DEVELOPING FURTHER

ANNUAL REPORT 2023

Werhahn

AT
A GLANCE

Selected key figures

in € million	2019	2020	2021	2022	2023
Net sales	3,606	3,726	3,981	4,282	4,484
Earnings before tax	116	138	212	156	59
Equity ratio	21%	19%	18%	16%	15%
Equity ratio excluding financial services	67%	67%	61%	58%	56%

Net sales by corporate division

in € million	2019	2020	2021	2022	2023
Building Materials	1,417	1,388	1,409	1,581	1,655
Consumer Goods	741	842	969	1,001	916
Financial Services	1,431	1,480	1,585	1,680	1,883
Others	37	39	41	44	54
Consolidation	–20	–23	–23	–24	–24
	3,606	**3,726**	**3,981**	**4,282**	**4,484**

Employees by corporate division

	2019	2020	2021	2022	2023
Building Materials	4,530	4,502	4,546	4,514	4,589
Consumer Goods	4,465	4,374	4,316	4,468	4,567
Financial Services	1,044	1,069	1,093	1,081	1,136
Others	174	185	273	288	280
	10,213	**10,130**	**10,228**	**10,351**	**10,572**

DEVELOPING FURTHER

The year 2023 was marked by ongoing geopolitical uncertainties while also bringing new challenges, such as the war in the Middle East. In this difficult climate, it proved impossible for the weak economy to recover. Demand was dampened above all by the reduced purchasing power of private and public households, with Werhahn’s business units, too, experiencing some strong headwinds from various directions.

Nevertheless, the Group – which has traditionally been characterized by its ability to change and adapt – is well on track to meet the global challenge of transitioning to more sustainability and digitalization. The consistent further development of its various business models, processes, and strategic focal points is providing the necessary impetus. All business units are showing great determination to rise to the challenges presented by the continuing general uncertainty. Werhahn’s top priority is to further strengthen the resilience and earning power of its business units and to identify and exploit opportunities.

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CORPORATE **STRUCTURE**

BUILDING MATERIALS

Aggregates

The Aggregates business unit under the leadership of Basalt-Actien-Gesellschaft comprises the segments mineral raw materials, asphalt mixtures, construction chemicals, and building materials recycling/disposal.

Slate

The Slate business unit offers a wide assortment of cladding for roofs and walls, develops solution systems for innovative façade configurations, and supplies building stone for interiors as well as for gardens and landscapes.

CONSUMER GOODS

Zwilling Kitchenware

The high-quality products in the Zwilling Kitchenware business unit include knives, cookware, scissors, and kitchen utensils.

Zwilling Beauty Group

Under the brands ZWILLING, Tweezerman, and TRUYU, the Zwilling Beauty Group produces and markets tweezers as well as manicure, pedicure, and other beauty tools.

FINANCIAL SERVICES

abcfinance

The abcfinance business unit specializes in customized financial services for small and medium-sized businesses (SMEs). With its leasing and factoring segments, it is one of the leading providers among companies operating independently of manufacturers and banks.

Bank11

Bank11 für Privatkunden und Handel GmbH is a credit institution specializing in sales financing. Its main focus is on supporting small and medium-sized automobile dealers by providing mobility and insurance services. For private customers, Bank11 offers attractive financing products, secure investments, and modern online banking.

HIGHLIGHTS OF 2023

Far-sighted expansion

In April, the **Slate** business unit took over the Spanish slate producer Pizarras La Baña, thereby gaining access to further natural stone resources of the highest quality. With the existing sites of the companies Cafersa and Castrelos, the business unit already owned two important producers in the northern Spanish slate region of Galicia. The acquisition of the family-run company Pizarras La Baña means that it now has six extraction sites of its own, each with extensive deposits and adjoining state-of-the-art production facilities.

From mountain to mine

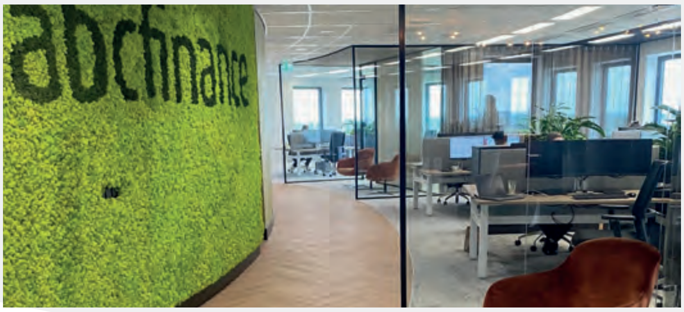
The **Aggregates** business unit is safeguarding its quartz porphyry raw material base at the Großsteinberg site in Saxony for generations to come by converting the open pit mine into an underground extraction operation, which will simultaneously help protect the environment and nature. The mining permit granted is valid until 2102. This is the first mine to be approved in Saxony in the last 15 years – a reflection of the high priority that the Free State of Saxony, in particular the Ministry of Economic Affairs, attaches to the project.

Handover of the approval certificate to Torsten Honkisch (left), Head of the Environment, Raw Materials, and Real Estate department in Basalt AG's North-East segment.

Celebrating its success: the ABS transaction team at Bank11.

Iconic US brands agree on collaboration

The TWEEZERMAN brand, which is part of the **Zwilling Beauty Group** business unit, now offers beauty tools with Mickey Mouse designs. TWEEZERMAN and Disney are among the longest-standing and best-known US companies in their respective industries. In celebration of Disney's 100th anniversary, they have teamed up for a brand collaboration and launched a limited-edition beauty tool collection featuring Mickey Mouse and Minnie Mouse. The collection includes twelve eyebrow, eyelash, and nail care products, including the classic Slant Tweezer.



More efficiency and team spirit

The **abcfinance** business unit merged its Eindhoven and Utrecht offices in the Netherlands and relocated them to the new company headquarters in Den Bosch in May. Previously, the team in Eindhoven had looked after leasing clients while the team in Utrecht was responsible for factoring clients. The geographical distance and location-specific areas of responsibility meant that there were few synergy effects. By merging the locations, the business unit aims to intensify the exchange and communication between the 64 employees and thus establish more efficient processes.

50 years of success in Japan

In June, the **Zwilling Kitchenware** business unit celebrated its 50th anniversary in Japan. Founded in Kobe in 1973 as a distribution company for German-made cutlery, Zwilling Kitchenware has had its own production facility in the knife-making capital of Seki since 2004. With the MIYABI, STAUB, and ZWILLING brands, the business unit is now a market leader in Japan as a broad-based supplier of premium kitchen products, which it markets through brick-and-mortar stores, online stores, and a strong social media presence.

Limited special edition of 250 pieces: the ZWILLING TENMEI anniversary knife.

Successful on the European capital market

In October, the **Bank11** business unit once again placed the AAA-rated senior tranche of its securitization transaction on the public capital market. This transaction, called RevoCar 2023-2, is worth €500 million in receivables and is collateralized with more than 24,000 loan agreements with predominantly private clients. It is the second publicly marketed transaction following RevoCar 2023-1, which was successfully completed in May 2023. Bank11 has executed a total of 13 securitization transactions under its RevoCar platform since 2014.

A GAME-CHANGER IN SALES

The Aggregates business unit has made good progress with digitalizing its sites. But while many production and customer service processes are already automated, calls for tenders are still largely processed manually in the sales department. This is now set to change. The entire tendering process will be raised to a new level of efficiency with the help of artificial intelligence (AI), thereby strengthening the business unit's customer focus and competitiveness. Following initial testing in a pilot project, the process is currently being rolled out across the Group. The key to successful implementation lies in the early and full involvement of all relevant parties.

Less effort, better performance

Every road construction project is prefaced by the preparation of a tender. In the case of public calls for tenders, this involves studying extensive service specifications, searching for relevant items, and offering suitable building material qualities. Even for the seasoned sales experts at the Aggregates business unit's offices, price calculations are often very time-consuming – while the time pressure is increasing because delivery deadlines are becoming ever shorter. This is something that digital solutions can help with in the future, in particular AI-based systems that support the sales department in all phases of the price calculation and tender preparation process.

Pilot project: Created by sales experts for sales experts

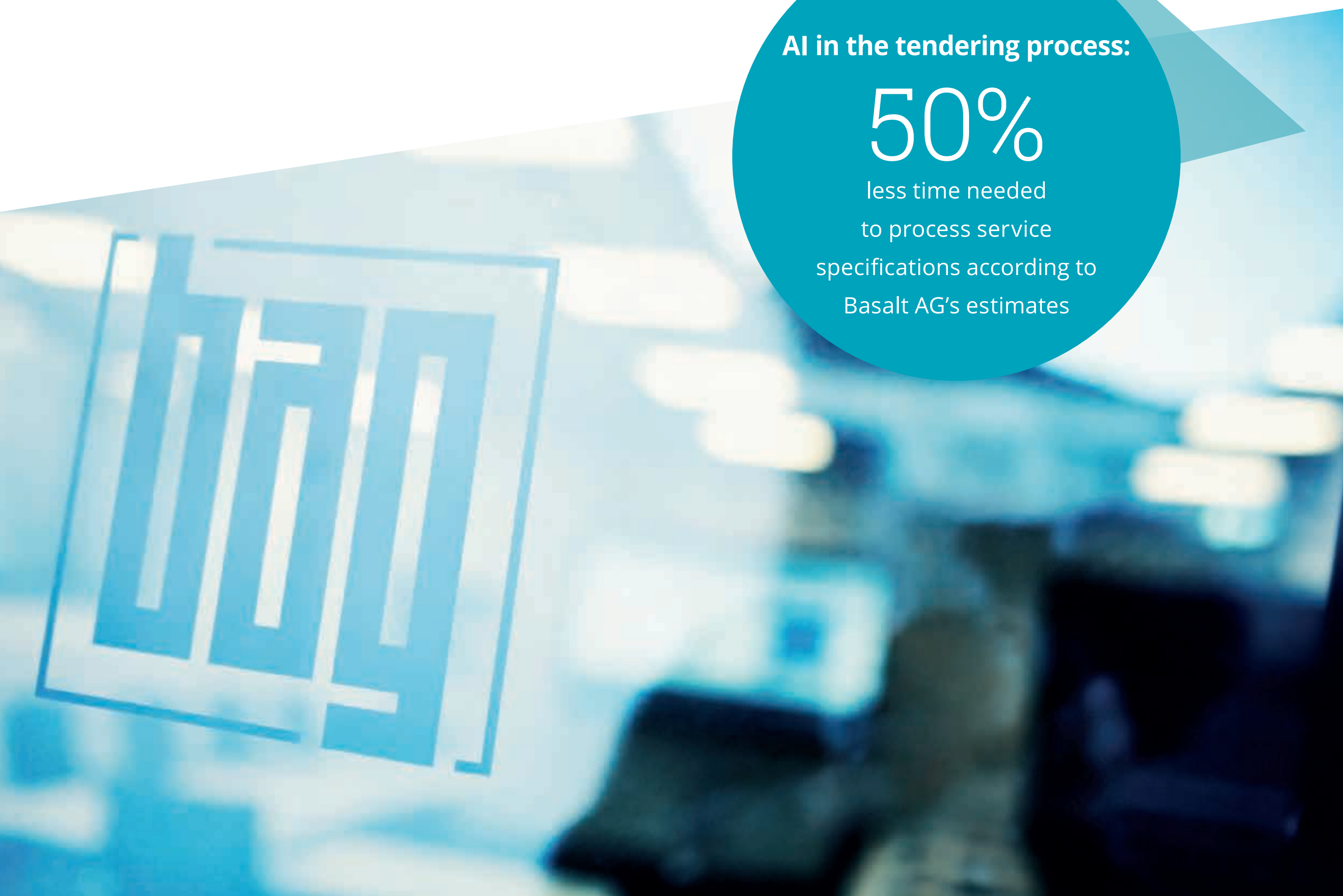
In spring 2023, a pilot project was launched under the leadership of BVG Baustoff-Vertriebs-Gesellschaft, a building materials sales company based in Kirn, Rhineland-Palatinate, to test the system's possible uses and efficiency potential under real-life conditions. Sales experts from various quarries and mixing plants have been involved in the project from the outset. This ensures that the AI solution fulfills the specific requirements of the Aggregates business unit with its diverse product portfolio and varying local conditions and technical circumstances.

The AI-based system starts by "reading" the tender documents, with an analysis tool screening the client's specifications. In a matter of minutes, the system filters out all relevant items, such as asphalt types, aggregate grain sizes, or commercial goods, and compares them with the stored material master data for the product portfolio. If there is a match, it generates suitable product proposals, using geo-coordinates to determine production sites in the construction project's vicinity.

AI in the tendering process:

50%

less time needed to process service specifications according to Basalt AG's estimates



Learning from mistakes: AI in the training phase

During the pilot project, sales employees are still monitoring each individual process step in order to correct the products suggested by the AI if necessary. This allows the system to keep learning. As data quality and volume increase, the AI will be able to recognize patterns and regularities, draw conclusions from them, and select products on its own with a high degree of accuracy. Ultimately, this will result in tailor-made quotations that take only a fraction of the time required by manual processing. In regular feedback loops, the project participants exchange experiences and agree on the next development steps in order to further optimize the software from the user's perspective.

High acceptance of the new system

The Group-wide rollout began at the start of 2024. It is being overseen by an extended group of experts comprising sales staff from the companies in the Aggregates business unit. The early involvement of employees along with extensive training measures and informative events have created a high level of acceptance for the machine-controlled tendering process, with everyone fully convinced of its benefits: AI frees employees from time-consuming activities, allows them to focus on more demanding tasks, and enhances personal customer service.

TRUE STAR APPEAL

The Slate business unit has launched an eye-catching marketing campaign that puts its natural product in the spotlight by stylizing it as a rock star among the world's building materials. In addition to online channels, the campaign increasingly uses analog media. Roofing companies play a central role as multipliers, since they reach the core target group of private building owners directly on location.

Bold and unconventional

In recent years, the business unit has demonstrated many times over how to effectively showcase slate as an aesthetically pleasing and sustainable material for roofs and façades. The focus to date has primarily been on online channels. This latest campaign now also targets private building owners who are less digitally savvy, thanks to the use of traditional analog media. However, the campaign does not rely on traditional visual concepts, but breaks with existing expectations of conventional building material advertising through the use of witty language and bold imagery.

Present on all channels

“The rock star for roofs and façades” – this is the marketing claim that immediately attracts the audience's attention. The slogan is a deliberate play on words: Slate, of course, is a rock that gives historic and new buildings an elegant and natural look. Launched in fall 2023, the campaign features advertisements in regional and national daily newspapers, trade magazines, and advertising journals. There are also spots on several radio stations, and additional information is posted on the Rathscheck website and on social networks.

On the big stage

The rock star visuals are prominently displayed on the truck tarpaulins of Rathscheck Schiefer's main German forwarding agent and on the scaffolding tarpaulins of participating roofers. A digital configurator allows the companies to select various designs and have them printed on the tarpaulins along with the company's name. At the construction sites, these extra-large advertisements catch the eye of the core target group of building owners. The roofers thus act as important brand ambassadors and multipliers. The initiative has proved very popular with the companies and has been implemented many times over. In 2024, additional promotional items such as hoodies, flags, and stickers will be added to the merchandising mix, putting the rock star slate in the spotlight even more effectively.

Extensive reach

PRINT 19,148,700

ONLINE 2,105,249

in November and December 2023

SETTING COURSE FOR FUTURE MARKETS

ZWILLING has set itself the strategic goal of further expanding the brand strength of its Culinary World segment. While the product range is being significantly streamlined, the Zwilling Kitchenware business unit is launching new products in future-oriented growth areas. The key to striking the right balance between streamlining and innovation is to listen to consumers and their requirements and needs.

New addition to the ZWILLING FRESH & SAVE product family: the smart CUBE storage system with optional vacuum-sealing for storing dry food supplies.

Focus on product range optimization

In 2023, the Zwilling Kitchenware business unit had its sights set on strategically optimizing its product range. A systematic inventory-taking and evaluation process led to the product portfolio, which had grown to around 12,000 items over the years, being reduced to fewer than 7,000 items. In the cutlery and cookware categories in particular, the business unit removed almost identical variants within a product series and retired models in the end-of-life phase from the portfolio. By refocusing on top sellers and strategically relevant items, it has created a more clearly structured, manageable, and attractive range for consumers. At the same time, this step reduces the complexity of inventory and supply chain management.

Long-term focus on sales drivers

In parallel to streamlining its product range, Zwilling Kitchenware introduced a forward-looking strategy aimed at identifying potential blind spots, gaining access to additional customer groups, and occupying new market positions with value creation potential. A promising approach: In previous years, the business unit had already expanded its brand portfolio to include the growth areas of small electrical appliances, vacuum-sealing and storage systems, and barbecue equipment. The ZWILLING FRESH & SAVE series in particular has become an international success story for safely storing fresh food. The product development process and market launch were designed from the outset to expand the world of vacuum-sealing products by adding innovative applications and tools.

Storage redefined

Market research and consumer surveys confirm that the storage market holds considerable potential in terms of demand. The ZWILLING FRESH & SAVE CUBE, a storage system for dry food products that is available with or without a vacuum-sealing function, was launched in fall 2023 when the €30 million sales mark was reached. These stackable, space-saving storage boxes with their modern ZWILLING design help organize the kitchen in a way that is both convenient and stylish. For the product launch, ZWILLING initially used its own digital sales channels and existing customer base to generate buying interest and build up a hype around the new product line. As a result, more and more retailers have started to list the system. Following its launch on the US and German markets, the system will hit the international retail market in 2024. The global sales volume exceeded the €10 million mark in the space of three months.

ZWILLING FRESH & SAVE CUBE

> €10 million

global sales volume within one quarter

The ZWILLING cookware strategy: trend toward ceramic coating

Zwilling Kitchenware is continuing its high pace of innovation and has, among other things, geared its cookware strategy in the pan segment to changing consumer wishes. In the important market for non-stick aluminum cookware, there is a trend toward innovative coatings. Ceramic coatings in particular offer an alternative to classic non-stick coatings. Optimized process technologies ensure that they are now just as abrasion-resistant and durable as conventional materials. In 2023, Zwilling Kitchenware launched its first

new-generation ceramic-coated pans under the BALLARINI brand. Next, the business unit will also roll out pans with a ceramic coating under the ZWILLING and HENCKELS brands to complement their classic models.

TREADING NEW GROUND

Cutting tool expertise meets lifestyle: Previously known above all for manicure and pedicure tools in the premium segment, the Zwilling Beauty Group significantly expanded the product range of its core brand ZWILLING over the past year. In fall 2023, the business unit followed up its successful market launch of facial care tools with new precision products for wet shaving. The Zwilling Beauty Group is thus broadening its target group and will cater increasingly to design-oriented, quality-conscious men in the future.

Beauty market on the upswing

In contrast to the general development of the economy, the beauty industry is experiencing a steady upward trend worldwide, with the skin care, wellness, and self-care segments in particular recording steady growth rates. Products that promote holistic well-being and enhance the personal spa experience at home are enjoying especially strong demand. In order to partake in this growth dynamic in the long term, the Zwilling Beauty Group has added further areas of expertise to its brand profile as part of its long-term product range management. Building on its traditional cutting tool expertise in the areas of pedicures and manicures, the company is now continuously developing its facial care product portfolio.

Systematic transfer of expertise

In a first step, the business unit launched a wide range of face care tools under the TWEEZERMAN brand, establishing itself as a premium provider in the growing beauty segment in recent years. The acquired expertise in terms of markets and technologies forms the basis for positioning the core brand ZWILLING more broadly as well. The business unit now covers all important face care categories with the ZWILLING range.

With its latest innovation – a wet shaving product line – the Zwilling Beauty Group is responding to the continuing barber and beard trend, thereby strengthening its presence in the men's segment. The premium ZWILLING tools' functionality and design are tailored specifically to the needs of a discerning male target group prepared to spend more on high-quality beard care. The plan is to gradually expand the range and offer special care products alongside the shaving sets in the future. This new sales potential will be unlocked in a targeted manner via additional sales channels and online platforms specializing in men's beauty products.

Continuing trend

The number of barbershops in Germany is estimated to have increased

from 250 to 1,200

over the last five years

Source: Deutsche Welle

FAR-SIGHTED PARTNER FOR GROWTH

Offering leasing as an additional payment option directly at the point of sale is the future solution for small-scale mass-produced goods. Whether coffee makers, computers, or electric bikes: Small tickets already account for a large proportion of the leasing business in the abcfinance business unit. To ensure continued profitable growth despite the slowdown in the economy, the Cologne-based financing provider for SMEs is pushing ahead with the automation of its processes – both in sales financing and in the factoring business. For Dr. Hubertus Mersmann, spokesman of the management of abcfinance, it is important to create added value for partners and customers while at the same time taking employees along on the transformation journey.

We live in times of fundamental change. How important are financing alternatives such as leasing or factoring in such a situation?

Dr. Hubertus Mersmann: The importance of leasing as a means of realizing important investments in the future will continue to increase, especially in view of the megatrends of digitalization and sustainability. In comparison to acquiring ownership of mobile goods, leasing offers far more flexibility, yet is easy to calculate and enables a rapid switch to future-oriented technologies. As such, we see ourselves as an accelerator of transformation. And with factoring, we offer our customers immediate liquidity, protection against debt defaults, and easier receivables management.

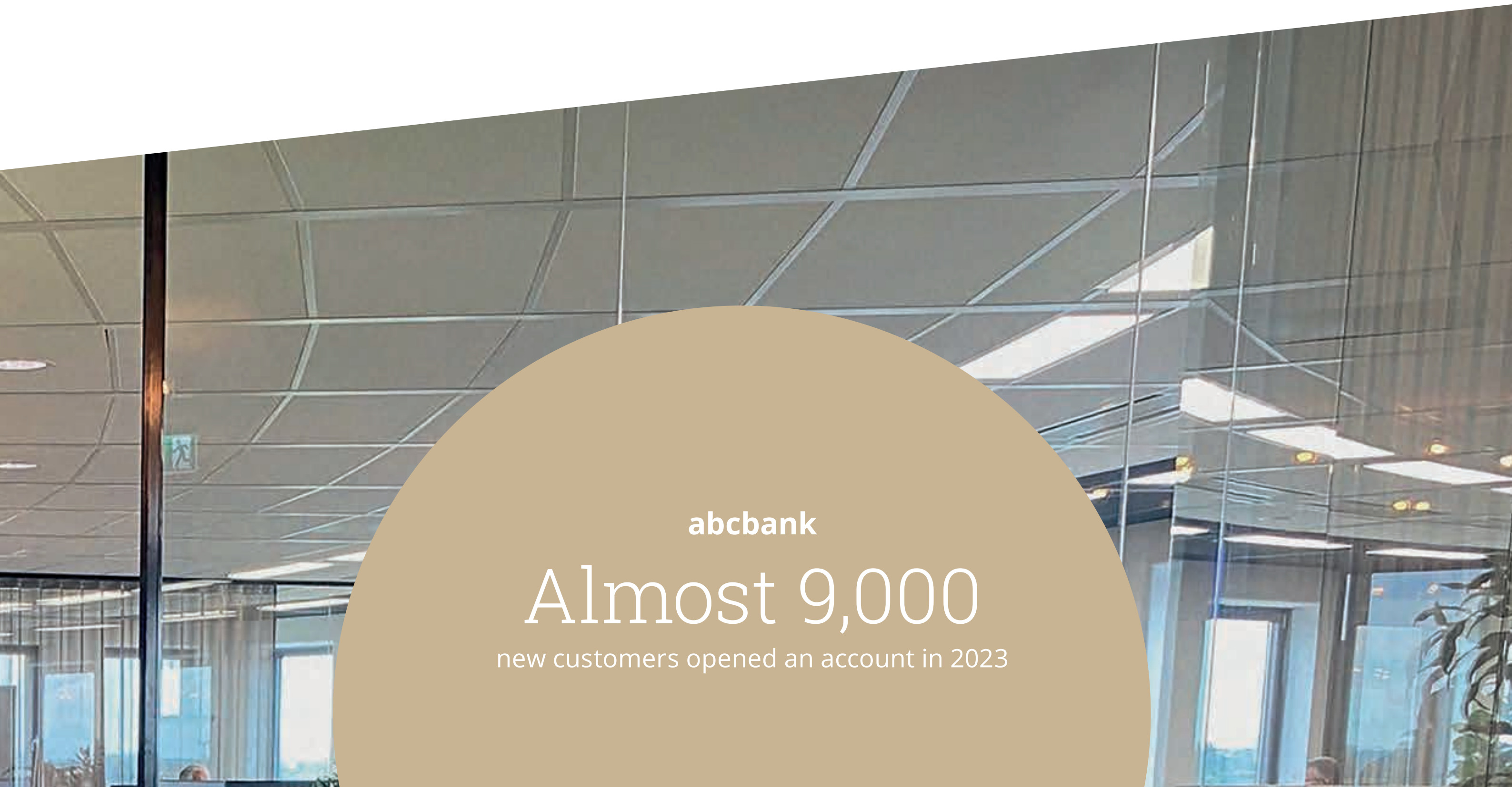
Dr. Hubertus Mersmann,
Spokesman of the management
of abcfinance

What tools are you using to achieve this?
Dr. Hubertus Mersmann: As much as our customers still value receiving expert advice in person, they also expect processes to be streamlined and digitalized throughout – from the financing inquiry to the conclusion of the contract through to implementation. While we have reached a high level of digitalization already, we want to network even more closely with our partners in the future and integrate our products and services into their ecosystems and processes wherever possible. And that will only work if our internal processes are automated as far as possible. We are also looking into options such as the use of artificial intelligence to generate added value for our customers and ourselves.

What does this cooperation with retail partners in sales financing look like in practice?
Dr. Hubertus Mersmann: Our partners are all very different, so our solution has to be tailor-made. The goal is always the same: to make it easy for retailers to sell their goods quickly and without any complications – with customized leasing rates available as a payment option directly at the point of sale. We provide the appropriate technical solution depending on the type and size of the retailer's business: when developing our LeaseSeven application, or L7 for short, we incorporated the requirements of various partners directly during the development process. L7 works just as well for smaller retailers who need a quick and easy-to-use solution as it does for larger retailers with a wide range of products. For major partners seeking maximum automation for their standard business, we offer various digital interfaces. With different levels of networking and integration with our systems, leasing is easily scalable and can be expanded to meet the specific requirements of a wide range of industries.

Continued growth requires reliable refinancing. What trends are emerging here?
Dr. Hubertus Mersmann: Alongside bank loans and asset-backed securities, the deposit business has gained considerably in importance. Almost 9,000 new customers placed their trust in abcbank and opened an account with us in 2023 alone. Our service has earned us the award for best online portal. We will also continue to expand our range of tools in order to remain an attractive partner for institutional investors.

With so many tasks ahead of you, what are the key factors for success?
Dr. Hubertus Mersmann: I believe that sustainable business success is inextricably linked to a high level of customer and employee satisfaction. The only way we can inspire our partners and customers is with a motivated team. My aim is to involve our employees in Germany and abroad in our further development. With short communication channels, transparent decisions, and open dialogue, we will shape our future together.



abcbank

Almost 9,000

new customers opened an account in 2023

CONVENIENCE IS KING

Bank11 has established itself among the leading German automotive banks with its strategy of making vehicle financing as quick, easy, and smooth as possible for car dealers and buyers. Under the motto "Convenience is King," all sales and back-office processes are continuously scrutinized, streamlined, and optimized to meet the requirements of retail partners. Not only does this strengthen customer loyalty, it also makes Bank11 more resilient in the face of current challenges.

New framework conditions – new opportunities

Rising vehicle prices, stagnating sales of new vehicles, higher risk of default: The vehicle financing market was under considerable pressure in 2023. In response to high inflation, the European Central Bank raised the key interest rate eleven times in a row. This created an unusual situation for Bank11, whose business had been characterized exclusively by periods of low interest rates since its foundation in 2011. With its agile mindset, however, the business unit was able to respond to changing conditions with openness and flexibility and take advantage of available opportunities, even in this difficult environment.

More dynamism in the back office

After Bank11 had already set new standards in the industry with the introduction of a fully digitalized loan application process, 2023 was dedicated to automating the underlying internal processes. From onboarding new customers and keeping master data up to date to managing pricing models and terms and conditions: The entire workflow was reviewed, redesigned, and geared toward more efficiency and agility. Implementation will be completed in 2024.

Close coordination between deposit and lending business

The driving force behind this process was the rapid development of interest rates. Bank11 had to respond immediately to each of the ECB's many interest rate moves and adjust the vehicle financing conditions to rising refinancing costs as and when required. This meant that the lending and deposit business had to be constantly and closely coordinated. On the one hand, attractive interest rates and services helped boost the deposit business. On the other, the sales team intensified its dialogue with car dealers in order to explain the market-driven price adjustments to them in detail. Bank11 also offers car buyers the option of lowering their installments in the event of payment difficulties, thereby reducing the risk of loan defaults.

Best automotive bank 2023

The strategy is working: Within one year, Bank11 was able to double its customer base of institutional and private investors in the deposit business. In the area of vehicle financing, it achieved a positive operating result despite continuing consumer reticence. What's more, the Neuss-based automotive bank has risen to the very top of the popularity rankings: in a Germany-wide survey of car dealers, Bank11 received top grades, putting it in first place among all German automotive banks. Compared to the previous year, the business unit improved in almost all areas, especially in the categories of dealer focus, service, and sales. This positive rating serves as an incentive for Bank11 to keep up the momentum and consistently deliver on its value proposition – fast, smart, and digital.

Top grade

1.7

In the "markt intern" contest among automotive banks, Bank11 came out on top in five out of six categories, taking first place in the overall ranking

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Corporate Principles

- Decentralized corporate management
- Independent and flexible business
- Ensuring customer benefits

Over the course of 180 years, Werhahn has developed into a corporate group with diverse activities in Germany and abroad. A close relationship with our markets and customers, reliability, and social responsibility are the values which our mid-sized family-owned business has always practiced and maintained.

Wilh. Werhahn KG is decentralized in structure. The Group's companies, which are legally independent for the most part, are organized into three corporate divisions and six business units. Their flat management structure, with short and non-bureaucratic decision-making channels, provides room for maneuver. This enables market requirements to be fulfilled rapidly and flexibly – for the benefit of our customers. For each individual employee, this means a high level of motivation as well as individual responsibility.

Central corporate management functions are performed directly by Wilh. Werhahn KG. These functions include long-term strategic alignment as well as financing the individual companies and reviewing their performance. With the goal of continuously safeguarding and further developing the Group, the aim is to achieve an economic and structural balancing of risks in the interest of risk distribution.

Wilh. Werhahn KG is a company for entrepreneurs, a family-owned business that places great value on a relationship of mutual trust with its customers, business partners and employees. The resulting corporate culture is the vital foundation on which our success is based.

Supervisory Board and Management Board

Supervisory Board

Anton Werhahn
Chairman

Gabriela-Maria Baum-D'Ambra
Vice Chairwoman

Peter Gerckens

Lambert Goder

Wilhelm Josten

Dr. Wolfgang Klein
(until December 31, 2022)

Julius Kolb

Clemens Maier

Dr. Katharina Müller-Bardenhewer

Fritz Oidtmann

Wilhelm Straaten

Mathias Thielen
(since September 1, 2023)

Ruth Werhahn

Management Board

Paolo Dell'Antonio
Chairman
(until October 31, 2023)

Alexander Boldyreff

Andreas König
(since September 19, 2023)

Stephan Kühne

Report of the Supervisory Board

Dear Shareholders,

The course of the past year was again defined by numerous global challenges. The ongoing war in Ukraine, which continued to divide the world, the sluggish Chinese economy and, significantly, the escalating Middle East conflict resulted in high energy costs and volatile commodities prices, inflation and interest rate rises. This in turn led to a global economic slowdown and bleaker consumer climate. The Zwilling Kitchenware business unit and the companies in the Financial Services division were particularly heavily impacted by these developments, which – despite the very strong results overall in the building materials sector – led to the Werhahn Group as a whole delivering a very unsatisfactory performance.

During the 2023 business year, the Supervisory Board fulfilled the duties required of it by law and by the articles of association, supervising and advising the Management Board. During this period, the Management Board provided the Supervisory Board with regular written and verbal reports on the situation and development of the entire Group and its corporate divisions, including reports on significant business events.

The Supervisory Board held four regular meetings and three further meetings in person and by video conference in 2023. The Board also visited the Ballarini site in Italy in May to learn about the production situation. In addition to the regular discussions about the Group's business situation and development, the topics covered at the Supervisory Board meetings included the situation and position of the individual business units, the status of projects, issues concerning risk management, and the adoption of the operational business plan for 2024. One particular focus of the discussions was the business performance of FiberLean Technologies and the subsequent exploration of the related strategic options. Several Supervisory Board meetings also addressed the business performance of Zwilling Kitchenware in detail as well as the various challenges faced by this business unit. Lastly, at its meetings, the Supervisory Board also made decisions on transactions requiring approval under the articles of association.

Outside of these meetings, the Chairman of the Supervisory Board maintained close contact with the members of the Management Board.

Through regular conversations with them and the auditor, he gained a comprehensive overview of the economic, financial and legal situation. The Vice Chairwoman of the Supervisory Board was also closely involved in the preparations for Supervisory Board meetings.

The Supervisory Board was supported in its work by an Accounting Committee and a Personnel Committee. The committees prepared the topics for discussion, reviewed pending decisions in advance and made recommendations for resolutions of the Supervisory Board. The topics discussed last year in the Accounting Committee included the 2022 Financial Statements and Consolidated Financial Statements and reports on legal, compliance, information security, data protection and internal audit developments and activities in the Werhahn Group, as well as defining the cornerstones of the auditor's engagement – particularly definition of the audit focus areas – for the 2023 Financial Statements. Key topics addressed by the Personnel Committee included matters relating to the Management Board, as well as the various changes in the management of the business units. Committee chairpersons informed the members of the Supervisory Board of the content and outcomes of each of their committee meetings.

At the regular shareholders' meeting on May 13, 2023, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Essen, was elected as auditor for the Annual Financial Statements and Consolidated Financial Statements. Following a corresponding resolution, the appointment was made by the Supervisory Board, after having confirmed the auditor's independence.

The Consolidated Financial Statements, including the Consolidated Management Report as well as the Financial Statements of Wilh. Werhahn KG for the 2023 business year, were prepared by the Management Board and audited by the auditors, who issued an unqualified auditor's opinion pursuant to section 322 of the German Commercial Code (HGB). Following a preliminary audit by the Accounting Committee, the Supervisory Board approved both sets of financial statements in its meeting on April 29, 2024. The Financial Statements of Wilh. Werhahn KG as of December 31, 2023 were thus adopted. The auditor was present at the discussions of the Financial Statements and the Consolidated Financial Statements, as well as at all meetings of the Accounting Committee, and answered supplementary questions.

The term of office of the non-family members of the Supervisory Board ended as scheduled on December 31, 2022. In December 2022, the family members of the Supervisory Board reappointed Clemens Maier and Fritz Oidtmann as members of the Supervisory Board for a further five-year term to December 31, 2027. Having been a member since May 2015, Dr. Wolfgang Klein stepped down from the Supervisory Board. The Supervisory Board would like to thank Dr. Klein for his longstanding and dedicated service as a Supervisory Board member and Chairman of the Accounting Committee. In his place, the family members of the Supervisory Board appointed Mathias Thielen as a further member of the Supervisory Board and member of the Accounting Committee with effect from September 1, 2023. In turn, the Accounting Committee elected Wilhelm Straaten as its new Chairman.

In the course of the reappointment of the Management Board, the Supervisory Board appointed Andreas König as a further member of the Management Board of Wilh. Werhahn KG, effective September 19, 2023. In close consultation with the Supervisory Board, Paolo Dell'Antonio decided to leave the company's Management Board to explore new professional opportunities, with effect from October 31, 2023. The Supervisory Board would like to thank Mr. Dell'Antonio for his service.

The Supervisory Board would like to express its gratitude to the Management Board, managers and all employees of the Werhahn Group for their dedication during the past year.

Neuss, April 29, 2024
The Supervisory Board

Anton Werhahn
Chairman of the Supervisory Board

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Macroeconomic Development

Having initially appeared to recover in the first quarter of 2023, the global economy lost considerable momentum as the year progressed. In addition to geopolitical tensions, the Federal Ministry for Economic Affairs and Climate Action attributes this to two main factors: weak industrial production and the sharp rise in interest rates across most global regions, which impacted investments in equipment and residential construction particularly significantly. China's sluggish growth likewise had a dampening effect. In previous years, global economic growth had been driven by the strong Chinese economy. Irrespective of the temporary high oil price volatility, the stabilization of global commodity prices led inflation to settle at early 2021 levels in most countries. Although supply chains disrupted by the pandemic had largely recovered, world trade growth was weak, at just 0.9%.

In the past year, the German economy failed to recover further from the slump experienced in 2020 amid the coronavirus pandemic. On a price-adjusted basis, German gross domestic product (GDP) in 2023 was slightly down on the previous year. The economy was held back by the still high prices at all stages of the economic process. This was exacerbated by unfavorable financing conditions caused by high interest rates as well as lackluster demand both in Germany and abroad. Consumer spending, which had been a mainstay of macroeconomic development in the previous year, declined by 0.8% on a price-adjusted basis in 2023, according to Federal Statistical Office figures.

The macroeconomic situation in Europe remained dominated by the consequences of the war in Ukraine and conflict in the Middle East in 2023. Added to this were materials and supply bottlenecks, the still high – although declining – inflation, as well as weak foreign demand. According to the data of the Statistical Office of the European Union, GDP in both the eurozone and the EU rose by 0.5% in the past year.

Real GDP growth in Europe

Region	2023	2022
Eurozone	0.5%	3.5%
Germany	–0.3%	1.9%
France	0.9%	2.6%
Italy	0.9%	3.9%
Poland	0.3%	4.9%
Spain	2.5%	5.5%
United Kingdom	0.5%	4.1%

North American economic performance was better than expected. The US economy benefited from higher company investments and robust consumer spending growth. Despite high financing costs, the Canadian economy recorded slight growth thanks to lower commodities prices.

Although the Chinese economy grew more strongly than in the previous year, GDP growth was among the weakest recorded in more than 30 years. The real estate market crisis and poor domestic consumption weighed especially heavy on the economy.

The Japanese economy registered slight growth. While exports were bolstered by the weak yen, private consumer spending reined in growth in 2023.

Real GDP growth in major world regions

Region	**2023**	2022
China	5.0%	3.0%
Japan	1.9%	1.1%
Canada	1.3%	3.4%
USA	2.1%	2.1%

GDP sources: Statista GmbH, national news agencies
Status for 2023: February 2024
Status for 2022: As reported in the previous year

Business Development and Results of Operations

Diversity is a defining feature of the Werhahn Group. The Group's operations are assigned to the three corporate divisions – Building Materials, Consumer Goods, and Financial Services – with six business units. In the 2023 business year, the Werhahn Group decided to discontinue the FiberLean Technologies business activities.

WILH. WERHAHN KG		
Building Materials division	**Consumer Goods division**	**Financial Services division**
Business units Aggregates Slate	**Business units** Zwilling Kitchenware Zwilling Beauty Group	**Business units** abcfinance Bank11

Key control parameters for the corporate divisions are net sales, operating result (earnings before interest, tax and non-operating depreciation, amortization and write-downs[1]) and EBT (earnings before tax).

In 2023, the Werhahn Group recorded consolidated net sales of €4,484 million (previous year: €4,282 million). At 5%, net sales growth was just short of the forecast and was slightly up on the prior-year figure.

The development of net sales varied across the business units. While net sales rose slightly in the Building Materials division and significantly exceeded the prior-year level in the Financial Services division, net sales in the Consumer Goods division declined markedly.

Net sales increased considerably in Germany and declined slightly in other countries. Consequently, the share of foreign net sales in consolidated net sales recorded a small decline to 32%. Net sales in euros were negatively impacted by exchange rate movements, especially against the Russian ruble, US dollar and Chinese renminbi.

[1] Non-operating depreciation, amortization and impairment includes write-downs on goodwill and hidden reserves disclosed during the revaluation of acquisitions, as well as differences between straight-line and declining-balance depreciation and amortization.

Net sales by business unit

in € million	2023	2022	Change
Aggregates	1,566	1,497	69
Slate	89	85	4
Zwilling Kitchenware	813	902	–89
Zwilling Beauty Group	110	106	4
abcfinance	1,507	1,452	55
Bank11	376	228	148
Others	54	44	10
Consolidation	–31	–32	1
	4,484	**4,282**	**202**

Operating result (EBITA) reconciliation

	in € million	2023	2022
	Earnings before tax (EBT)	59	156
+	Interest result	18	11
+	Amortization of goodwill and other amortization	60	41
+/–	Other non-operating expenses/income	–	1
	Operating result (EBITA)	**138**	**208**

Selected key figures

	2023	2022
Cost of materials ratio[2]	56%	55%
Personnel expenses ratio[3]	14%	14%
Investment rate[4]	164%	113%
Tax rate[5]	58%	40%
Earnings before tax (in € million)	59	156

[2] The cost of materials ratio is calculated by dividing the cost of materials by net sales.
[3] The personnel expenses ratio is calculated by dividing personnel expenses by net sales.
[4] The investment rate is determined by dividing investments in tangible assets, intangible assets (excluding goodwill), and net investment related to acquisitions by depreciation and amortization.
[5] The tax rate is calculated by dividing the tax expense by earnings before tax.

The Werhahn Group’s cost of materials includes expenditures in the Building Materials and Consumer Goods corporate divisions. Furthermore, cost of materials includes refinancing costs, residual book values of sold leasing assets, acquisition costs for hire-purchase objects, and commissions from the banking and leasing segment of the Financial Services division. The cost of materials rose 7% on the previous year and amounted to €2,515 million (previous year: €2,351 million). This increase is primarily attributable to higher refinancing costs in the Financial Services division as well as the rise in energy costs, which were partly offset by lower expenditure on raw materials and supplies.

The cost of materials[2] ratio increased slightly from 55% to 56%. This rise is due, in particular, to the Financial Services division, which was unable to fully compensate for the sharp increase in refinancing costs through higher interest and leasing income. In the Building Materials division, the rise in energy, procurement and raw materials costs was countered through active price management. The cost of materials ratio in the Consumer Goods division declined, largely due to the reduction of inventories in the Zwilling Kitchenware business unit.

Personnel expenses were noticeably up on the prior-year figure (€606 million), at €639 million, with slightly higher average employee numbers. At 14%, the personnel expenses ratio[3] remained at the prior-year level.

Depreciation of tangible assets and amortization of intangible assets in the business year stood at €213 million, which is significantly up on the previous year’s figure of €165 million. Alongside the high level of investment in 2023, depreciation, amortization and impairment due to the pending discontinuation of the FiberLean Technologies business activities as well as write-downs of goodwill and real estate had a particularly negative impact. Write-downs of leasing assets increased marginally from €558 million to €560 million due to the moderate growth of the leasing business.

Other operating income amounted to €70 million in 2023, up 10% compared with the previous year (€63 million). The most significant individual items of other operating income were income from the release of provisions (€21 million, previous year: €15 million), exchange rate gains (€8 million, previous year: €16 million) and income from reversals of allowances (€5 million, previous year: €2 million).

Other operating expenses rose by 4% to €597 million (previous year: €575 million). In particular, write-downs on accounts receivable from financial services (€63 million, previous year: €44 million), expenses for external services (€140 million, previous year: €129 million), rental and lease expenses (€61 million, previous year: €55 million), and maintenance expenses (€99 million, previous year: €93 million) were all up on the previous year. The expenses for restoration and recultivation obligations (€11 million, previous year: €26 million), which had been significantly negatively impacted by inflation in the previous year, had an offsetting effect. The sharp rise in write-downs on accounts receivable from financial services is attributable to the higher credit default risk due to the general economic developments, as well as to the further growth of the Financial Services division. The other items, such as expenses for external services, were strongly impacted by inflation-related price rises.

In the business year, investment income increased by €18 million to €50 million. This was primarily due to higher distributions from other participations and net income from associated companies.

The Werhahn Group’s 2023 operating result was significantly down on the prior-year and forecast figures. Performance varied between the corporate divisions. The operating result of the Consumer Goods and Financial Services divisions fell well short of both the prior-year and forecast level due to one-off charges and write-downs. In the Consumer Goods division, this was largely attributable to the decline in net sales in the Zwilling Kitchenware business unit. Higher risk expenses and refinancing costs were responsible for the lower operating result in the Financial Services division. In contrast, the operating result of the Building Materials division considerably exceeded both the previous year and forecast figures, mainly thanks to the active pricing policy. The FiberLean Technologies business recorded high operating losses, which were slightly above the forecast and higher than in the previous year. In addition, write-downs of assets and other expenses related to the termination of the involvement with FiberLean Technologies had a major negative impact on the Werhahn Group’s operating result.

The interest result, including income from loans, amounted to €–18 million (previous year: €–11 million). This was due to the general sharp rise in the rate of interest on external financing for the Building Materials and Consumer Goods divisions.

At €59 million, earnings before tax were significantly below the prior-year figure (€156 million) and the forecast. Alongside the lower operating result, this was due to the considerable increase in write-downs of goodwill and other impairment losses, as well as the higher interest expense.

Overall, the Werhahn Group generated consolidated net income of €26 million in 2023, a year-on-year decrease of €67 million. This figure was negatively impacted by one-off effects of €89 million. Of this amount, €38 million was attributable to the discontinuation of the FiberLean Technologies business activities, and €19 million to write-downs of goodwill and tangible assets. In light of this and based on the business performance described above, the overall results were unsatisfactory.

Building Materials

The Building Materials division includes the **Aggregates** and **Slate** business units. The Aggregates business unit extracts and processes mineral raw materials for the construction industry. The Slate business unit produces high-quality slate for roofs, façades, interiors and landscaping.

Aggregates

The Aggregates business unit comprises four segments under the leadership of Basalt-Actien-Gesellschaft (BAG): mineral raw materials, asphalt mixtures, construction chemicals, and building materials recycling/disposal. In addition to operations in Germany and Sweden and sales activities in the Benelux countries and Switzerland, the business unit also operates in the Central and Eastern European countries of Poland, Russia, Ukraine, the Czech Republic and Hungary with its own production sites. Customers primarily include road construction, civil engineering, structural engineering, hydraulic engineering and track construction companies, private and public property developers, and rockwool and cement producers.

In the mineral raw materials segment, hard stones are extracted in 90 Group-owned quarries, then processed and marketed regionally. In addition, a significant portion of the raw material is used for the production of asphalt mixtures in 161 mixing plants owned by the Group. The construction chemicals segment mainly produces and markets bituminous sealant materials for structural and roadway construction. The building materials recycling/disposal segment involves processing, marketing and storing non-contaminated recyclable building rubble.

Upward trend in public road construction

High interest rates and inflationary energy and materials price trends meant that the German construction industry failed to provide momentum for the overall economy in 2023. According to figures from the Central Association of the German Construction Industry (Hauptverband der Deutschen Bauindustrie), the industry grew nominally by 3.5%; however, this represents a decline in net sales of 3.2% on a price-adjusted basis. The sharpest decline was recorded in residential construction, but price-adjusted net sales in commercial construction and public construction also fell short of the previous year. In the area of public road construction, a key area for the Aggregates business unit, price-adjusted net sales generated by construction activities were down 6.5% on the previous year. Despite higher – and in some cases not fully utilized – budgets, order intake in the area of public road construction also recorded a real decline of 7.2%. This was attributable to administrative issues as well as higher interest rates, rising construction prices and high collective agreements. The continued skills shortages at planning and licensing authorities caused delays in planning, calls for tender and the awarding of contracts. The still inadequate level of digitalization at public construction authorities similarly reduced or delayed calls for tender activity. These factors resulted in market volumes falling short of both expectations and potential.

Performance in the business unit's foreign markets was good overall in 2023. However, there were significant discrepancies between countries. In Poland, the most important foreign market, booming road construction prevented the construction industry as a whole falling into the red. At the same time, Hungarian construction industry development was curbed by declining infrastructure investment due to the lack of EU funding, efforts to consolidate public finances, as well as the sharp rise in the cost of building materials. In the Czech Republic, construction activity was weakened in particular by higher construction costs and interest rates, which pushed the whole industry, together with transport infrastructure construction, into recession. Despite the war, Ukraine's economy fared better than expected last year. However, the high level of growth is partly due to the low baseline. The Swedish economy was hampered by inflation and interest rates and shrank slightly in the reporting year. The construction industry was especially heavily impacted by the high building and energy costs, as well as tighter financing conditions.

Energy and input prices eased over the course of 2023 compared with the previous year, which had been significantly influenced by the war in Ukraine. Hedges entered into at an early stage enabled the business unit to keep bitumen prices close to the prior-year level amid temporary supply shortages and intermittent increases in crude oil prices. The cost of diesel and heating oil trended down. In contrast, the cost of the fossil fuel pulverized lignite rose sharply due to the new carbon pricing for greenhouse gas emissions caused

Net sales development Building Materials division

in € million

by the combustion of coal. Despite proactive hedging, electricity costs also increased substantially compared with the previous year as a result of the growing geopolitical risks.

Net sales increase in challenging market environment

The Aggregates business unit generated net sales of €1,566 million in 2023, slightly exceeding both the prior-year and forecast figures. This rise is largely due to the increased price of mixtures and raw materials. The rise in procurement costs meant it was essential to adopt an active and innovative pricing policy to offset the exceptional cost increases through higher revenues.

The nominal net sales increase is based on lower sales volumes overall. Sales of raw materials in Germany were slightly below the prior-year level and well short of the forecast. Sales of mixtures were also weaker – and were slightly down on the previous year and clearly below the forecast level – due to fewer orders and rising prices. Sales of raw materials outside Germany were up slightly compared with the previous year and markedly higher than forecast. The main reason for this increase was the recovery in sales by the Ukrainian quarry, whose operation had been massively curtailed in the previous year due to the war.

The Aggregates business unit's operating result substantially exceeded both the prior-year and forecast level. This development was bolstered by an active pricing policy adapted to the upward cost trend, efficiency improvements, as well as the very positive development of the major foreign markets.

The lower additions to recultivation provisions – which had been particularly high in the previous year due to inflation – also had a positive impact. Despite the extremely weak building construction trend, the construction chemicals business saw an encouraging improvement in earnings. This was attributable to better operating margins and cost savings. As with the operating result, earnings before tax were also significantly up on the previous year and the forecast level.

Lackluster outlook for construction industry

The outlook for the German construction industry remains gloomy in 2024. The Central Association of the German Construction Industry (Hauptverband der Deutschen Bauindustrie) anticipates a real decline in net sales of 3.5%. This trend will be shaped by a further drop in residential construction amounting to 12% on a price-adjusted basis. Commercial construction is expected to increase by 2% in real terms. According to the forecast, public construction – which is particularly relevant for the Aggregates business unit – is set to grow by 1%. Developments in the area of federal highways remain problematic, since federal budget investments are expected to stagnate. Given the considerable costs associated with the transformation of the transport sector, as well as high construction costs, it is anticipated that real investment in transport infrastructure will shrink further in future.

The foreign markets relevant for the business unit will continue to be dominated by political uncertainty in 2024. However, it is expected that the most important markets will return to growth. According to European Commission forecasts, Poland's growth will be double the European average this year. The main impetus is likely to come from public bodies, particularly in the development of the motorway and expressway network. The Hungarian economy is also expected to trend sharply upward, largely thanks to the release of the previously discontinued or temporarily suspended EU funding. The Czech economy is recovering slowly, with positive effects from the 2021–2027 EU funding period anticipated. Furthermore, the government is focusing on the massive expansion of the transport infrastructure to establish the country as a logistics hub. Growth from a low baseline is also forecast for Ukraine's economy. State investment is likely to be the main engine for this development. Given the ongoing war, stable development remains an impossibility. Sweden's economy is expected to remain in recession in 2024. To date, no indications of specific infrastructure measures have been given.

The Aggregates business unit expects sales of raw materials and asphalt mixtures to rise slightly on the year in 2024 amid a still difficult domestic market environment. Outside of Germany, the forecast sales volumes are conservative for almost all countries, following a strong previous year. Net sales in 2024 are expected to increase somewhat compared with the reporting year, bolstered by marginally higher German sales and a cost-related improvement in earnings. Passing on the sharp rise in the cost of materials and services to the market will remain a major challenge. The operating result is set to fall significantly short of the high prior-year level due to the downward trend in foreign markets, as well as higher cost pressure, which is not possible to fully pass on to customers. Earnings before tax are also expected to be considerably lower than in the previous year.

Slate

The Slate business unit extracts and produces premium-quality slate and develops products for aesthetically designed living spaces. The product line encompasses a wide variety of cladding types for roofs and façades, with the optional integration of photovoltaic elements. System solutions specifically created for modern architecture make it possible to realize innovative building designs. The product offering is complemented by ashlar, which can be used for interior applications as well as for gardening and landscaping.

The business unit runs all its global activities, including development, procurement and sales, from the head office in Mayen, Germany. Slate products are extracted and produced in the Galicia and Castile and León regions of Spain by the business unit's locally based production companies. In 2023, the Slate business unit further developed its raw materials resources through the acquisition of Pizarras La Baña's high-quality deposits and state-of-the-art production plant. The business unit also acquires slate from strategic partners. The products are sold in all major slate markets worldwide, particularly in Western and Central Europe and North America.

Results improve in challenging environment

Residential construction in Germany slumped in the past year. The real net sales decline of 12% in German residential construction also had a negative impact on the roofing market. A sharp rise in construction costs, high loan interest rates, and general uncertainty regarding potential future requirements for energy efficiency renovations meant many building owners were reticent to invest. Based on covered pitched roof surface areas, producer sales declined significantly in 2023. Depending on material, sharp net sales declines were recorded. Slate sales also declined, albeit at a relatively moderate rate. However, this decline does not reflect the extent of the actual construction activity involving slate, as roofing dealers and roofing companies considerably reduced their inventories in 2023. This means that the actual market volume was higher than indicated by the sales figures. In the business unit's main foreign markets, slate sales declined in 2023. In many cases, this trend was amplified by limited availability.

The Slate business unit generated net sales of €89 million in 2023, slightly above the prior-year figure and considerably up on the forecast level. The strong rise in net sales was driven by the markets in France, the United Kingdom and the Benelux countries, as well as by the marketing of additional products following the acquisition of Spanish producer Pizarras La Baña, which was integrated in May 2023. The net sales increase was the result of both price and volume factors. Outside of Germany, sales volumes were significantly up on the previous year. In the first four months of 2023, materials shortages meant that the business unit was unable to fully meet the high demand from outside Germany. However, following the acquisition of additional production sites, it was able to largely resolve the demand backlog from May onward. In contrast, sales volumes in Germany were down on the previous year. The higher production and procurement costs were more than offset by price adjustments. Thanks to the acquisition of Pizarras La Baña, which was included in the financial statements from May onward, the operating result considerably exceeded both the prior-year and forecast levels. Earnings before tax fell well short of the prior-year figure due to the more substantial impact of write-downs and interest in connection with the acquisition of Pizarras La Baña, but were significantly higher than forecast.

Overseas business bolstered by slate resources

The prospects for the slate market in 2024 look more promising than the forecast performance of the German construction industry. Roofing dealers and processors are likely to complete their inventory reductions in the first few months of 2024. It can be assumed that the sales figures for German manufacturers will then return to market levels, which could result in a slight uptick in sales volumes. In the foreign markets of France, Belgium and the United Kingdom, which are important for the Slate business unit, a marginal decline in demand for slate is expected. However, there are opportunities for suppliers of high-quality slate to increase sales volumes, provided they have adequate slate resources. In light of this, the Slate business unit forecasts a clear rise in net sales in 2024, largely driven by brisk business outside Germany. Due to the full integration of the Pizarras La Baña acquisition for the first time, a considerably higher operating result is forecast. At the same time, it is expected that earnings before tax will decline sharply compared with 2023, primarily as a result of write-downs and interest rate effects.

Consumer Goods

The Consumer Goods division comprises the **Zwilling Kitchenware** and **Zwilling Beauty Group** business units. These business units produce high-quality brand products for kitchen use and personal care, and their products are present in all important markets worldwide.

Zwilling Kitchenware

The Zwilling Kitchenware business unit provides premium products for the modern kitchen and the outdoor kitchen and barbecue segment. The brands ZWILLING, STAUB, BALLARINI, MIYABI, DEMEYERE, SANTOS and FLAMMKRAFT dominate the range, which largely comprises knives, cookware, kitchen utensils, vacuum systems, small electrical kitchen appliances, and grills and barbecue accessories. The business unit has its own large-scale production sites in both Europe and Asia. The Zwilling Kitchenware brands are represented in Germany, as Europe's leading market, as well as in the key global markets of the USA, Canada, China and Japan, with their own companies.

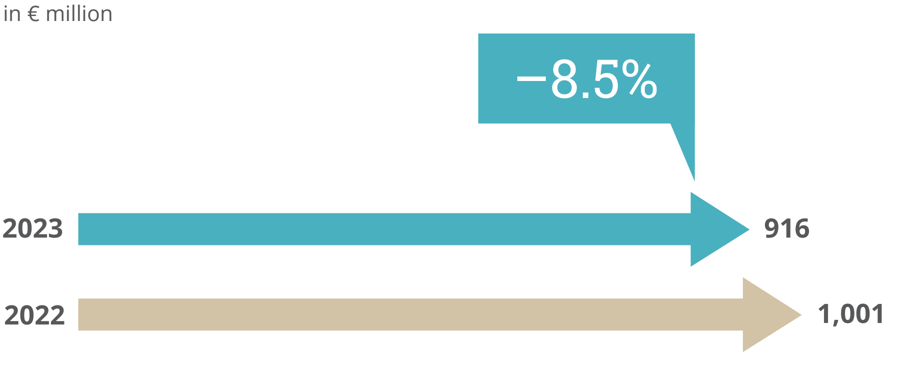
Gloomy consumer sentiment worldwide

Consumers' willingness to spend – which is crucial to Zwilling Kitchenware's business performance – was curbed in the major markets last year. Many consumers were cautious to spend due to uncertainty regarding economic developments, the still high rate of inflation by long-term standards, and geopolitical turbulence. This also affected budgets for tableware and kitchenware. In China, a far-reaching real estate crisis, higher unemployment and reduced confidence in the political leadership further depressed the consumer appetite of many private households.

Effect of weak demand extends to well-stocked warehouses

The Zwilling Kitchenware business unit's net sales in 2023 were markedly lower year on year and well below the forecast level, at €813 million. While the core business was just slightly down on the previous year, the special business with products for customer loyalty programs generated far lower net sales.

Net sales development Consumer Goods division



Alongside high inflation, the main reasons for this development were the depressed consumer spending appetite, dealers' still well-stocked warehouses, and unfavorable exchange rate developments. Adjusted for exchange rate effects, the core business remained well short of the forecast level.

Net sales in the USA – by far the largest market – were slightly down on the previous year and clearly below the forecast. In particular, growth in the direct customer business was unable to fully offset the decline in net sales as a result of a major customer's insolvency. Although the company's own online business grew, other sales channels failed to meet the forecast level. Net sales in Canada rose considerably. This rise was largely attributable to the growth in online business, as well as the good performance of company-owned bricks-and-mortar stores. The net sales forecast was almost achieved.

In China, Zwilling Kitchenware recorded lower net sales in the reporting year and fell extremely short of the forecast. This was attributable to the substantial uncertainty among consumers, primarily prompted by the sustained real estate crisis. Among the sales channels, online trade, the gift items business and TV shopping particularly suffered. In contrast, bricks-and-mortar stores business put in a positive performance in the wake of the previous year's extensive lockdown restrictions. The business unit recorded clear net sales growth in Japan, mainly thanks to the positive performance of the company's own bricks-and-mortar stores, its own online trade, as well as TV shopping. The net sales forecast was slightly exceeded.

In Germany, the business unit achieved significant growth despite the difficult conditions. Adjusted for the stagnating net sales in the barbecue segment, net sales climbed markedly. This growth was attributable, in particular, to a rise in the company's own retail outlets and online trade. However, due to the poor performance of the barbecue segment, overall net sales were well below the forecast level. Adjusted for the net sales of the barbecue segment, the rest of the core business slightly exceeded the forecast. In the other European countries, Zwilling Kitchenware's net sales rose considerably and were a little higher than forecast. The most significant growth was generated in Scandinavia, France, the Benelux countries, and Turkey.

The business unit's operating result in 2023 fell well short of both the prior-year and forecast figures. Alongside the decline in net sales, this was due to higher inventory write-downs and restructuring expenses. Earnings before tax were negatively impacted by write-downs of goodwill and higher interest expenses, and were substantially below the prior-year and forecast figures.

Clear growth in core business expected in 2024

The continued geopolitical tensions and weak consumer demand remain challenging. Nevertheless, the Zwilling Kitchenware business unit expects to achieve a considerable year-on-year increase in net sales in 2024, partly thanks to the absence of the one-off negative impacts recorded in 2023. In the core business, this rise will be primarily based on an intensification of the e-commerce business, expansion of the barbecue segment, and the further growth of the vacuum and electrics product groups. The European markets, as well as the USA, will be the key growth markets in 2024. In China, net sales development is expected to tentatively recover, with growth driven in particular by the online business as well as the company's own bricks-and-mortar stores. Special business will remain at a low level. In addition, a marked improvement in earnings is anticipated thanks to an already implemented transformation program and structural optimization measures. The business unit therefore expects to see a considerable year-on-year improvement in its operating result and earnings before tax in 2024.

Zwilling Beauty Group

Under the brands ZWILLING and TWEEZERMAN, the Zwilling Beauty Group business unit produces and markets high-quality tweezers, manicure sets and pedicure tools. The offering is supplemented by products under the TruYu and

QVS brands, as well as trade and exclusive brands. Apart from the USA and Germany, the most important sales markets for the business unit are the United Kingdom and China.

Positive net sales and earnings trend

The cooling consumer sentiment in the respective markets is considerably impacting the performance of the Zwilling Beauty Group business unit.

The business unit generated net sales of €110 million in 2023, slightly above the prior-year level and only just short of the forecast. The unfavorable exchange rate trend was particularly apparent in the USA, which is by far the most important market. However, net sales in the USA in local currency were clearly up on the previous year. Online trade proved to be a major growth driver. The previously positive net sales trend among premium retailers did not continue. Net sales in this area remained at the prior-year level.

In Germany, the business unit again recorded a strong rise in net sales in 2023, and met the forecast. Online retailers in Germany also maintained their growth trend. Bricks-and-mortar business with premium retailers and retail shops continued to perform well. In the United Kingdom, net sales slightly exceeded the prior-year level and met the forecast. The TWEEZERMAN brand performed particularly well. The Chinese market remained dominated by the slump in consumer spending. Net sales, which were also impacted by the unfavorable exchange rate trend, therefore remained virtually unchanged compared with the previous year. The figure fell considerably short of the forecast, since the anticipated strong recovery in consumer sentiment following the lockdowns did not materialize.

Thanks to the positive net sales development and sharp decline in container freight rates, the operating result exceeded both the prior-year level and the forecast by a considerable margin. In contrast, earnings before tax were just slightly up on the previous year’s figure and discernibly above the forecast.

Stable net sales underpinned by propensity to consume in 2024

Zwilling Beauty Group’s performance is heavily dependent on consumer sentiment in its core markets of the USA, Germany and, in particular, China. The expected weak consumer climate will therefore also impact the business unit's development. Following poor sales over the past few years, retailers are reducing shelf space for beauty tools. Furthermore, the retail sector – especially in the USA and Germany – is contending with multiple insolvencies. Other factors are having a positive effect, however. For example, it is expected that tourists from Asia will increasingly start traveling again in 2024, leading to higher sales figures. Consumers' beauty habits are becoming more hybrid in nature, with equal interest in professional treatments and everyday at-home applications. Through the new pet care segment, pet care tools are also being launched on the US market.

In 2024, Zwilling Beauty Group expects net sales to remain at the prior-year level, while a clear year-on-year decline in operating result is anticipated, primarily due to currency effects as well as to investments in new products and sales channels. Earnings before tax will decrease markedly.

Financial Services

The Financial Services division comprises the **abcfinance** and **Bank11** business units. The abcfinance business unit markets leasing and factoring solutions and refinances itself through abcbank. The Bank11 business unit specializes in vehicle financing.

abcfinance

abcfinance provides tailored financial services to more than 80,000 mainly medium-sized companies in Germany, the Netherlands and Austria. In the leasing segment, abcfinance finances mobile assets, including used, low-value and intangible items such as software and licenses. In the factoring segment, abcfinance purchases receivables and thereby provides more financial options for its business partners. In the sales financing segment, abcfinance supports the sales activities of manufacturers and dealers with custom financing and services.

As part of the abcfinance business unit, abcbank refinances receivables from the leasing and factoring business. It offers institutional, commercial and private investors overnight money and term deposits, as well as savings bonds, and conducts securitization transactions.

Automobile leasing strengthens leasing market, factoring business grows

The German leasing and factoring industry put in a stable performance in 2023. According to the Federal Association of German Leasing Companies (BDL), the leasing business as a whole grew by a strong 15% at acquisition cost. New leasing business grew by a considerable 17.8%, while the hire purchase business recorded only slight growth of 1.8%. This development was also shaped by price rises in certain asset groups due to inflation, among other factors. The number of newly signed lease agreements increased significantly by 20.2%, while new hire purchase agreements declined by a moderate 3.1%. This decrease was attributable in particular to slowing demand in the buses, trucks and trailers asset group.

Influenced by the macroeconomic situation, the development of selected asset groups painted a very mixed picture:

Asset group	2023	2022
Bicycles and e-scooters	17%	47%
Cars	21%	0%
Renewable energy systems	22%	80%
Production machinery	–15%	10%
Agricultural engineering	–11%	22%

Source: BDL

According to the German Factoring Association, net sales in Germany's factoring industry increased to €192.8 billion in the first half of 2023 compared with €182.4 billion in the prior-year period. This makes Germany's factoring market the second largest in Europe in terms of net sales, with a share of some 16%. National business was the main growth driver, up by 12.6%. In contrast, international business saw a 9.7% decline in net sales due to the sluggish foreign trade.

The refinancing costs of financial service providers that specialize in leasing and factoring again rose considerably in 2023 due to the significant increase in capital market and loan interest rates.

Divergent new business trends in leasing and factoring

In the leasing segment, the abcfinance business unit recorded a slight increase of 1.2% in new business as well as encouraging margin growth. At the same time, the factoring segment saw new business decline slightly by 3.0%, following the considerable new business growth in 2022. This decline was offset by clear margin growth, however, which enabled the business unit to record a moderate rise in factoring earnings. Net sales were slightly lower than forecast at the prior-year level. The commercial result[6] was considerably higher than in the previous year, almost reaching the forecast level. This was due in large part to the clear growth in new business margins, which more than compensated for the considerable negative impact of the sharp rise in market interest rates.

[6] Commercial result is an industry-wide benchmark for assessing a leasing company's annual profitability, which is calculated based on the operating result (before tax) under German GAAP and the change in net asset value.

Net sales development in Financial Services division

Earnings before tax were significantly down on the previous year due to the negative gross profit trend resulting from the spike in refinancing costs. The higher refinancing costs, the elevated risk level, and the corresponding increased need for risk provisioning meant that the forecast was not achieved by a considerable margin.

Modest expectations for the financial industry in 2024

The BDL is exceptionally conservative in its assessment of the outlook for 2024. In light of the ongoing geopolitical crises and the anticipated low growth rates, real equipment investments are likely to stagnate, at best. Consequently, leasing industry growth will probably be very limited in 2024. The factoring association's view remains similarly cautious for the future. Rising refinancing costs, hard-to-predict energy prices, and skills shortages are among the challenges identified. Factoring plays a crucial role in times of crisis thanks to its ability to provide liquidity at short notice and its predictability. This means that this type of financing remains in demand as an attractive option, particularly for medium-sized companies.

Despite the difficult economic environment, the abcfinance business unit sees further potential for increasing new business volumes in both the leasing and factoring segments. Alongside new customer groups, new products and digital solutions will contribute to this development. Net sales are expected to rise significantly compared with the previous year. The commercial result in 2024 is expected to be significantly higher year on year. This trend will be driven by the higher volume of new business, as well as slightly lower refinancing costs based on the forecast development of market interest rates. Earnings before tax are expected to considerably exceed the prior-year level in 2024. This will be achieved through higher margins in the lending business as well as stabilizing market interest rates, while risk costs remain high.

Bank11

Bank11 specializes in sales and purchase financing and consumer lending. It offers simple and cost-effective financing for medium-sized automobile dealers and insurance for its customers. Through purchase financing, Bank11 additionally offers its partner dealerships the opportunity to finance their fleet of new and used vehicles. It also operates the smive platform, which offers customers flexible car subscription options. Bank11 also provides consumer loans through partner banks and directly. To refinance its operations, Bank11 offers overnight and fixed-term deposit accounts to private and institutional investors, either directly or via deposit platforms, and conducts securitization transactions.

German automobile market largely recovered

The German automobile market recorded noticeable growth in 2023. According to the Federal Motor Transport Authority (Kraftfahrt-Bundesamt), a total of 2.8 million new vehicles were registered during the business year, 7.3% more than in 2022. Following the new vehicle supply bottlenecks in the previous year, availability improved in 2023, leading to a normalization of used vehicle prices. With 6.0 million transfers of ownership in 2023, the used car market was 6.9% up on the prior-year level.

Business for banks specializing in automobile financing last year again benefited from the large proportion of private new and used cars financed. According to a survey conducted by the banking association, around 40% of all private cars in Germany were financed through credit or leasing in 2023. The share of financing was around 49% for new vehicles and roughly 34% for used vehicles.

Growth in new business and customer loans

Bank11 continued to grow in 2023. The business unit benefited from the further expansion of online sales and considerably increased its new business to €3.9 billion. Customer loans increased by 12.7%. The number of trade partners rose by around 1,500 to 19,400. The long-standing, successful cooperation with automobile industry associations and automobile dealer associations was a key pillar of the business unit’s sales. The cooperation with ADAC in vehicle financing also continued to perform well. Furthermore, Bank11 benefited from its innovative strength and the fast and competent service provided to automobile dealers and their customers.

Thanks to the positive development in new business and the clear rise in interest income, Bank11 saw net sales increase to considerably above the prior-year and forecast levels. However, the operating result was sharply down on the previous year and the forecast. This was primarily attributable to the lower interest result and the planned higher risk expenses, which the good commission income was unable to make up for. The significantly higher interest income compared with the previous year and the forecast did not compensate for the increased refinancing costs due to the rise in interest rates and growing competition for deposits. Commission income clearly exceeded both the prior-year and forecast figures thanks to management measures. The strong new business significantly pushed up the cost of credit risk provisioning compared with the previous year – albeit to a lesser extent than expected. On the refinancing side, two securitization transactions totaling €1.0 billion were entered into despite the difficult market environment.

Due to the above interest rate and risk developments, earnings before tax fell significantly short of the prior-year and forecast figures.

Low new business growth planned for 2024

The German Association of the Motor Trade expects the German automobile market to see a decline in new registrations in 2024. According to its estimates, customers will remain reticent when it comes to making vehicle purchases due to the difficult economic situation as well as higher vehicle prices. Furthermore, demand for electric vehicles has fallen back sharply, as government subsidies have come to an end. Slight growth is anticipated for the used car market.

Bank11 expects 2024 to be a period of consolidation with low new business levels and largely steady receivables. Based on the planned increase in interest income, net sales are expected to rise markedly. In light of the difficult to predict interest rate trend, Bank11 forecasts a slight decline in gross profit. Risk costs are likely to shrink further in 2024 as a result of the decline in new business, among other factors. Consequently, with stricter cost discipline, the operating result and earnings before tax are expected to show considerable improvement compared with 2023.

Net Assets and Financial Position

The consolidated balance sheet total increased by €1,112 million in 2023 from €12,519 million to €13,631 million. The individual balance sheet items changed as follows:

Assets

in € million	Dec. 31, 2023	Change
Fixed assets	2,889	45
thereof leasing assets from financial services	1,705	23
Accounts receivable from financial services	9,617	1,764
Inventories	535	–117
Accounts receivable and other assets (including prepaid expenses)	404	18
Securities and liquid funds	186	–597
Deferred tax assets	–	–1
	13,631	1,112

Equity and liabilities

in € million	Dec. 31, 2023	Change
Equity	2,032	–31
Provisions	491	–6
Liabilities from financial services	10,473	1,150
Liabilities (including deferred income)	616	–20
Deferred tax liabilities	19	19
	13,631	1,112

Selected key figures

in %	Dec. 31, 2023	Dec. 31, 2022
Equity ratio	15%	16%
Equity ratio excluding financial services	56%	58%
Ratio of equity to fixed assets	70%	73%
Short-term debt service ratio	75%	74%

The fixed assets of the Werhahn Group rose from €2,844 million in the previous year to €2,889 million as of the closing date. They comprised intangible assets of €115 million (previous year: €164 million), tangible assets of €958 million (previous year: €889 million), financial assets of €110 million (previous year: €108 million) and leasing assets from financial services of €1,705 million (previous year: €1,682 million).

Overall, fixed assets excluding leasing assets increased by €21 million compared with the previous year. Investments amounted to €180 million and additions related to acquisitions to €71 million. This exceeded the depreciation and amortization of €214 million and net disposals of €11 million in the business year.

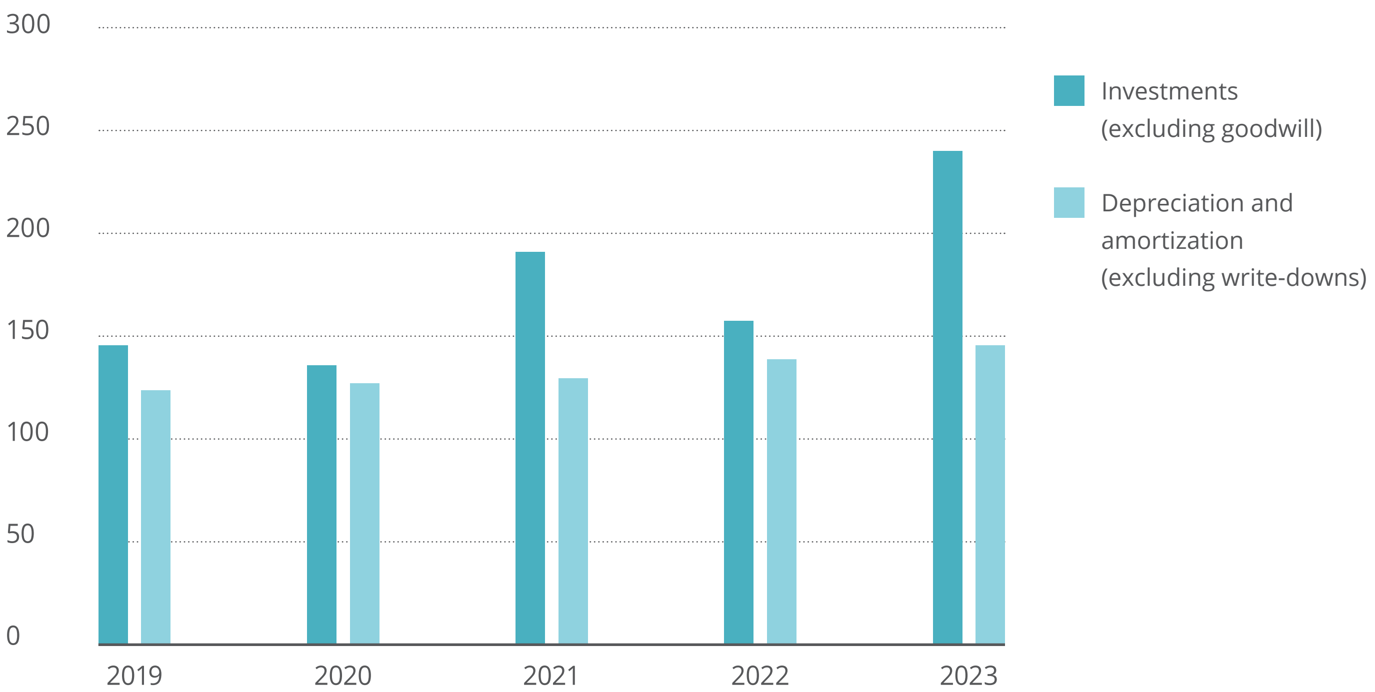
The €50 million decline in intangible assets was largely attributable to write-downs in connection with the discontinuation of the FiberLean business activities as well as the write-down of goodwill. Overall, the investments of €20 million were offset by depreciation, amortization and write-downs of €69 million in the business year. The depreciation, amortization and write-downs in the business year include a total of €26 million in goodwill amortization and write-downs.

Tangible assets rose by €69 million compared with the previous year. The business-year investments of €151 million and the net additions related to acquisitions of €70 million were largely offset by the depreciation, amortization and write-downs of €144 million.

Financial assets increased by €2 million compared with the previous year. Investments in participations of €9 million were partly offset by net disposals of €6 million.

Investments in tangible assets, intangible assets (excluding goodwill) and net investments related to acquisitions are presented below along with the depreciation and amortization for the respective years:

in € million



In 2023, a total of €241 million (previous year: €160 million) was invested in tangible assets, intangible assets (excluding goodwill) and net investments related to acquisitions. Due to the acquisition of Spanish slate producer Pizarras La Baña, investments in the Slate business unit rose sharply on the previous year. Consequently, investments exceeded depreciation and amortization. The major portion of investments (excluding acquisitions) was made in the investment-heavy Aggregates business unit. While investments in the Aggregates business unit and the Financial Services division were up on the prior-year level, investments in the Consumer Goods division decreased.

In the Financial Services division, leasing assets from financial services rose by €23 million. In the reporting year, with depreciation and amortization of €560 million and net disposals of €139 million, an additional €723 million was invested.

The significant €1,764 million rise in accounts receivable from financial services to €9,617 million is attributable to the further growth in new business, higher interest-bearing deposits with the German Federal Bank (which are reported in this item), as well as generally higher deposits with banks.

Inventories amounted to €535 million as of December 31, 2023 (previous year: €652 million). The steep decline is primarily due to the planned reduction of inventories in the Zwilling Kitchenware business unit.

Accounts receivable and other assets (including prepaid expenses) totaled €404 million (previous year: €386 million).

Trade accounts receivable were slightly up on the year at €258 million (previous year: €253 million). In the Aggregates, Slate and Zwilling Beauty Group business units, trade accounts receivable increased. However, trade accounts receivable in the Zwilling Kitchenware business unit declined compared with the previous year due to lower net sales towards the end of the business year. Accounts receivable from companies in which a participating interest is held increased by €3 million to €32 million. This rise was related, in particular, to the Aggregates business unit. Due primarily to higher receivables from tax authorities, other assets increased by €6 million to €95 million.

The Group's equity totaled €2,032 million (previous year: €2,063 million). This represents an equity ratio of 15% (previous year: 16%). Without consolidation of the financial services companies, the equity ratio was 56% (previous year: 58%). Non-controlling interest in equity as of the closing date was €60 million (previous year: €67 million). To a limited extent, this amount includes positive currency translation differences. The changes in equity are shown in the Statement of Changes in Equity.

Provisions decreased by €6 million in comparison with the previous year to €491 million. These primarily comprised provisions for pension obligations (€133 million, previous year: €129 million), other personnel provisions (€82 million, previous year: €77 million), provisions for restoration and recultivation obligations mainly in the Building Materials division (€107 million, previous year: €108 million), provisions for rebates and discounts (€39 million, previous year: €47 million), and provisions for outstanding invoices (€33 million, previous year: €35 million).

The liabilities from the financial services business reflect refinancing of the Financial Services division as well as the liabilities of Bankhaus Werhahn GmbH resulting from its banking business. The €1,150 million increase in liabilities from financial services to €10,473 million was primarily attributable to the growth in new business.

The liabilities (including deferred income) of the Werhahn Group amounted to €616 million, down on the previous year's figure of €636 million. Liabilities to banks increased by €7 million to €361 million. At €108 million, trade accounts payable were €14 million lower than in the previous year, mainly due to the planned reduction of inventories in the Zwilling Kitchenware business unit. Liabilities to shareholders declined from €25 million to €18 million. Due primarily to lower liabilities to tax authorities, other liabilities decreased by €74 million to €61 million.

As of the closing date, there was €19 million in surplus liabilities from deferred taxes. In the previous year, the deferred tax assets amounted to €1 million. A large portion of the deferred tax liabilities resulted from the recognition of deferred tax liabilities in relation to hidden reserves, which were disclosed in the Slate business unit in connection with the acquisition of Spanish slate producer Pizarras La Baña. The Werhahn Group continues to exercise its right not to recognize deferred tax assets from individual companies in accordance with sections 274, 298 and 306 of the German Commercial Code (HGB).

Due to the provisions of DRS 21 governing the presentation of financing in the Financial Services division, the cash flow statement of the Werhahn Group has only limited informative value.

At €–381 million, cash flow from operating activities was lower than in the previous year (€–307 million). This figure was influenced in particular by the significant rise in accounts receivable from financial services as well as the considerable decline in net income. The increase in bonds from financial services and the reduction of inventories in the Zwilling Kitchenware business unit were unable to fully offset these effects.

Cash flow from investing activities (€–166 million, previous year: €–119 million) was to a large degree shaped by investments in tangible assets as well as the payments made to acquire Spanish slate producer Pizarras La Baña in the Slate business unit.

At €–59 million, the cash flow from financing activities was smaller than in the previous year (€–67 million). The year-on-year change is primarily attributable to the lower dividend payments.

Cash funds at the end of the period amounted to €–168 million (previous year: €441 million) and were thus significantly lower than at December 31, 2022. The liquid funds included in cash funds decreased by a substantial €597 million to €186 million. Of this amount, €69 million (previous year: €664 million) is tied to financial services institutions. The decline is primarily attributable to financial services institutions making higher deposits in interest-bearing German Federal Bank deposits, which – unlike cash reserves – are not allocated to cash funds, but to accounts receivable from financial services and, therefore, to cash flow from operating activities. The other companies' assets held at banks decreased slightly in 2023.

Net liquidity[7] declined accordingly by €606 million compared with the previous year, amounting to €–177 million as of December 31, 2023. As of the closing date, undrawn committed credit lines of €842 million were available to the Werhahn Group. In addition, the lendable value available to banks for securities held in the custody account with the German Federal Bank amounted to €1,294 million.

[7] Net liquidity comprises the balance sheet item "Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks" less any existing access restrictions in this balance sheet item and less any liabilities to banks.

Personnel

The Werhahn Group had an average of 10,572 employees during the year. This is 221 more employees than in 2022.

The average headcount rose compared with the previous year in all corporate divisions. Only the 'Others' segment saw a slight decline. The higher employee numbers in the Building Materials division were largely due to the acquisition of Spanish slate producer Pizarras La Baña by the Slate business unit. The rise in the Consumer Goods division is mainly attributable to initial consolidation effects as well as new store openings in the Zwilling Kitchenware business unit. In the Financial Services division, the increase in employees was mainly linked to its continued growth.

With the exception of the Consumer Goods division, the development of the average number of employees is also reflected in the change in the number of employees as of the closing date. The headcounts in the Building Materials and Financial Services divisions as of the closing date exceeded the average number of employees in the business year.

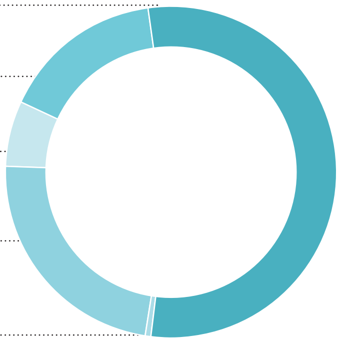
The number of employees was distributed across the individual corporate divisions as follows:

	Average 2023	Average 2022	**Dec. 31, 2023**	Dec. 31, 2022
Building Materials	4,589	4,514	4,663	4,476
Consumer Goods	4,567	4,468	4,550	4,563
Financial Services	1,136	1,081	1,172	1,100
Others	280	288	257	300
Group total	**10,572**	**10,351**	**10,642**	**10,439**
Salaried employees	5,371	5,157	5,408	5,247
Industrial employees	4,998	4,996	5,005	4,977
Employees	**10,369**	**10,153**	**10,413**	**10,224**
Trainees	203	198	229	215

As of the closing date, 5,654 people, or around 53% (previous year: 53%) of the Werhahn Group's workforce, were employed in Germany.

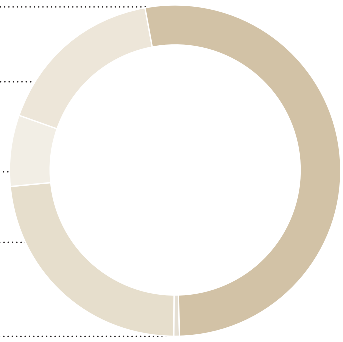
Dec. 31, 2023

Germany	5,654
Asia	1,743
North America	699
Rest of Europe	2,544
Rest of world	2
Group total	**10,642**



Dec. 31, 2022

Germany	5,506
Asia	1,755
North America	707
Rest of Europe	2,469
Rest of world	2
Group total	**10,439**



To ensure its long-term success, the Werhahn Group builds on its employees' expertise, dedication and sense of identification with the company. The cornerstones of its forward-looking personnel planning are the continuous training and education of employees, the targeted identification and promotion of top performers, and recruiting and retaining talent. The Werhahn Group remained true to these principles in 2023.

Education and further training

At the end of the year, the Werhahn Group had 229 trainees. Training was provided in 30 professions, including through dual study programs. This reflects the diversity of the qualifications required by the Werhahn Group. The professions in which training is provided have changed only slightly recently. Most business units offer dual study programs, both for business and technical and for engineering jobs. With dual study programs, initial professional training either takes place alongside academic study, or is arranged so that graduates spend longer practical phases with the companies.

It is essential that knowledge and skills are continuously updated. The Werhahn Group therefore provides ongoing training to its employees, ensuring they are well prepared for the latest demands. The focus is on product, subject area and technology-related training. This is complemented by the long-standing Werhahn Excellence Program, which takes the form of seminars on subjects such as leadership, communication and work techniques.

The program is targeted at all Group managers and employees in Germany. Virtual learning formats are systematically evaluated. Depending on the content, seminars were held as both in-person and remote sessions in 2023. Alongside the Werhahn Excellence Program, the business units run their own national and international interdisciplinary training initiatives, including in-house management training or opportunities for employees to participate in seminars held by external providers, for example.

Remuneration

The Werhahn Group companies that are in collective wage sectors are subject to the relevant industry-specific collective wage agreements. Skilled professionals and managers are remunerated independently of these agreements based on performance. This includes both fixed and target-based remuneration components. In the banks belonging to the Werhahn Group, the German Remuneration Regulation for Institutions (InstitutsVergV) forms the basis for the remuneration of employees and managers. Furthermore, various business units offer other fringe benefits, such as meal vouchers, company health insurance or e-bike leasing.

Talent management

The recruitment, development and retention of employees at all levels remains a high priority in the Werhahn Group. In addition to recruiting employees from the external labor market, systematic succession planning for management and other key functions in all business units was a major focus in the business year. Leadership and management quality was assured, for example, through concepts for the development of management policies rooted in a common understanding of what leadership means.

Employee recruitment and retention

The palpable skills shortage and the associated difficulty in recruiting new employees at all levels was again a major topic for the Werhahn Group in 2023. All of the business units use digital recruitment tools and implement specific employer branding concepts to target potential new employees. The range of methods used to address potential applicants was expanded, with social media continuing to play a central role. The implementation and continuous updating of the careers website helped further professionalize the recruitment process. Approaches based on personal contact between the company and potential applicants, such as careers fairs and hands-on work experience sessions for trainees, again formed part of the recruitment activities. At the

Familienunternehmen (family businesses) career day, an event aimed at young professionals who are particularly interested in working for a family company, representatives of the business units and head office showcased the Werhahn Group.

Proven concepts based on fostering employee loyalty as early as possible – in the form of training, dual study programs, internships and supporting bachelor's and master's theses, for example – were further developed.

To help retain employees and enhance the Group's attractiveness as an employer, a range of new measures and offerings were developed and implemented in the business units and at head office in the business year. Concepts aimed at maintaining and promoting employees' physical and mental health were a focal point. Most Werhahn Group employees in Germany have access to the Employee Assistance Program (EAP). This service provides employees, managers and their family members who need it with free professional counseling from external experts, either by telephone, in person, or online. Counseling may be sought due to a professional or personal crisis, or other issues ranging from wellbeing to legal advice. Solutions are either reached directly with the counselor, or they may put the person concerned in contact with further appropriate assistance.

Digitalization of the working environment progressed in line with the requirements of the individual business units, head office and the specific workplaces. In addition, concepts for establishing change agents were implemented in some business units as a further approach to enhance organizational flexibility and advancement, as well as to improve employee retention and development. Regardless of line function or hierarchical level, employees address future-related themes in overarching working and project groups. As part of this, they support current change projects or propose optimization and improvement measures unrelated to specific projects.

Risk Report

The actions of the Werhahn Group are geared towards achieving sustainable profitable growth and upholding and creating values. Due to its diversified structure covering various industries and regions, the Werhahn Group is exposed to many different risks. Active risk management is carried out by means of the Werhahn Group's risk management system and is an integral part of the corporate management and strategy of the Werhahn Group, as well as its corporate governance.

Risk management system

Purpose of the risk management system

The purpose of risk management in the Werhahn Group is to prospectively assess risks with regard to the company's long-term objectives, with a particular emphasis on net assets and results of operations. To this end – over and above ongoing monitoring in day-to-day operations – specific and significant risks are identified at an early stage, appropriately assessed, and effectively and efficiently managed. Risks are any events or potential developments that could negatively impact the achievement of the company's objectives or which could arise due to failure to take advantage of a development opportunity or potential. Estimating the probability of occurrence or the extent of future events and developments is, of course, subject to uncertainty.

The aim of the risk management system is to promote a risk culture and to prepare and evaluate Group-wide risk reports. In addition to the business units, the central functions – such as Internal Audit and the Compliance Committee – are involved in the risk management process to ensure efficient risk management in the Werhahn Group. In the business year, the risk management system concept was comprehensively overhauled, expanded to include additional considerations, and supplemented with a risk-bearing capacity analysis. The new reporting form ensures transparent presentation of the risk situation at Group level.

Risk management organization

Risk management spans the entire Werhahn Group. The head office and business units are responsible for implementing the relevant rules and requirements applicable in their individual areas. The financial services companies also take the Minimum Requirements for Risk Management (MaRisk) published by the German Federal Financial Supervisory Authority (BaFin) into consideration.

Binding Group-wide regulations and the regular involvement of the Werhahn Group's highest management bodies ensure that the requirements of the risk management system are adhered to and properly applied. The current risk situation and material individual risks are regularly discussed at meetings of the Management and Supervisory Boards. Newly acquired companies are promptly made aware of the standards set.

The **Financial Risk Management Guideline** sets out the framework and the basic rules on how to deal with financial and non-financial risks. These comprise the risk categories of market risks, process risks, financial market risks, and ESG (environment, social, governance), legal and compliance risks, with further differentiation made between different risk types. The aim is to limit risks in such a way that the continuation of the Werhahn Group is not jeopardized, even in the event of material negative developments. To achieve this, risk-bearing capacity is determined on the basis of capital and liquidity and compared against quantified risks. Risks are taken into account here if they exceed the materiality thresholds established individually for the business units based on potential damage. The materiality thresholds are determined individually for all business units and central departments and are reviewed each year.

The decentralized **compliance management systems** of the Werhahn Group companies are monitored by the respective compliance officers. Together with the central compliance officers, the compliance officers in the business units further develop the compliance standards and oversee implementation of measures in their respective areas of responsibility. In addition, the Compliance Committee of the Werhahn Group meets several times each year, with the participation of the competent Wilh. Werhahn KG Management Board member. The Werhahn Group's Compliance Committee coordinates activities throughout the Group to ensure compliance with laws and other rules, as well as internal values and guiding principles for moral, ethical and legally compliant conduct in accordance with the Group-wide Code of Conduct. The Code of Conduct is supplemented by specific guidelines on antitrust law, among other things. E-learning programs on the Code of Conduct and other issues relevant to compliance are available. Furthermore, relevant issues can be reported to the respective Group company free of charge and anonymously, either by phone or via the online whistleblower system, which is available in 17 languages.

As a further line of defense, the central **Internal Audit department and** the internal audit departments of the financial service providers monitor compliance with legal requirements and internal rules through independent audits. As part of the audits, the business processes and the internal control systems of the audited companies are evaluated. As necessary, the audit also covers assessing the appropriateness and effectiveness of the risk management processes and systems implemented. Internal Audit applies a risk-based audit approach, with the audit procedures geared toward assessing the risk of the relevant audit area.

The **Supervisory Board** dedicates a meeting to addressing the risk management system and risk evaluation in depth.

The **Group accounting process is monitored** by means of internal control systems. The accounting-related part of the internal control system, which is relevant to the preparation of financial statements, comprises three measures intended to ensure that the information required for the preparation of the Consolidated Financial Statements and Group management report is complete, accurate and provided in good time. System-based and manual measures are in place to minimize the risk of material misstatements in the Consolidated Financial Statements and Group management report.

The Werhahn Group's Accounting Guideline forms the basis for legally compliant and uniform accounting and consolidation throughout the Group. It is continually updated, approved by the Management Board and must be applied by all consolidated Werhahn Group companies. Updates to the Accounting Guideline are based on an analysis of developments in German commercial law and accounting standards with regard to their implications for the Consolidated Financial Statements and the Group management report. Further significant elements of the Group accounting process include the standardized Group chart of accounts and the binding consolidated accounting schedule.

The Consolidated Financial Statements and Group management report are prepared using standardized IT systems for consolidation and preparation of the Notes to the Consolidated Financial Statements and Group management report. The systems are included in the Werhahn Group's IT security strategy. In particular, a detailed authorization concept and defined change management processes are covered.

Supervision of the Group accounting process is supported by the Internal Audit department. The Werhahn Group's external auditors also report on the results of their audit and any findings regarding the internal control system of the consolidated companies. Where necessary, external experts are also consulted, for example for the valuation of pension and recultivation provisions or when preparing purchase price allocation entries in relation to company acquisitions.

Risk management process

As the first step, an annual inventory of risks and opportunities at the level of the business units and central departments is carried out as part of corporate planning. The risks identified are evaluated based on their potential damage and probability of occurrence as a percentage. The effectiveness of the planned risk mitigation measures is taken into account here.

The identified risks and opportunities are then discussed at Group level, involving the Management Board of Wilh. Werhahn KG, and reviewed with regard to the need for further risk management measures. On the basis of this, an annual Group risk report is prepared. This covers the Werhahn Group's overall risk situation, material individual risks, and the effectiveness of risk mitigation measures, and presents the risk-bearing capacity.

Alongside the planning of financial figures, material risks and measures for their mitigation, as well as opportunities are discussed and updated during **planning sessions**. If required, the risks and measures are reevaluated with the participation of the Management Board of Wilh. Werhahn KG, with the planning of the relevant business unit amended accordingly. The risk inventory carried out during planning is reviewed in the course of the year, with corresponding reporting prepared.

The outcome of the risk management process is documented in a report. As part of this report, the expected potential damage of the individual risks – with regard to their probability of occurrence and level of impact – is allocated to different ranges in a **risk matrix**. Planned risk mitigation measures are taken into account in both the evaluation and the allocation of the individual risks to the ranges. By combining the criteria of probability of occurrence and expected potential damage impacting earnings before tax, the risks are allocated to risk areas, as shown in the chart below.

Probability						
	>75–100%					
	>50–75%					
	>25–50%					
	>1–25%					
	>0–1%					
Potential damage (earnings before tax in € million)		1.5–5.0	5.0–10.0	10.0–15.0	15.0–25.0	>25.0

The development of individual risks is continuously monitored by the business units and central departments, and reported in scheduled meetings of the various executive bodies of the business units as well as the Management Board of Wilh. Werhahn KG. Material risks and significant changes are also reported to the responsible executive bodies outside of the scheduled meetings.

The effectiveness of risk management is annually reviewed. If necessary, the risk management system is further developed and improved.

Current risk situation

The key risks identified for the Werhahn Group, which could have a material negative impact on the Group's business, net assets, financial position, results of operations or reputation, are described below.

Business activities and objectives could also be negatively impacted by other risks that are currently unknown or considered immaterial.

Market risks

Market risks comprise risks arising in connection with sales markets, the business model, bad debt, prices and margins, procurement, raw materials and ability to deliver.

Additionally, the Werhahn Group's economic situation is significantly influenced by general micro- and macroeconomic conditions.

Investments in public infrastructure play a major role in the Aggregates business unit. In particular, the business unit is exposed to the risk that planned infrastructure investments will be postponed, abandoned or carried out with reduced funding due to the economic environment.

The high inflation in Western industrialized nations, which is also related to the increase in energy prices, could have a clear impact on demand for the Consumer Goods division’s high quality kitchen and personal care products, since consumers’ overall purchasing power is declining.

In the Financial Services division, economic uncertainty also influences counterparty default risk. Counterparty default risk represents the credit risk of contractual partners being unable to fulfill their contractual obligations, either in full or in part. In periods of economic uncertainty – due to energy costs, inflation, war or supply chain problems, for example – the number of defaults among both business and private clients can increase. The companies in the Financial Services division counter this risk through active credit risk management, comprising a credit assessment and an effective dunning process. However, there is a risk that the risk provisions in the accounts will not be adequate in the future. In addition, financial services providers are exposed to the risk of more stringent regulatory requirements. Meeting higher capital requirements for financial services providers could tie up significant financial resources over the long term.

Due to the fast-paced environment in all business units, there is a general risk of customer insolvency, including in the construction trades, bricks-and-mortar retail or the automobile trade, for example. Measures to mitigate this risk include credit insurance, active receivables management, and strongly focusing on risk development, monitoring and provisioning in the area of financial services, among other measures.

In procurement, the most significant risks in all business units are posed to a greater or lesser extent by possible increases in the cost of or shortages of inputs such as energy, fuel and bitumen. The higher costs could also have a significant negative impact on the Werhahn Group’s results of operations, since they are unable to be passed on, or can only be offset in part or with a delay through higher revenues or cost savings. For the Aggregates business unit and its production of asphalt mixtures for road construction, bitumen, in particular, is an extremely important input and is subject to major price volatility. This is taken into account through measures to mitigate price risk such as fixed-price quotas for bitumen, or hedging, for example.

Sales risks primarily arise from weaker economic developments, as well as changes in consumer behavior. This can cause demand in individual industries and markets to fluctuate or permanently decline. Weak demand carries the additional risk that heavy competitive and price pressure will develop. In the Aggregates business unit, the biggest risk is shrinking demand for road construction products from public budgets. The potentially resulting regional overcapacities could lead to intense price pressure. Alongside the possibility of weaker demand due to the economic environment, the Consumer Goods division faces the challenge of choosing the right sales channels for customers' changing purchasing behavior. Developing new sales channels can result in lower margins over the long term. There is also a risk that traditional distribution channels will be unable to sustainably maintain their market position. The Werhahn Group counters this risk by closely observing market and customer behavior and continuously looking into the development of new sales channels. In the Financial Services division, both new business and general competitive and price pressure is to a large degree dependent on the availability of the assets to be financed. Growing competition on the financing and refinancing side is also pushing down the interest margin.

Obviously, the Werhahn Group is exposed to competition. Intense price competition among market players or new, disruptive competitors entering the market could have a major impact on the profitability of the Werhahn Group's business units. In particular, there is a risk that investments in new technologies or innovative business models will not meet customer expectations and fail to be successfully launched on the market, or that they could become obsolete in the course of constantly evolving market conditions, lead to lower distributions, or be subject to fluctuations in value. The challenge here is to remain flexible and adaptable to keep pace with market developments. It is essential to continuously optimize business models and technologies to reinforce our market position.

Process risks

Process risks include risks in the areas of IT, data protection, cyber security and personnel, in particular, as well as operational risks in relation to support and value creation processes.

Numerous technical and organizational measures have been instituted across the Group as well as in the individual business units and are selectively reviewed by external audits to protect the IT systems against unauthorized access and data loss, as well as the ever-increasing threat of cyber attacks that could cause reputational damage, thereby ensuring smooth handling of the Group's business processes. The IT structures in the individual business units are also continually upgraded to the current state of the art, and employee awareness is raised through regular training and provision of information. Special attention is paid to compliance with data protection provisions. Comprehensive measures to ensure compliance with the EU General Data Protection Regulation are consistently applied.

Production risks are addressed with preventive maintenance and quality assurance measures as well as with proactive investment planning. This approach ensures that production capacities are reliably available and that damage from production stoppages can be avoided. Environmental protection interests and sustainability are also of high importance. In the Consumer Goods division, alongside price inflation and availability risks, there is also the risk of default on the part of suppliers, which could lead to production shutdowns. This is counteracted by alternative procurement sources.

The Werhahn Group's employees are also crucial to the successful identification of process risks. Consequently, recruiting skilled employees, ensuring their professional and personal development, and fostering their long-term loyalty to the company are among the Werhahn Group's priorities. Alongside the performance-based remuneration of skilled professionals and managers, the Werhahn Group continuously invests in extensive training and qualification plans, as well as in measures to generally protect employees. Regular training to raise employee awareness around the issue of workplace safety is run by a systematic occupational safety organization. The implementation of measures to reduce risks and hazards ensures accidents are avoided and working conditions are improved. Examples of the measures to reduce workplace risks include the continuous analysis and optimization of working processes and the regular maintenance and inspection of equipment and machinery.

Financial market risks

The Werhahn Group is exposed to numerous financial risks. These include liquidity, currency, refinancing and interest rate risks, in particular.

Current and future available liquidity is continuously managed and monitored across the Group to mitigate liquidity risk. Furthermore, adherence to the financial metrics specified in loan agreements is monitored, making it possible to apply any potential countermeasures in a timely manner. Credit limits are set as part of the Group's internal cash management and intra-Group lending to avoid liquidity risks.

Currency risks are reduced by comprehensively hedging contracts and planned cash flows in a set time period. Any limits set for non-hedged currency positions are constantly monitored and managed using external hedging instruments, in which case only conservative financial instruments are used.

In the Financial Services division, in particular, the risks are largely attributable to refinancing. The interest rate turnaround and the maturity of the European Central Bank's longer-term refinancing operations mean that refinancing is still becoming more expensive. In addition, there is a risk of conditions becoming less favorable or credit lines being discontinued. The Financial Services division counters these market price risks by reviewing and hedging refinancing conditions and types, and identifying new refinancing sources on an ongoing basis.

Interest risks can take the form of cash flow and net present value risks, especially for the financial services providers. Because neither of these two types of risk can be ruled out or completely hedged, each individual transaction leads to a decision on which risk should be taken and, if possible, offset through risk management transactions. The limits set as part of the risk strategy are continuously monitored and managed using external hedging instruments, where necessary.

ESG, legal and compliance risks

This category encompasses risks in the areas of ESG (environment, social, governance), internal and external fraud risks, compliance risks, legal risks, and other risks arising from changes in the legal situation, regulations, or expropriations.

To a significant extent, the business units' activities are subject to environmental regulations. The business activities of the Building Materials division, in particular, have a direct impact on natural resources. In addition to exercising due care in everyday operations, provisions are systematically planned and recognized for restoration measures in accordance with legal requirements. There is suitable insurance cover for the economic consequences of extraordinary loss events. In light of the expanding legal requirements, especially with regard to carbon emissions, the business units are working with Wilh. Werhahn KG to identify and assess causal relationships (see section on sustainability).

The Russia-Ukraine war poses the risk that business in both countries could be restricted or prevented due to the breach of legally binding commitments, as well as the threat to the sites located in the countries. Due to the negative economic effects and instability, there is also a risk that planned transport infrastructure investments in Eastern EU and non-EU foreign markets could be delayed or canceled completely.

Within the scope of the Group's business activities, there are also circumstances in which risks arise as a result of legal disputes and proceedings. These include, for instance, risks related to guarantees and product liability, tax law, contract law and competition law. These risks are preemptively mitigated where possible through comprehensive legal advice and the implementation of internal policies. Furthermore, appropriate insurance policies have been taken out for various legal risks. In the case of pending proceedings not fully covered by insurance, the appropriate financial precautions are taken, particularly in the form of provisions or value adjustments. Tax returns are prepared with great care. Nevertheless, back tax liability may arise as a result of financial audits.

With regard to financial services providers, recession-related developments could cause the risk of external fraud to increase in the areas of factoring, leasing, or sales and purchase financing.

In addition, it is very clear that the subject of sustainability in particular is playing an increasingly important role in customers' purchasing behavior. This risk is taken into account through a wide range of measures, which are described in greater detail in the section on sustainability.

Overall risk assessment

The overall risk for the Werhahn Group remained virtually unchanged compared with the previous year.

At present, only one risk has been identified that – after taking into account the countermeasures – falls within the red area of the above risk matrix and is therefore defined as material. This concerns the following risk: Reduced investments from public budgets in the Aggregates business unit. This risk has risen compared with the previous year, as the planning forecasts an increase in public sector orders.

Based on current information, with overall risk at the prior-year level and adequate risk-bearing capacity, we do not see any risks to the continued existence of the Werhahn Group as a going concern. The diversification of the Werhahn Group in terms of both markets and industries significantly contributes to reducing the potential impact on the Group of individual risks. Most of the risks concern only individual business units or regions. Although these risks may be material for the relevant business unit, they are of less significance for the Werhahn Group as a whole, falling within the green or yellow areas of the above-mentioned risk matrix. We therefore rate the probability of an individual risk with a significant damaging effect similarly affecting all business units as low. Furthermore, it is possible for risks in one business unit to be offset by opportunities within the business unit or between business units.

Research and Development

Research and development drive technological progress and are a crucial factor for sustainable business. Research employees anticipate customer desires, which employees in the development departments then transform into market-ready products. Development employees also continuously work to optimize and improve the sustainability of production processes and recipes, and promote digitalization.

In 2023, the Aggregates business unit's research and development activities focused on the ongoing development of lower-temperature asphalt construction. In Germany, the temperatures for producing and processing asphalt for standard asphalt road construction will be 30 degrees Celsius lower starting from 2025. In partnership with customers, the business unit has tested various options for reliably implementing the temperature reduction both in production and in installation. The Aggregates business unit's TechnologieCentrum, together with the operating units, is developing an implementation strategy for the nationwide production of lower-temperature asphalt.

To ensure that future sustainability progress is transparent, the TechnologieCentrum began work on drafting Environmental Product Declarations (EPDs) for asphalt mixture recipes in 2023. EPDs document the environmental impact of a product during its life cycle. It is anticipated that these declarations will play a significant role in the awarding of road construction contracts in the coming years.

Digitalization is a major topic in the Aggregates business unit. The main focal points are the generally higher level of digital intensity in internal and customer-facing processes, the implementation of cloud services, the e-commerce business, and data networking. Digital customer solutions for the mineral raw materials, asphalt mixtures and building materials recycling segments are being developed as part of the 'Highway' strategic initiative. The digital solutions include a self-service portal providing access to business activities, as well as analytical capabilities. This enables optimal use to be made of customer-relevant information. One example includes weight notes for vehicles in circulation, virtually in real time. In the asphalt installation process, in particular, these help ensure on-schedule completion, consistently high-quality paving, as well as the economical use of resources.

The Highway initiative also simplifies order processing and planning. Documents are shared digitally, which avoids media discontinuity and conserves resources. To further enhance the efficiency of internal processes, the Aggregates business unit also uses methods based on artificial intelligence (AI).

In 2023, the Slate business unit expanded the 'Rathscheck Solar' product segment with the development of a new photovoltaic system that can be integrated into any type of slate cladding. The easy-to-install, end-to-end solution leaves the overall architectural appearance of the roof and building unchanged. This makes it possible to satisfy listed building requirements, which are often restrictive, or other design requirements applicable in the context of town planning.

As part of its digitalization strategy, the Slate business unit is gradually expanding its range of customer-oriented service tools. In the business year, the 'Schiefer-Tools' smartphone app designed for slate roofers and cladders was relaunched. The basic roof and façade planning functions were supplemented by a broad range of additional options.

In 2023, the Slate business unit initiated various development and research projects, with the aim of further increasing the level of automation in production processes and improving working conditions. With the support of external technology development centers, processing machinery with reduced dust exposure is among the innovations in development. In addition, digital sensors and robotics are to be used to mechanize sorting and packaging processes, rendering heavy physical work largely unnecessary.

Customer benefits and sustainability are the cornerstone of the Zwilling Kitchenware business unit's research and development activities. In 2023, the vacuum product segment was expanded to include dry storage products, with the addition of the FRESH & SAVE CUBE storage containers. European patents have been awarded for the FRESH & SAVE vacuum system and the innovative V-Edge knife sharpener. This brings the number of technical intellectual property rights held by Zwilling Kitchenware worldwide to 99, including 66 patents.

Furthermore, the Zwilling Kitchenware business unit is working to reduce the carbon emissions of its products. Indirect supply chain emissions (Scope 3 emissions) are a key focus. The business unit entered into cooperation with two suppliers in 2023, agreeing to use carbon-reduced materials in selected Solinger knife ranges. Steel accounts for more than two-thirds of the carbon footprint of chef’s knives. The use of Circle Green steel is expected to make it possible to reduce the knife ranges’ carbon footprint by around one-third. The business unit also approved new plastics with very high recycled content, which it intends to start using in its knife ranges in the near future.

The Zwilling Beauty Group business unit also continually enhances its range, embracing trends and adding special touches through innovations. In the business year, the business unit created a number of premium hand and foot care products for the ZWILLING brand. For example, it developed an innovative stainless steel nail file that, unlike standard products on the market, does not have a galvanically applied corundum coating. The etching process used opens the door to innovative product design and extends the life of the nail file. Work likewise began on the development of a set of premium nail clippers produced using a high-quality metal injection molding process. For the TWEEZERMAN brand, toenail clippers suitable for very specific nail conditions were developed, making it possible to capture new target groups and application areas. As part of TWEEZERMAN’s cooperation with Disney, a range of high-quality beauty tools were brought to market maturity.

Together with a large language model (LLM) provider, the abcfinance business unit is currently testing the various possible applications. LLM is a language model capable of understanding and generating human speech. Regulatory and security-related aspects, as well as data protection are the main focus in this area. Together with other companies, and with academic support from the University of Technology, Business and Design Konstanz, a comprehensive framework is being developed to control the use of artificial intelligence at companies through a suite of processes, methods and tools. The aim is for the framework to form the regulatory basis for companies’ use of artificial intelligence.

Bank11 extended the rollout of tried and tested digital processes to other segments in 2023. In cooperation with a digital company in the housing sector, Bank11 developed the ‘smartMietkaution’ product – a simple, digital and secure alternative to traditional cash rental deposits for tenants and landlords. Bank11 is currently working to improve its back office processes. It is planned that this will include the greater use of artificial intelligence.

Sustainability

Long-term growth and competitiveness rely on people living in harmony with the environment. Sustainable business is therefore a core component of the Werhahn Group's strategy and corporate culture. All Group companies consider it their duty to conserve resources, avoid negative environmental impacts, and take social responsibility.

An effective sustainability concept forms the foundation for responsible conduct in an era dominated by environmental, social and economic challenges. The Werhahn Group's sustainability concept encompasses the action areas of environment, social and governance and is guided by the requirements of the Corporate Sustainability Reporting Directive (CSRD). The Werhahn Group is required to meet the reporting requirements of the CSRD starting from the 2025 business year. By satisfying these regulatory obligations, the Werhahn Group intends to make a positive contribution toward the goals of the Paris Agreement, as well as the aims of the German Federal Climate Change Act, according to which Germany should achieve climate neutrality by 2045.

Environment
The sustainability efforts in the area of the environment aim to conserve and make sustainable use of natural resources, as well as to reduce the environmental impact of our business activities.

As part of the 'Carbon-neutral quarries' initiative, the Aggregates business unit has set itself the target of significantly reducing its carbon emissions and offering customers carbon-neutral aggregates in the coming years. A fundamental part of this initiative is the installation of large-scale photovoltaic systems in quarries. The initial wave of these economically and environmentally advantageous investments has already begun.

In 2023, the Slate business unit again calculated its carbon footprint in accordance with the Greenhouse Gas Protocol. Alongside direct and indirect emissions, this also takes into account other indirect upstream and downstream emissions. The business unit installed photovoltaic systems, with a total annual output of just under 500 megawatts, at the sites in O Barco de Valdeorras in Spain, and in Mayen, Germany.

In the past year, the Zwilling Kitchenware business unit expanded its climate accounting to include calculating its other indirect emissions occurring in upstream or downstream activities (Scope 3). Interim targets for cutting direct and indirect emissions (Scopes 1 and 2) have been set, with possible reduction measures specified. In addition, Zwilling Kitchenware agreed on the supply of Circle Green steel with partner companies. The carbon footprint of this CO_2-optimized steel is some 50% smaller and its recycled content considerably higher than the steel used up to now.

The Zwilling Beauty Group's activities centered on the development of sustainable products and packages, and the reduction of CO_2 emissions. In the USA, Tweezerman International LLC already generated around 70% of the electricity consumed from solar energy.

The Bank11 business unit again offered numerous special electromobility conditions for automobile dealers. The transition to e-mobility is also promoted through innovative products, including advance financing the 'E-Mobilität' subsidy for end customers.

Social

In the social action area, the Werhahn Group focuses on its responsibility for employees and society. For the Werhahn Group, social responsibility and family connection are fundamental elements of a sustainability-centered enterprise.

Examples include the Slate business unit's measures to improve workplace safety through the targeted optimization of dedusting systems, manufacturing processes and work organization. A higher degree of automation in production reduces the physically demanding workload. Among other initiatives in the 2023 business year, the Zwilling Kitchenware business unit began the global rollout of a web-based application that enables employees to anonymously share their thoughts, wishes and ideas. Management and the personnel department can access the reports created at any time and develop appropriate measures based on the survey results. In the Zwilling Beauty Group business unit, communal projects were promoted. These included the cultivation of vegetable gardens by employees. The Werhahn Group companies also supported a variety of charitable projects in different countries, including India, Vietnam and the USA, and offered employees the opportunity to personally make a social contribution during 'Social Days'.

Taking responsibility for employees is a core element of the Werhahn Group's sustainability concept. By supporting employees' wellbeing and professional and personal development, we also promote the company's sustainable success. The varied training and education opportunities offered in the Werhahn Group are a key means of fostering employee loyalty and development. These are described in greater detail in the personnel section.

Governance

Binding responsibilities have been established in the Werhahn Group to ensure good corporate governance. The organizational structure of the holding company includes a separate sustainability unit. Furthermore, there are various structures and bodies – for example, a steering and expert group – that act as an interface between the holding company and the business units. Alongside the resulting processes, frameworks of rules have also been defined, including the Code of Conduct. These measures aim to ensure that the Werhahn Group embodies its values and complies with all relevant laws and requirements. The Werhahn value system acts as both a compass and benchmark for our dealings with employees, customers, business partners and suppliers.

In the 2023 business year, the main focus was implementation of the German Supply Chain Act (LkSG), which entered into force on January 1, 2023. The Werhahn Group also developed a risk assessment system in 2023. This system makes it possible to evaluate both the Group's companies and the business units' direct suppliers. Additionally, a series of measures were implemented to identify, mitigate and prevent human rights and environmental risks in the supply chain. For example, a binding policy statement explaining the Group's own due diligence obligations with regard to human rights and environmental matters was introduced for all Group companies. Furthermore, a newly drafted Supplier Code of Conduct defines the requirements and principles applicable to working with the Group in accordance with the LkSG.

Outlook and Opportunities Report

Macroeconomic forecast
According to an International Monetary Fund (IMF) forecast in January 2024, global gross domestic product (GDP) will increase by 3.1% this year. In October 2023, the IMF had forecast growth of just 2.9%.

GDP growth of 1.5% is projected for advanced economies. In emerging and developing economies, an increase of around 4.1% is expected. According to the IMF projections, the highest growth rates in the coming years will be achieved by India (around 6.5%) and China (around 4.6%). Growth in the USA is expected to be moderate, at 2.1%, with the elections in the fall a major source of uncertainty. The IMF also views the geopolitical tensions, especially in the Middle East, as a risk factor. The IMF points out that the militant Islamist Houthi militia attacks on commercial ships in the Red Sea have already caused a spike in container shipping costs between Asia and Europe.

The IMF published an updated, pessimistic forecast for the German economy in February 2024. The IMF economists project that the German economy will grow only slightly by 0.5% in 2024. This means Germany will lag well behind the performance of its European neighbors. The negative influences include cost rises, particularly in energy-intensive industries, the growing skills shortage, the still high interest rates and elevated inflation, which is dampening investments and consumer sentiment.

Opportunities for future growth
The Werhahn Group is committed to maintaining and increasing the company's value and attractiveness for future generations. To ensure the Werhahn Group's long-term success, potential and growth prospects need to be identified as opportunities, analyzed and seized at an early stage.

A major focus for the future is advancing digitalization. The Werhahn Group believes there is further market potential in the development of digital customer groups, the more efficient design of production, distribution, procurement and other business processes, and the use of vast data volumes. The commitment to the sustainability of business activities – which we report on in the section on sustainability – is also a crucial factor in ensuring long-term value growth. At the level of the business units, further specific opportunities are also arising; these are discussed in detail below.

For the Aggregates business unit, the poor condition of much of the German road and rail network, as well as the increasing traffic volumes continue to offer the opportunity that the federal government, states and municipalities will make additional investments in transport infrastructure. A potential economic stimulus package to support the German economy would also have a positive impact on the Building Materials division's performance. In light of the growing importance of sustainable building products, there are additional opportunities for the Slate business unit to develop new target groups, particularly in the new build segment, as well as to benefit from the growth of the roof renovation market. The inclusion of photovoltaic technology in the Rathscheck slate system offers further growth potential. Consistent cost discipline, coupled with investments in plant modernization open up additional growth opportunities. A positive outcome of the pending energy tax proceedings, as well as relief in the form of subsidies due to the higher carbon pricing under the German Fuel Emissions Trading Act (BEHG), could also give rise to opportunities.

The Consumer Goods division's innovative power offers significant opportunities to reach new markets and customers through new business segments and product innovations. Further opportunities exist in the optimization of brands, ranges and costs. Large-scale project business could also positively impact results of operations. In addition, opportunities could arise for the division in the form of favorable currency developments.

The Financial Services division aims to continuously improve the efficiency and optimize the cost of contract processing through the use of digital processes and automated decision-making. Due to the current economic situation, liquidity management remains important for clients, which offers significant opportunities for the factoring products. Should insolvencies and bad debt levels be lower than expected, this will in turn reduce the anticipated risk provisions. A higher-than-expected interest margin would also represent an opportunity.

Outlook 2024

Based on current estimates, the Werhahn Group anticipates a marked rise in net sales and a considerably improved operating result and earnings before tax in 2024, despite a challenging macroeconomic environment. In addition to the absence of the nonrecurring and exceptional effects that negatively impacted earnings in 2023, the transformation projects initiated in the Zwilling Kitchenware business unit and improved new business margins in the Financial Services division are likely to make a significant contribution to performance. The Aggregates and Zwilling Beauty Group business units are unlikely to maintain the very high operating results achieved in 2023. In contrast, the Slate business unit expects to see a marked improvement in its operating result.

The above estimates regarding the Werhahn Group's expected development were made subject to increased planning uncertainty due to the volatile and hard-to-predict political and economic conditions.

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There may be slight rounding differences in the calculated figures.

Consolidated Balance Sheet

Assets

in € thousand	Note	Dec. 31, 2023	Dec. 31, 2022
Intangible assets		114,725	164,406
Tangible assets		958,347	889,442
Financial assets		110,493	108,395
Fixed assets excluding leasing assets from financial services		**1,183,565**	**1,162,243**
Leasing assets from financial services		1,705,472	1,681,962
Fixed assets	(1)	**2,889,037**	**2,844,205**
Accounts receivable from financial services	(2)	9,616,724	7,852,508
Inventories	(3)	535,226	651,776
Accounts receivable and other assets	(4)	391,290	373,871
Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks	(5)	185,669	783,471
Current assets		**10,728,909**	**9,661,626**
Prepaid expenses		12,585	12,327
Deferred tax assets		–	1,186
Surplus from offsetting		104	151
		13,630,635	**12,519,495**

Equity and liabilities

in € thousand	Note	Dec. 31, 2023	Dec. 31, 2022
Capital shares of Wilh. Werhahn KG		147,790	147,790
Capital reserve		68,273	68,273
Group profit carried forward		1,784,336	1,731,251
Difference in equity from currency conversion		–34,070	–20,117
Net profit		5,037	69,051
Non-controlling interests		60,399	66,744
Equity	(6)	**2,031,765**	**2,062,992**
Difference in amounts from capital consolidation		165	250
Provisions	(7)	490,929	497,353
Liabilities from financial services	(8)	10,472,768	9,323,086
Liabilities	(9)	612,137	634,033
Outside capital		**11,575,834**	**10,454,472**
Deferred income		3,511	1,781
Deferred tax liabilities	(10)	19,360	–
		13,630,635	**12,519,495**

Consolidated Income Statement

in € thousand	Note	2023	2022
Net sales	(11)	4,483,990	4,281,579
Inventory changes		–9,403	37,537
Internally produced and capitalized assets		7,796	7,792
Total operating performance		**4,482,383**	**4,326,908**
Other operating income	(12)	69,614	63,331
Cost of materials	(13)	2,514,784	2,350,920
Personnel expenses	(14)	638,622	606,416
Amortization of intangible assets and depreciation of tangible assets		213,377	165,412
Amortization and write-downs of leasing assets from financial services		560,447	557,625
Other operating expenses	(15)	596,794	575,117
Investment income	(16)	50,484	32,139
Amortization and write-downs of financial assets		889	504
Reversals of write-downs of financial assets		61	–
Interest result	(17)	–18,344	–10,508
Earnings before tax		**59,285**	**155,876**
Taxes on income and earnings	(18)	33,730	63,184
Earnings after tax/net income		**25,555**	**92,692**
Profit attributable to non-controlling interests		20,518	23,641
Net profit		**5,037**	**69,051**

Statement of Changes in Fixed Assets

in € thousand	Balance Jan. 1, 2023	Changes in the basis of consolidation	Additions	Disposals	Currency translation effects	Reclassifications	Balance Dec. 31, 2023
	Purchase and manufacturing costs						
Internally generated commercial trademarks and similar rights and assets	15,486	–	6,200	–	–	72	21,758
Concessions acquired against payment, commercial trademarks and similar rights and assets as well as licenses to such rights and assets	311,228	107	10,075	1,298	–1,339	9,072	327,845
Goodwill	227,882	661	–	66,441	–241	–	161,861
Prepayments	10,994	–	3,489	642	–113	–8,864	4,864
Intangible assets	**565,590**	**768**	**19,764**	**68,381**	**–1,693**	**279**	**516,327**
Land, land rights and buildings including buildings on third-party land	1,026,253	65,575	13,282	2,583	–5,211	12,511	1,109,826
Technical facilities and machinery	1,356,034	17,883	27,105	29,403	–4,425	21,405	1,388,598
Other facilities, operating and business equipment	496,883	1,582	53,975	36,497	–1,215	1,773	516,500
Prepayments and facilities under construction	57,798	–	56,875	275	–234	–35,967	78,197
Tangible assets	**2,936,968**	**85,041**	**151,236**	**68,758**	**–11,085**	**–279**	**3,093,122**
Interests in affiliated companies	85,207	–27	390	–	–82	–	85,488
Interests in associated at-equity companies	36,043	–	1,750[1]	121[1]	–	–	37,673
Interests in other associated companies and other equity interests	102,135	7	6,609	10,205	–	–	98,546
Loans to affiliated companies	437	–	–	140	–	–	297
Loans to companies in which a participating interest is held	–	–	256	–	–	–	256
Other loans	1,346	72	10	41	–	–	1,387
Financial assets	**225,168**	**52**	**9,016**	**10,507**	**–82**	**–**	**223,647**
Fixed assets excluding leasing assets from financial services	**3,727,726**	**85,860**	**180,017**	**147,646**	**–12,861**	**–**	**3,833,096**
Leasing assets from financial services	**3,113,330**	**–**	**722,846**	**717,685**	**–**	**–**	**3,118,491**
Fixed assets	**6,841,057**	**85,860**	**902,862**	**865,331**	**–12,861**	**–**	**6,951,588**

[1] Thereof from equity-method measurement			1,750	121			

Accumulated depreciation and amortization								Book value	
Balance Jan. 1, 2023	Changes in the basis of consoli- dation	Additions	Write- ups	Disposals	Currency trans- lation effects	Reclassifi- cations	**Balance Dec. 31, 2023**	**Balance Dec. 31, 2023**	**Balance Dec. 31, 2022**
6,715	–	3,795	–	–	–	–	10,510	11,248	8,771
242,456	–3	39,255	–	1,129	–1,163	244	279,659	48,186	68,772
152,012	–290	26,230	–	66,441	–152	–	111,358	50,502	75,870
1	–	74	–	–	–	–	75	4,789	10,993
401,184	**–294**	**69,354**	**–**	**67,570**	**–1,315**	**244**	**401,603**	**114,725**	**164,406**
545,458	2,578	40,578	546	1,969	–2,928	89	583,261	526,565	480,795
1,114,095	12,002	59,256	–	28,317	–2,801	35	1,154,270	234,329	241,939
387,740	1,018	41,259	–	34,774	–795	–368	394,081	122,419	109,143
233	–	2,930	–	–	–	–	3,163	75,034	57,565
2,047,526	**15,599**	**144,023**	**546**	**65,060**	**–6,524**	**–244**	**2,134,775**	**958,347**	**889,442**
78,467	–	232	–	–	–	–	78,698	6,789	6,740
15,952	–	45[1]	–	–	–	–	15,997	21,676	20,091
22,158	5	608	–	4,453	–	–	18,318	80,228	79,977
–	–	–	–	–	–	–	–	297	437
–	–	–	–	–	–	–	–	256	–
196	–	4	61	–	–	–	140	1,247	1,150
116,773	**5**	**889**	**61**	**4,453**	**–**	**–**	**113,154**	**110,493**	**108,395**
2,565,483	**15,311**	**214,266**	**607**	**137,082**	**–7,839**	**–**	**2,649,532**	**1,183,565**	**1,162,243**
1,431,368	**–**	**560,447**	**–**	**578,797**	**–**	**–**	**1,413,018**	**1,705,472**	**1,681,962**
3,996,851	**15,311**	**774,713**	**607**	**715,879**	**–7,839**	**–**	**4,062,550**	**2,889,037**	**2,844,205**

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Consolidated Cash Flow Statement

	in € thousand	2023	2022[2]
	Result for the reporting period (Consolidated net profit including non-controlling interests)	25,555	92,692
+/–	Depreciation, amortization and write-downs of fixed assets/reversals of write-downs of fixed assets (excluding leasing assets from financial services)	166,406	165,650
+/–	Increase/decrease in provisions	–501	26,681
+/–	Other non-cash expenses/income	–12,047	–7,104
–/+	Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	115,176	–76,457
+/–	Increase/decrease in trade payables and other liabilities not related to investing or financing activities	–14,746	–47,275
–/+	Gain/loss from disposal of fixed assets	–3,093	–3,535
+/–	Interest expenses/income	18,344	10,508
+	Interest received (operating activities and cash funds)[1]	3,037	1,849
–	Interest paid (operating activities and cash funds)[1]	–22,844	–8,975
–	Other investment income	–50,484	–32,139
+/–	Expenses/income of exceptional size or incidence	55,954	–
+/–	Income tax expenses/income	33,730	63,184
–/+	Income taxes paid	–61,981	–64,129
+	Proceeds from subsidies/grants (operating activities)	4,702	–
+/–	Amortization and write-downs of leasing assets/reversals of write-downs of leasing assets	560,447	557,625
+	Proceeds from disposals of leasing assets	138,889	142,944
–	Payments to acquire leasing assets	–722,846	–722,217
+/–	Interest expenses/income from financial services[1]	–87,433	–137,758
+	Interest received from financial services[1]	333,579	171,653
–	Interest paid from financial services[1]	–199,997	–32,420
–/+	Increase/decrease in accounts receivable from customers from financial services	–797,010	–1,156,325
–/+	Increase/decrease in accounts receivable from banks from financial services	–959,452	–177,194
+/–	Increase/decrease in liabilities to customers from financial services	1,162,867	585,371
+/–	Increase/decrease in liabilities to banks from financial services	–818,598	–1,214
+/–	Increase/decrease in bonds from financial services[1]	751,676	339,628
+/–	Increase/decrease in other liabilities from financial services	–165	1,461
	Cash flow from operating activities	**–380,835**	**–307,496**

[1] New line item added in the business year. See also the Notes to the Cash Flow Statement.
[2] The prior-year figures were adjusted to improve comparability.

	in € thousand	2023	2022[2]
+	Proceeds from disposals of intangible fixed assets	745	201
–	Payments to acquire intangible fixed assets	–18,760	–20,521
+	Proceeds from disposals of tangible fixed assets	6,682	6,725
–	Payments to acquire tangible fixed assets	–153,074	–129,446
+	Proceeds from disposals of long-term financial assets	6,816	6,153
–	Payments to acquire long-term financial assets	–7,159	–8,229
–	Payments to acquire entities included in the basis of consolidation	–47,981	–6,641
+	Dividends received	45,303	32,427
+	Proceeds from subsidies/grants (investing activities)	1,087	–
	Cash flow from investing activities	**–166,341**	**–119,331**
+/–	Proceeds from the issuance of bonds and from borrowings/cash repayments of bonds and borrowings	–3,485	–7,224
+	Proceeds from subsidies/grants (financing activities)	–	2,425
–	Interest paid (financing activities)	–646	–526
–	Dividends paid to shareholders of the parent entity	–30,392	–41,752
–	Dividends paid to minority shareholders	–24,966	–20,204
	Cash flow from financing activities	**–59,489**	**–67,281**
	Net change in cash funds	**–606,665**	**–494,108**
+/–	Effect on cash funds of exchange rate movements and remeasurements	–3,477	–1,878
+/–	Effect on cash funds of changes in the basis of consolidation	1,154	–431
+	**Cash funds at beginning of period**	**441,000**	**937,417**
	Cash funds at end of period	**–167,988**	**441,000**

Cash funds are composed of the following items:

in € thousand	2023	2022
Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks	185,669	783,471
Liabilities to banks payable on demand and other short-term loans that are part of the disposition of liquid funds	–353,657	–342,471
Cash funds at end of period	**–167,988**	**441,000**

Statement of Changes in Equity

in € thousand	Parent Company Capital shares of Wilh. Werhahn KG	Capital reserve	Group profit carried forward	Difference in equity from currency conversion	Net profit
Balance as of Jan. 31, 2023	**147,790**	**68,273**	**1,731,251**	**–20,117**	**69,051**
Capital increase	–	–	–	–	–
Distribution	–	–	–16,229	–	–
Currency conversion	–	–	–	–13,953	–
Transfers to/withdrawals from reserves	–	–	69,051	–	–69,051
Other changes	–	–	–96	–	–
Changes in the basis of consolidation	–	–	359	–	–
Net income	–	–	–	–	5,037
Balance as of Dec. 31, 2023	**147,790**	**68,273**	**1,784,336**	**–34,070**	**5,037**

Non-controlling interests			
Equity attributable to non-controlling interests	Difference in equity from currency conversion attributable to non-controlling interests	Profit attributable to non-controlling interests	Total Group equity
40,510	**2,593**	**23,641**	**2,062,992**
–	–	–	–
–25,076	–	–	–41,305
–	–1,426	–	–15,379
23,641	–	–23,641	–
–12	–	–	–108
–349	–	–	10
–	–	20,518	25,555
38,714	**1,167**	**20,518**	**2,031,765**

Notes to the Consolidated Financial Statements

General Information

The Consolidated Financial Statements of Wilh. Werhahn KG, based in Neuss and entered in the register of companies at the Neuss District Court under the number HRA 4096, were prepared in accordance with the rules set out in sections 13 et seqq. of the German Public Disclosure Act (PublG) – excluding the exemption options in section 13, paragraph 3, sentences 1 and 2 of the PublG – in conjunction with sections 294 et seqq. of the German Commercial Code (HGB) and have been published in the business register.

According to section 297, paragraph 1 of the HGB, the Consolidated Financial Statements comprise the Consolidated Balance Sheet, the Consolidated Income Statement, the Notes to the Consolidated Financial Statements, the Cash Flow Statement, and the Statement of Changes in Equity.

German Accounting Standards (DRS) have been applied where legally required and are based on the interpretation of general legal principles.

The Consolidated Financial Statements were prepared in thousands of euros. To provide a better overview, various items on the Balance Sheet and in the Income Statement have been summarized and explained in the Notes. As in previous years, the Balance Sheet has also been expanded to include separate items for the financial services business. In addition, a line item showing reversals of write-downs of financial assets was added to the Income Statement.

Basis of consolidation

All participations are listed on pages 106 to 115. The Consolidated Financial Statements as of December 31, 2023 include all the companies shown under **1. Consolidated affiliated companies**. Along with the parent company, Wilh. Werhahn KG, the basis of consolidation comprises 102 companies in Germany (previous year: 94) and 53 companies abroad (previous year: 51). In the reporting period, 20 companies were included for the first time. Of these, 15 companies were newly founded and three were acquired. Two former non-consolidated affiliated companies were included in the basis of consolidation for the first time this year, as they exceeded the threshold for full consolidation. Of the total of ten disposals, nine companies were merged with consolidated affiliated companies, meaning that their assets are still included in the basis of consolidation. Furthermore, one company was deconsolidated due to its minor significance.

Pursuant to section 296, paragraph 2 of the HGB, 75 affiliated companies were not consolidated, as their impact on the net assets, financial position and results of operations of the Group was also of minor significance overall. In addition, no equity valuation was conducted for these companies due to their minor significance. The combined net sales of these companies account for less than 4% of net Group sales, and their combined assets equal less than 2% of the Consolidated Balance Sheet total. There are no peculiarities about the Group's legal and commercial relationships with these companies.

All 14 companies listed under **2. Associated at-equity companies** were consolidated using the equity method. There are additional associated companies that have not been included at equity in the financial statements because they are, overall, of minor significance with regard to net sales and balance sheet totals and with regard to their impact on the net assets, financial position and results of operations.

Principles of consolidation

The **consolidated affiliated companies** are included in the Consolidated Financial Statements as of the date on which control was acquired, the date they were established, or, if they were previously not consolidated due to their minor significance, the date on which they were consolidated because they surpassed the size criteria for consolidation. The capital of the companies was consolidated using the purchase method by offsetting the purchase costs against the Group's share in their revalued equity. Any remaining difference on the asset side after the disclosure of hidden reserves is shown as goodwill.

Goodwill is amortized using the straight-line method over the respective individual useful life. The amortization periods for the Group's material goodwill items are summarized and outlined in groups in the following table:

Useful life of goodwill

	Useful life	Explanation
Aggregates business unit	15 years	Long-term availability of locations in conjunction with long-term usability of fixed assets and long-established customer relationships in regionally limited markets
Zwilling Kitchenware business unit	7 years	Relatively high degree of stability and long-term duration of the industry, moderate duration of product life cycles
Zwilling Beauty Group business unit	5 years	Corresponds to the relatively short product life cycles

If, after acquiring control, other interests in consolidated affiliated companies are acquired or sold without a change in status, these transactions are consolidated using the purchase method.

Associated companies are valued at equity using the book value method. The difference resulting from at-equity consolidation is calculated at the time the company became an associated company or at the time of initial consolidation if the company was not previously consolidated due to its minor significance. Any goodwill arising from initial at-equity valuation is recognized under interests in associated at-equity companies and amortized over 15 years. Goodwill from at-equity consolidation totaled €158 thousand as of the closing date, with amortization of €45 thousand. Prior to at-equity consolidation, there was a difference between the book values of the participations and the proportional equity of the associated at-equity companies of €8,637 thousand and €–3,332 thousand, respectively.

The financial statements of fully consolidated subsidiaries in Germany and abroad were uniformly prepared in accordance with the accounting and valuation methods stipulated in the Werhahn accounting guidelines.

Accounts receivable and liabilities, net sales, expenses, income, and intercompany profits and losses between consolidated companies are eliminated on consolidation. In the case of companies consolidated at equity, intercompany profits and losses in fixed and current assets have also been eliminated.

Currency conversion

The reporting currency for the Werhahn Group is the euro. Balance sheet items for financial statements of consolidated subsidiaries prepared in foreign currencies are valued at the mean euro spot exchange rate on the closing date. The exception to this is equity, which is reported at the historical rate. Items on the Income Statement are converted into euros at the average rate for the year.

The mean spot exchange rate and annual average rates published by the European Central Bank are used for currency conversion.

Differences due to currency conversion are reported, without affecting profit or loss, under total Group equity in the difference in equity from currency conversion.

According to the criteria of the German Accounting Standards (DRS) and the pronouncements of the International Practices Task Force (IPTF), Turkey is considered a highly inflationary country. Within the Werhahn Group this concerns ZWILLING J A Henckels MUTFAK VE GÜZELLİK ÜRÜNLERİ LİMİTED ŞİRKETİ. Inflation is adjusted for by preparing hard currency financial statements. Conversion was carried out for the first time as of December 31, 2022.

The most important exchange rates for the Werhahn Group are:

	Average rate		Closing rate	
1 € =	**2023**	2022	**2023**	2022
US dollar	**1.0814**	1.0541	**1.1050**	1.0666
Canadian dollar	**1.4596**	1.3704	**1.4642**	1.4440
Polish złoty	**4.5432**	4.6844	**4.3395**	4.6808
Chinese renminbi	**7.6569**	7.0791	**7.8509**	7.3582
Japanese yen	**151.8535**	137.9279	**156.3300**	140.6600

Exemption from compulsory disclosure

For the following subsidiaries, use has been made of the exemption provided under section 264, paragraph 3 of the HGB in conjunction with section 264, paragraph 4 of the HGB due to their inclusion in the Consolidated Financial Statements:

- abcfinance advise GmbH, Cologne
- abcfinance Holding GmbH, Neuss
- abcfinlab GmbH, Cologne
- Bank11 Holding GmbH, Neuss
- Charlie Acquisition GmbH, Monheim am Rhein
- Delta Acquisition GmbH, Monheim am Rhein

- Dritte Werhahn Projekte GmbH, Neuss
- Golf Acquisition GmbH, Neuss
- Werhahn Beteiligungs- und Projektgesellschaft mbH, Neuss
- Werhahn International Schiefer GmbH, Mayen[8]
- WW Dreiundzwanzigste Acquisition GmbH, Monheim am Rhein
- WW Dreiundzwanzigste VV GmbH, Monheim am Rhein
- WW Einundzwanzigste Acquisition GmbH, Monheim am Rhein
- WW Einundzwanzigste VV GmbH, Monheim am Rhein
- WW Neunzehnte Acquisition GmbH, Monheim am Rhein
- WW Neunzehnte VV GmbH, Monheim am Rhein
- WW Siebte Acquisition GmbH, Monheim am Rhein
- WW Vierundzwanzigste Acquisition GmbH, Monheim am Rhein
- WW Vierundzwanzigste VV GmbH, Monheim am Rhein
- WW Zwanzigste Acquisition GmbH, Monheim am Rhein
- WW Zwanzigste VV GmbH, Monheim am Rhein
- WW Zweiundzwanzigste Acquisition GmbH, Monheim am Rhein
- WW Zweiundzwanzigste VV GmbH, Monheim am Rhein
- Yareto GmbH, Neuss
- Zweite Werhahn Projekte GmbH, Neuss

Accounting and valuation principles

The accounting and valuation principles of Wilh. Werhahn KG also apply to the Consolidated Financial Statements. Financial statements for consolidated subsidiaries whose accounts are prepared using diverging accounting principles have been adjusted. Only in insignificant cases has an adjustment not been made. The option to capitalize is predominantly not exercised.

Intangible assets, including goodwill from capital consolidation, are valued at purchase cost less amortization and write-downs. These assets were amortized using the straight-line method pro rata temporis over a useful life of 5 to 15 years. Write-downs are carried out if the asset's fair value is lower than its carrying amount. Internally generated intangible fixed assets are capitalized in accordance with the option provided under section 248, paragraph 2 of the HGB. These include internally generated software, which is recognized in the balance sheet due to its particular importance with regard to reflecting a true and fair view of the net assets, financial position and results of operations. The manufacturing costs for internally generated intangible fixed assets include an appropriate proportion of the necessary overheads alongside any decline in the value of the fixed assets, and material and production costs. Borrowing costs are not taken into account. Development costs are included in the manufacturing costs when the recognition criteria are met.

[8] The company also exercises the consolidation exemption options provided by section 291, paragraph 2 of the HGB.

Tangible assets are valued at purchase or manufacturing cost, in the case of depreciable items less scheduled depreciation based on the usual useful life of 2 to 50 years. As far as the Consolidated Financial Statements permit, depreciation of assets acquired before January 1, 2010, is based on the maximum amounts under tax law. Assets acquired after this date are depreciated using the straight-line method pro rata temporis. Write-downs are carried out wherever the asset must be measured at a lower value. If the reason for the write-down no longer applies, reversals of write-downs are carried out up to the amortized cost of the asset. Interest on borrowed capital is not reflected in manufacturing costs.

Interests in non-consolidated affiliated companies, other associated companies and **other participations** are measured at purchase cost or lower carried-over book values. Significant interests in **associated companies** are included at equity in the Consolidated Financial Statements, using the book value method. **Loans** are measured at face value or lower net present value. **Long-term securities** are measured at purchase cost. Write-downs to the lower fair value are carried out where permanent impairment is probable.

Leasing assets from financial services are reflected at acquisition cost less depreciation and write-downs. Leasing assets are depreciated using the straight-line method over the usual useful life of the asset. Depreciation of leasing assets acquired before 2015 is based on the term of contract.

Accounts receivable from financial services are measured at their face value. Individual risk and general credit risk have been accounted for through appropriate mark-downs.

In **Inventories**, raw materials and supplies as well as merchandise are measured at their purchase or manufacturing cost. Finished and unfinished goods are measured at manufacturing cost. Manufacturing costs comprise direct material and production costs and the separate direct costs of production. In addition, appropriate material and production overheads as well as any decline in the value of fixed assets caused by the manufacture of the item are included. Inventory risks arising from time in storage and from diminished usability have been accounted for through appropriate markdowns. This is done in accordance with the principle of loss-free valuation. Prepayments are reported at the nominal amount.

Accounts receivable and **other assets** are shown at their respective face values. Allowances have been recognized for potential risks through specific amortization amounts and general bad debt provisions. Long-term receivables in foreign currencies have been converted at the rate on the date of entry or at the less favorable rate on the closing date. Short-term receivables in foreign currencies are primarily converted at the mean spot rate on the closing date.

Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks are shown at face value. Holdings in foreign currencies are primarily converted at the mean spot rate on the closing date.

Deferred taxes are recognized for temporary differences between the commercial and tax value of assets, liabilities, and prepaid and deferred items. Deferred taxes on tax losses and interest amounts that may be utilized within the next five years are also recognized. The option to offset deferred tax assets and deferred tax liabilities is exercised. Subsequently, if a net asset position remains from the annual financial statements, this is not recognized in the Consolidated Financial Statements. Insofar as there is a debt carryover, and further tax losses and interest amounts exist which can be offset and carried forward without limitation, further deferred taxes up to the amount of the excess of deferred tax liabilities are then recognized.

No deferred tax liabilities are recognized on goodwill resulting only from capital consolidation. Deferred taxes are also not recognized on differences resulting from the taxable measured value of a consolidated affiliated or associated at-equity company and the commercial value of the net assets recognized in the Consolidated Financial Statements. Deferred taxes under section 306 of the HGB are combined with those from the individual financial statements under section 274 of the HGB.

The company-specific tax rates expected to be valid at the time when timing differences will be reversed are applicable. They range from 9.0% to 34.5%.

Provisions are measured at the settlement amount required in accordance with sound business practices and, where they have a remaining maturity of more than one year, discounted at the market interest rate determined by the German Federal Bank for the respective term.

The settlement amount of **pension provisions** is calculated based on expected future salary and pension increases of 0.0% to 8.0%, as well as assumptions concerning future employee turnover. Where permitted, the entry age normal method based on the 2018 G tables created by Prof. Dr. Heubeck is used. Pension provisions are discounted using the average market interest rate of the last ten years, determined by the German Federal Bank, over a fixed remaining term of 15 years. An interest rate of 1.83% – based on a forecast made in October 2023 – was used to measure pension provisions as of December 31, 2023. The published interest rate as of December 31, 2023 was 1.82%. The resulting discrepancy is immaterial. Effects from the discounting of pension provisions and from changes in the discount rate are included in the interest result. Any assets to which no other creditors have access and which are to be used solely for the fulfillment of pensions or other similar non-current obligations (cover assets) were offset against provisions. The fair value of the covered assets is determined by means of external valuation reports or listed market prices. Surplus assets arising from offsetting are reported in the surplus from offsetting.

The provisions for **long-service bonuses** are in principle measured according to the same parameters used to measure pension provisions, with the exception of the average market interest rate of the last seven years of 1.75%, which is based on a forecast made in October 2023. The published interest rate as of December 31, 2023 was 1.74%. The resulting discrepancy is immaterial.

With regard to the **provisions for restoration and recultivation measures**, the procedure for determining the assumptions used to estimate the future cost trend in the Aggregates business unit was refined to provide a better view of the net assets, financial position and results of operations. To ensure that provisions remain appropriately measured, the 20-year historical average rise in construction costs previously used to estimate costs (based on the construction prices index of the Federal Statistical Office 61261-0004) has now been switched to a 40-year average, with individual peaks in the annual figures normalized. This was necessary, as provisions would otherwise have been temporarily overstated due to the recent sharp rise in index values. During periods of economic turbulence, the index frequently shows considerable swings in individual annual figures that deviate significantly from the long-term trend. The new calculation basis evens this out, ensuring an overall more appropriate estimate that better reflects the long-term trend. This takes into account the generally very long duration of the provisions. To ensure that current short-term cost increases are appropriately reflected, provisions continue to be adjusted on an ongoing basis in line with the annual rise in construction prices, and all assumptions used in determining provisions are periodically updated.

Based on the expected future long-term price rise of 2.4% – estimated using the new calculation basis – the provisions for restoration and recultivation obligations amounted to €99.9 million as of December 31, 2023. Without the above refinement of the assumption basis, provisions in the Aggregates business unit would have amounted to €109.9 million (+€10.0 million) as of December 31, 2023, with a long-term price rise of 3.7%. These figures already take into account the effect of actual short-term price rises on provisions (taken from the index) of 18.5% for 2022 and 8.2% for 2023.

Other provisions and **tax provisions** are measured in such a way that account is taken of identifiable risks and contingent liabilities. Future price and cost rises are taken into account, provided that there are sufficient objective indications that they will occur.

The separate **liabilities from financial services** item shows the liabilities of the financial services companies at their respective settlement amounts. It also includes deferrals from the financial services business.

Liabilities are shown at their settlement value. Long-term liabilities in foreign currencies have been converted at their entry date rate or at the less favorable rate on the closing date. However, short-term liabilities are generally valued at the mean spot rate on the closing date. Prepayments received are reported at the nominal amount.

Closing date for companies included in the Consolidated Financial Statements

Fully consolidated subsidiaries included in the Consolidated Financial Statements generally close their accounts on December 31. The exceptions are the companies Tweezerman (India) Pvt. Ltd., Ital Beauty Nippers (India) Pvt. Ltd., ZWILLING Kitchen India Pvt. Ltd., and FiberLean Technologies India Pvt. Ltd., which close their accounts on March 31. These companies are included in the Consolidated Financial Statements of the Werhahn Group using interim financial statements.

The closing date for the associated at-equity companies is December 31.

Notes to the Balance Sheet

1 Fixed assets

The breakdown of and changes in intangible and tangible assets, financial assets, and leasing assets from financial services are shown on pages 82/83.

Research and development costs amounted to €18,747 thousand in the business year. Of this amount, internally generated intangible assets of €6,200 thousand were recognized.

Goodwill is derived primarily from capital consolidation. The acquisitions in the business year resulted in additions to goodwill of €951 thousand. This is presented in the Statement of Changes in Fixed Assets in the changes in the basis of consolidation column.

Fixed assets include leasing assets from financial services in the amount of €1,705,472 thousand (previous year: €1,681,962 thousand).

Fixed assets of €68,384 thousand were attributable to companies consolidated for the first time. At €68,048 thousand, tangible assets accounted for most of this figure.

Depreciation, amortization and write-downs include write-downs totaling €117,834 thousand (previous year: €72,670 thousand). Of this amount, €65,910 thousand related to leasing assets from financial services, €27,740 thousand to tangible assets, €12,875 thousand to other intangible assets, and €9,780 thousand to goodwill.

2 Accounts receivable from financial services

in € thousand	Dec. 31, 2023	thereof due in more than 1 year	Dec. 31, 2022	thereof due in more than 1 year
Receivables from banks from financial services	1,558,390	16,858	597,039	11,521
Purchased accounts receivable	–	–	206	–
Accounts receivable from banking business	6,514,077	4,595,310	5,788,877	4,152,129
Accounts receivable from factoring business	322,990	–	335,332	–
Hire-purchase receivables	1,152,433	786,257	1,050,862	716,323
Other accounts receivable from financial services	62,216	5,550	71,246	7,224
Deferrals	6,618	4,255	8,946	6,628
	9,616,724		**7,852,508**	

3 Inventories

in € thousand	Dec. 31, 2023	Dec. 31, 2022
Raw materials and supplies	117,432	121,365
Unfinished goods and services	75,347	78,540
Finished goods and merchandise	339,543	447,464
Prepayments	2,904	4,407
	535,226	651,776

4 Accounts receivable and other assets

in € thousand	Dec. 31, 2023	thereof due in more than 1 year	Dec. 31, 2022	thereof due in more than 1 year
Trade accounts receivable	257,504	–	252,820	109
Accounts receivable from affiliated companies	7,459	–	3,671	–
Accounts receivable from companies in which a participating interest is held	31,553	5	28,437	–
Other assets	94,774	8,494	88,943	9,694
	391,290		373,871	

Accounts receivable from affiliated companies of €643 thousand and receivables from companies in which a participating interest is held of €2,224 thousand are attributable to supply and service transactions.

5 Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks

Of the cash on hand, cash deposited with the German Federal Bank, bank deposits and checks in the amount of €185,669 thousand, €1,919 thousand is subject to restrictions on use.

This item includes cash on hand and cash deposited with the German Federal Bank by the Financial Services division and Bankhaus Werhahn GmbH of €68,692 thousand.

6 Equity

Equity in the Consolidated Financial Statements includes the reported net equity of Wilh. Werhahn KG, the Group profit carried forward, the net profit of the Group, as well as non-controlling interests in the equity of the subsidiaries incorporated in the Consolidated Financial Statements. Group profit carried forward is composed of other retained earnings and the consolidated profit and loss carried forward. Non-controlling interests in equity relate primarily to outside shareholders in the Building Materials and Consumer Goods divisions. Profit and loss attributable to non-controlling interests totaled €22,591 thousand and €2,073 thousand, respectively.

The changes in total Group equity are shown in the Statement of Changes in Equity.

As of the closing date, there were restrictions on distribution amounting to €12,480 thousand under German law and €1,493 thousand under local law.

7 Provisions

in € thousand	Balance as of Jan. 1, 2023	Used	Released	Addition	Other changes	Balance as of Dec. 31, 2023
Pensions and similar obligations	128,604	7,474	1,427	12,081	1,464	133,247
Tax provisions	44,609	29,271	1,624	12,747	174	26,635
Other provisions						
Restoration and recultivation	107,602	1,885	6,930	10,314	–2,557	106,544
Personnel expenses	77,392	58,246	5,261	68,295	–173	82,007
Discounts and bonuses	47,297	43,478	1,761	37,195	–287	38,967
Outstanding and missing invoices	35,327	31,007	2,394	30,960	–73	32,813
Sureties and guarantees	12,829	2,441	1,143	4,617	–133	13,728
Miscellaneous other provisions	43,693	17,793	3,629	35,461	–744	56,988
	497,353	**191,595**	**24,169**	**211,670**	**–2,329**	**490,929**

Assets to cover pensions and similar obligations with fair values totaling €223 thousand and €679 thousand were offset against pension provisions and provisions for personnel costs, respectively. The historical acquisition costs of the cover assets amount to €220 thousand and €762 thousand, respectively. Without offsetting, the pension provisions would have totaled €133,470 thousand and the provisions for personnel costs €82,686 thousand.

As of the closing date, the difference between the valuation of pension provisions using the ten-year average interest rate and the seven-year average interest rate amounts to €1,228 thousand.

8 Liabilities from financial services

in € thousand	Dec. 31, 2023	thereof due within 1 year	thereof due in more than 1 year
Bonds from financial services	1,798,354	191,018	1,607,336
Liabilities to banks from financial services	1,902,740	1,297,240	605,500
Liabilities to customers from financial services	6,725,712	4,770,085	1,955,627
Deferrals	45,962	15,908	30,054
	10,472,768		

in € thousand	Dec. 31, 2022	thereof due within 1 year	thereof due in more than 1 year
Bonds from financial services	1,046,556	91,280	955,276
Liabilities to banks from financial services	2,706,918	1,251,543	1,455,375
Liabilities to customers from financial services	5,523,485	4,267,883	1,255,602
Deferrals	46,127	16,305	29,822
	9,323,086		

Liabilities from financial services relate to the refinancing of the companies in the Financial Services division. Deferrals consist predominantly of deferred items for income from leasing business not yet due.

As of the closing date, liabilities from financial services with a remaining term of more than five years totaled €236,789 thousand (previous year: €161,327 thousand).

Of the liabilities from financial services, €857,836 thousand is attributable to companies consolidated for the first time.

9 Liabilities

in € thousand	Dec. 31, 2023	thereof due within 1 year	thereof due in more than 1 year
Liabilities to banks	360,829	352,577	8,252
Payments received on account of orders	5,240	5,240	–
Trade accounts payable	107,870	107,854	16
Liabilities to affiliated companies	8,326	8,326	–
Liabilities to companies in which a participating interest is held	50,692	44,820	5,872
Liabilities to shareholders	17,878	17,878	–
Other liabilities	61,302	58,293	3,009
(thereof from taxes)	(34,195)		
(thereof for social security payments)	(4,820)		
	612,137		

in € thousand	Dec. 31, 2022	thereof due within 1 year	thereof due in more than 1 year
Liabilities to banks	353,773	344,022	9,751
Payments received on account of orders	6,513	6,513	–
Trade accounts payable	121,388	121,388	–
Liabilities to affiliated companies	6,657	6,657	–
Liabilities to companies in which a participating interest is held	47,185	39,552	7,633
Liabilities to shareholders	24,601	24,601	–
Other liabilities	73,916	71,570	2,346
(thereof from taxes)	(41,176)		
(thereof for social security payments)	(5,122)		
	634,033		

As of the closing date, liabilities with a remaining term of more than five years totaled €4,590 thousand (previous year: €5,957 thousand). For liabilities amounting to €8,630 thousand, security has been provided in the form of mortgages, title transfers by way of security, and other rights.

Liabilities to affiliated companies in the amount of €936 thousand and €7,924 thousand of the liabilities to companies in which a participating interest is held are due to supply and service transactions.

The liabilities to banks include short-term 'roll-over loans' of €320 million, which are part of a long-term committed credit line. The credit line can only be terminated unilaterally by Werhahn Industrieholding SE.

10 Deferred tax liabilities

After offsetting against deferred tax assets, there was a €19,360 thousand surplus of deferred tax liabilities in the Consolidated Financial Statements, €4,107 thousand of which is attributable to the subsidiaries' single-entity financial statements. Deferred tax liabilities from consolidation adjustments also exceeded deferred tax assets from consolidation adjustments.

Without offsetting, this resulted in deferred tax liabilities of €29,446 thousand and deferred tax assets of €10,086 thousand. In the business year, deferred tax assets decreased by €4,689 thousand, while deferred tax liabilities increased by €15,857 thousand.

Deferred tax liabilities resulted mainly from tangible assets and intangible assets, while deferred tax assets relate primarily to inventories and accounts receivable from financial services. This includes only a minimal amount of deferred taxes on loss carryovers. Net asset positions of individual financial statements are not recognized.

The capitalization of internally generated intangible assets resulted in deferred tax liabilities of €3,203 thousand.

Notes to the Income Statement

The income statement was drawn up using the total cost method.

11 Net sales

Net sales include revenues from product sales, less discounts and price reductions, as well as revenues from renting or leasing and the provision of services. Sales from the banking and leasing business are also reported.

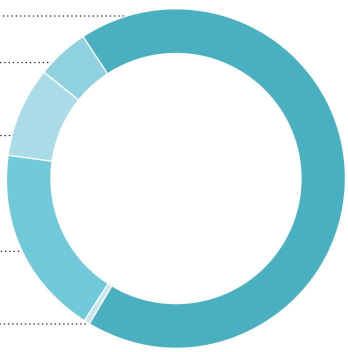
By corporate division

in € thousand	**2023**	2022
Building Materials	1,654,580	1,581,494
Consumer Goods	915,723	1,000,502
Financial Services	1,882,854	1,679,549
Others	54,330	44,059
Consolidation	–23,497	–24,025
	4,483,990	**4,281,579**

By region

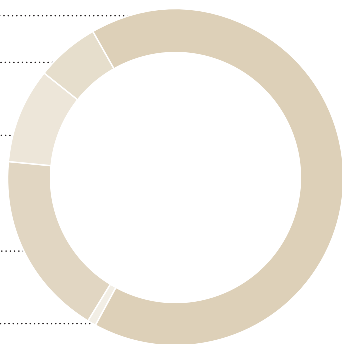
in € thousand

2023



	2023
Germany	3,049,854
Asia	221,443
North America	383,163
Rest of Europe	818,243
Rest of world	11,287
Group total	**4,483,990**

2022



	2022
Germany	2,803,536
Asia	274,336
North America	392,110
Rest of Europe	799,344
Rest of world	12,253
Group total	**4,281,579**

12 Other operating income

This item comprises mainly non-periodic income from the release of provisions (€21,117 thousand), income from the receipt of receivables that had already been written off (€5,364 thousand), income from reversals of write-downs (€4,836 thousand), gains on the disposal of fixed assets (€4,092 thousand), and reversals of write-downs on fixed and current assets (€549 thousand).

Other operating income also includes currency exchange gains (€8,417 thousand; previous year: €15,809 thousand).

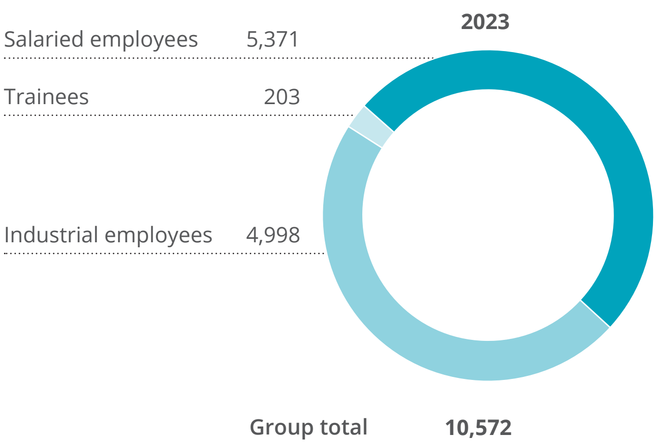
13 Cost of materials

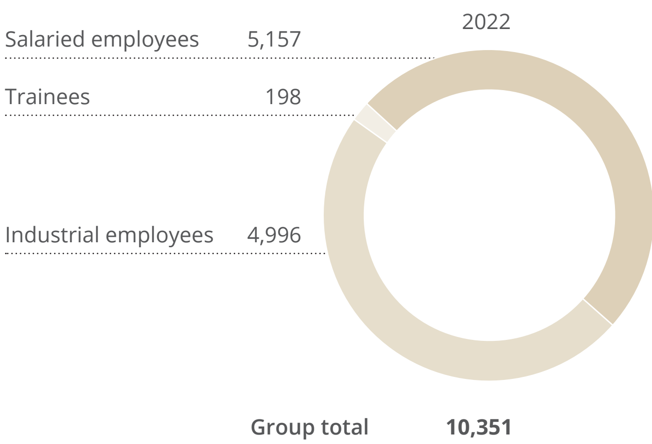
Cost of materials totaled €2,514,784 thousand (previous year: €2,350,920 thousand), of which €927,412 thousand (previous year: €1,001,155 thousand) related to raw materials, supplies and merchandise and €515,944 thousand (previous year: €501,464 thousand) to purchased services. In addition, the cost of materials item particularly includes refinancing costs from the banking and leasing business, acquisition costs for hire-purchase items, disposed residual book values of sold leasing assets, as well as commissions from the banking and leasing business.

14 Personnel expenses

in € thousand	**2023**	2022
Wages and salaries	521,218	493,354
Social security contributions and staff welfare costs	105,179	101,611
Pension costs	12,225	11,451
	638,622	**606,416**

The average number of employees over the business year was as follows:





Total Management Board remuneration amounted to €4.2 million in the reporting year. Remuneration paid to the Supervisory Board in the reporting period totaled €0.8 million (previous year: €0.9 million). Provisions for pensions for former members of the Management Board and their surviving dependents amounted to €61.5 million (previous year: €59.9 million). Remuneration and pensions paid to former members of the Management Board and their surviving dependents totaled €6.0 million (previous year: €2.2 million).

15 Other operating expenses

Other operating expenses include, among other things, external services (€140,015 thousand), maintenance costs (€98,779 thousand), expenses for write-downs on accounts receivable (€66,701 thousand), and marketing expenses (€63,419 thousand). In addition, the figure includes leasing and rental costs (€61,015 thousand), insurance expenses (€14,515 thousand), expenses for restoration and recultivation obligations (€10,698 thousand), and currency exchange losses (€8,977 thousand, previous year: €14,723 thousand). Other taxes totaling €7,687 thousand (previous year: €6,542 thousand) are also reported in other operating expenses.

Non-periodic expenses for write-downs on accounts receivable and other assets as well as for losses on the disposal of fixed assets totaled €67,904 thousand.

Domestic fees to the auditors of the Consolidated Financial Statements, PricewaterhouseCoopers GmbH Wirtschafts-prüfungsgesellschaft, totaled €2,791 thousand in the reporting period. This includes fees for auditing services of €2,643 thousand, €87 thousand for other assurance services, and €61 thousand for miscellaneous services.

16 Investment income

This item includes net income from affiliated companies (€–68 thousand, previous year: €380 thousand), income from associated at-equity companies (€22,525 thousand, previous year: €15,268 thousand), and income from other associated companies and other participations (€28,027 thousand, previous year: €16,491 thousand).

The result from associated at-equity companies generally represents the Group’s share of the profit or loss from these companies for the year. This item also takes account of the elimination of intercompany profits and losses.

17 Interest result

in € thousand	2023	2022
Income from loans of financial assets	513	440
(thereof from affiliated companies)	(20)	(14)
Other interest and similar income	6,646	2,807
(thereof from affiliated companies)	(297)	(126)
Interest and similar expenses	25,503	13,755
thereof from affiliated companies	(284)	(27)
	–18,344	**–10,508**

The interest result includes expenses from the accumulation of provisions totaling €1,703 thousand (previous year: €3,302 thousand) and income from discounting provisions in the amount of €3,496 thousand (previous year: €1,217 thousand).

18 Taxes on income and earnings

Taxes on income and earnings comprise mainly domestic and foreign corporation tax as well as domestic trade tax. The item also includes deferred tax expenses of €4,687 thousand (previous year: deferred tax income of €1,124 thousand).

19 Income and expenses of exceptional size or incidence

Income and expenses of exceptional size or incidence amounting to €37,777 thousand were recognized in the business year in relation to the termination of the involvement in FiberLean Technologies. This amount was largely attributable to the amortization of intangible assets and depreciation of tangible assets (€29,076 thousand), other operating expenses (€4,515 thousand), and personnel expenses (€3,232 thousand).

In the 2023 business year, expenses of exceptional size or incidence were also recognized due to write-downs on the fair value of property of €9,328 thousand, as well as goodwill impairment for a company in the Zwilling Kitchenware business unit, amounting to €8,849 thousand.

List of Shareholdings as of December 31, 2023

1. Consolidated affiliated companies

Building Materials Aggregates	Registered office	Share in %
Basalt-Actien-Gesellschaft	Linz am Rhein	100
AK Asphaltmischwerke Kaiserslautern GmbH	Ramstein-Miesenbach	75
Allgemeine Baustoff-Handels-Contor GmbH	Erfurt	100
AMB Asphalt-Mischwerk Bischofsheim GmbH & Co. KG	Bischofsheim	80
AME Asphalt-Mischwerk Eging GmbH	Eging am See	82
AML-Asphaltmischwerke GmbH Leipzig	Taucha	80
AMW Asphalt-Mischwerke Würzburg GmbH & Co. KG	Würzburg	87
AO KP-Gabbro	Petrazavodsk, Russian Federation	100
Asphalt-Mischwerke Osnabrück GmbH. & Co.KG.	Osnabrück	53
Asphalt-Mischwerke Rhein-Pfalz GmbH & Co. KG	Annweiler am Trifels	52
Atlas Industriebeteiligungsgesellschaft mbH	Linz am Rhein	83
AWE Asphaltmischwerk GmbH	Cappeln-Nutteln	77
AWE Asphaltmischwerk Walschleben GmbH & Co. KG	Walschleben	80
BASALT CZ s.r.o.	Zabrušany, Czech Republic	100
Basalt Eastern Europe GmbH	Linz am Rhein	100
Basalt International GmbH	Linz am Rhein	100
Basalt Minerals GmbH	Linz am Rhein	100
Basalt s.r.o.	Zabrušany, Czech Republic	97
BASALTKER Építőanyag Kereskedelmi Kft.	Uzsa, Hungary	100
Basalt-Középkő Kőbányák Kft.	Uzsa, Hungary	75
Basalt-Union Gesellschaft mit beschränkter Haftung	Linz am Rhein	76
Basaltwerk Pechbrunn, Gesellschaft mit beschränkter Haftung	Pechbrunn	76
Bayerische Asphaltmischwerke GmbH & Co. Kommanditgesellschaft für Straßenbaustoffe	Hofolding	52
Bergisch-Westerwälder Hartsteinwerke, Zweigniederlassung der Basalt-Actien-Gesellschaft	Linz am Rhein	100
BITUMINA Handel GmbH	Linz am Rhein	100
BITUMINA Spedition GmbH & Co. KG	Linz am Rhein	100
BMH - Basalt - und Mischwerk Herschbach GmbH & Co. Kommanditgesellschaft	Herschbach	51
BORNIT-Werk Aschenborn GmbH	Zwickau	62
BVG Baustoff-Vertriebs-Gesellschaft mbH	Kirn	100
BWH Basaltwerk Mittelherwigsdorf GmbH & Co. KG	Mittelherwigsdorf	51
DEUMA Mischwerke GmbH & Co. KG	Taucha	70
DEUTAG Zweigniederlassung der Basalt-Actien-Gesellschaft	Berlin	100
Diabaswerk Hirzenhain GmbH & Co. KG	Linz am Rhein	55
Diabaswerk Nesselgrund GmbH & Co. KG	Floh-Seligenthal	80

Building Materials **Aggregates**	Registered office	Share in %
Dortmunder Gussasphalt GmbH & Co. KG	Dortmund	70
Ems-Jade-Mischwerke GmbH KG. für Straßenbaustoffe	Cappeln	81
GAB Gesellschaft zur Aufbereitung von Baustoffen mbH	Berlin	100
GBH-Gesellschaft für Baustoff-Aufbereitung und Handel mit beschränkter Haftung	Brunnthal	100
GbR Asphaltmischwerk Karlsruhe	Karlsruhe	75
Hartsteinwerke Bayern-Mitteldeutschland Zweigniederlassung der Basalt-Actien-Gesellschaft	Erfurt	100
Hollweg, Kümpers & Comp., Zweigniederlassung der Basalt-Actien-Gesellschaft	Rheine	100
Isoliererzeugnisse Großröhrsdorf GmbH	Großröhrsdorf	100
Kopalnie Surowców Skalnych w Bartnicy Sp. z o.o.	Świerki, Poland	100
Mischwerke Lautzenbrücken GmbH & Co. KG	Lautzenbrücken	100
Mischwerke Mühlhausen GmbH	Mühlhausen	76
Norddeutsche Naturstein GmbH	Flechtingen	100
ODRA-ASFALT Sp. z o.o.	Szczecin, Poland	67
OOO "Basalt"	St. Petersburg, Russian Federation	100
OOO "Karjer Sheleiki"	Podporozhskiy rajon, Russian Federation	100
Sauerländer Asphaltmischwerke GmbH. & Co., Kommanditgesellschaft	Brilon	73
Schweden Splitt AB	Karlshamn, Sweden	100
Śląskie Kruszywa Naturalne Sp. z o.o.	Krapkowice, Poland	100
Südhessische Asphalt-Mischwerke GmbH & Co. KG für Straßenbaustoffe	Hanau	100
Südwestdeutsche Hartsteinwerke Zweigniederlassung der Basalt-Actien-Gesellschaft	Kirn	100
SWA Südwest Asphalt GmbH & Co. KG	Iffezheim	65
T E W E Bauchemiegesellschaft mbH	Vierlinden	100
TOV Vyrivskyj Karjer	Granitne, Ukraine	100
Werhahn & Nauen SE & Co. OHG	Neuss	100
Westdeutsche Grauwacke-Union Gesellschaft mit beschränkter Haftung	Linz am Rhein	100
Wm. Hilgers GmbH & Co. KG	Düsseldorf	100

Building Materials **Slate**	Registered office	Share in %
Rathscheck Schiefer und Dach-Systeme Zweigniederlassung der Wilh. Werhahn KG in Neuss	Mayen	100
Canteras Fernandez S.L. Elaboracion S.COM	El Barco, Spain	100
Canteras Fernandez S.L. Extracción S.COM	El Barco, Spain	100
Castrelos Elaboración S.L.S.COM.	El Barco, Spain	100
I.B. Rathscheck Söhne KG Moselschiefer-Bergwerke	Mayen	100
North American Slate LLC	Dover, USA	100
Pizarras La Baña, S.A.	Leon, Spain	99
Werhahn International Schiefer GmbH	Mayen	100

Consumer Goods **Zwilling Kitchenware**	Registered office	Share in %
ZWILLING J. A. Henckels Aktiengesellschaft	Solingen	100
360° BBQ GmbH	Frankfurt am Main	51
BBQ Rocket GmbH	Bergheim	51
Demeyere CommV	Herentals, Belgium	100
Demeyere Zwilling Nederland B.V.	Roermond, Netherlands	100
Flammkraft GmbH	Münster	51
Grill Heaven GmbH	Vösendorf, Austria	85
JV ZWILLING-RM GmbH	Solingen	90
OOO "ZWILLING J.A. HENCKELS Rus“	Moscow, Russian Federation	100
Santos Grills GmbH	Cologne	80
Staub Fonderie SARL	Merville, France	100
ZWILLING BALLARINI ITALIA S.R.L.	Rivarolo Mantovano, Italy	100
Zwilling Demeyere Belgium BV	Herentals, Belgium	100
ZWILLING International GmbH	Solingen	100
ZWILLING International Trading Shanghai Ltd.	Shanghai, China	100
ZWILLING J A Henckels MUTFAK VE GÜZELLİK ÜRÜNLERİ LİMİTED ŞİRKETİ	Istanbul, Turkey	100
ZWILLING J.A. HENCKELS (UK) Limited	Hitchin, United Kingdom	100
ZWILLING J.A. HENCKELS (Vietnam) Ltd.	Ho Chi Minh City, Vietnam	100
ZWILLING J.A. HENCKELS Canada Ltd.	Markham, Ontario, Canada	100
ZWILLING J.A. Henckels Deutschland GmbH	Solingen	100
ZWILLING J.A. HENCKELS Iberia S.A.	Cornellá de Llobregat, Spain	100
ZWILLING J.A. HENCKELS Japan Ltd.	Seki-shi, Japan	100
ZWILLING J.A. HENCKELS Kitchenware (Shanghai) Ltd.	Minhang, Shanghai, China	70
ZWILLING J.A. HENCKELS LLC	Wilmington, USA	100

Consumer Goods **Zwilling Kitchenware**	Registered office	Share in %
ZWILLING J.A. HENCKELS Scandinavia A/S	Ballerup, Denmark	100
ZWILLING J.A. HENCKELS Shanghai Ltd.	Pudong, Shanghai, China	70
ZWILLING J.A. HENCKELS Taiwan Ltd.	Taipei, Taiwan	100
ZWILLING Kitchen India Pvt. Ltd.	Chennai, India	80
ZWILLING STAUB FRANCE SAS	Paris, France	100
ZWILLING Trading GmbH	Solingen	100

Consumer Goods **Zwilling Beauty Group**	Registered office	Share in %
ZWILLING Beauty Group GmbH	Solingen	100
Ital Beauty Nippers (India) Pvt. Ltd.	Puducherry, India	90
QVS Global China	Dongguan, China	100
Tweezerman (India) Pvt. Ltd.	Puducherry, India	90
Tweezerman International, LLC	Wilmington, USA	100
Tweezerman Minority LLC	Wilmington, USA	100
Tweezerman UK Ltd.	Nottingham, United Kingdom	75
Zwilling Beauty Trading (Shenzhen) Ltd.	Shenzhen, China	100

Financial Services **abcfinance**	Registered office	Share in %
abcfinance GmbH	Cologne	100
abc Holding GmbH	Neuss	100
abc SME Lease Germany SA[1]	Luxembourg, Luxembourg	0
abcbank GmbH	Cologne	100
abcfinance advise GmbH	Cologne	100
abcfinance B.V.	's-Hertogenbosch, Netherlands	100
abcfinance GmbH	Vienna, Austria	100
abcfinance Holding GmbH	Neuss	100
DeTeWe Finance GmbH	Cologne	100
ETL Finance GmbH & Co. KG	Cologne	55
ETL Finance Verwaltungsgesellschaft mbH	Cologne	56
Hako Finance GmbH	Cologne	100
milon financial services GmbH	Cologne	69
Schneidereit Finance GmbH	Cologne	100

[1] These companies are special purpose entities.

Financial Services Bank11	Registered office	Share in %
Bank11 für Privatkunden und Handel GmbH	Neuss	100
Bank11 Holding GmbH	Neuss	100
RevoCar 2019 UG (haftungsbeschränkt)[1]	Frankfurt am Main	0
RevoCar 2019-2 UG (haftungsbeschränkt)[1]	Frankfurt am Main	0
RevoCar 2020 UG (haftungsbeschränkt)[1]	Frankfurt am Main	0
RevoCar 2021-1 UG (haftungsbeschränkt)[1]	Frankfurt am Main	0
RevoCar 2021-2 UG (haftungsbeschränkt)[1]	Frankfurt am Main	0
RevoCar 2022 UG (haftungsbeschränkt)[1]	Frankfurt am Main	0
RevoCar 2023-1 UG (haftungsbeschränkt)[1]	Frankfurt am Main	0
RevoCar 2023-2 UG (haftungsbeschränkt)[1]	Frankfurt am Main	0

Others	Registered office	Share in %
Wilh. Werhahn KG	Neuss	
abcfinlab GmbH	Cologne	100
Bankhaus Werhahn GmbH	Neuss	100
Charlie Acquisition GmbH	Monheim am Rhein	100
Delta Acquisition GmbH	Monheim am Rhein	100
Dritte Werhahn Projekte GmbH	Neuss	100
FiberLean Technologies France SAS	Paris, France	100
FiberLean Technologies GmbH	Neuss	100
Fiberlean Technologies India Private Limited	Pune, India	100
FiberLean Technologies Limited	Par, United Kingdom	100
FiberLean Technologies NA Inc.	Dover, USA	100
FiberLean Tecnologia e Solucoes EIRELI	Piracicaba, Brazil	100
Golf 2 Acquisition GmbH	Neuss	100
Golf Acquisition GmbH	Neuss	100
Werhahn Beteiligungs- und Projektgesellschaft mbH	Neuss	100
Werhahn Industrieholding SE	Neuss	100
Wilh. Werhahn KG Zweigniederlassung Haus & Grund	Neuss	100
WW Dreiundzwanzigste Acquisition GmbH	Monheim am Rhein	100
WW Dreiundzwanzigste VV GmbH	Monheim am Rhein	100
WW Einundzwanzigste Acquisition GmbH	Monheim am Rhein	100
WW Einundzwanzigste VV GmbH	Monheim am Rhein	100
WW Holding KG	Neuss	100
WW Neunzehnte Acquisition GmbH	Monheim am Rhein	100

[1] These companies are special purpose entities.

Others	Registered office	Share in %
WW Neunzehnte VV GmbH	Monheim am Rhein	100
WW Siebte Acquisition GmbH	Monheim am Rhein	100
WW Vierundzwanzigste Acquisition GmbH	Monheim am Rhein	100
WW Vierundzwanzigste VV GmbH	Monheim am Rhein	100
WW Zwanzigste Acquisition GmbH	Monheim am Rhein	100
WW Zwanzigste VV GmbH	Monheim am Rhein	100
WW Zweiundzwanzigste Acquisition GmbH	Monheim am Rhein	100
WW Zweiundzwanzigste VV GmbH	Monheim am Rhein	100
Yareto GmbH	Neuss	100
Zweite Werhahn Projekte GmbH	Neuss	100

2. Associated at-equity companies

	Registered office	Share in %
AEL-Abfallentsorgungsanlage Lösenbach GmbH	Lüdenscheid	49
amb Asphalt- und Bitumen-Mischwerke GmbH	Augsburg	50
AMH Asphaltmischwerk Hauneck GmbH & Co. KG	Hauneck	50
AMK Asphalt-Mischwerk Kirchheimbolanden GmbH & Co. KG	Kirchheimbolanden	50
AMK Asphalt-Mischwerke Kraichgau GmbH	Gemmingen	45
AMM Asphalt-Mischwerke-Mosel GmbH & Co.KG	Neumagen-Dhron	50
Arcos Hermanos S.A.	Albacete, Spain	49
DAM Deutzer Asphaltmischwerke GmbH & Co. KG	Cologne	60
H&B Grondstoffen C.V.	Capelle aan den Ijssel, Netherlands	48
Natursteinwerke im Nordschwarzwald NSN GmbH & Co.KG	Mühlacker-Enzberg	50
NHB Nahe-Hunsrück Baustoffe GmbH & Co. KG.	Kirn	50
Rheinische Provinzial-Basalt- und Lavawerke GmbH & Co. oHG	Sinzig	50
Trapobet Transportbeton GmbH Kaiserslautern Kommanditgesellschaft	Kaiserslautern	50
VAMA Vereinigte Asphalt- Mischwerke Aachen GmbH & Co. Kommanditgesellschaft	Alsdorf	45

3. Non-consolidated affiliated companies

	Registered office	Share in %
AML Asphaltmischwerk Langenthal GmbH & Co. KG	Langenthal	70
AML Asphaltmischwerk Langenthal Verwaltungs-GmbH	Langenthal	70
AMM Asphalt-Mischwerke Münsterland GmbH & Co.KG	Cappeln	100
AMW Asphalt-Mischwerke Würzburg Verwaltungs-GmbH	Würzburg	87
Asphalt - Mischwerke Rhein-Pfalz Beteiligungs-GmbH	Annweiler am Trifels	52
Asphalt-Mischwerk Bischofsheim Verwaltung GmbH	Bischofsheim	86
Asphalt-Mischwerke Münsterland Verwaltungs-GmbH	Ladbergen	100
AWE Asphaltmischwerk Walschleben Verwaltung GmbH	Walschleben	80
B V G Baustoff-Vertriebs- u. Verwaltungsgesellschaft mbH	Kirn	100
Ballarini North America Inc. i.L.	Horsham, USA	100
Basalt Ukraine TOV i.L.	Kiev, Ukraine	100
Basalt- und Mischwerk Herschbach GmbH	Herschbach	51
Bayerische Asphaltmischwerke Gesellschaft mit beschränkter Haftung	Hofolding	52
Beteiligungsgesellschaft Asphalt-Mischwerke Osnabrück mit beschränkter Haftung	Osnabrück	53
BITUMINA Handel Verwaltungs GmbH	Linz am Rhein	100
BITUMINA Spedition Verwaltungs GmbH	Linz am Rhein	100
BRP-Baustoffaufbereitungs- und Recycling-Gesellschaft in Pforzheim mbH	Pforzheim	100
BWH Basaltwerk Mittelherwigsdorf Verwaltungs-GmbH	Mittelherwigsdorf	51
Canteras Fernandez S.L.	El Barco, Spain	100
Canteras Fernandez S.L. Geologia S.COM	El Barco, Spain	75
Castrelos Elaboración S.L.	El Barco, Spain	100
DEUMA Beteiligungs-GmbH	Taucha	70
Diabaswerk Hirzenhain Verwaltungs-GmbH	Linz am Rhein	55
Diabaswerk Nesselgrund Verwaltungs-GmbH	Floh-Seligenthal	80
Dortmunder Gußasphalt Gesellschaft mit beschränkter Haftung	Dortmund	70
Ems-Jade-Mischwerke GmbH	Cappeln	81
Fünfte Werhahn Beteiligungen GmbH	Neuss	100
Fünfte Werhahn Projekte GmbH	Neuss	100
GfR-Gesellschaft für Rekultivierung mbH	Linz am Rhein	100
Hessentor Gesellschaft für Unternehmensbeteiligungen mbH	Neuss	100
Hilgers Beteiligungsgesellschaft mbH	Düsseldorf	100
HWR Hartsteinwerk Rattenberg GmbH	Brunnthal, OT Hofolding	100
Inn-Asphalt-Mischwerke GmbH.	Nußdorf am Inn	75
Knife Aid Inc.	Agoura Hills, USA	100
LAJTA-KAVICS Bányászati Kft.	Darnózseli, Hungary	100
Marsdorfer Asphaltwerke Gesellschaft mit beschränkter Haftung i. L.	Linz am Rhein	57

	Registered office	Share in %
MAW-Marsdorfer Asphaltwerke Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft i. L.	Linz am Rhein	57
Mischwerke Lautzenbrücken Verwaltungsgesellschaft mbH	Lautzenbrücken	100
Mühle Cottbus GmbH i.L.	Neuss	100
N 2 SRG GmbH	Linz am Rhein	100
Norddeutsche Naturstein Rail GmbH	Flechtingen	100
Obertor Immobilien GmbH	Neuss	100
OOO "Basalt Management"	St. Petersburg, Russian Federation	100
Rathscheck Schiefer und Dach-Systeme Verwaltungs GmbH	Mayen	100
Rheintor Immobilienholding GmbH	Neuss	100
Santos Nord GmbH	Norderstedt	51
Sauerländer Asphaltmischwerke GmbH	Brilon	72
Secato Style GmbH	Solingen	100
Senftenberger Kohlenwerke Gesellschaft mit beschränkter Haftung	Neuss	100
Siebte Werhahn Projekte GmbH	Neuss	100
Stephan Beratungs-GmbH	Linz am Rhein	70
Stichting Derdengelden ABC finance	Eindhoven, Netherlands	0
Südhessische Asphalt-Mischwerke Gesellschaft mit beschränkter Haftung	Hanau	100
Südwest Asphalt Verwaltungs GmbH	Iffezheim	65
Thaler Baustoff-Betriebe Gesellschaft mit beschränkter Haftung	Falkenstein/Harz	100
Verwaltungsgesellschaft Wilh. Werhahn mit beschränkter Haftung.	Neuss	100
Vierte Werhahn Projekte GmbH	Neuss	100
VV Eins Verwaltungs-GmbH i.L.	Neuss	100
WAW Asphalt GmbH	Linz am Rhein	100
Werhahn Flour Mills GmbH i.L.	Neuss	100
WMW GmbH	Linz am Rhein	100
WW Dreiundzwanzigste-VBV GmbH & Co.KG	Monheim am Rhein	100
WW Einundzwanzigste-VBV GmbH & Co.KG	Monheim am Rhein	100
WW Neunzehnte-VBV GmbH & Co.KG	Monheim am Rhein	100
WW Vierundzwanzigste-VBV GmbH & Co.KG	Monheim am Rhein	100
WW Zwanzigste-VBV GmbH & Co.KG	Monheim am Rhein	100
WW Zweiundzwanzigste-VBV GmbH & Co.KG	Monheim am Rhein	100
ZWILLING Cooking Studio LLC	Wilmington, USA	100
ZWILLING Cooking Studio Minority LLC	Wilmington, USA	100
ZWILLING J.A. Henckels Austria GmbH	Parndorf, Austria	100
ZWILLING J.A. HENCKELS Brasil Produtos de Cozinha e Beleza Ltda.	Sao Paulo, Brazil	100

	Registered office	Share in %
ZWILLING J.A. Henckels Ireland Ltd.	Dublin, Ireland	100
ZWILLING J.A. Henckels Portugal, Lda.	Alcochete, Portugal	100
ZWILLING J.A. Henckels Schweiz AG	Zürich, Switzerland	100
ZWILLING J.A. Henckels Sverige AB	Kungsbacka, Hallands län, Sweden	100

4. Other associated companies

	Registered office	Share in %
”RKS“ Kies- und Splittwerke Eckelsheim GmbH & Co. KG	Eckelsheim	50
”RKS“ Kies- und Splittwerke GmbH	Eckelsheim	50
Adrian Basalt GmbH & Co. KG	Enspel	50
Adrian Basalt Verwaltungsgesellschaft mbH	Enspel	50
AMH Asphaltmischwerk Hauneck Verwaltungs GmbH	Hauneck	50
AMK Asphalt-Mischwerk Kirchheimbolanden Verwaltungs-GmbH	Kirchheimbolanden	50
AMM Asphalt-Mischwerke-Mosel Verwaltungs-GmbH	Neumagen-Dhron	50
BATO Minerals AG	Basel, Switzerland	50
DAM Deutzer Asphaltmischwerke Verwaltungs-GmbH	Cologne	60
H&B Grondstoffen B.V.	Capelle aan den Ijssel, Netherlands	50
Herbert Willersinn Steinbruch- Verwaltungs GmbH	Heßheim	50
J. u. G. Giro Nachf. Willersinn GmbH & Co KG Steinbruchbetrieb	Bolanden	50
Natursteinwerke im Nordschwarzwald NSN Verwaltungsgesellschaft mit beschränkter Haftung	Mühlacker	50
NHB Nahe-Hunsrück Baustoffe und Verwaltungsgesellschaft mbH	Kirn	50
Plattform Dach.de Gesellschaft des bürgerlichen Rechts	Hamburg	20
Rheinische Provinzial-Basalt- und Lavawerke Verwaltungs-GmbH	Sinzig	50
SC Diabas Bata s.r.l.	Timisoara, Romania	50
Schillathöhle GmbH	Hessisch Oldendorf-Langenfeld	49
Schuhmacher & Heuser GmbH	Katzenelnbogen	50
STA Asphaltmischwerk Strahlungen GmbH	Strahlungen	25
Steinbruch Breidenbach Verfüllungsgesellschaft mbH	Breidenbach	50
Steinbruch Spittergrund GmbH	Erfurt	50
VAMA Vereinigte-Asphalt-Mischwerke Aachen, Verwaltungsgesellschaft mit beschränkter Haftung	Alsdorf	45
Verwaltungsgesellschaft mit beschränkter Haftung TRAPOBET Transportbeton Kaiserslautern	Kaiserslautern	50

5. Other participations

	Registered office	Share in %	Equity in € thousand	Annual result in € thousand
AME Asphalt-Mischwerke Eifel GmbH & Co. KG	Sinzig	33	465[2]	754[2]
Asphalt-Mischwerke Eifel Verwaltungsgesellschaft mbH	Sinzig	33	47[2]	2[2]
DEBUS Naturstein GmbH & Co. KG	Untersiemau	49	1,924[2]	314[2]
Debus Naturstein Verwaltungs-GmbH	Untersiemau	49	26[2]	3[2]
Escombrera Sobredo S.L.	Carballeda de Valdeorras, Spain	22	107[2]	29[2]
Hartsteinwerke Burgk GmbH & Co. KG	Schleiz	27	4,710[2]	643[2]
HWB Hartsteinwerke Burgk Verwaltungs-GmbH	Schleiz	27	80[2]	2[2]
INTERASPHALT Sp. z o.o.	Obornik, Poland	48	823[2]	24[2]
ThyssenKrupp MillServices & Systems GmbH	Duisburg	32	46,769	12,925

[2] Figures from previous years.

For other companies, use is made of the exemption provision of section 313, paragraph 3, sentence 1 of the German Commercial Code (HGB).

Notes to the Cash Flow Statement

The Cash Flow Statement is prepared in accordance with DRS 21 and shows how funds held by the Werhahn Group have changed during the reporting year through the inflow and outflow of cash. The minimum classification scheme was expanded to include items for the financial services business.

In the business year, additional line items relating to the financial services business were added to the cash flow statement to provide a more detailed presentation. These items include interest expenses and interest income from financial services, as well as interest paid and received in the financial services business, which had been reported in other non-cash expenses and income in the previous year. Furthermore, to increase informative value, bonds from financial services are also reported in a separate line.

In addition, the presentation of cash flows from interest received and paid outside of the financial services business was amended to reflect the change in the interest rate environment. Where these cash flows arise in connection with operating activities or cash funds, they are presented in the cash flow from operating activities. The prior-year figures were adjusted to improve comparability.

For information on the access restrictions within cash funds, please see note 5 of the Notes to the Consolidated Financial Statements.

A brief presentation of the Cash Flow Statement is given below:

in € thousand	**2023**	2022
Cash flow from operating activities	–380,835	–307,496
Cash flow from investing activities	–166,341	–119,331
Cash flow from financing activities	–59,489	–67,281
Net change in cash funds	**–606,665**	**–494,108**
Other changes in cash funds	–2,323	–2,309
Cash funds at beginning of period	441,000	937,417
Cash funds at end of period	**–167,988**	**441,000**

Other information

Transactions with related companies and persons

Transactions with related companies and persons are generally conducted under customary market conditions. Employees and shareholders are entitled to standard discounts on specific Werhahn products in some business units. Transactions with related companies primarily involve the normal exchange of goods and services.

Minimum taxation

In Germany and other countries in which the Werhahn Group operates, a law introducing a global minimum tax has been introduced. This provides for a minimum rate of effective taxation of 15%. Since this law is applicable from January 1, 2024, it has no effect on the 2023 Consolidated Financial Statements. The provisions of section 274, paragraph 3 of the German Commercial Code regarding the exclusion of deferred taxes due to the application of domestic or foreign minimum taxation laws is already applicable to the Consolidated Financial Statements as of December 31, 2023, in accordance with Article 91(2) of the Introductory Act to the German Commercial Code (EGHGB). Any taxes arising due to the minimum taxation rules must be recognized as an actual tax expense at the time they are incurred.

The Werhahn Group has analyzed the impact of the laws introducing a global minimum tax rate for the countries and companies concerned. This analysis found that an additional tax charge – in the form of a qualified domestic top-up tax – could arise in one country due to the low tax rate. The impact on the Consolidated Financial Statements is of minor significance. Furthermore, no material impacts are expected for future periods.

Subsequent events

After the closing date, no events expected to be of material significance for the net assets, financial position and results of operations of the Werhahn Group occurred in any Werhahn Group companies.

Transactions not included in the Consolidated Balance Sheet

in € thousand	2023	2022
Liabilities from sureties, bills and check guarantees	98,260	98,856
(thereof to affiliated companies)	(418)	(418)
(thereof to associated companies)	(991)	(1,101)
Commitments from open purchase orders	97,852	93,819
Cash value of non-current commitments from rent, tenancy and leasing agreements	119,204	126,240
(thereof to affiliated companies)	(363)	(1,556)
(thereof to associated companies)	(–)	(175)
Commitments from loan undertakings	395,904	411,639
(thereof to affiliated companies)	(1,883)	(2,074)
Other financial obligations	14,612	10,268
(thereof to affiliated companies)	(2,215)	(1,927)

There are no off-balance sheet transactions beyond the contingent liabilities and other financial commitments that are necessary for the assessment of the Group's financial position. Sufficient provisions have been established for all identifiable risks from claims under sureties. Moreover, no claims are expected, since no borrowers are expected to default.

Derivative financial instruments

The Werhahn Group applies hedge accounting in accordance with section 254 of the HGB. In accordance with the net hedge presentation method, changes in the value of underlying transactions and hedging instruments are not recognized. The effectiveness of the valuation units is assessed using the critical terms match method, and this assessment is made as a forecast at every closing date. Derivative financial instruments are valued using the mark-to-market method.

Foreign currency loans in the local currency are extended to foreign subsidiaries for refinancing. The currency risk from the Group's point of view that arises from payments of principal and interest is hedged using forward exchange contracts.

The regular procurement of goods in the course of regular business that takes place in a foreign currency is planned with a certain buffer prior to the actual transaction. The net currency position that arises from these highly probable forecast transactions is also hedged against currency risk using portfolio hedges.

Raw materials needed for the production process for sales transactions already contracted for are procured using forward supply contracts. If the supply contracts contain variable prices, commodity swaps are used to avoid price risks from these transactions. This mainly involves portfolio hedges with a residual maturity of up to one year.

As part of securitization transactions, special purpose vehicles issued variable-rate bonds for refinancing a fixed-rate loan portfolio. To reduce the interest rate risk, amortizing interest rate swaps with a long residual maturity were arranged. Depending on the structure of the swap, the underlying instruments are variable-rate bonds or fixed-income customer receivables. In the case of variable bonds, the swaps represent a micro hedge, while the customer receivables are protected by portfolio hedging.

The majority of the micro hedges and portfolio hedges provide 100% hedging of underlying transactions.

The following underlying transactions are included in the valuation units:

Type of underlying transaction	Type of hedged risk	Hedged amount of underlying transaction in € thousand (book value, expected value)	Hedged risk in € thousand	Positive fair value in € thousand	Negative fair value in € thousand
Intragroup refinancing	Currency risk	275,816	4,203	2,422	–1,781
Highly probable forecast transactions	Currency risk	20,642	378	139	–239
Pending transactions	Procurement price risks	13,993	1,381	–	–1,381
Variable-rate bonds	Interest rate risk	432,039	19,002	19,002	–
Receivables from customers	Interest rate risk	1,177,712	16,734	9,359	–7,375

Neuss, April 29, 2024

Wilh. Werhahn KG

Alexander Boldyreff

Andreas König

Stephan Kühne

Independent Auditor’s Report[1]

To Wilh. Werhahn KG, Neuss

Audit Opinions

We have audited the consolidated financial statements of Wilh. Werhahn KG, Neuss, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of Wilh. Werhahn KG for the financial year from 1 January to 31 December 2023.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law to be applied according to § [Article] 13 PublG [Publizitätsgesetz: Public Disclosure Act] and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles, and

- the accompanying group management report as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 14 PublG in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report“ section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

[1] Translation of the auditor's report issued in German language on the consolidated financial statements prepared in German language by the management of Wilh. Werhahn KG, Neuss.

Other Information

The executive directors are responsible for the other information. The other information comprises the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

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

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law to be applied according to § 13 PublG, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 14 PublG and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.

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

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Essen, April 29, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Heike Böhle	ppa. Dr. Robert Vollmer
Wirtschaftsprüferin	Wirtschaftsprüfer
(German public auditor)	(German public auditor)

Addresses

Aggregates

Basalt-Actien-Gesellschaft
Linzhausenstraße 20, DE-53545 Linz am Rhein
Tel.: +49 (0)2644 563-0
Fax: +49 (0)2644 563-165
Email: info@basalt.de
www.basalt.de

Business activities/products
Production and sale of aggregates consisting of natural products and bituminous mixtures, logistics services, receipt and recycling of recyclable building rubble, inert excavated earth for landfills

Slate

Rathscheck Schiefer und Dach-Systeme
ZN der Wilh. Werhahn KG
St.-Barbara-Straße 3, 56727 DE-Mayen-Katzenberg
Tel.: +49 (0)2651 955-0
Fax: +49 (0)2651 955-100
Email: info@rathscheck.de
www.rathscheck.de

Business activities/products
Slate for roofs, façades and interiors, rafter insulation systems, roofing tools and roofing equipment

Zwilling Kitchenware

ZWILLING J.A. Henckels AG
Grünewalder Straße 14-22, DE-42657 Solingen
Tel.: +49 (0)212 882-0
Fax: +49 (0)212 882-347
Email: info@zwilling.com
www.zwilling.com

Business activities/products
Knives, scissors, cookware, kitchen utensils, cutlery

Zwilling Beauty Group

ZWILLING Beauty Group GmbH
Am Schönenkamp 45, DE-40599 Düsseldorf
Tel.: +49 (0)211 5380-3300
Fax: +49 (0)211 9991-7937
Email: zwilling@zwillingbeautygroup.com
www.zwillingbeauty.com

Business activities/products
Manicure, pedicure, tweezers and other beauty tools

abcfinance

abcfinance GmbH
Kamekestraße 2-8, DE-50672 Köln
Tel.: +49 (0)221 57908-0
Fax: +49 (0)221 57908-126
Email: info@abcfinance.de
www.abcfinance.de

Business activities/products
Lease finance for mobile goods, rental agreements and leases, factoring

Bank11

Bank11 für Privatkunden und Handel GmbH
Hammer Landstraße 91, DE-41460 Neuss
Tel.: +49 (0)2131 6098-0
Fax: +49 (0)2131 6098-133
Email: mail@bank11.de
www.bank11.de

Business activities/products
Sales and purchase financing for mid-size vehicle trade in Germany

Wilh. Werhahn KG

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