, the business expectations of participating companies in the building construction sector improved until May 2023. In contrast, the assessment of the business situation has been showing signs of a monthly deterioration since March, with the order backlog falling from 4.7 months in January 2023 to 3.4 months in December 2023. Capacity utilisation also fell sharply (from 78.1% in January 2023 to 66.3% in December 2023). The mood in residential construction brightened somewhat at the start of the year. While the business situation declined throughout the year, business expectations improved between March and May. Subsequently, however, business expectations deteriorated almost across the board, with the most negative assessment of the year being given in December with a value of -64.7. The commercial building construction segment performed better than public building construction and residential construction, although the values for the business situation and expectations in this segment also reached consistently negative values from May 2023. With regard to price trends, all building construction segments reported that prices fell from April compared to the previous month. At -21, the CAI calculated by the RICS fell in the fourth quarter to the lowest level recorded since the survey began in 2020. The negative development of the Ifo business climate index and the RICS CAI coincides with the decline in sales in the main construction sector, which totalled 5.5% according to the German Construction Industry Federation. The decline in residential construction was significantly higher at 12.0%, with only 270,000 flats completed instead of the 400,000 targeted by the German government. Turnover in the commercial construction sector fell by around 1.0%, while the number of building permits for factory and workshop buildings increased despite the weak economic conditions. This is explained by the lower interest rate sensitivity of commercial construction projects, the robust development of company profits and the continued high capacity utilisation in the manufacturing industry. Despite the investment backlog, there was a decline of 2.0% in public construction.

In the other core market of the Netherlands, households and companies were reluctant to invest in residential and commercial property. Since the beginning of the war in Ukraine, property prices in the Netherlands have risen due to high demand, population growth, low interest rates and high inflation. However, due to more expensive construction financing, this trend has been declining since mid-2022, with property prices reaching their lowest level in May 2023. Prices for existing properties subsequently rose by almost 3.0%. This was primarily due to interest rates remaining stable and the increase in household incomes. The turnover of general contractors, which had fallen sharply since the end of 2022, has also recorded slight increases since autumn 2023. The order backlog for construction companies, which has remained stable over the last two years despite all the difficulties, was still sufficient for 12.9 months. This was mainly due to renovations and energy-efficient refurbishments, which compensated for any orders for new buildings that may have been cancelled. The longer implementation time due to the increasing complexity of projects also contributed to the stabilisation of the order backlog. A total of around 73,000 new-build units were completed in 2023 and the Dutch construction sector shrank by 0.5%.

According to the estimate published by the Swiss State Secretariat for Economic Affairs in mid-December 2023, construction investment in the heartland of Switzerland fell by 2.0%. The Swiss Construction Index, which forecasts the trend for the coming quarters, had already indicated since the beginning of 2023 that the growth trajectory in the main construction sector would not be able to continue. Declines were expected in 2023, primarily due to the low number of building permits for flats in the previous year and companies' reluctance to plan new office space as a result of rising financing costs and the economic slowdown. The expansion index was stabilised by the continuing demand in the areas of conversion, expansion, renovation and energy-efficient refurbishment. This picture was confirmed during the year, with building construction being supported above all by expansion and major projects in public building construction. According to the price index of the Coordinating Body of the Federal Construction Industry, prices for building materials in building construction rose in the first quarter compared to the same month of the previous year, then fell between April and October (decline of between 0.7% and 3.0%) to end the year with a slight increase (between 0.6% and 1.3%). Prices for residential property rose by an average of 2.2% in 2023, with the increase in condominiums outpacing the rise in single-family homes. The strongest growth in condominium prices was seen in urban municipalities.

According to the Office for National Statistics, construction output in the UK growth market increased by 2.0%, marking the third consecutive year of growth. Refurbishments and renovations were the main contributors to this (growth of 8.3%), while new construction output fell (-2.1%) and recorded a decline over 10 months. Overall, growth was achieved in seven out of nine sectors, with particularly strong growth in the renovation and refurbishment sector for both residential and non-residential buildings. Property prices fell by 1.4% in 2023. Compared to countries such as Canada or Sweden, property prices only fell slightly thanks to the predominantly fixed interest rates on mortgage loans.

In contrast to Europe, the USA, which is one of our growth markets, also had a positive value for the CAI calculated by the RICS at the end of 2023, performing only slightly worse than the Middle East and Africa region. The positive picture is in line with the results presented by the consulting firm FMI in the First Quarter Edition 2024 of the North American Engineering and Construction Industry Overview. Overall, turnover in the construction and engineering sector rose by 10.0% in 2023. The majority of the increase came from non-residential buildings and infrastructure measures that do not include building investments. In many segments of building construction, an increase of more than 5.0% was achieved. Multi-family houses, for example, recorded an increase of 21.0%, mainly in favour of single-family houses (-14.0%). The strongest percentage growth in the building construction sector was in construction investment in the manufacturing industry, with an increase of 78.0%. The record growth rate resulted from a combination of government subsidies such as the Infrastructure Investment and Jobs Act, the CHIPS and Science Act and the Inflation Reduction Act. According to a study by the Institute for Supply Management, there would have been a negative record for construction investment in the manufacturing sector without the extensive government subsidies. Despite the overall positive picture, 59.0% of companies participating in the CAI survey reported towards the end of the year that difficulties in financing projects were having a negative impact on construction activity. The values that provide information on credit conditions also deteriorated accordingly. In addition, more than two thirds of the participating companies stated that the shortage of labour and skilled workers is a problem.

Alongside the USA and the UK, France is one of our growth markets. The French construction industry was unable to achieve growth in 2023 due to the many economic pressure points, such as high interest rates and falling investor confidence. This picture is also confirmed by the S&P Global France Construction PMI, which declined throughout 2023 and fell for the 19th consecutive month in December. As companies purchased fewer construction materials due to the drop in construction activity, activity in material procurement decreased from May 2023. Employment already decreased from March 2023. The CAI calculated by the RICS was also in negative territory at the end of 2023.

The sales markets in our core and growth countries were very challenging in 2023. Construction output declined in all core countries and in the growth country of France. The markets in the US and UK growth countries met expectations and recorded growth despite the difficult economic conditions. In the first quarter, Group sales increased by 4.2% compared to the previous year despite the difficult circumstances.

Due to the market environment, it was subsequently no longer possible to match the previous year´s sales, which meant that sales fell by -1.6% year-on-year (increase of 10.7%) and totalled EUR 479,337 thousand (487,134).

As in the previous year, the Uzin Utz share reached its high at the beginning of the year. Following the announcement of the figures for the first quarter, the share price fell and the low for the year was reached at the beginning of October. At this time, geopolitical crises briefly weighed on the stock market. After falling to the low for the year, the share recovered thanks to the positive earnings performance in the third quarter, but still lost 13.9% of its value in the reporting year - over the past five years, the share has lost 13.3% of its value as at the reporting date.

The decline in sales, increased personnel costs, exchange rate effects and higher depreciation had an impact on the Group's EBIT, which amounted to EUR 34,505 thousand (36,341), a decrease of aroung -5.1% compared to the previous year. More detailed information on this can be found in the chapter "Earnings situation".

We are proud that our employees are actively working to achieve our ambitious goals despite the ongoing challenges. This enables us to continue to guarantee the high quality of our products and services. We see ourselves as an innovator and one of the leading suppliers within our industry. There is therefore great interest in expanding growth potential in order to continue to operate successfully and sustainably worldwide. It is important for us to focus on sustainable and healthy growth in order to steadily realise new market shares in the defined core and growth markets. An essential part of this strategy, in addition to our dedicated employees, is the investment in research and development activities at our global locations.

We are a traditional family business, which is why we focus on sustainable action and have anchored it in our long-standing corporate culture. In addition to economic and ecological aspects, social aspects also play a role for us. The values we live by allow us to sustainably secure jobs and create new jobs as needed, even in difficult economic conditions. The focus is always on a trusting relationship with customers and partners in order to generate relevant added value for them. More information about our commitment to sustainability can be found in our sustainability report.

The Management Board of Uzin Utz SE assesses the developments in the reporting year 2023 as positive against the background of the challenging economic conditions. Despite the declining growth of the construction industry in all core countries and the growth country France, the Group was able to generate sales revenues that matched the strong level of the previous year. Despite the decline in sales, an EBIT margin of 7.2 (7.5) was achieved, thus exceeding the forecast for the development of the EBIT margin (moderate reduction) made in the 2022 annual report.

Business performance

Sales

No increases in sales volumes were achieved in the Group in the reporting year, but price increases were implemented. Detailed information on these figures can be found in the section on earnings.

In the area of outbound logistics, an improvement in container availability was observed on all supplied routes by summer 2023. This contributed to our customers being supplied faster and more reliably. The improved availability also had a positive effect on freight prices after several years of tension. At the end of the year, the container market was once again burdened by uncertainties resulting from the further deterioration of the geopolitical situation. Due to these uncertainties, it is necessary to adjust container routes depending on the situation, for example as a result of increased piracy in the Red Sea. The shortage of drivers in Europe in the previous year eased in 2023 due to the weakening European economy. By putting national transport services from Ulm out to tender, we were able to secure stable prices in the future and drive forward the digitalisation and sustainability of our transport operations. The tender and the associated change of service provider will also compensate for the toll increase relevant to all transport operations in Germany. In the outbound logistics of the French production company, delivery performance to the south of France was improved due to the favourable market situation. The commissioning of the plant in Waco resulted in a significant reduction in the average distance to the customer, thereby saving costs and CO_2.

Procurement and production

In order to meet the constantly increasing requirements in terms of product and packaging diversity, three new filling systems for adhesives were put into operation at the Ulm site in the reporting year. Furthermore, a roller pallet stacker was replaced in the logistics centre in order to continue to ensure the necessary technical availability and performance. In addition to the investments in production, several photovoltaic systems with a total output of 194 kWp were installed. The expansion of e-mobility was promoted by installing additional charging stations.

After an intensive planning, construction and installation phase, the second dry mortar plant in the USA was commissioned in April 2023. It is located in Waco, Texas and has two production lines, which differ mainly in the area of filling. The filling line at the Polish production company Uzin Polska Produkty Budowlane Sp.zo.o. was modernised in 2023. The filling line, which after modernisation includes an 8-spout Roto packer, a palletiser and a bonnet spreader, was put into operation in July. At the beginning of August 2023, heavy rain in Slovenia led to flooding, which also affected the Slovenian production company Uzin Utz Slovenija d.o.o. In addition to the warehouse and parts of the administration, production was also flooded. Production activities could be resumed by the end of August. Uzin Utz Nederland B.V. invested in an additional 1C production facility, which was commissioned in the fourth quarter of 2023. At the site of Uzin Utz Tools GmbH & Co. KG in Mettmann, renovation work began in the last quarter of 2023 on premises that will be used in future as a craftsmen's training academy for the sustainable use of products. The theory room was completed in 2023, while the practice rooms are scheduled for completion in the first quarter of 2024.

The pandemic emergency response team set up in previous years was dissolved in 2023 as a consequence of the transition from pandemic to endemic. In this context, all previously existing operational measures were also cancelled. However, tests were still made available to employees and the experience gained from the pandemic will continue to characterise everyday working life in the future.

The 2023 financial year was characterised by significantly improved availability on the markets. This led to a reduction in inventories in the industry, which significantly shortened our suppliers' delivery times. The supplier industry responded to the lower demand by adjusting production capacities at an unusually fast pace. The output volume of the plants was significantly reduced and in some cases plants were completely shut down. As a result, prices were only adjusted downwards very slowly. There were clear differences within the raw material segments in terms of the downward price trend. The trend of slightly falling prices increasingly came to a standstill in the fourth quarter. This development is partly due to the significant rise in inbound logistics costs, for example as a result of the increase in toll costs.

In 2023, Uzin Utz SE was certified in a surveillance audit with regard to certification according to DIN ISO 9001 and DIN ISO 14001. Uzin Utz Tools GmbH & Co KG was also certified in 2023 in a surveillance audit for DIN ISO 9001:2015. The purpose of this systematic quality management is the continuous improvement of the company's performance, which was again fully certified for the audited companies.

For us, sustainability also continues to play a decisive role in the topic of waste disposal. Our own waste disposal department at Uzin Utz SE ensures that we meet the demand for economic efficiency combined with ecological and social responsibility. In digital training courses, our employees at the Ulm site are trained in the professional and sustainable handling of waste disposal. These standards are passed on to affiliated group companies.

In the financial year 2022, the Group produced at the production sites in Ulm, Würzburg, Ilsfeld, Mettmann, Buochs (Switzerland), Sursee (Switzerland), Haaksbergen (Netherlands), Dover (USA), Legnica (Poland), Soissons (France), Shanghai (China), Ljubljana (Slovenia) and Jakarta (Indonesia). The overall capacity utilisation of all Uzin Utz plants was around 78.7%, and thus fell by around -4.7 percentage points compared to the previous year (83.4). Capacity utilization therefore fell slightly compared to the previous year, as forecast in the 2022 Annual Report. The reasons for this were the lower production volumes due to lower demand and the increase in capacity as a result of investments.

Personnel

The average number of employees in the Group as a whole, excluding apprentices, rose to 1,480 (1,466). Of these, 781 (776) worked in Germany and 699 (690) abroad. In addition, 44 (47) young people were offered apprenticeships. This means that we were once again able to maintain our apprenticeship programme at a high level and offer young people prospects for the future. At the same time, in-house training offers the opportunity to develop skilled personnel ourselves and thus counteract the shortage of skilled workers.

For the proportion of women in the first two management levels, the Executive Board at the Ulm site has set targets until June 30, 2027. A share of 10% (target quota: 15%) was achieved in the first management level (division managers) and a share of 23.3% (target quota: 25%) in the second level (department managers). The target rate for the first and second management levels was therefore not achieved.

The target ratio for the Executive Board was set at 0% until June 30, 2027.

For the Supervisory Board, the Supervisory Board set a target for the proportion of women of 16.67% by June 30, 2027. This is achieved by the appointment of Amelie Klußmann and Michaela Aurenz Maldonado as a member of the Supervisory Board (33.3%).

Significant events

With effect from January 20, 2023, the remaining 30% of COFOBO Holding B.V. was acquired by Uzin Utz Nederland B.V., whereby Uzin Utz Nederland B.V. has been the sole shareholder since then. As COFOBO Holding B.V. holds 100% of INTR. B.V., the shareholding of Uzin Utz Nederland B.V. in INTR. B.V. has increased to 100%. Further information can be found in the "Consolidation methods" section in the Notes.

On April 20, 2023, after an intensive planning, construction and installation phase, the second dry mortar plant in the USA was put into operation as part of trial production. The plant is located in Waco, Texas and has two production lines, which differ mainly in terms of filling. Trial production on production line 1 was completed on May

10, 2023, while trial production on production line 2 was also successfully completed by the end of May. The commissioning of the dry mortar plant in Waco represents a milestone in our growth market in the USA and, in addition to expansion, will enable us to optimize the flow of goods to our customers.

Dr. H. Werner Utz acquired 1,288 shares in Uzin Utz SE in April 2023. The total volume of the share purchases made on April 26, 2023 and April 28, 2023 amounted to EUR 71 thousand. Due to his position as Chairman of the Supervisory Board of Uzin Utz SE, a notification of managers' transactions was made in accordance with Art. 19 MAR. The purchase did not exceed any of the thresholds specified in Section 33 WpHG.

At the beginning of August 2023, heavy rain in Slovenia led to flooding, which also affected the Slovenian production company Uzin Utz Slovenija d.o.o. As large parts of the inventories could be secured, sales activities could be maintained despite the flooding. Production activities were also resumed by the end of August.

On November 27, 2023, Alberdingk Boley GmbH announced that 1,313,088 voting rights are directly attributable to it due to the universal succession through the merger of Polyshare GmbH into Alberdingk Boley GmbH. The voting rights were previously indirectly attributed to Alberdingk Boley GmbH and correspond to 26.03% of the total voting rights in Uzin Utz SE. The merger of Polyshare GmbH into Alberdingk Boley GmbH became effective upon entry in the commercial register on September 6, 2023.

Profit situation

Profit	2023		2022	
	KEUR	%	KEUR	%
Sales revenues	479,337	100.9	487,134	97.4
Inventory change	-4,493	-0.9	12,817	2.6
Total output	**474,844**	**100.0**	**499,951**	**100.0**
Cost of materials	212,622	44.8	241,791	48.4
Gross profit	**262,222**	***55.2***	**258,160**	**51.6**
Other operating profit	5,492	1.2	7,774	1.6
Income from investment property	-	0	284	0
Personnel expenses	125,009	26.3	121,420	24.3
Wages and salaries	103,578	21.8	100,218	20.0
Social security contributions	21,431	4.5	21,202	4.2
Depreciation	18,732	3.9	17,164	3.4
Other operating expenses	89,468	18.8	91,292	18.3
Earnings before interest and taxes (EBIT)	**34,505**	**7.3**	**36,341**	**7.3**
Financial result	**-3,258**	**-0.7**	**-888**	**-0.2**
Earnings before taxes (EBT)	**31,247**	**6.6**	**35,453**	**7.1**
Taxes on income and earnings	8,650	1.8	9,321	1.9
Earnings after taxes	**22,598**	**4.8**	**26,132**	**5.2**
thereof non-controlling interests	13	0.0	825	0.2
of which attributable to shareholders of the parent company	22,584	4.8	25,307	5.1

Group sales decreased by -1.6% in 2023 and, at EUR 479,337 thousand, stagnated at the previous year´s level (487,134). In the growth and aspirant markets, overall sales revenues were at the previous year's level, but sales revenues in the companies allocated to the core markets fell slightly. While Uzin Utz France SAS, Uzin Utz Polska

Sp. z o.o. and Uzin Utz Nederland B.V. recorded the strongest growth in absolute terms, the decline in sales at INTR. B.V., Uzin Utz Schweiz AG and Uzin Utz Tools GmbH & Co. KG had a particularly strong impact on the Group.

The main sources of the Group's earnings can be found in the segment reporting section in the notes to the consolidated financial statements.

Total consolidated foreign sales fell from EUR 318,017 thousand in the previous year to EUR 312,600 thousand. At 65.2%, the foreign share stagnated at the previous year's level (65.3%). We continue to strive to achieve sales growth in our other core and growth markets in addition to Germany. The proportion of sales not invoiced in euros fell to around 33.8% (34.3%). The decline was most strongly influenced by the fall in sales at Uzin Utz Schweiz AG. However, the revenue of Uzin Utz Hrvatska d.o.o., which was invoiced in euros for the first time in January 2023 due to the introduction of the euro in Croatia, also had an impact.

The development of the currencies outside the Euro zone that are relevant for the Group can be seen in the following table:

Average rates		2023	2022	Deviation	
(exchange rates in Euro per unit of national currency)				absolute	relative
England	GBP	1.1516	1.1700	-0.0185	-1.58%
Switzerland	CHF	1.0285	0.9982	0.0303	3.03%
USA	USD	0.9237	0.9564	-0.0327	-3.41%
Poland	PLN	0.2209	0.2135	0.0074	3.49%
Czech Republic	CZK	0.0417	0.0408	0.0009	2.32%
China	CNY	0.1301	0.1415	-0.0114	-8.08%
Denmark	DKK	0.1342	0.1344	-0.0002	-0.16%
Sweden	SEK	0.0871	0.0938	-0.0068	-7.20%
Singapore	SGD	0.6879	0.6987	-0.0108	-1.55%
New Zealand	NZD	0.5661	0.6010	-0.0349	-5.81%
Serbia	RSD	0.0085	0.0085	0.0000	0.18%
Hungary	HUF	0.0026	0.0026	0.0001	2.83%

The overall impact of exchange rates on Group sales was -0.4% (2.3). The US dollar had the greatest effect.

Sales growth in the 2023 financial year was mainly due to the increase in sales prices, which rose by 8.0% on average. The price increases were necessitated by raw material prices, which fell only slowly during the year and therefore remained at a high level, and the increase in personnel costs as part of the inflation adjustment. Sales volumes fell by 6.6%. There were no shifts in the product mix in the reporting year that had a significant impact on changes in sales and earnings.

Due to the batch-oriented production and the usually very short time between order and delivery, production is generally for an anonymous market. Deliveries are made from stock, which regularly amounted to around 1.8 months' sales (2.2) across the Group due to the current situation and thus approached the pre-2022 level again. Attempts are always made to adjust the inventory to the general conditions. Information on orders on hand is therefore not meaningful.

The Group's inventories of finished goods and work in progress were reduced by EUR -4,493 thousand. In contrast, there was an increase in inventories of finished goods and work in progress in the previous year, which at EUR -

12,817 thousand was significantly higher than in the previous year. The decrease in inventories in 2023 resulted from the easing in the availability of raw materials, the improved logistics situation and lower demand.

Total operating performance decreased slightly by -5.0% to EUR 474,844 thousand (499,951). While sales revenue remained at the previous year's level, the decrease in total operating performance was mainly due to the opposing trend in changes in inventories. The cost of materials ratio in the Group fell slightly from 48.4% to 44.8%. Prices for purchased materials adjusted only slowly over the course of the year, as suppliers reacted unusually quickly to the fall in demand and adjusted supply by reducing capacity accordingly. In addition to the slight fall in procurement prices, the opposite trend in inventory changes was the main reason for the reduction in the cost of materials ratio. Inventories of finished goods and work in progress were increased significantly, particularly in the first half of the year and at the end of 2022, in order to maintain delivery capacity. As a profit margin is only generated as soon as a product produced in stock is sold, the exceptionally high increase in inventories in the previous year inevitably led to a higher cost of materials ratio. In contrast, the inventory reduction that took place in 2023 contributed to the reduction in the cost of materials ratio.

The share of personnel costs in total operating performance rose slightly to 26.3% (24.3%). In absolute terms, personnel costs rose from EUR 121,420 thousand to EUR 125,009 thousand. The disproportionately high increase in personnel costs compared to the number of employees was primarily the result of salary adjustments to reduce real wage losses due to high inflation.

Depreciation and amortisation increased by 9.1% from EUR EUR 17,164 thousand to EUR 18,732 thousand. This increase is mainly due to the rise in depreciation following the commissioning of the new dry mortar plant in Waco, USA. In addition, depreciation at Uzin Utz Nederland B. V. increased as a result of investments in property, plant and equipment, which became operational in the third quarter of 2022 and whose depreciation was therefore recognized for the full year for the first time in 2023.

Compared to the previous year, other operating expenses fell by around -2.0% to EUR 89,468 thousand (91,292). The increase was largely due to higher distribution costs. These increased primarily due to higher outgoing freight and increased travel expenses. The decrease was largely due to lower outgoing freight. The reduction in outgoing freight resulted from several factors. Due to the drop in demand, lower volumes were transported and freight prices declined after several years of tension. The opening of the new dry mortar plant in the USA, which significantly reduced the average distance to the customer and thus also cut transportation costs, also had an initial impact on outgoing freight.

At EUR 34,505 thousand, earnings before interest and taxes (EBIT) were down slightly on the previous year (36,341). The main reasons for the fall in earnings were the slight decline in sales in the core markets, the increase in personnel expenses as a result of the inflation adjustment granted and the rise in depreciation and amortization due to investments in property, plant and equipment. Compared to the previous year, the impact of the net exchange rate effect was of the same magnitude as the increase in depreciation and amortization; overall, EBIT fell by EUR 1,836 thousand.

Details on the net profit for the year and the equity of the individual participations can be found in the section "Group companies" in the notes to the consolidated financial statements.

Sales by segment

Segment (in KEUR)	External sales	
	2023	2022
Germany		
Laying systems	156,524	157,570
Machinery and tools	19,652	21,663
Surface care and refinement	24,105	23,564
Netherlands		
Laying systems	53,305	52,294
Wholesale	35,637	40,790
USA	73,334	74,616
Western Europe	74,967	74,570
Southern/Eastern Europe	21,349	20,779
All other segments	20,464	21,288

The development of external sales varied from segment to segment. The sharpest absolute and relative decline was in the Netherlands segment. While sales of EUR 53,305 thousand were achieved in the area of installation systems, which were on a par with the previous year, the Wholesale segment recorded a decline of EUR 5,153 thousand. Market conditions for the Wholesale segment were difficult throughout the year, with the decline mainly due to lower demand for floor coverings.

There were also differences between the sub-segments in the Germany segment. Sales revenue in the Installation Systems segment amounted to EUR 156,524 thousand and thus reached the previous year's level. The machinery and tools segment, which was presented separately for the first time in 2023, declined by 9.3%, as the associated products are capital goods for tradespeople. A slight increase of 2.3% was recorded in surface care and finishing.

The US segment, which was also reported separately for the first time in 2023, recorded a decline due to exchange rate effects. While external sales in US dollars increased by 1.7%, there was a decline of 1.7% in euros due to the opposing exchange rate trend.

In the Southern/Eastern Europe segment, the strongest relative increase was achieved with a rise of 2.7% based on the increase in sales of Uzin Utz Polska Sp. z o.o.

Value creation

Corporate performance is calculated from total operating performance plus other operating income.

Value added by the Group	2023		2022	
	KEUR	%	KEUR	%
Company performance	**480,336**	**100.0**	**507,725**	**100.0**
Cost of materials	212,622	44.3	241,791	47.6
Depreciation	18,732	3.9	17,164	3.4
Other expenses	89,468	18.6	91,292	18.0
Value added Group	**159,514**	**33.2**	**157,478**	**31.0**
in favour of				
Employees	125,009	78.4	121,420	77.1
Public sector	9,807	6.1	10,498	6.7
Companies	13,108	8.2	16,553	10.5
Shareholders	8,071	5.1	8,071	5.1
Creditors	3,519	2.2	935	0.6

Capital Status

Assets	31.12.2023		31.12.2022	
	KEUR	%	KEUR	%
Cash and cash equivalents	**38,159**	**9.1%**	**26,138**	**6.3%**
Trade receivables	**36,586**	**8.7%**	**35,074**	**8.5%**
Current income tax receivables	**5,971**	**1.4%**	**2,804**	**0.7%**
Current assets	**75,607**	**18.0%**	**96,187**	**23.3%**
Inventories	69,920	16.6%	89,695	21.7%
Other current assets	5,687	1.4%	6,492	1.6%
Fixed assets	**248,929**	**59.3%**	**243,963**	**59.1%**
Intangible assets	36,644	8.7%	35,354	8.6%
Property, plant and equipment	200,631	47.8%	198,477	48.1%
Non-current financial assets and investments accounted for using the equity method	2,055	0.5%	2,657	0.6%
Rights of use	9,599	2.3%	7,475	1.8%
Investment property	**5,949**	**1.4%**	**3,273**	**0.8%**
Deferred taxes	**8,731**	**2.1%**	**5,029**	**1.2%**
Other non-current assets	**70**	**0.0%**	**104**	**0.0%**
	420,001	**100.0%**	**412,571**	**100.0%**

Cash and cash equivalents increased to EUR 38,159 thousand in the 2023 financial year, an increase of EUR 12,021 thousand compared to the previous year. The cash outflows in the previous year were characterized by a build-up of inventories to ensure delivery capability and by major investments. Due to the elimination of these pronounced effects, cash and cash equivalents increased significantly in 2023.

Receivables from customers increased slightly from EUR 35,074 thousand to EUR 36,586 thousand. In addition to the reporting date, other factors also had an influence. In absolute terms, receivables in four production companies rose the most, with two of these companies also achieving increases in external sales. In some cases, the graduated bonuses were less significant than in the past due to the lower external sales, meaning that receivables were reduced to a lesser extent. The Group continued to focus on stringent receivables management in the 2023 reporting year. The average days sales outstanding increased slightly to 29 days (27) due to the decline in sales, but a satisfactory figure was still achieved.

The increase in current income tax receivables by EUR 3,167 thousand is mainly due to excessively high tax prepayments by the German companies. These were calculated by the tax authorities on the high basis of 2021. As the taxable result was lower, there are current income tax receivables.

Following a significant increase in inventories in 2022, they were reduced by EUR -19,775 thousand from EUR 89,695 thousand to EUR 69,920 thousand in 2023. As a result of the tense situation on the procurement market, the production companies in particular built up inventories in 2022 to ensure their ability to deliver. As the situation eased, the availability of materials improved over the course of 2023, allowing inventories to be reduced again.

At 59.3% (59.1), the share of Group fixed assets remained at the previous year's level, with the remaining assets accounting for 40.7% (40.9) of the balance sheet total. In absolute terms, fixed assets increased by EUR 4,966 thousand.

Property, plant and equipment amounted to EUR 200,631 thousand at the end of 2023. They thus stagnated at the previous year's level (EUR 198,477 thousand) with an increase of EUR 2,154 thousand. In some production companies, such as Uzin Utz Nederland B.V., Uzin Polska Produkty Budowlane Sp. z o.o. and Uzin Utz North America Inc., fixed assets increased as a result of investments in machinery and equipment. Fixed assets decreased by EUR 2,694 thousand as a result of the reclassification of a developed plot of land to investment property. Depreciation of the dry mortar plant in Waco was not taken until it went into operation in 2023; accordingly, this depreciation reduced fixed assets to a greater extent than in 2022. Investments in the Group amounted to EUR 20,394 thousand (41,077) in the reporting year.

Right-of-use assets increased from EUR 7,475 thousand to EUR 9,599 thousand in the reporting year. The highest absolute increase in right-of-use assets resulted from the extension of the rental agreement for a property by Uzin Utz North America Inc. In addition, there were increases in right-of-use assets from car leasing at several companies. Here, expiring leasing contracts were mainly replaced by new leasing contracts.

With the exception of the investment property held by Sifloor AG, Uzin Utz Tools GmbH & Co. KG and Uzin Utz Immobilienverwaltungs GmbH, all of the assets continue to represent operationally necessary assets. The increase compared to the previous year resulted from a reclassification from property, plant and equipment. Further information on this topic can be found in the notes under section "14. Investment properties".

Segment information on capital expenditure

Segment	Investments	
(in KEUR)	2023	2022
Germany		
Laying systems	5,321	4,480
Machinery and tools	1,174	1,748
Surface care and refinement	2,297	2,635
Netherlands		
Laying systems	3,506	4,960
Wholesale	1,244	2,711
USA	7,520	25,091
Western Europe	2,594	2,195
Southern/Eastern Europe	2,231	1,452
All other segments	1,502	1,861

Investments in the Germany segment as a whole were on a par with the previous year. The decline in the area of surface care and finishing as well as machinery and tools (reported separately for the first time in 2023) was offset by the increase in the area of installation systems, with investments in software at Uzin Utz SE increasing in this segment in particular.

Investments in the Netherlands segment fell by EUR 2,921 thousand, with the absolute reduction resulting equally from both sub-segments. Last year, investments in the Wholesale segment were primarily influenced by the extension of several building rental agreements of INTR. B. V., which led to an increase in rights of use. This effect did not materialize in 2023 due to the term of the contracts. The decline in the area of installation systems was influenced by the warehouse expansion of Uzin Utz Nederland B. V. in the previous year; in comparison, this year's investments in property, plant and equipment were lower, despite investments in production.

In the USA segment, which is presented separately for the first time this year, investments were made in a new dry mortar plant in Waco. The majority of the investments in the construction of the plant were already made in 2022. The investments incurred in the 2023 financial year mainly resulted from the completion of the plant. In addition, the rights of use increased as the lease for a property was extended.

As in the previous year, the increase in investments in the Southern/Eastern Europe segment stems from investments in operating facilities at the Polish production company. These were made in connection with the new bottling line, which was commissioned in 2023.

Financial situation

Financial position	31.12.2023		31.12.2022	
	KEUR	%	KEUR	%
Current liabilities	**98,328**	**23.4**	**102,926**	**24.9**
Financial liabilities	45,817	10.9	42,426	10.3
Current leasing liabilities	4,098	1.0	3,604	0.9
Advance payments received on orders	125	0	10	0
Trade payables	15,970	3.8	18,704	4.5
Liabilities from income taxes	1,430	0.3	4,364	1.1
Provisions	16,474	3.9	18,595	4.5
Other current liabilities	14,414	3.4	15,224	3.7
Non-current liabilities	**64,383**	**15.3**	**65,630**	**15.9**
Financial liabilities	39,618	9.4	46,669	11.3
Non-current leasing liabilities	6,126	1.5	4,380	1.1
Deferred taxes	11,565	2.8	9,366	2.3
Provisions	7,074	1.7	5,215	1.3
Shareholders´ equity (incl. non-controlling interests)	**257,290**	**61.3**	**244,014**	**59.1**
	420,001	**100.0**	**412,571**	**100.0**

Current financial liabilities increased by EUR 3,391 thousand from EUR 42,426 thousand to EUR 45,817 thousand. The increase in current financial liabilities was mainly due to the use of bilateral working capital lines. The lines were negotiated with several of our core banks and enabled short-term financing as well as the continued bridge financing of the plant in Waco (USA). While the working capital lines were increasingly used in this context compared to the previous year, the overdraft facility taken out via Uzin Utz SE was repaid in full using the profits transferred from the subsidiaries.

Trade payables decreased by EUR 2,734 thousand and thus amounted to EEUR 15,970 thousand (18,704). The decrease originated mainly from Uzin Utz North America Inc. and Uzin Utz Nederland B. V.. In both companies, differences resulting from the reporting date-related consideration in connection with investments led to the decrease in liabilities. In addition, the decrease at Uzin Utz Nederland B. V. also resulted from invoices for raw materials and services purchased as part of projects.

Income tax liabilities decreased by EUR 2,934 thousand to EUR 1,430 thousand (4,364). This was largely due to Pallmann GmbH, whose advance tax payment in the previous year was very high due to the high assessment basis from the 2021 financial year. Accordingly, there were income tax receivables at the end of the year instead of income tax liabilities.

Current provisions fell from EUR 18,595 thousand to EUR 16,474 thousand. The decrease was mainly due to Uzin Utz North America Inc., which had a provision at the end of last year in connection with the construction of the plant in Waco, which will no longer apply in 2023 due to the completion of the construction work.

At 15.3%, the share of total non-current liabilities in the balance sheet total was slightly below the previous year's figure (15.9). In absolute terms, total non-current liabilities fell by around EUR 1,247 thousand from EUR 65,630 thousand to EUR 64,383 thousand. The main reason for this development was the decrease in non-current financial liabilities from EUR 46,669 thousand to EUR 39,618 thousand. The decrease resulted from the repayment of existing loans. In addition, a loan previously classified as non-current was reclassified to current loans due to its maturity.

Non-current lease liabilities, on the other hand, increased from EUR 4,380 thousand to EUR 6,126 thousand. The largest increase resulted from the extension of the lease agreement for a property by Uzin Utz North America Inc. In addition, there were increases in liabilities from car leasing in several companies. Here, mainly expiring leasing contracts were replaced by new leasing contracts.

Deferred tax liabilities increased by EUR 2,200 thousand to EUR 11,565 thousand. This was due to the amendment to IAS 12, as a result of which deferred taxes on lease liabilities and right-of-use assets were recognized for the first time. Further details can be found in the notes to the consolidated financial statements (section 15 Deferred taxes)

The increase in pension provisions was the main reason for the rise in non-current provisions by EUR 1,858 thousand to EUR 7,074 thousand. The increase was primarily due to the Swiss companies, where adjustments to actuarial assumptions led to an increase in defined benefit obligations compared to the previous year. The fair value of the plan assets rose less sharply than the defined benefit obligations, with a corresponding increase in pension provisions.

Equity (including minority interests) amounted to EUR 257,290 thousand (244,014), an increase of EUR 13,276 thousand compared to the previous year. The share of the balance sheet total was 61.3% (59.1). Our equity ratio therefore remains well above the industry average. The slight increase in the ratio compared to the previous year is primarily due to the increase in equity resulting from the net profit for 2023.

It is both the principle and the intention of our liquidity management to ensure sufficient liquidity at all times. This requirement was also met in 2023. The Group's total loan volume amounted to EUR 85,435 thousand as at December 31, 2023, compared to EUR 89,095 thousand in the previous year. Of this amount, around EUR 45,817 thousand had a remaining term of up to one year (42,426), EUR 29,835 thousand had a remaining term of between one and five years (37,720) and EUR 9,783 thousand had a remaining term of more than five years (8,950). A more detailed breakdown of financial liabilities can be found in the notes under "Liabilities".

Liquidity was guaranteed at all times and credit lines were never fully utilized. As at the reporting date, around 24.8% (23.8%) of the Group-wide credit lines had been utilized, or EUR 32,419 thousand (31,077) in absolute terms. The ongoing bridge financing of the production facility in Waco (Texas) led to a higher utilization of our bank lines. In addition, forward exchange transactions are concluded on a case-by-case basis to hedge fixed payments or significant foreign currency receivables or liabilities. Further information on forward exchange transactions can be found in the "Currency risks" section of the notes to the consolidated financial statements.

The detailed development of liquidity is presented in the consolidated cash flow statement in the consolidated financial statements.

Performance indicators

As already described in the section "Internal control system", the following key performance indicators are used in the Group's financial reporting for the purpose of managing the Group:

Financial performance indicators

The following key figures were recorded for the Group in the reporting year:

Key figures Group	2023	2022
Sales revenues	479,337 KEUR	487,134 KEUR
EBIT	34,505 KEUR	36,341 KEUR
EBIT margin	7.2%	7.5%
Cash flow from ordinary activities	48,712 KEUR	7,193 KEUR
Return on equity	14.1%	16.3%
Equity ratio	61.3%	59.1%

As reported in the 2023 half-year report, we were unable to maintain the moderate increase in sales forecast in the 2022 annual report. While slight sales growth of 4.2% was still achieved in the first quarter, the challenges posed by the decline in construction output in all countries defined as core markets and in the growth market of France increased over the course of the year. Nevertheless, as expected at the half-year stage, the financial year was able to build on the previous year's high level with a decline of 1.6% compared to the previous year. Details on the analysis of sales can be found in the earnings situation section.

In the 2022 Group management report, a moderate decline in EBIT was forecast for 2023. One reason for this expectation was the increase in depreciation and amortization as a result of increased investment activity in the 2022 and 2021 financial years. In addition, rising personnel expenses and higher other operating expenses were expected. EBIT fell from EUR 36,341 thousand to EUR 34,505 thousand, which corresponds to a reduction of 5.1% and therefore a slight decline. The earnings-reducing effect of depreciation and amortization was at the planned level, but the increase in personnel expenses was less pronounced than assumed in the planning, as some of the originally planned new hires were postponed due to the challenges on the sales side. Contrary to expectations, there was a reduction in other operating expenses. This was mainly due to outgoing freight, the development of which is influenced by the sales trend. As sales stagnated instead of growing moderately as originally forecast, lower volumes were shipped, resulting in lower outgoing freight costs. In addition, the transport market eased in the 2023 financial year after prolonged uncertainties, which improved freight prices. As a result, EBIT fell less sharply than expected. Further details on the analysis of the earnings performance can be found in the Earnings situation section.

As EBIT only fell slightly despite sales remaining the same, the EBIT margin recorded a slight decrease of 3.5% in the reporting year instead of the expected moderate decline.

As forecast in the 2022 Annual Report, cash flow from operating activities recorded a strong increase. As expected, the improvement was achieved through the reduction in inventories, which was possible thanks to the easing on the procurement markets and the resulting improvement in the availability of materials.

The return on equity fell moderately in the reporting year, as forecast. The decrease of 2.1 percentage points resulted from both the decline in EBIT and the increase in the equity base compared to the previous year.

Contrary to the forecast of a slight fall in the equity ratio in the last Group management report, the equity ratio increased slightly to 61.3% (59.1). Liabilities increased less than expected, while equity increased more strongly. While equity benefited from a result that was higher than expected, borrowed capital rose less sharply due to lower investment activity in view of the economic uncertainties.

In addition to financial performance indicators, the Group also uses non-financial performance indicators.

Non-financial performance indicators

The non-financial performance indicators in the Group were as follows:

Key figures Group	2023	2022
Capacity utilization	78.7%	83.4%
Novelty ratio chem. products	28.5%	34.0%
Health ratio	95.1%	94.4%

The production volumes of the Uzin Utz Group fell in 2023 as a result of lower sales volumes and the reduction in inventories of finished and unfinished products. In addition, the commissioning of the new dry mortar plant in Waco in particular led to an increase in capacity. Accordingly, capacity utilization fell slightly in the reporting year, as forecast in the 2022 Group management report.

The proportion of new products fell from 34.0% to 28.5% in the reporting year and thus recorded a moderate decline as expected. This is mainly due to high-turnover products from the dry mortar and liquid sectors that were launched more than five years ago and were therefore excluded from the counter in the reporting year.

At 95.1% (94.4), the health rate within the Group remained at the previous year's level and is therefore in line with our forecast from the previous year, which assumed no significant change. The health ratio therefore remains at a very high level.

Risk management and internal control system

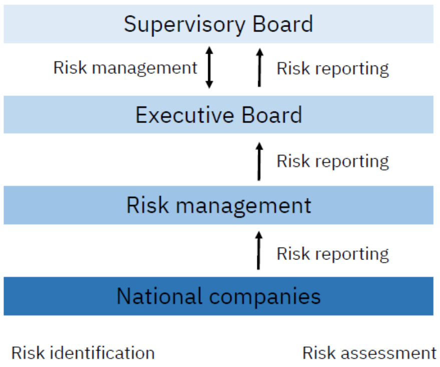
Risk management system

As an international company, we are subject to a large number of internal and external developments and events that can have a significant impact on the achievement of financial and non-financial targets. Successful and targeted opportunity and risk management are therefore integral components of corporate management.

To this end, we have a system for identifying, recording, assessing and controlling current and future business and financial risks. Nevertheless, this is a system that is subject to a permanent optimization process as part of continuous improvement.

The elements of the risk management system are:
- Risk identification
- Risk assessment
- Risk reporting
- Risk management

Structure of the risk management system of the Uzin Utz Group



Executive Board/Supervisory Board

The Management Board of Uzin Utz bears overall responsibility for an effective risk management system. It reports in detail to the Supervisory Board at least twice a year on the risk management system. The Supervisory Board, together with the Management Board, has the task of counteracting risks that could jeopardize the company's existence at an early stage and of reviewing the appropriateness and functioning of the risk management system in order to counteract the risks.

Risk Management

The Risk Manager, who reports directly to the Chief Financial Officer, is responsible for the operational implementation and coordination of the risk management system. He collects the risk maps of all companies, evaluates them at Group level and determines whether there are any risks that could jeopardize the continued existence of the company. Based on this risk analysis, he prepares the risk report for the Management Board and Supervisory Board.

National companies

Responsibility for identifying, assessing and reporting risks lies with the operating companies. They identify their risks with the help of the Group-wide risk catalog and evaluate the identified risks in a uniform Group-wide risk map, which contains criteria such as the expected loss value or the probability of occurrence. Further assistance and active support in recording risks in the risk maps are provided by the Risk Manager. These risk maps are recorded by all risk owners and all companies using a project tool and reported to the Risk Manager after approval by the local managing director. The legal requirements within the risk reporting of the individual companies are taken into account. Each individual risk of a risk owner must be reviewed and approved by the respective local managing director before processing by the Risk Manager can take place. This ensures that the management of the individual companies is informed about all risk areas of the respective company at all times.

Process of the risk management system

The risk management process established in accordance with Section 91 (2) of the German Stock Corporation Act (AktG) enables us to identify all significant developments that could jeopardize the company's continued existence at an early stage. This is achieved through uniform framework conditions and standards for the design of risk identification within the Group.

The entire risk management system is designed to identify risks that could jeopardize the continued existence of the company at an early stage and, if necessary, to take countermeasures and ensure that business objectives are achieved. The principles, guidelines, processes and responsibilities of the internal risk management system have been defined and established. The risk management system essentially comprises the following risk groups:

- Business environment and industry risks
- Prodct risks
- Financial and economic risks
- Risks relating to production and essential IT-supported processes
- Investment risks
- Purchasing, supplier and raw material price risk
- personnel risks

In addition to risk-specific management measures, safety-oriented, commercially prudent corporate management, appropriate insurance cover and company-wide guidelines and instructions form the basis for risk-conscious action.

The explanations in the "Financial position" and "Financial risks" sections of this report apply to financial instruments. In addition, the earnings and liquidity risks of the financial investments are mapped in the form of an early warning system. The main elements of this are detailed monthly reporting on all key income statement items and a quarterly report by the investee companies on the development of the general environment, the receivables and inventory risk and the liquidity/financing situation. Regular audit meetings in the affiliated companies, group-wide accounting guidelines and mandatory, direct communication channels between the managing directors of the affiliated companies and the Management Board of Uzin Utz SE in all material matters represent the remaining main elements.

Identified risks are divided into different risk categories using a special weighting system. These are the following risk categories:

- Insignificant risk
- Low risk
- Medium risk
- High risk
- Risk threatening the existence of the company

The weighting system used is made up of various characteristics of the risks, such as the probability of occurrence, the extent of damage and qualitative criteria such as the measures taken to reduce the risks, any classification of the risk as an early warning indicator or the frequency with which the risk is reviewed. Based on this qualitative weighting system, the risks are classified into the above-mentioned categories and reported to the Management Board. The financially quantifiable risks are additionally assessed on the basis of Uzin Utz's risk-bearing capacity.

Process-independent monitoring

The auditor of Uzin Utz - as an independent external body within the scope of the audit of the consolidated financial statements - reviews the risk management system in accordance with Section 91 (2) AktG for its appropriateness for risk identification, assessment, control and with regard to risk reporting.

Opportunities and risk situation

Comparable opportunities and risks from different areas of the Group are reported together under the following categories where appropriate. The order does not imply any ranking of the categories.

The basis for the assessment of the opportunities and risks of the environment and industry can be found in the sections "Future macroeconomic development" and "Future development of Uzin Utz" of the forecast report.

Risks

Business environment and industry for the Group

The forecast economic development in our core and growth markets is decisive for the opportunities and risks for Uzin Utz arising from the environment and the industry. Overall, global economic growth in 2024 is not expected to reach the level that prevailed before the COVID-19 pandemic. While the largest increase of 2.6% is expected for the US growth market, the anticipated growth rates in our other core and growth countries, which range between 0.3% and 1.1%, are lower. According to the forecasts for the construction industry as a whole, a decline is expected in four of our six core and growth countries in 2024. The forecast growth in construction output in Switzerland and the USA offers opportunities. In addition, despite the expected decline in overall construction output, there are growth opportunities in certain areas of the construction industry in our focus markets, which we will exploit using our strengths.

Forecasts for economic development in our core market of Germany vary, but are at a similar level, ranging from stagnation to a slight increase. A slight decline is expected for construction output, which will be caused by monetary policy penalties and interest rate trends, among other things. Refurbishment measures in the residential construction sector nevertheless offer growth trends that will partially offset the decline in new residential construction. The economic growth forecast for our core markets of the Netherlands and Switzerland is identical at 1.1% in each case. In the Netherlands, a slight decline in total construction output is expected due to rising construction costs and increasing regulation. However, price increases for both existing and new properties could provide positive impetus for investors. A slight increase in construction investment is forecast for Switzerland, which is due to increased demand in the renovation sector.

The forecast economic growth in the growth markets of the UK and France is also congruent. GDP is expected to increase by 0.6% in both countries. However, a slight decline is expected for the British construction industry and the French market. Despite the expected decline in construction output, there are opportunities for growth, primarily in the area of industrial construction. While building and residential construction in France is expected to decline, the outlook for renovation and maintenance is positive. The USA will live up to its classification as a growth market and is expected to achieve the strongest growth of all core and growth markets in 2024. An increase of 2% is expected in the construction industry, although this represents a decline compared to the high growth rates of previous years. While a decline is expected in the residential construction and renovation sectors, there are opportunities arising from public construction investments, for example.

In addition to the factors that already hampered economic development in the previous year, geopolitical uncertainties have increased. Nevertheless, a recession is not expected in any of our core and growth countries. Estimates for the construction industry vary, with forecasts for our focus countries ranging from a slight decline to a slight increase and therefore close to stagnation. As a result, we are once again confronted with a challenging market environment which, depending on how the sector actually develops, may have a significant impact on business performance and thus lead to a medium risk. Overall, however, there are slight opportunities for growth that are in line with our strengths, which is why we expect to remain profitable in the 2024 reporting year. Despite an expected absolute increase in all cost items, a slight increase in earnings is assumed as a result of cost-cutting measures, for example in the area of logistics and by optimizing material and production costs.

The risks that can be quantified in monetary terms in the "Environment and sector" area amount to a maximum low single-digit million euro amount.

Products

The further development of Uzin Utz is closely linked to the ability to create innovations in the product range and to refine existing formulations. Intensive efforts are aimed at intensifying research and development activities in order to identify market requirements and trends promptly by means of benchmarking and competitive analyses. This serves to prevent the company from falling behind its competitors in terms of technology. It is not possible to precisely quantify potential losses. The risk of technological deficits and the risk of product defects represent significant challenges for the Group. Significant investments in research and development, ongoing in-house innovations and strict internal quality controls are aimed at eliminating product defects from the outset. This is intended to meet the high quality and faultlessness requirements of Uzin Utz products. In the event that damage nevertheless occurs, comprehensive international insurance cover, including product liability, provides protection. Operational risks are covered by prudent provisions.

Customer needs and legal requirements, particularly in the chemical industry, are subject to constant change. New regulations regarding the prohibition or restricted use of certain chemicals or hazardous substances force the Uzin Utz Group to develop innovative formulations that meet these new requirements without compromising product quality. In the course of the REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals), importers of raw materials from non-EU countries who import hazardous substances are obliged to register. Uzin Utz is committed to researching substitute raw materials in order to ensure long-term security of supply and greater independence from suppliers without compromising product quality.

Product risks are to be classified as insignificant for the reasons mentioned.

The risks in the "Products" area that can be quantified in monetary terms amount to a maximum low single-digit million euro amount.

Financial and economic conditions

Assessing the extent of financial risks remains challenging in the current situation. In view of potential volatility on the financial markets, it is essential to implement adequate hedging strategies for currency risks, always striving for a balance between costs and expected benefits. The development of currencies that are critical for the Group is discussed in more detail in the "Earnings position" section of this report. Tight receivables and liquidity management throughout the Group guarantees the maximization of available resources, with a particular focus on the continuous monitoring of customers' creditworthiness. The majority of customer receivables are also covered by credit insurance. All significant liabilities to financial institutions are generally taken out for medium to long-term maturities at fixed interest rates or protected against interest rate risks by an interest rate swap. The primary means of financing include bank loans and working capital loans, leasing obligations and trade payables. Their main purpose is to support and maintain operating activities. In addition, the Group has various financial assets, such as trade receivables as well as cash and short-term investments, which contribute to improving liquidity. The Uzin Utz Group has used derivative financial instruments to a limited extent to hedge against interest rate and currency risks resulting directly from business and financing activities. Future possible significant currency and interest rate fluctuations always harbor an inherent risk. A company-wide treasury guideline effectively supports risk management and aims to optimize financial transactions and minimize currency and interest rate risks. The introduction of an integrated liquidity forecast improved quarterly reporting to the Management Board through the use of real-time data. In addition, the project to standardize and automate global payment transaction formats was continued with the aim of managing the Group's payment transactions via a central platform.

For the reasons mentioned, the financial risks are classified as low.

The quantifiable monetary risks in this area amount to a maximum mid-single-digit million euro amount.

Production and essential IT-supported processes

In the production areas of the various sites, continuous maintenance as well as fire protection and preventive measures significantly minimize the risk of suboptimal performance of the production facilities. Special insurance policies have been taken out against damage caused by the elements and the possible resulting business interruptions, although the associated risks cannot be precisely quantified. The Group sees opportunities in the ongoing improvement of production processes and in additional investments in advanced technologies in order to continuously increase the efficiency of production plants worldwide. The increasing networking of international production facilities and strict quality management contribute to the ongoing optimization of production quality across the entire Group.

The operational and production processes as well as the internal and external communication of Uzin Utz are increasingly dependent on information technology. Significant impairments or even the failure of global and regional IT systems could lead to data losses and disruptions in operating and production processes. Targeted technical, structural and organizational measures are taken to minimize the risk of a failure of critical IT systems.

Risks in the area of production and risks relating to IT-supported processes are classified as insignificant.

The risks in these areas that can be quantified in monetary terms amount to a maximum low single-digit million euro amount.

Investments

Risks associated with significant investment decisions are subject to detailed preliminary analyses and require the approval of the Uzin Utz Management Board. If necessary, the expertise of external consultants is consulted for this purpose. Potential takeovers are always assessed with the involvement of external expertise, evaluated by the Management Board and require the approval of the Supervisory Board. Targeted investments lay the foundations for the Group's future growth, continuously creating new opportunities to increase sales and thus improve the Group's overall result.

For the reasons mentioned, the investment risks can be classified as insignificant.

The quantifiable risks in the area of "investments" amount to a maximum very low single-digit million euro amount.

Purchasing, supplier and raw material price risks

For years, Uzin Utz has pursued a multi-supplier strategy in order to minimize dependence on various suppliers and to be able to change them if necessary. Furthermore, framework agreements are concluded with suppliers in order to absorb price increases as far as possible. Through continuous research into substitute raw materials within our research and development departments, we also try to minimize our dependence on suppliers or certain raw materials. Nevertheless, the 2023 reporting year was a very challenging year in terms of procurement, supplier and raw material costs. However, by acting strategically, particularly in the area of procurement, we were able to ensure that we were able to deliver at all times and that we kept costs as low as possible.

The procurement, supplier and raw material price risks can be classified as insignificant thanks to the measures taken. This also reflects the continuous delivery capability of Uzin Utz in the past.

The monetarily quantifiable risks in the areas of "procurement, suppliers and raw material prices" amount to a maximum low single-digit million euro amount.

Personnel risks

Personnel-related risks encompass the range of potential dangers that can arise from the behavior and circumstances of our workforce, including, but not limited to, misconduct, incorrect decisions, accidents at work, health problems or general staff absenteeism. To manage these risks, we implement a variety of strategies within our risk management system. For each identified personnel risk, there are specific measures aimed at reducing the probability of occurrence. Examples include further training, preventative health measures, ensuring safe working conditions and conducting regular employee appraisals in order to effectively minimize the aforementioned risks. The shortage of skilled workers also plays a central role in our risk management system. Active consideration and strategic planning to overcome this shortage are crucial to ensure the long-term competitiveness and productivity of our company. Our primary goal is to establish an open and transparent corporate culture in which all employees feel valued, communicate risks openly and actively work to reduce them in order to limit them as much as possible.

Risks that fall under the category of personnel risks are classified as insignificant.

The risks that can be quantified in monetary terms in the area of "personnel risk" amount to a low four-digit euro sum and are therefore classified as insignificant.

Other risks

The "Other risks" category covers a range of potential risk factors that do not fall directly under the other, specifically defined risk categories. These include, but are not limited to, unforeseeable events or developments that could have an impact on our business activities, financial position or profitability.

Risks that fall under the category of other risks are classified as low.

The risks that can be quantified in monetary terms in the "Other risks" category amount to a maximum low mid-digit million euro amount.

Risks threatening the existence of the company

None of the risks listed above currently pose a threat to the company as a going concern. There are currently no other identifiable risks to Uzin Utz as a going concern, even taking into account the Group's risk-bearing capacity.

Chance

Most of the risks described also offer the Group opportunities. These are often reflected in risk reduction measures. Due to its size, market position and the internal success factors already described, the Group can and will continue to exploit every commercially viable market opportunity that arises in order to gain further market share. Opportunities for strategically sensible company takeovers will also be closely examined and, if necessary, realized.

In particular, the areas

- Environment and industry,
- Products,
- Financial Instruments,
- Production and essential IT-supported processes
- Investments
- Procurement, supplier and commodity price risks
- Personnel

and, due to their validity for all market participants in conjunction with the Group's high standards in the areas of product quality, service and logistics concept, offer excellent opportunities to expand relationships with existing customers and acquire new customers in order to expand market positions in the respective countries. In this way, we can position ourselves on the market with quality and innovation and differentiate ourselves from our competitors. With regard to further opportunities and risks for Uzin Utz, please also refer to the forecast report.

Extraordinary influencing factors

Towards the end of 2023, there were further geopolitical uncertainties in addition to the war in Ukraine. The uncertainties arising from the armed conflict in the Middle East and increased piracy in the Red Sea, for example, are influencing the development of the global economy. While the loss of export sales to the regions primarily affected will not have a significant negative impact on sales, a worsening of the uncertainties may have an impact on the rest of the value chain. Challenges arising in this context primarily affect the procurement, energy and transportation markets as well as price trends on these markets. We counter these challenges with strategic and operational measures such as the conclusion of framework agreements and the constant monitoring and assessment of the situation.

Compliance

As a European stock corporation, we are subject to many laws and regulations and therefore already meet a high standard. We are aware of our responsibility towards business partners, shareholders, employees and the public. In order to meet this requirement, even against the backdrop of an increasingly difficult regulatory environment, we have developed compliance guidelines which, together with the rules of conduct based on them, provide not only legal but also ethical guidance. The Compliance Guidelines contain the fundamental and binding rules for conduct within Uzin Utz as well as towards business partners, shareholders and the general public.

Internal control system (ICS)

Adequacy and effectiveness of the internal control and risk management system

There is an internal control system that is appropriate to the size of the company and is continuously being expanded and optimized. In order to further expand an effective ICS, work is currently underway to set up a control matrix for Uzin Utz SE. In this control matrix, the essential key controls for the existing main processes are defined, the rhythm of the controls is determined and the person and/or department responsible is defined. The aim is to roll out the controls, which must be carried out on a decentralized basis, to the German subsidiaries as a first step and to the foreign Group companies in the medium to long term.

The intention of risk management and the internal control system is to ensure the effectiveness of business activities and compliance with the relevant legal requirements.

Both the internal control system and the risk management system are monitored on an ongoing basis in order to rectify any weaknesses identified during the financial year and to ensure continuous improvement of processes.

At the time of this report, there are no indications in all material respects of the company that the internal control and risk management system is ineffective or inadequate.

However, no guarantee can be given that all actual risks and any violations will be detected in advance.

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

The internal control system is a key factor in avoiding risks, particularly in accounting and financial reporting. This includes the following features, among others:

- Within Uzin Utz, the management and corporate structures are clearly defined. Cross-divisional key functions are controlled centrally via Uzin Utz SE, whereby the individual subsidiaries also have a high degree of independence.
- There is a set of guidelines that is updated on an ongoing basis.
- The financial systems used are protected as far as possible against unauthorized access by appropriate authorization concepts and access restrictions.
- The financial systems used are essentially based on the SAP standard. SAP Business Intelligence is used for presentation and other evaluations.
- The consolidated financial statements are prepared using SAP consolidation software.
- Accounting data received or passed on is continuously checked for completeness and accuracy.

The control system and risk management system with regard to the accounting process is designed to ensure that all business processes and transactions are recorded promptly and correctly in the accounts and that risks in connection with financial reporting are identified, evaluated, monitored and managed. Changes to laws, accounting standards and other pronouncements are continuously analyzed with regard to their relevance and impact on the consolidated financial statements and the resulting changes are immediately adapted in the Group's internal guidelines and systems. The Group accounting process at Uzin Utz SE is managed by the central Group Controlling department.

The Group companies prepare their financial statements locally and transmit them via a uniformly defined Group-wide data model. The data is maintained by the individual national companies directly in the input platform. The Group companies are responsible for compliance with the Group-wide accounting guidelines and procedures as well as the proper and timely execution of their accounting-related processes and systems. The local companies are supported by central contacts throughout the entire accounting process. The consolidated financial statements are prepared centrally on the basis of the data from the subsidiaries included in the scope of consolidation. During this process, Group Controlling performs ongoing manual and system-supported checks to ensure the plausibility of the transmitted and consolidated data.

Internal control processes are used to regularly check the business processes of both the subsidiaries and the central divisions for correctness, cost-effectiveness, efficiency and security. The results are reported directly to the Executive Board.

Forecast report

Future macroeconomic development

The International Monetary Fund (IMF) expects the global economy to grow by 3.1% in 2024, while the forecast of the Federation of German Industries (BDI) is almost identical at 2.9%. Growth expectations are positively influenced by the increased resilience of the economy in the USA and some other major emerging economies as well as government support in China. By contrast, the slowing recovery from the pandemic and tighter monetary and financial conditions are among the factors weakening development. The high inflation prevailing in many

regions of the world is expected to fall in the medium term according to the forecast of the Institute for Economic Forecasts. The IMF's expectation for global inflation is 5.8%.
The EU Commission expects gross domestic product (GDP) in the eurozone to grow by 0.8% in 2024, after the economic forecast of 1.2% was lowered due to the expected turnaround in interest rates. At 2.7%, forecast inflation in the eurozone is lower than expected global inflation. Due to continuing inflation, rising interest rates and construction costs, falling household purchasing power, lower economic growth, higher government debt and falling property prices, the construction industry is forecast to shrink in most EUROCONSTRUCT countries. The sharpest decline is expected in the residential construction sector. According to the Global Construction Monitor of the Royal Institution of Chartered Surveyors (RICS), Europe is the only region that expects a decline in private residential construction in 2024, which is estimated at 11.0%. Renovations are also on the decline. Civil engineering will be resilient due to public investment. Construction of non-residential buildings is expected to stagnate until 2024, while renovations of non-residential buildings are expected to increase slightly.

In our core markets of the Netherlands and Switzerland, GDP is forecast to increase in 2024. Expectations for the core market of Germany are largely in the lower positive range. The Organization for Economic Cooperation and Development (OECD) expects economic output to grow slightly by 0.3%. Conversely, the German Economic Institute (IW) expects GDP to fall by 0.5%. German economic growth will be dampened by the high weighting of energy-intensive industries, the weak global economy and its impact on export companies and increasing uncertainty among companies due to the budget crisis. In 2024, consumption will continue to be held back by high inflation and the rise in interest rates will have a negative impact on the construction industry and investments. However, private consumer spending should recover again due to rising real incomes. Both the German government and the EU Commission are forecasting a fall in the inflation rate in Germany to 2.8% in 2024. These assumptions are almost congruent with the forecast for the eurozone. The Federation of the German Construction Industry expects a real decline in turnover of 3.5% in the entire main construction industry. The reasons for the negative development are the weak performance of the global economy, monetary policy tightening due to high inflation and uncertainty among companies and households as a result of budgetary uncertainties in Germany. In residential construction, the interest rate trend on the capital market is seen as an additional ongoing challenge. According to a report by the Association of German Housing and Real Estate Companies, residential construction companies are being forced to cancel projects to create affordable housing. As things stand, 22.0% of the projects already planned cannot be realized. Slight growth trends are forecast for renovation measures in the residential construction sector, but these can only partially offset the real decline in new residential construction of 12.0%. In commercial construction, the Federation of the German Construction Industry forecasts price-adjusted growth of 2.0%. In line with the low dependency of commercial investments on interest rates and high capacity utilization, stagnation is expected in building construction. This will be offset by an increase in civil engineering. Sales growth of 1.0% is expected in public construction. After some construction material prices, such as the prices of steel, timber and glass, fell until November 2023, the German Construction Industry Association expects material prices to fall overall in 2024. Further price increases are only realistic for individual energy-intensive materials such as cement, as was already the case in 2023.

For the Netherlands, which is also one of our core markets, the EU Commission expects economic growth of 1.1% in 2024. Analysts at Rabobank fear stagnation due to continued high interest rates and persistent inflation. The economic situation will be particularly affected by the new elections in November 2023. One of the greatest opportunities for the Dutch economy is the expansion of strong foreign trade. This is benefiting in particular from the high demand for Dutch goods and services. On the other hand, energy prices could pose challenges due to the Ukraine crisis and trade relations, particularly with Russia. Growth in nominal wages of 4.0%, due to the labor shortage, in combination with an inflation rate of 3.7% forecast by the EU Commission should lead to an improvement in domestic demand in 2024. In the construction industry, however, the Economic and Financial Analysis Division of ING Bank N.V. expects a decline of 2.5% in 2024. Increased interest rates and investor risks in particular mean that the real estate market will develop negatively until the middle of the year. Due to the already existing structural shortage in the residential real estate sector and higher incomes, prices for both existing and

new properties will rise by 4.0% in 2024 according to ABM AMRO's forecast in the Housing Market Monitor. The favorable socio-economic and political climate makes the Netherlands attractive for migrants, which is why demand for housing will increase even more in the future. Nevertheless, construction processes and the development of new housing are currently slowing down. The reasons for this are rising construction costs, increasing regulations and lengthy procedures.
The Swiss Confederation is forecasting below-average growth for the Swiss economy in 2024, with adjusted growth of 1.1%. This forecast is based on low growth momentum in the eurozone, which is slowing down the exporting sectors of the Swiss economy. The economy is expected to be supported by private consumption, which is also expected to increase by 1.1%. A weak development is also expected in the area of investment, as capacity utilization is falling and financing costs are rising. Construction investment is expected to grow by 0.9% overall. In the area of new construction, Wüest Partner and Docu Media are forecasting a nominal decline of 0.8%. The decline will be partially offset by an increase of 0.7% in the renovation segment. A decline in demand is expected in the construction materials segment, which will be influenced by supply bottlenecks, increased material costs and uncertainties due to geopolitical events. Increasing population growth in combination with positive developments on the labor market will also exacerbate the ongoing shortage of living space. From summer 2024, an expected interest rate cut could boost construction activity. This will make investments more attractive and reduce financing costs. However, other factors such as geopolitical developments and economic uncertainties will also play an important role in future developments.
The IMF expects moderate economic growth of 0.6% for the UK in 2024. The UK is characterized by uncertainty due to high inflation, high interest rates, the upcoming elections and global factors such as the conflict in the Middle East. The Bank of England will only adjust its interest rate policy when it is confident that inflation will reach the target level in the medium term, which is not expected before the second half of 2024. According to KPMG, the inflation rate will fall to 2.8% in 2024. As interest rates are expected to fall over the course of 2024, the RICS UK Construction Monitor at the end of 2023 paints a less pessimistic picture of the situation in the construction industry compared to the third quarter. The infrastructure segment in particular is leading the way and private non-residential construction is also likely to increase slightly over the course of the year. Due to the current reinforced autoclaved aerated concrete (RAAC) crisis, investments in public construction are likely to increase in order to avoid potential structural deficiencies. In addition to investments in education, the construction industry in the public sector will be positively influenced by investments in infrastructure and healthcare in particular. An average increase of 5.0% is expected for rents in 2024. The same increase will be seen in the cost of specialist staff and materials.
The USA, which we have defined as a growth market alongside the UK and France, will experience economic growth of 2.6% according to the OECD's assumption made in February 2024. After government spending made a positive contribution to growth in 2023, it is assumed that subsidies will decrease in order to reduce government debt. Due to falling inflation, key interest rates are expected to be lowered from around mid-2024. However, the Federal Reserve (Fed) will not cut interest rates until inflation is below 3.0%. Despite high interest rates, there is room for growth in the area of commercial and construction investment. Overall, an increase of 2.0% is forecast for total expenditure in engineering and construction, although this is a significant decline on the growth rates of previous years. In commercial real estate, low lending and potential losses by investors could lead to increased pressure on the sector. The expected decline is greatest for multi-family houses at 15.0%. The estimated 5.0% decline in single-family homes is due to the fact that purchasing is becoming increasingly unaffordable and buying is more expensive than renting in most markets. Due to the rise in interest rates, less will be invested in renovation and refurbishment in the future, which is why a reduction of 4.0% is expected. By contrast, investment in the healthcare sector is expected to grow by 8.0%, which is partly due to the Inflation Reduction Act (legislation to reduce inflation through climate protection and energy security, among other things). Growth of 12.0% could also be realistic in the hotel and accommodation sector. Further government subsidies in the manufacturing industry are expected to lead to an increase, particularly in the data center and semiconductor production sectors.

According to the OECD, France's economy will experience a 0.6% increase in GDP in 2024. The IMF, on the other hand, expects economic output to grow by 1.0%. The Banque de France is forecasting dynamic growth in consumption due to falling inflation and an expected more stable energy price trend. According to the central bank, the inflation rate is expected to fall to 2.6%. Due to high financing costs, major investments such as the purchase of property are being avoided, meaning that a decline in private investment of 5.9% is forecast. The industry association Fédération Nationale des Trauvaux Publics expects a low growth rate of 2.0% for infrastructure and industrial construction, which will mainly come from major projects by civil engineering companies. Due to inflation and high interest rates, the volume of sales in the building construction sector is expected to fall by 5.5%. Demand in residential construction has continued to decline since mid-2023 due to a decrease in building permits. While a decline of 14.6% is forecast in new construction compared to 2023, the market volume in the renovation and maintenance sector will increase by 1.6%. Due to the decline in activity in the construction industry, Bruno Le Maire, Minister of the Economy, announced support measures for construction companies, such as accelerating payment for government contracts.

Future development of the Uzin Utz

Our development in the coming year will continue to be shaped by the Passion 2025 corporate strategy. The strategic framework for further development and target achievement will continue to be defined by the four P's - Profit, Products & Services, People and Planet. The priorities enable us to exploit our potential and to operate successfully and sustainably.

The People focus is concerned with our employees and society. Our employees make a significant contribution to the success of the Group and play a key role by working in a motivated and disciplined manner to achieve our ambitious goals. For this reason, concepts for professional development are developed. In addition to looking at our company, relationships with our customers are also part of this approach.

The Products & Services strategy aims to continue to provide our core customer, the experienced groundcare professional, with tailor-made products, systems and services for all aspects of soil cultivation. The close relationship with our business partners enables us to further optimize our range and adapt it to the global markets. In order to keep pace with the progress of digitalization, we strive to develop future-oriented business models so that we can identify trends early on and act as a driver of innovation in the industry. Only in this way is it possible to achieve qualitative improvements and offer our customers in the premium and standard segments added value that leads to success.

As part of the Planet thrust, initiatives such as environmentally friendly operations, a transparent and sustainable value chain and a socially responsible company will bring the environment and resources even more into the focus of our business.

Since 2021, there has been a theme year for each strategic focus area. The theme years serve to deepen initiatives in the respective focus area and promote a Group-wide exchange on planned measures.

Following the focus on the Planet strategic thrust in 2023, the 2024 themed year will focus on the Profit strategic thrust. The last of the four dimensions, which forms the basis for our activities and is essential for the long-term existence of Uzin Utz, will thus be emphasized in 2024. In the coming financial year, we will continue to expand our market position and leverage country-specific potential through customer proximity and performance leadership along the entire value chain.

Forecast performance indicators

Financial performance indicators

At Group level, we expect the following development of key figures:

Key figures Group	2024
Sales revenues	↗
EBIT	↗
EBIT margin	→
Cash flow from ordinary activities	↘
Return on equity	→
Equity ratio	→

Even in 2024, global economic development will not be able to return to the level of the years before the COVID-19 pandemic. While the US economy is proving more resilient than expected, the outlook for the economy in our other core and growth countries is much more pessimistic. Interest rates, which have been raised as part of the fight against inflation, will continue to slow economic growth, while government support will decrease as a result of increased public debt. Geopolitical uncertainties have increased compared to the previous year. In addition to the ongoing war in Ukraine, the armed conflicts in the Middle East and increased piracy in the Red Sea are weighing on the development of the global economy.

Due to these factors, we are once again facing major challenges in 2024. A contraction in construction output is expected in Europe. Accordingly, total construction output is expected to decline in four of our six core and growth countries. Nevertheless, we assume that we will be able to achieve slight sales growth compared to 2023. An increase in construction output is expected for Switzerland, for example, and the same applies to the USA. In addition, growth opportunities are emerging in certain areas of the construction industry, where our strength lies. In Germany, for example, the renovation of apartments is expected to increase, and a growing renovation segment is also anticipated in Switzerland. The same applies to France. In addition, the expected increase in public construction investment in the USA and the UK offers opportunities to win tenders with our solutions. An increase in private residential construction is also forecast in the UK. In order to exploit existing market potential, starting points for optimization were defined in consultation with the managing directors of the subsidiaries, with the aim of both increasing sales and improving profitability. Examples of starting points in the area of sales include the acquisition of new customers, the digitalization of sales and the sale of new products.

Factors that already had an impact on earnings development in 2023 will also be relevant in 2024. In absolute terms, an increase is expected in all cost items. In the area of other operating expenses, the operating costs for building, machine and IT maintenance are expected to show the strongest absolute increase. Depreciation and amortization will also rise due to increased investment activity in recent years. An increase in personnel expenses is expected due to a planned increase in personnel and, among other things, an inflation adjustment. Starting points for optimization in the area of profitability relate to logistics costs, for example. Measures such as changing service providers and the commissioning of the plant in Waco, including the associated reduction in distance to customers, will take full effect in 2024 and thus contribute to the planned cost reduction in the logistics area. Furthermore, material and production cost optimization will work towards achieving a lower material usage ratio. Overall, the aforementioned development of cost factors is expected to result in a slight increase in EBIT. With slight sales growth, this will lead to a constant EBIT margin.

After the situation on the supply market eased in the past financial year, the previously unusually high build-up of inventories was reduced enormously during 2023. This resulted in an unusually high, positive effect on cash flow from operating activities. No reduction in inventories is expected in 2024, meaning that a moderate decline in operating cash flow is anticipated.

We expect the return on equity and equity ratio to remain at the same level in 2024.

In addition to the aforementioned performance indicators, we are continuing to invest in our global locations and are therefore planning investments of EUR 20,913 thousand for the coming year. Approximately 2/3 of the planned total investments are primarily attributable to production sites such as the Uzin Utz SE site, Uzin Utz Nederland B.V. and Pallmann GmbH.

Non-financial performance indicators

At Group level, the following development of non-financial key figures is expected:

Key figures Group	2024
Capacity utilization	↗
Novelty ratio chem. products	↘
Health ratio	→

A slight increase in the volume produced within the Group is expected for 2024. As a result, the level of capacity utilization in 2022 (83.4%) should be almost reached despite increased capacities. The new plant of Uzin Utz North America Inc. in Waco and the associated production capacities could already be utilized proportionally in 2023 and should be fully utilized in 2024. In line with the definition as a growth market, the USA will make the highest absolute contribution to increasing production volumes. In addition, Uzin Utz SE will make a significant contribution to increasing production volumes. Depending on market developments, we will react with adjusted working time models.

The Group's new product ratio will fall moderately in the 2024 reporting year. This is mainly due to high-revenue products from the dry mortar and liquid sectors that were launched more than five years ago next year and will therefore no longer be included in the counter in the coming reporting year. Experience has shown that new products cannot compensate for this decline in the start-up phase of sales.

The health rate in the Group has been at a consistently high level for years, close to 95%. No significant change is expected here in 2024 either.

Other information

Reporting

Events, decisions and factors with a significant influence on the further development of the Uzin Utz Group

All events, decisions and factors with a significant influence on the further development of the Uzin Utz Group that were already known in 2023 are included in the respective thematically related part of this report.

Existing branches, permanent establishments, representative offices

The structure and locations of the Group's subsidiaries and associated companies are shown in the section "Group companies" in the notes to the consolidated financial statements.

Branch offices are permanently operated facilities of the company that are spatially and organizationally separate from the main branch office, operate independently from the outside, but are subordinate to the main branch office and do not have their own legal capacity.
Based on this definition, the following locations were identified as branch offices:

Uzin Utz SE has a branch office in Naples, Italy.
INTR. B.V. operates several branches (so-called INTR. Points) in the Netherlands, where an extensive product range is offered. Customers are advised in the branches, receive product demonstrations and can purchase products.

The following INTR. Points exist:
- INTR. Point Delft (Delft)
- INTR. Point Den Bosch (s´-Hertogenbosch)
- INTR. Point Heerenveen (Heerenveen)
- INTR. Point Hengelo (Hengelo)
- INTR. Point Hoofddrop (Hoofddorp)
- INTR. Point Hoogeveen (Hoogeveen)
- INTR. Point Leek (Leek)
- INTR. Point Nieuwegein (Nieuwegein)
- INTR. Point Nuth (Nuth)
- INTR. Point Zwolle (Zwolle)

The locations that do not meet the definition of a branch office but are of particular relevance due to their size are listed below.

Uzin Utz Tools GmbH & Co. KG has had a site in Mettmann, where small tools of the Pajarito brand are produced, since a merger as part of an internal restructuring within the Group.

Uzin Utz North America Inc. has a production site including a research and development department for dry mortar in Dover, Delaware. A training center for wholesale customers is also located at this site. The second dry mortar plant of Uzin Utz North America Inc. in Waco, Texas was put into operation in the second quarter of 2023.

Reporting in accordance with § 315a para. 1 HGB

Composition of subscribed capital

The subscribed capital of Uzin Utz SE in the amount of EUR 15,133 thousand is divided into 5,044,319 no-par value bearer shares (ordinary shares), each of which grants the same rights, in particular the same voting rights. There are no different classes of shares. One share corresponds to a notional share in the capital stock of EUR 3 each.

Voting rights and transfer restrictions

There are neither statutory provisions nor provisions in the Articles of Association that restrict voting rights or the transfer of shares. A pooling agreement exists between Dr. Utz, his children and his sister and her children. The shares of the pool members (2,709,181 shares or 53.7% of the voting rights) can only be disposed of uniformly and the voting rights at the Annual General Meeting can only be exercised uniformly. Apart from the above-mentioned agreement, the Executive Board is not aware of any restrictions affecting voting rights or the transfer of shares.

Shareholdings of more than 10% of the capital

To the knowledge of the Executive Board and on the basis of the notifications received by the Company under securities law, there are direct or indirect interests in the share capital of Uzin Utz SE that exceed 10% of the voting rights. Further details are provided in the notes to the (consolidated) financial statements under "Disclosures pursuant to Section 160 (1) AktG".

Shares with special rights

There are no shares with special rights conferring powers of control.

Voting right control in the case of employee participation

The Management Board is not aware of any employees holding an interest in the Company's capital who do not exercise their control rights directly.

Appointment and dismissal of members of the Management Board and amendments to the Articles of Association

The Management Board of Uzin Utz SE consists of one or more persons. The number of members of the Executive Board is determined by the Supervisory Board. The appointment and dismissal of the members of the Management Board is carried out in accordance with the statutory provisions. With the exception of a judicial replacement appointment, the Supervisory Board alone is responsible for the appointment and dismissal of Management Board members. It appoints members of the Management Board in accordance with § 7 of the Articles of Association of Uzin Utz SE for a maximum of six years. A repeated appointment or extension of the term of office, in each case for a maximum of six years, is permissible. The Supervisory Board may appoint a Chairman and a Deputy Chairman of the Management Board. In accordance with the regulations of the German Corporate Governance Code, the maximum possible appointment period of six years is not the rule for initial appointments.

Amendments to the Articles of Association follow the provisions of Section 179 AktG as well as Section 20 of the Articles of Association of Uzin Utz SE. Accordingly, the Supervisory Board is authorized to make amendments to the Articles of Association that only affect the wording. A resolution of the Annual General Meeting is not required. This applies in particular to amendments to the Articles of Association following the full or partial implementation of the increase in the share capital.

Powers of the Management Board to issue and buy back shares

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions on or before May 13, 2024 by up to a total of EUR 3,000,000 by issuing up to a total of 1,000,000 new no-par value bearer shares with voting rights and a notional value of EUR 3.00 per share (Authorized Capital I). The capital increases may be made against cash contributions and/or contributions in kind.

The Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company in the period up to May 25, 2026, on one or more occasions by up to a total of EUR 4,000,000.00 by issuing new no-par value bearer shares with voting rights and a notional interest in the share capital of EUR 3.00 per share ("Authorized Capital II"). The capital increases may be made against cash contributions and/or contributions in kind.

The Executive Board is further authorized, with the consent of the Supervisory Board, to exclude the shareholders' statutory subscription rights in particular in the following cases:

- for the fractional amounts arising due to the subscription ratio
- for a capital increase against contributions in kind in the best interests of the Company for the acquisition of companies, parts of companies or equity interests in companies or other assets (even if a purchase price component is paid out in cash in addition to the shares) or in connection with business combinations or mergers
- for a capital increase against cash contributions, up to a total of 10% of both the capital stock existing at the time this authorization takes effect and the capital stock existing at the time this authorization is exercised, provided that the issue price of the new shares is not significantly lower than the stock market price of the

shares of the same class and rights already listed. Shares issued or sold during the term of this authorization with exclusion of subscription rights in direct or analogous application of Section 186 (3) Sentence 4 AktG shall be counted towards this limit of 10% of the capital stock.

The Executive Board is further authorized, with the consent of the Supervisory Board, to determine a starting date for profit entitlement that deviates from the law and to determine the further details of a capital increase and its implementation, in particular the issue price and the consideration to be paid for the new shares, as well as to determine the granting of subscription rights by way of indirect subscription rights in accordance with Section 186 (5) AktG.

On May 19, 2020, the Annual General Meeting of the Company authorized the Company to acquire treasury shares up to a total of 10% of the capital stock existing at the time of the resolution for purposes other than trading in treasury shares until May 18, 2025, provided that the shares acquired, together with other treasury shares held by or attributable to the Company, may at no time account for more than 10% of the capital stock. The authorization may be exercised by the Company in whole or in part; if exercised in part, the authorization may be exercised several times. The shares may only be purchased on the stock exchange or by means of a public purchase offer to all shareholders.

The above authorizations of the Executive Board to issue new shares from Authorized Capital I and II are intended to enable the Executive Board to meet any capital requirements that may arise in a timely, flexible and cost-effective manner and, depending on the market situation, to take advantage of attractive financing opportunities. The possibility in individual cases of paying for the acquisition of companies or shareholdings in companies by issuing shares in the Company to the seller enables the Company to expand without burdening its liquidity. The authorization to acquire and use treasury shares enables the Company, in particular also institutional or other investors, to offer shares in the Company and/or to expand the shareholder base of the Company and to issue the acquired treasury shares as consideration for the acquisition of companies, interests in companies or in connection with business combinations. The Authorized Capital and the authorization to acquire treasury shares are provisions that are customary for listed companies comparable to the Company and do not serve the purpose of impeding any takeover attempts.

Significant agreements of the company with so-called change-of-control clauses

There are no agreements of the parent company that are subject to a change of control following a takeover bid.

Compensation agreements of the parent company

The parent company has not entered into any compensation agreements with members of the Executive Board or employees in the event of a takeover bid.

In the reporting period, there was no reason for the Executive Board to deal with questions relating to a takeover or with specifics of the disclosures to be made under the Takeover Directive Implementation Act (Übernahmerichtlinie-Umsetzungsgesetz). The Executive Board therefore does not consider it necessary to provide any further explanations beyond the above information and the disclosures in the management report and Group management report.

Remuneration Report

Remuneration of the Management Board

The remuneration report of the Management Board of Uzin Utz SE has been prepared separately since the reporting year 2021. It can be viewed on our website (https://int.uzin-utz.com/) under the item Investors > Remuneration. Further information on this can be found in the chapter "Total remuneration and shareholdings" of the notes.

Corporate Governance Statement

Corporate governance declaration in accordance with § 289f and § 315d of the German Commercial Code (HGB)

The Management Board and Supervisory Board of Uzin Utz SE have issued the Declaration of Conformity with the Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). The declaration of conformity is included in the declaration on corporate governance or can be accessed on our website www.uzin-utz.com (Investors - Corporate Governance - Declaration of Conformity 2024). The Declaration on Corporate Governance can also be found on the internet site www.uzin-utz.com (Investors - Corporate Governance - Declaration on Corporate Governance 2024).

The Management Board of Uzin Utz SE manages the company and the Group on its own responsibility. In doing so, it is bound to the interests of the company and must act in the interests of the companies. In addition, it is guided by the intention of sustainably increasing the value of the company. As an international company, Uzin Utz SE is aware of its responsibility to operate in accordance with legal, social and ethical requirements.

Research and development activities

Research and development (R&D) expenses in the Group amounted to approximately EUR 13,652 thousand (12,814) in 2023. On average, 133 (130) employees worked in R&D, which together contributed to a product novelty rate of all development sites of the Uzin Utz Group of 28.5% (34.0). The disciplinary management of the local R&D departments is the responsibility of the respective managing directors of the local companies. The central R&D headquarters in Ulm is responsible for the technical management and coordinates the guideline competence for a further 11 R&D laboratories (excluding the two locations of Uzin Utz Tools GmbH & Co. KG.) within the Uzin Utz Group worldwide. R&D expenses at Uzin Utz SE amounted to EUR 6,006 thousand (6,081) in 2023. In this context, the average of 57 (59) employees working in the SE achieved an SE novelty rate of 36.0% (53.1) for the Uzin brand in the reporting year 2023. Products with unprecedented or greatly improved properties whose marketing exploitation can be proven and which are not older than five years are classified as "new". The products developed by Uzin Utz SE at its main development site in Ulm have a Blue Angel /Emicode EC1 Plus quota of 97.1% (98.2%) in relation to sales. This ratio again clearly underlines the sustainability efforts within the Uzin Utz Group. The R&D key figures of the Group in the tabular overview 2023 are as follows:

R&D Key figures of the Group	
Total number of R&D locations (without two locations of Uzin Utz Tools GmbH & Co. KG.)	12 (11)
R&D expenses	13.652 TEUR (12.814)
Number of R&D employees (cut-off date, full-time equivalent)	133 (130)
Novelty ratio	28,5% (34,0)
R&D ratio	2,8% (2,6)
Number of projects processed (without two locations of Uzin Utz Tools GmbH & Co. KG.)	161 (137)
Number of newly developed products (brand: Uzin and without location Sursee)	14 (12)
Blue Angel/Emicode EC1 Plus ratio (based on sales revenues, Uzin Utz SE site)	97,1% (98,2)

Description of the product range

The innovative strength of Uzin Utz SE is documented by the total of 14 (12) new products that were prepared for launch for the UZIN brand in 2023. The reporting year was characterized by the extensive work in the development departments of Uzin Utz to reduce the material usage rate. For the third year in a row, new developments and current innovation projects were delayed for this reason. For 2024, a pioneering generation of levelling compounds was developed using the newly developed UZIN FusionTec binder technology, which will enable the Europe-wide market launch of several new products in 2024. In addition to the flagship UZIN NC 580, this product family also includes UZIN NC 570. As a rule, cementitious levelling compounds dry quickly and reliably compared to gypsum levelling compounds, but in the worst-case scenario they require optimization in terms of dimensional stability for renovation purposes. In contrast, gypsum fillers have practically tension-free surfaces, but generally dry more slowly in poor climatic conditions, such as low temperatures and high humidity. The FusionTec products mentioned above combine the positive attributes of cement and gypsum fillers and set quickly and virtually crack-free, even in unfavorable construction site conditions. Based on the new range of fillers, it has thus been possible to combine the highest technical requirements, which are generally only met by cementitious products, with a Global Warming Potential (GWP) that is up to 39% lower than that of conventional cement fillers. As a result, Uzin Utz is not only increasingly providing products that conserve resources and the environment, but which are also largely label-free and therefore user-friendly for the craftsman. This success story in terms of sustainability is thus the logical continuation of the introduction of the Uzin Moisture Tolerant System, consisting of UZIN NC 161 and UZIN KE 25, reported in 2022.

The most important other Uzin Utz SE activities of the R&D departments in cooperation with cross-divisional departments and the cross-location investment laboratories of the Uzin Utz Group for the Uzin brand (excluding the Sursee site) are described below in a keyword overview table:

Dry mortar products (UZIN)

Product name	Description
UZIN NC 580	Marking-free FusionTec premium levelling compound with self-levelling properties and fast setting in the layer thickness range of 0-20 mm and suitable for universal application and very high loads
UZIN NC 570	Label-free FusionTec universal levelling compound with self-levelling properties in the layer thickness range of 0-20 mm and suitable for a wide range of applications and high loads
UZIN NC 153	Self-levelling cement floor levelling compound in a layer thickness range of 0-10 mm for medium-duty contract applications as well as textile and resilient floor coverings and multi-layer parquet
UZIN NC 145 New	Self-levelling, cost-optimized cement levelling compound in a layer thickness range of 0-10 mm for low-level applications as well as textile and elastic coverings
UZIN NC 147 CG	Self-levelling cementitious thin screed with optimized cost-performance ratio in the layer range up to 2 inches for the US market
UZIN NC 144 LW	Self-levelling cement floor levelling compound with lightweight fillers in the layer range up to 2 inches for the US market
OEM-Special-Filler	Self-levelling C20 cement levelling compound for private label customers with an optimized price-performance ratio in the 0-10 mm layer thickness range and for low-level applications as well as textile and resilient coverings
UZIN NC 970 Thermo New	Cost-optimized low-shrinkage cement-based binder for the on-site production of fast-setting screed mortar

Liquid products (UZIN)

Product name	Description
UZIN MK 180 T	In accordance with ISO 17178, hard-elastic moisture-curing 1-component adhesive on a silane-terminated basis with a very thixotropic consistency and extremely high filling power for laying large-format multi-layer parquet
UZIN PE 450	Cost-optimized 2-component epoxy resin primer for consolidating "friable" screed substrates and as a primer for "direct" bonding of parquet with solvent- and water-free 1-component / 2-component reactive resin adhesives
Private label adhesive with fibers	Fibre-reinforced water-based dispersion adhesive for laying PVC sheets and tiles as well as designer floor coverings with an optimized cost-performance ratio for private label customers
Private label dispersion adhesive	Cost-optimized water-based dispersion adhesive for laying PVC sheets and tiles as well as designer floor coverings for private label customers
UZIN KE 2057 New	Water-based textile and linoleum flooring dispersion adhesive with special Emicode VOC requirement for the Swiss market
UZIN IN MDF Contact adhesive	Water-based dispersion pressure-sensitive adhesive for industrial application on impact sound insulating sandwich elements made of MDF boards, which are bonded together in the second step on the construction site so that the sandwich element can be laid loose for the final application

The most important activities of the other brand of the Uzin Utz umbrella brand are also described in key words below:

PALLMANN Products

Product name	Description
MAGIC OIL 1K CHANGE	One-component, solvent-free oil-wax combination that achieves an open-pored, breathable and diffusible surface, use of renewable hemp oil from regional, organic farming reduces CO2 emissions by approx. 70% compared to conventional parquet oils
MAGIC OIL 2K CHANGE	Two-component, solvent-free oil-wax combination that achieves an open-pored, breathable and diffusible surface, use of renewable hemp oil from regional, organic farming reduces CO2 emissions by approx. 60% compared to conventional parquet oils

MAGIC OIL 2K PURE	Two-component, solvent-free oil-wax combination that achieves an open-pored, breathable and diffusible surface; the wax component achieves a uniformly matt, velvety surface, preserves the natural color of the wood and provides the so-called raw wood effect

Arturo Products

Uzin Utz Nederland offers a high-quality product portfolio with the Arturo brand. These are synthetic resin floors that can be produced "on demand" and delivered promptly. Arturo flow coatings and sealers are available in almost all colors within three working days.

Product name	Description
Arturo Mistral	Arturo Mistral flow coating is a solvent-free, UV-stable, 2-component floor coating based on polyurethane resin

codex Products

Product name	Description
codex Power Xtra-Time	Flexible thin-bed mortar with variably adjustable working time for laying ceramic tiles and natural stone coverings that are resistant to discoloration

Sifloor Products

Product name	Description
UZIN Sigaway Original and Sigaway Tape	Double-sided adhesive fabric for the surface, extended area of application thanks to allergy suitability
UZIN Ultratac 1,3 mm	Double-sided adhesive foam for base bonding
UZIN Plurafilm ESD	Double-sided adhesive and conductive film for the surface
EGE Carpet Tile	Double-sided adhesive stickers for carpet tiles

WOLFF Products

Product name	Description
RamHammer	Demolition hammer with ergonomic chassis
Corner attachment Supraflex	Sanding attachment for corner sanding
Wolff Groover	Hand tool for planing a welding groove

Pajarito Products

Product name	Description
Bucket trowel Plastic blade	A bucket trowel with a special shape for scraping and scraping out mortar tubs and buckets with an ergonomically shaped 2-component handle
External corner filler	Patented special external corner filler for smoothing external corners on walls and ceilings

Non-financial declaration

Non-financial declaration according to Section 315c HGB and 315c HGB

Since the Sustainability Report is published separately each year, Uzin Utz SE is exempt from the obligation to add a non-financial group statement to the Group Management Report in accordance with section 315b (3) of the German Commercial Code (HGB). The non-financial statement pursuant to Sections 315b and 315c HGB is published separately on our website www.uzin-utz.com (Responsibility - Sustainability) on the day of publication of the consolidated and annual financial statements. In addition to a brief description of the business model, the topics covered there include environmental concerns, employee concerns, social concerns, respect for human rights, and the fight against bribery and corruption. Our sustainability report can also be found on the website www.uzin-utz.com (Responsibility - Sustainability).

EU taxonomy

General part

The EU Taxonomy as Part of the European Green Deal

The declared goal of the European Union - taking into account the Paris Climate Agreement - is to become climate neutral by 2050. The course for this is being set by the European Green Deal, which includes the "EU Action Plan Sustainable Finance" strategy as an important driver. The aim is to redirect capital flows towards sustainable investments, take sustainability into account in risk management and promote transparency and a long-term approach.

The EU Taxonomy Regulation (EU Regulation (EU) 2020/852; in short: "EU Taxonomy") is a key instrument for redirecting financial flows into sustainable and future-proof economic activities. The EU Taxonomy is a classification system that aims to create a uniform understanding of sustainable economic activities in the EU and make the sustainability performance of companies more comparable.

The EU Taxonomy includes the following six environmental objectives
1. climate change mitigation
2. climate change adaptation
3. sustainable use and protection of water and marine resources
4. transition to a circular economy
5. pollution prevention and control
6. protection and restoration of biodiversity and ecosystems

At the time of preparing this annual report, the economic activities for all six environmental objectives are to be checked for their taxonomy eligibility and for the first two environmental goals for their taxonomy alignment.

The Delegated Act on the EU Taxonomy is applicable for the first time from the 2021 reporting year. The content and presentation of the EU Taxonomy Regulation is defined by Delegated Regulation 2021/2178 of July 6, 2021 and supplemented by Delegated Regulation 2022/1214 of March 9, 2022 and the six annexes to Delegated Regulation (EU) 2021/2139. EU documents published after the end of the 2023 financial year for further clarification could no longer be taken into account in this annual report. Due to the obligation to disclose non-financial information (EU Directive 2014/95/EU), Uzin Utz has been subject to the EU taxonomy reporting obligation since the 2021 financial year.

Disclosure

Uzin Utz reports on the taxonomy eligibility and taxonomy alignment of its own economic activities in accordance with the EU documents on the EU Taxonomy published in the 2023 financial year. In addition, information is provided on the process of assessing taxonomy eligibility and taxonomy alignment. All fully consolidated companies of the Uzin Utz Group are taken into account.

Reporting is based on the key figures turnover, capital expenditures (CapEx) and operating expenditures (OpEx). A ratio is calculated in each case to determine the taxonomy-eligible, taxonomy-aligned and non-taxonomy-eligible shares of these key figures. The denominator is formed by the total sales, CapEx and OpEx within the defined framework of the EU Taxonomy. The numerator results from the taxonomy-eligible and taxonomy-aligned shares of the corresponding key figures. The key figures are defined as follows:

In accordance with Directive (EU) 2021/2139 Annex I in conjunction with Directive 2013/34/EU, revenue is defined as net sales of goods or services including intangible assets in accordance with International Accounting Standard (IAS) 1. This corresponds to the disclosures on net sales in the statement of comprehensive income.

Capital expenditures (CapEx) is defined as additions to property, plant and equipment and intangible assets in the financial year under review before depreciation and amortization and revaluations, including those from revaluations and impairments in the financial year under review and excluding changes in fair value. In accordance with the EU Taxonomy Regulation, investments in property, plant and equipment (IAS 16), intangible assets (IAS 38), investment property (IAS 40) and right-of-use assets from leases (IFRS 16) are taken into account. Leases that do not lead to the recognition of a right-of-use asset are not to be recognized as capital expenditure.

According to the EU Taxonomy, operating expenditures (OpEx) include direct and non-capitalized costs relating to research and development, building refurbishment, short-term leasing, maintenance and repair. In addition, all other direct expenses for the ongoing maintenance of property, plant and equipment that are carried out by the company itself or by contracted third parties to whom activities necessary to ensure the continuous and efficient operation of the property, plant and equipment have been outsourced are taken into account. This definition is narrow and only takes into account the part described and therefore not all of a company's operating costs.

Double or multiple counting in the allocation of turnover, CapEx and OpEx indicators across economic activities is avoided by the fact that each economic activity is only recorded and identified once when determining its taxonomy eligibility, regardless of which of the six environmental objectives this economic activity is listed in. Double counting is avoided by using appropriate control instruments when recording the data and calculating the indicators.

Taxonomy eligability

An economic activity exists when resources such as capital, goods, labour, production techniques or intermediate products are combined for the purpose of producing certain goods or services. The main characteristics are the use of resources, a production process and the products (goods or services) produced. If a company generates turnover or if it incurs capital expenditures (CapEx) or operating expenditures (OpEx) associated with an economic activity described in the delegated act, then an activity is taxonomy-eligible. Taxonomy-eligible economic activities are generally capable of making a significant contribution to one of the environmental objectives defined in the EU Taxonomy. In particular, large industries with CO2-intensive economic activities are taken into account in the EU Taxonomy Regulation. Not every economic activity is currently included in the delegated act of the EU Taxonomy.

Taxonomy alignment

According to Article 3 of the EU Taxonomy and the criteria set out therein, an economic activity is considered environmentally sustainable, i.e. taxonomy-aligned, if the following three criteria are met in addition to taxonomy eligibility:

- It makes a significant contribution to the achievement of one or more environmental objectives of the EU Taxonomy by fulfilling the technical screening criteria (TSC).
- It does not contribute to a violation of the other environmental objectives (Do no significant harm (DNSH) principle).
- The defined criteria of the minimum standards for labour and human rights (Minimum Safeguards) are complied with.

Procedure Uzin Utz

Background research on the European Green Deal and the EU Taxonomy Regulation is carried out annually to ensure that information on the implementation of the EU Taxonomy is up to date. Due to the expansion and adaptation of the EU Taxonomy directives, the existing process was scrutinized and adapted to the new circumstances. In order to analyse Uzin Utz's business activities, all business areas were identified and then classified in the EU's classification scheme of economic activities (NACE codes).

Assessment of taxonomy eligibility

For the financial year 2023, taxonomy-eligible and taxonomy-aligned economic activities of Uzin Utz are reported on the basis of key figures (turnover, CapEx, OpEx). In the first step, the taxonomy-eligible economic activities were identified and checked for their taxonomy alignment in the second step.

1. Revenue according to EU taxonomy

The EU Taxonomy Regulation defines a classification of environmentally sustainable economic activities. This classification is based on the statistical classification scheme of economic activities in the EU (NACE codes).

The business model of the Uzin Utz Group is focussed on its core competence in flooring, encompassing its eight product range areas. As a globally active full-service provider, Uzin Utz develops comprehensive system solutions and offers its customers a wide range of products, from construction chemical product systems and surface finishes to machines for floor treatment. The economic activities were therefore determined on the basis of the product categories and classified in the classification scheme of economic sectors. The following table provides a detailed breakdown of these allocations.

Assortment range	Sector according to NACE codes	Review of the description of economic activities in the Delegated Regulations
UZIN	20.52 Production of installation materials (including flooring and parquet adhesives) in the field of flooring (screed, floor, parquet)	The production of adhesives or other flooring installation materials is not included in the technical screening criteria of the EU taxonomy.
Switchtec	22.21 Production of plastic sheets, films, tubes and profiles	The manufacture of plastic sheets, films, tubes and profiles is not included in the technical screening criteria of the EU taxonomy.
WOLFF	28.24, 28.49 & 46.62 Manufacture of machines and special tools for substrate preparation and laying floor coverings	The manufacture of machines and special tools for preparing the substrate and laying floor coverings is not included in the technical screening criteria of the EU taxonomy.
PALLMANN	20.30 Production of installation materials for the new installation, renovation and maintenance of parquet flooring as well as the production of cleaning and care products for floor coverings	The production of installation materials for parquet flooring and the production of cleaning and care products are not included in the technical screening criteria of the EU taxonomy.
RZ	20.41 Production of cleaning and care products for all types of floor coverings	The manufacture of cleaning and care products for all types of floor coverings is not included in the technical screening criteria of the EU taxonomy.
Arturo	22.23 Production of synthetic resin floors	The production of synthetic resin floors is not included in the technical screening criteria of the EU taxonomy.
codex	23.64 Production of laying materials for tiles and natural stone	The production of tile laying materials is not included in the technical screening criteria of the EU taxonomy.
Pajarito	25.73 Manufacture of hand tools	The manufacture of hand tools is not included in the technical assessment criteria of the EU taxonomy.

The reference to the NACE economic activities in the EU Taxonomy Regulation is only indicative and not to be understood as complete. Therefore, an economic activity may correspond to the description of an activity and the Technical Assessment Criteria of the Delegated Act (see six annexes of Delegated Regulation (EU) 2021/2139, (EU) 2023/2485 and (EU) 2023/2486), even if the NACE sector of the economic activity is not explicitly listed in the corresponding annexes of the Delegated Regulation. For this reason, additional potentially applicable activities and their description in the Delegated Regulations (EU) 2021/2139, (EU) 2022/1214, (EU) 2023/2485 and (EU) 2023/2486 were examined in detail. A detailed review revealed that taxonomy-eligible turnover can be reported for the Group for the first time for the 2023 financial year. Due to the expansion of the environmental objectives in 2023, turnover from the electrical and electronic equipment product group will be declared taxonomy-eligible as part of the environmental target of the circular economy. Even if the proportion of taxonomy-eligible turnovers is low, this does not mean that Uzin Utz's activities contradict the EU's environmental objectives. The screening of economic activities for taxonomy relevance is an ongoing process that takes place continuously.

Turnovers in accordance with the EU Taxonomy amounted to EUR 22,023 thousand (0) in the financial year, which corresponds to a share of 4.6% (0) of the Group's total operating revenues of EUR 479,337 thousand (EUR 487,134 thousand).

Revenues	2023		2022	
	KEUR	%	KEUR	%
Economic activities eligible for taxonomy	22,023	4.6	0	0.0
Non-taxonomy-eligible economic activities	457,314	95.4	487,134	100.0
Sales (total)	479,337	100.0	487,134	100.0

2. Investments - CapEx according to EU taxonomy

With its 30 fully consolidated production and sales companies, the globally active group of companies has a large number of capital expenditures. Taking into account cost-benefit aspects, a screening of the economic activities in relation to investments was carried out in accordance with the definition of the EU Taxonomy and a catalogue of the categories relevant to Uzin Utz derived from this.

With the help of the catalogue, all companies analysed and categorized their capital expenditures made in the period under review. Subsequently, all listed capital expenditures were checked again centrally to determine whether other capital expenditures not included in the catalogue, which are part of the EU Taxonomy, were made.

The capital expenditures, as defined by the EU Taxonomy, are shown below (the economic activity that is attributable to the investment according to the EU Taxonomy is listed in brackets), provided they were capitalized as fixed assets:

- Purchase of containers for waste separation (collection and transportation of non-hazardous waste in separate fractions at the source)
- Purchase and leasing of trucks (transportation of goods by road)
- Purchase and leasing of passenger cars (transportation by motorcycles, passenger cars and light commercial vehicles)
- Purchase and leasing of bicycles (operation of devices for personal mobility, bicycle transport logistics)
- Installation of wallboxes for charging electric vehicles (installation, maintenance and repair of charging stations for electric vehicles in buildings and in parking lots belonging to buildings)
- Electric heat pumps (installation, maintenance and repair of renewable energy technologies)
- Photovoltaic/solar systems (installation, maintenance and repair of renewable energy technologies (photovoltaic systems))
- Construction (new construction), purchase or leasing of buildings (acquisition and ownership of buildings)
- Capital expenditures in servers and data centers (data processing, hosting and related activities)
- Capital expenditures in the manufacture of electrical and electronic equipment
- Renovation of buildings (renovation of existing buildings)
- In accordance with the EU Taxonomy Regulation, Uzin Utz's taxonomy-eligible capital expenditures were set in relation to total investments. Total investments are the sum of additions to property, plant and equipment, intangible assets, rights of use and additions to investment properties in accordance with IAS 40 (excluding income from revaluation).

Capital expenditures in accordance with the EU Taxonomy amounted to EUR 12,572 thousand (EUR 28,969 thousand) in the financial year, which corresponds to 45.9% (61.5%) of total Group investments amounting to EUR 27,388 thousand (EUR 47,134 thousand).

Investments (CapEx)	2023		2022	
	KEUR	%	KEUR	%
Economic activities eligible for taxonomy	12,572	45.9	28,969	61.5
Non-taxonomy-eligible economic activities	14,817	54.1	18,165	38.5
Total investments	27,388	100.0	47,134	100.0

3. operating expenses - OpEx according to EU taxonomy

The term OpEx in the definition of the EU Taxonomy does not take into account all operating expenditures of the Uzin Utz Group. Uzin Utz uses the total cost method. For this reason, the OpEx to be reported within the meaning of the EU Taxonomy were identified by evaluating general ledger accounts. These are mainly R&D, maintenance and repair expenses as well as short-term leasing. Relevant operating expenditures from each group company were provided, analysed, and centrally evaluated through a data query.

As a manufacturing and distribution group, the main cost drivers are the cost of materials (47.2% of total operating expenditures) for the production of products and the personnel costs (27.8% of total operating expenditures) incurred along the value chain from the manufacture to the distribution of these products. Expenditures for R&D, maintenance and repair as well as short-term leasing are therefore relatively low. The taxonomy-eligible OpEx is therefore not calculated due to the high procedural effort involved. Thus, the share of operating costs across all product ranges according to the EU Taxonomy is not significant compared to total operating expenses and Uzin Utz applies the simplification option according to the Delegated Regulation (EU) 2021/2178 Annex I 1.1.3.2 in accordance with the principle of materiality.

Expenses in accordance with the EU Taxonomy amounted to EUR 19,139 thousand (EUR 16,973 thousand) in the financial year, which corresponds to 4.3% (3.7%) of the Group's total operating expenditures of EUR 450,325 thousand (EUR 458,850 thousand). The usage of the simplification option results in the recognition of taxonomy-eligible operating expenditures in the amount of EUR 0 thousand (EUR 0 thousand).

Operating expenses (OpEx)	2023		2022	
	KEUR	%	KEUR	%
Economic activities eligible for taxonomy	0.0	0.0	0	0.0
Non-taxonomy-eligible economic activities	450,325	100.0	458,850	100.0
Total operating expenses	450,325	100.0	458,850	100.0

Assessment of taxonomy alignment

Due to the existing taxonomy eligibility of the listed economic sectors, a review of turnovers and capital expenditures (CapEx) for taxonomy alignment is required. However, proof of a contribution to achieving one of the environmental objectives, which would be required to demonstrate taxonomy alignment, has not yet been provided. Furthermore, the processes required to comply with the minimum safeguards have not yet been fully established within the Group. These are designed in accordance with the Supply Chain Due Diligence Act in order to utilize existing synergies.

In the case of operating expenditures (OpEx), the simplification option in accordance with Delegated Regulation (EU) 2021/2178 Annex I 1.1.3.2 is used in the context of materiality when reporting taxonomy-eligible and taxonomy-aligned economic activities. For this reason, a separate standard table is not shown for OpEx.

Financial Year	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code(s)	Turnover	Propor-tion of Turnover 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2022	Category enabling activity	category transitional activity
		KEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
-	-	0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0.0**																
Of which enabling																		E	
Of which transitional																			T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of electrical and electronic equipment	CE 1.2	18,541	3.9%	0%	0%	0%	100 %	0%	0%										
Repair, refurbishment and remanufacturing	CE 5.1	827	0.2%	0%	0%	0%	100 %	0%	0%										
Sale of spare parts	CE 5.2	2,623	0.5%	0%	0%	0%	100 %	0%	0%										
Sale of second-hand goods	CE 5.4	32	0.0%	0%	0%	0%	100 %	0%	0%										
Turnover of taxonomy-eligible but not taxonomy-aligned activities (A.2)		**22,023**	**4.6%**																
Total (A.1 + A.2)		**22,023**	**4.6%**																
Taxonomy-non-eligible activities																			
Turnover of taxonomy-non-eligible activities (B)		**457,314**	**95.4%**																
Total (A +B)		**479,337**	**100%**																

Financial Year	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code(s)	CapEx	Propor-tion of CapEx 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2022	Category enabling activity	category transitional activity
		KEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	Y; N;	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
-	-	0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	-	-
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0.0**																
Of which enabling																		E	
Of which transitional																			T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of electrical and electronic equipment	CE 1.2	9	0.0%	0%	0%	0%	100 %	0%	0%								-		
Collection and transport of non-hazardous and hazardous waste	CE 2.3 PPC 2.1	1	0.0%	100 %	0%	0%	0%	0%	0%								-		
Operation of personal mobility devices, cycle logistics	CCM 6.4 CCA 6.5	116	0.4%	100 %	0%	0%	0%	0%	0%								0.2%		
Transport with motorbikes, passenger cars and light commercial vehicles	CCM 6.5 CCA 6.5	6,459	23.6%	100 %	0%	0%	0%	0%	0%								9.0%		
Transport of goods by road	CCM 6.6 CCA 6.6	355	1.3%	100 %	0%	0%	0%	0%	0%								-		
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	3,789	13.8%	100 %	0%	0%	0%	0%	0%								43.0%		
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	123	0.4%	100 %	0%	0%	0%	0%	0%								0.2%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	102	0.4%	100 %	0%	0%	0%	0%	0%								-		

Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4 CCA 7.4	65	0.2%	100 %	0%	0%	0%	0%	0%	0.4%
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 CCA 7.6	684	2.5%	100 %	0%	0%	0%	0%	0%	1.9%
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	500	1.8%	100 %	0%	0%	0%	0%	0%	6.5%
Close to market research, development and innovation	CCM 8.1 CCA 8.1	369	1.3%	100 %	0%	0%	0%	0%	0%	-
CapEx of taxonomy-eligible but not taxonomy-aligned activities (A.2)		**12,572**	**45.9%**							
Total (A.1 + A.2)		**12,572**	**45.9%**							
Taxonomy-non-eligible activities										
CapEx of taxonomy-non-eligible activities (B)		**14,817**	**54.1%**							
Total (A +B)		**27,388**	**100%**							

Ulm, March 27, 2024
The Board of Management