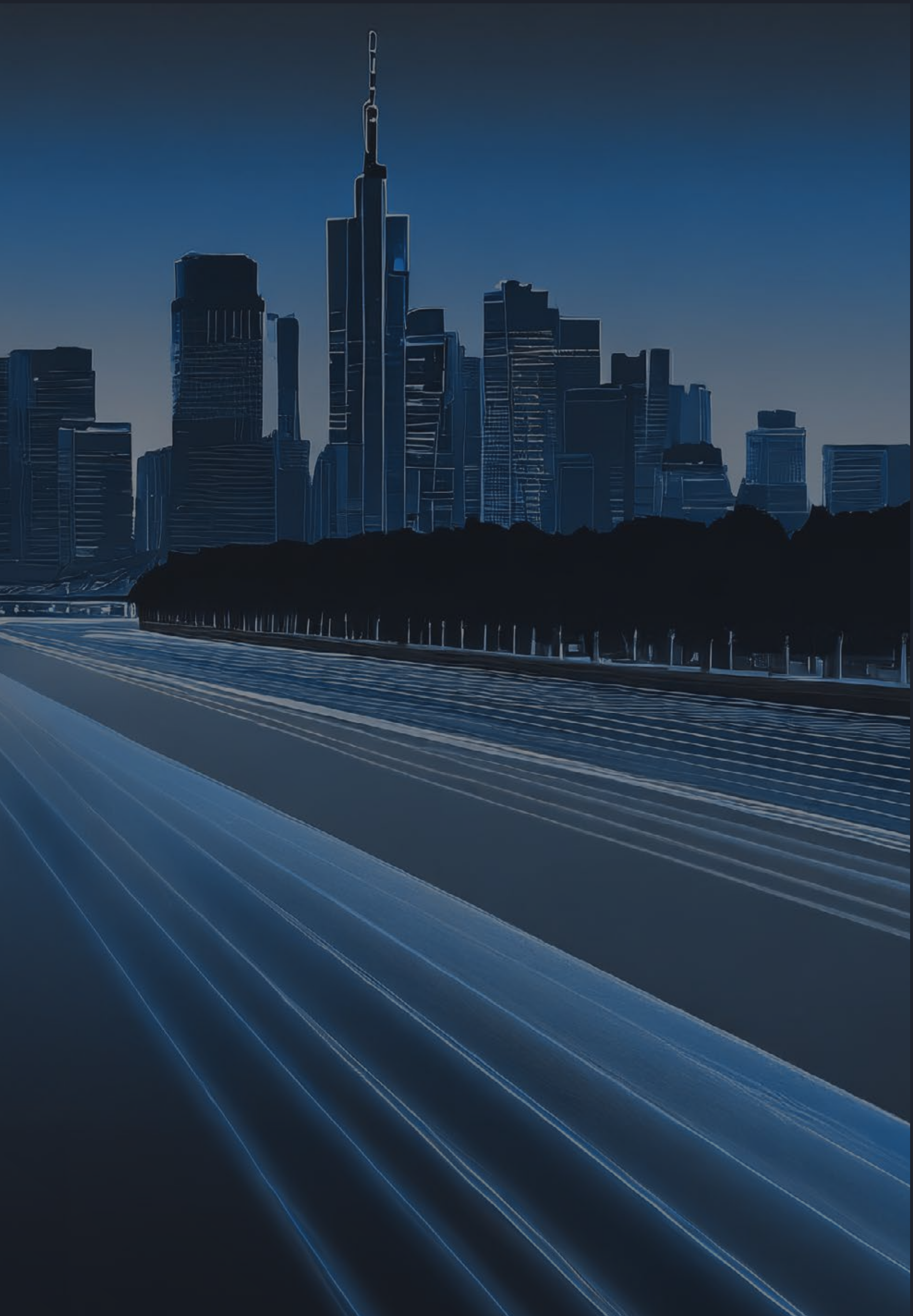
BROCKHAUS
TECHNOLOGIES

We deliver what we promise.

Annual Report

2023



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BROCKHAUS
TECHNOLOGIES

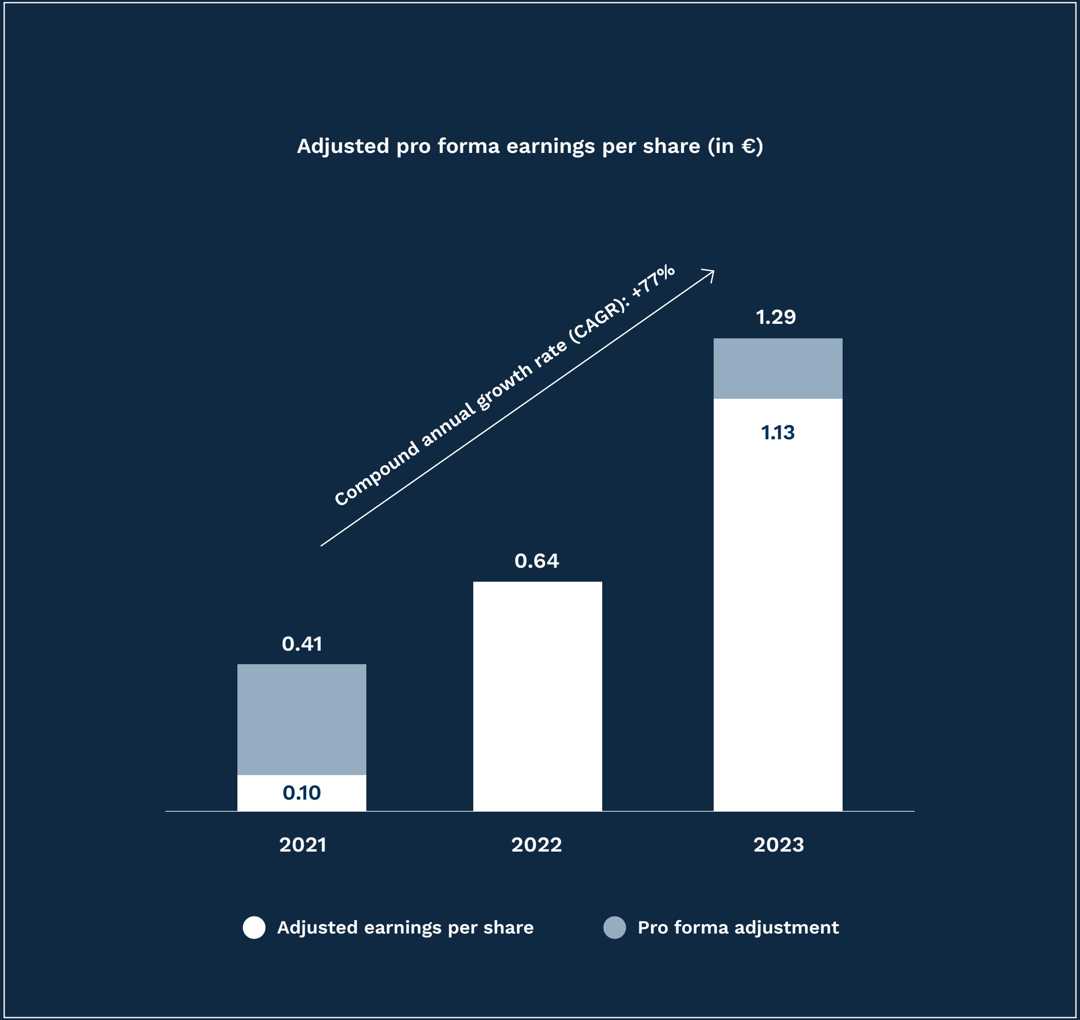
Another record year for Brockhaus Technologies

Revenue	Gross profit (pro forma)	Adjusted EBITDA (pro forma)
€187 million	€124 million	€67 million
2022 | €142.7 million +30.8%	2022 | €91.7 million +35.2%	2022 | €47.4 million +41.3%

Employees	Adjusted earnings per share (pro forma)	Free cash flow before tax
467	€1.29	€44 million
2022 | 372 +25.5%	2022 | €0.64 +100.8%	2022 | €39.8 million +11.7%

For information on adjusted key figures, please refer to pages 94 and following.

Dynamic earnings growth



Please refer to page 97 for further information on the adjusted earnings.

Brockhaus Technologies again kept its promise of generating sustainable, profitable growth and consequently creating shareholder value in the fiscal year 2023. This is reflected in the dynamic growth in adjusted earnings per share, which more than doubled year-on-year from €0.64 to pro forma €1.29. If the year 2021 is included in the analysis, this important indicator has increased as much as threefold.

The fact that the improvements were achieved despite major geopolitical and economic challenges and uncertainties demonstrates the resilience of our Group's business model.

For more information on shares, see p. 42 →

Highlights in 2023

Results for 2023 landed at the upper end of expectations – 2024 promises further upside potential

In fiscal year 2023, Brockhaus Technologies once again succeeded in meeting its own forecasts. Despite challenging conditions, it posted revenue of €187 million, a figure that exceeded the upper end of the forecast range of €165 million to €175 million. The adjusted EBITDA margin was 33.3%, while the adjusted EBITDA rose significantly to €62 million. BKHT used the funds generated to strengthen its operating activities by acquiring four external sales agencies at Bikeleasing, but also to further improve the quality of its balance sheet. In 2023, for instance, an additional €24 million in loans from the acquisition of Bikeleasing were paid off early. The Group's net debt relative to adjusted EBITDA of the last twelve months was only 0.87x. Thanks to cash and cash equivalents of €54 million, the company is very well positioned for future growth. BKHT is confident that it will again be able to increase revenue in 2024 to between €220 million and €240 million and adjusted EBITDA to between €80 million and €90 million not accounting for any potential acquisitions.

Bikeleasing (Financial Technologies segment) achieves significant increases again

2023 was another record year for Bikeleasing, with revenue of €146 million (+37.1%) and an adjusted pro forma EBITDA of €63 million (+43.6%). Its future prospects are also excellent thanks to the increase in the number of connected corporate customers to around 60,000, representing a combined workforce of approximately 3.3 million employees. Demand for company bicycles remains high: In 2023, around 151,000 of them were brokered and financed via the digital Bikeleasing platform, some 28% more than in the previous year. Future growth is to be driven by further market penetration by acquiring additional corporate customers and by increasing usage rates among existing customers. The fact that direct-to-customer bicycle retailers have already been integrated, together with the planned expansion of the platform to include additional employee benefits and internationalization of the business beyond Germany and Austria, also represent additional potential.

IHSE (Security Technologies segment) records very high demand from America – strong profitable growth potential also from new application areas

IHSE continued its profitable growth trajectory in 2023 as envisaged, posting revenue of €40.5 million (+12.1%) and adjusted EBITDA of €11.1 million (+28.7%). That is the highest amount of revenue the IHSE Group has ever achieved in a fiscal year. The main factor driving the strong revenue growth is the dynamic development of demand in the Americas region, where revenue increased by 24.6%. In 2023, the largest single order in the company's history was also captured in the field of air traffic control. The coming years promise continued profitable growth due to the global trend toward greater digitalization and increasing connectivity and thanks to the need to protect against the increasing incidence of cyberattacks worldwide, as well as due to higher demand from the security systems sector.

Letter from the Executive Board

We deliver what we promise. The key slogan of our Annual Report this year was impressively underscored by yet another very successful performance and dynamic, profitable growth in fiscal year 2023.

Letter from the Executive Board

Dear Shareholders,

We deliver what we promise. The key slogan of our Annual Report this year was impressively underscored by yet another successful performance and dynamic, profitable growth in fiscal year 2023. Despite large geopolitical and economic uncertainties, we managed to post revenue of €187 million in the reporting period, 30.8% more than in 2022 and surpassing the envisaged range of €165 million to €175 million we had announced. We were able to achieve a pleasing adjusted EBITDA margin of 33.3%. In the pro forma view, we even increased it from 33.2% in the previous year to 35.9% in 2023. Adjusted EBITDA climbed accordingly from around €47 million to €62 million, or by 31.2%. Adjusted earnings per share also rose significantly from €0.64 to €1.29 on a pro forma basis. The result was another record year for our Group. In 2023, we thus once again lived up to our value proposition, namely to take technology champions to the next level of growth and create value for society – and so for our entrepreneurs, investors and employees.

Our two subsidiaries Bikeleasing and IHSE benefit from their different, yet forward-looking business models and once again excelled with a powerful performance. Thanks to their strategic positioning, both subsidiaries promise further great potential moving ahead. For example, Bikeleasing is one of the pioneers of employee benefits and green mobility with its offerings in the field of company bicycle leasing. Thanks to its cutting-edge technology, IHSE ensures secure data transmission in more and more mission critical areas and helps prevent cybercrime.

We have set our sights on a further significant leap in growth over the next two years. We aim to increase our revenue this fiscal year to between €220 million and €240 million and significantly increase it further to between €290 million and €320 million in 2025. Adjusted EBITDA is expected to rise to between €80 million and €90 million in 2024 and have a margin of 40% in 2025. That means our adjusted EBITDA would have almost doubled compared to 2023.

Financially, we are very well positioned for the future, with low net debt and a thick liquidity cushion. The above-mentioned growth targets up to 2025 do not include any significant further acquisitions or expansions by our Group. Nonetheless, we permanently examine inorganic growth options, although these must meet our stringent acquisition criteria. In addition to further company acquisitions, however, we also see our own share as a lucrative investment opportunity with great upside potential, since Brockhaus Technologies not only meets, but exceeds its own ambitious growth criteria with 20% organic revenue growth per annum and an EBITDA margin of 30%. Our voluntary public share buyback program, which we successfully completed in December 2023 and in which we acquired around 500,000 of our own shares at a price of €22.00 for a total volume of €11 million, should be seen in this context. We also reserve the right to acquire further shares in Brockhaus Technologies within the scope authorized by the Annual General Meeting. The potential of our share is demonstrated by the assessment of one of our equity research analysts, who attests that its price could rise up to €68. That is a huge discrepancy compared to our current valuation on the stock market. We have to do something about this and we are therefore looking at all options intensively and, above all, with an open mind.

We wish to take this opportunity to express our deepest gratitude to all employees of our Group for the great role they played in the successes we achieved in 2023. We would also like to thank the Supervisory Board for its constructive and influential support and you, our shareholders, for your trust. Together in 2024, we will once again take another big stride toward our goal of being the leading technology group in Germany. We look forward to that!

Marco Brockhaus **Dr. Marcel Wilhelm**

+30.8%

Revenue

€67 million

Adjusted EBITDA (pro forma)

35.9%

Adjusted EBITDA margin (pro forma)

+101%

EPS growth (pro forma)

Executive Board Interview

“You can expect us to improve our revenue and earnings again in 2024”

Marco Brockhaus
Founder, CEO

Executive Board Interview

Brockhaus Technologies again posted record revenue and earnings in the 2023 reporting period and is also confident about the coming years thanks to a business model geared toward profitable growth. It aims to increase revenue and profitability significantly in the next fiscal years, with operating income doubling once more by 2025. In this interview, the two members of the Executive Board, Marco Brockhaus and Dr. Marcel Wilhelm, explain how this is to be achieved, what the secrets behind the success story of the company and its two subsidiaries Bikeleasing and IHSE are, and why Brockhaus Technologies' share is an attractive investment.

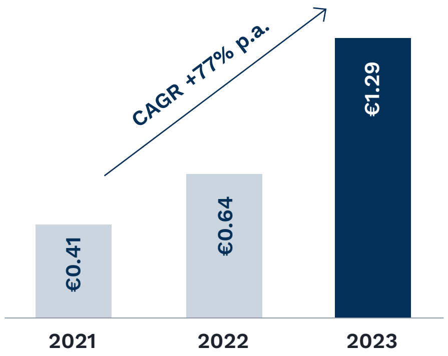
Mr. Brockhaus, another record year and very good prospects for your subsidiaries. Surely you can be totally satisfied with 2023?

Marco Brockhaus: Indeed we can. Our operational successes at Bikeleasing and IHSE and our improved revenue and earnings at the Group level are impressive. However, they are rooted in a clear and rigorously implemented growth strategy and are a clear vindication of it. These developments come as no surprise to us, as they were also reflected in our forecast for the year as a whole, in which we exceeded the upper end of our forecast range by chalking up revenue of €187 million and generated an EBITDA margin of 33.3%. We were again very successful in creating value for our shareholders. You can see that not only in our operating performance, but also, for example, in the improvement in our adjusted earnings per share, which rose from €0.64 to €1.29 on a pro forma basis in 2023 and have almost tripled since 2021.

What's the secret of Brockhaus Technologies' success? What makes your companies so strong?

Dr. Marcel Wilhelm: The secret of our success is our special business model and our strategy of focusing our acquisitions on high-margin and high-growth technology and innovation champions with B2B business models from the Mittelstand and nothing else. We've proven that year after year at Bikeleasing and IHSE, as well as at our subsidiary Palas, which we sold at the end of 2022 with a big increase in value. We focus on companies that have an EBITDA margin of 30%, deliver double-digit revenue growth and boast business models with low capital intensity and pricing power. And together with management of the operating entities, we're in a position to take them to even higher levels of growth. That's what we've accomplished at all our subsidiaries.

Adjusted pro forma earnings per share



Please refer to page 97 for further information on the adjusted earnings.

Let's take a look at your two segments. Shall we start with Bikeleasing?

Marco Brockhaus: As a digital B2B platform, Bikeleasing benefits from the growing interest in leasing company bikes through employers as a low-cost financing option in the bicycle market. When we acquired a 52% majority stake in the company in 2021, Bikeleasing brokered around 82,000 company bicycles; by 2022, that figure had risen to 118,000 and by 2023, it had almost doubled to 151,000. Our customer base grew from 46,000 companies with 2.5 million employees to 60,000 companies and 3.3 million employees in the reporting period. And a large slice of the market still remains untapped. Experts such as the management and strategy consulting firm Deloitte say that up to 60% of all employees in Germany are basically interested in such an offering. So there's huge growth potential just from increasing usage among our existing customer base. That base will continue to grow this year and next. We intend to improve our profitability from 2024 onward with the sales agencies we acquired in 2023, which will significantly increase the added value we create. We want to keep on expanding internationally and in the future also offer other benefits apart from bikes via our established platform.

But IHSE operates successfully in a completely different arena, doesn't it?

Dr. Marcel Wilhelm: IHSE and kvm-tec, which we acquired in 2021, are experts in the field of high-security, reduced-latency and loss-free data transmission of often high data volumes in mission-critical applications. We are benefiting from rising demand from a wide range of sectors: air traffic control, utilities, transportation, banking and maritime shipping, but also e-sports, semiconductor production and all kinds of control centers in general. In 2023, the sharp rise in requirements in the secure systems sector also had a perceptible positive impact in the shape of higher demand in the government/defense market segment. Without giving away any details, lightning-fast data transmission plays a vital role in air defense, for example. In April 2023, we landed the largest single order in the company's history. Thanks to IHSE's technology and more efficient data processing, around 1,500 air traffic controllers at 21 airspace surveillance locations of a large state aviation authority will be able to monitor around 74% more aircraft simultaneously on their screens than before. IHSE thus makes a key contribution to improving flight safety.

Your aim is to keep on growing profitably. What specific targets have you defined for 2024 and the years after?

Marco Brockhaus: We communicated our targets for up to 2025 at the end of last June. They are testimony to our confidence and belief in our own abilities moving forward. For instance, we aim to grow revenue strongly to between €290 million and €320 million and further increase the adjusted EBITDA margin to 40%. We intend to almost double our adjusted EBITDA again compared to 2023 to around €120 million. The current 2024 fiscal year will mark an important milestone toward meeting these targets as we aim for revenue growth of between 18% and 29% compared with revenue in the 2023 reporting period, to between €220 million and €240 million, and for adjusted EBITDA of between €80 million and €90 million, which would equate to growth of between 29% and 45% compared with adjusted EBITDA generated in the 2023 reporting period.

Targets up to 2025

€290 – €320 million

Revenue

40%

Adjusted EBITDA margin

What are you going to do with the strong cash flow you earn on the back of your strong operating performance?

Dr. Marcel Wilhelm: We at Brockhaus Technologies have a clear credo: We always select investments with a view to maximizing the increase in value for our shareholders. As the purchase prices for potential acquisition targets to strengthen our Group have remained very high recently in spite of the sometimes difficult general conditions, we haven't undertaken any active moves in this regard. And that's despite the fact that we looked at numerous interesting candidates that would've basically met our demanding criteria of average annual revenue growth of more than 20% and an EBITDA margin of at least 30%. We're not prepared to pay any price, nor will we change that approach. Accordingly, we invested the proceeds from the very successful sale of our subsidiary Palas at the end of 2022 and the cash flows for 2023 primarily in repaying debt. However, we also spent a total of around €20 million at Bikeleasing on acquiring four external sales agencies, thereby appreciably increasing the added value our subsidiaries create. That already had a positive impact on earnings in 2023.

... and you've bought back your own shares for the first time. Why do you see Brockhaus Technologies' share as an attractive investment?

Marco Brockhaus: We do indeed see our share as an interesting investment and we bought back around 500,000, or around 4.6% of the share capital, for around €11 million in December 2023. And we don't rule out buying back more shares in 2024, as our analysts are not the only ones who see plenty of upside potential for their price. You won't find many listed companies in Germany that consistently generate dynamic sales growth and EBITDA of 35% and more year after year. As a group, we more than meet our 20/30 rule – and by a long stretch. We have a very sound balance sheet, we generate a lot of cash flow and our business model offers the opportunity to invest in innovation and technology champions in the German Mittelstand. We've just talked about our ambitions for 2024 and 2025 and we'll continue on our growth path and keep on doing all we can to deliver what we promise.

Mr. Brockhaus, Dr. Wilhelm, thank you for the interview.

"We invest where we have the prospect of maximizing the increase in value for our shareholders"

Dr. Marcel Wilhelm
Chief Operating Officer


AktG

Report of the Supervisory Board

The Supervisory Board of Brockhaus Technologies AG oversaw the activities of the Executive Board in accordance with the requirements of the German Stock Corporation Act and the Articles of Association of BKHT and provided advice and support during the 2023 fiscal year.

Dr. Othmar Belker
Chairman

Members of the Supervisory Board

Michael Schuster
Deputy Chairman

Prof. Dr. Christoph Hütten
Member

Martin Bestmann
Member

Matthias Memminger
Member

Dr. Nathalie Krebs
Member

Report of the Supervisory Board

The Supervisory Board of Brockhaus Technologies AG, Frankfurt am Main, (**“Company”** or **“BKHT”**, together with its subsidiaries **“Brockhaus Technologies”** or the **“Group”**) oversaw the activities of the Company’s Executive Board in accordance with the requirements of the German Stock Corporation Act and the Articles of Association of BKHT and provided advice and support to the Executive Board during the fiscal year from January 1, 2023, to December 31, 2023.

The Executive Board reported regularly to the Supervisory Board on the business development of BKHT. Particular focus areas were the operating performance of the subsidiaries and measures for the strategic enhancement of business activities. The business performance of Bikeleasing and IHSE, as well as the economic and political risks to the course of business were at the center of the Supervisory Board meetings. Changes in revenue, earnings, balance sheet items and cash flows were presented and explained in detail, with a comparison with the budget and the previous year. The Supervisory Board was directly involved in all key decisions, in particular on issues of strategy and planning and in the review of strategic options. In the fourth quarter of 2023, other focus topics included improvements to financing agreements and the share buyback program.

The Company’s Articles of Association specify that the Supervisory Board should hold at least two meetings per calendar half-year. In the 2023 financial year, this minimum number of meetings was significantly exceeded and numerous other informal verbal and telephone meetings were held. The Chairman of the Supervisory Board was in regular personal and telephone contact with the members of the Executive Board and was proactively and comprehensively informed about all important business transactions. If necessary, the Chairman of the Supervisory Board kept the other members of the Supervisory Board informed between meetings.

The Executive Board provided detailed information on the course of business at the regular Supervisory Board meetings. The regular meetings usually have an agenda that is identical in parts and structures the discussion on key economic issues and potential risks. Regular topics were the current economic situation of the operating segments and Group, the current impacts and future risks of the economic development, the war in Ukraine and the conflict in the Middle East, a regularly assessed risk report, the opportunities and risks of the search processes for new acquisition targets and developments in the field of investor relations. Fundamental issues at the meetings were the annual and consolidated financial statements of BKHT for fiscal year 2023, the quarterly financial statements for fiscal year 2023, the half-yearly report as of June 30, 2023, preparation for and evaluation of the Annual General Meeting on June 21, 2023, cost trends at the Company and the subsidiaries, personnel development at the Company, the implementation of the Group’s employee stock option program and discussion and approval of the internal rules of procedure and declarations of compliance. The operations and strategy of all operating segments were discussed at each regular meeting.

Another fixed feature of the regular Supervisory Board meetings was an examination of the relevant risks and support for the development of a formal internal control system at the Company and the subsidiaries. The status of internal auditing was also reported. In the course of the discussions relating to risk, the Supervisory Board was in all cases able to obtain a clear picture, in particular about whether and which risks could adversely affect the Company’s financial position and results of operations. In addition, the Supervisory Board and the Executive Board regularly discussed the Company’s long-term strategic alignment. Among other things, the latest economic figures of the Company, the subsidiaries and the Group, including changes in cash flows and, where expedient, in balance sheet items, were presented and discussed

In fiscal year 2023, the Supervisory Board held seven meetings, six in presence (with partial video participation) and one via phone conference. Unless specified otherwise below, the Supervisory Board meetings were attended by all Supervisory Board members in office. Mr. Memminger has attended the meetings as of September 12, 2023. Dr. Krebs was excused from the meeting on March 29, 2023. Dr. Belker was excused from the meeting on September 12, 2023. Prof. Christoph Hütten was excused from the meeting on November 21, 2023, however, he had submitted a written vote by e-mail on November 21, 2023, and asked Dr. Othmar Belker to cast the vote as a proxy.

In fiscal year 2024 to date, three meetings of the Supervisory Board were held. All current members of the Supervisory Board attended the meetings.

In addition, the Supervisory Board adopted four written resolutions in the course of the 2023 fiscal year; they related to the declaration of conformity with the German Corporate Governance Code, the remuneration report, and the invitation to the Annual General Meeting.

At its meeting on June 16, 2021, the Supervisory Board formed an Executive and Nomination Committee and an Audit Committee. The Audit Committee met nine times fiscal year 2023. The Executive and Nomination Committee met once in fiscal year 2023.

Further education and training required for discharging their duties, for example on changes in the legal environment and on new technologies, are taken by the members of the Supervisory Board under their own responsibility, with the Company's support where requested. In various meetings, the Supervisory Board also reviewed the efficiency of its work and debated improvement suggestions by its members. In addition, both in March 2023 and after the reconstitution of the Supervisory Board in December 2023, all members of the Supervisory Board were subjected to a self-evaluation.

At the meetings held in fiscal year 2023 and the three meetings held in fiscal year 2024 to date, the Supervisory Board dealt with the following topics:

Overview of attendance at meetings of the Supervisory Board and committees

	Supervisory Board	Audit Committee	Executive and Nomination Committee	Total
Dr. Othmar Belker	6 (86%)	8 (89%)	1 (100%)	15 (88%)
Michael Schuster	7 (100%)	-	1 (100%)	8 (100%)
Martin Bestmann	7 (100%)	9 (100%)	-	16 (100%)
Dr. Christoph Hütten	6 (86%)	9 (100%)	-	15 (94%)
Dr. Nathalie Krebs	6 (86%)	-	1 (100%)	7 (88%)
Matthias Memminger	3 (100%)	-	-	3 (100%)

All members of the Supervisory Board are to be considered independent as defined by the German Corporate Governance Code.

Supervisory Board meeting on February 8, 2023
The Supervisory Board unanimously elected Dr. Nathalie Krebs as a member of the Executive and Nomination Committee to succeed Andreas Peiker, who had left the Supervisory Board.

The Supervisory Board discussed various topics relating to its work in connection with the updated declaration of conformity with the German Corporate Governance Code unanimously adopted by the Supervisory Board at the end of January 2023. The Supervisory Board also reviewed the existing corporate governance statement and discussed the Supervisory Board's profile of skills and expertise. The Supervisory Board noted with approval the latest risk report. Other focus points of the meeting were the review of the effectiveness of the internal control system (ICS) and the risk management system (RMS) as well as the current status of the preparation of the 2022 annual and consolidated financial statements and the combined management report and the audit of them by the independent auditor from KPMG. The Supervisory Board defined the variable component of the Executive Board's remuneration for the 2023 fiscal year.

The budget for fiscal year 2023 was discussed and, following a discussion of the assumptions made and of the planning risks, the Supervisory Board noted with approval the draft budget presented for 2023.

Supervisory Board meeting on March 29, 2023
The Supervisory Board discussed and approved the Company's financial reporting and consolidated financial reporting and adopted the Report of the Supervisory Board.

The independent auditor reported on the conduct of the audit, the focus points of the audit and the audit results relating to the 2022 annual financial statements in accordance to German GAAP of Brockhaus Technologies AG, the IFRS consolidated financial statements and the combined management report for the fiscal year 2022 prepared in accordance with the requirements of German GAAP. The independent auditor issued unqualified audit opinions for the annual financial statements, the consolidated financial statements and the combined management report. Following its own detailed examination of the accounting documents and the independent auditor's reports, the Supervisory Board approved the annual financial statements, the consolidated financial statements and the combined management report and approved the appropriation of the annual result for 2022. The annual financial statements are thereby adopted.

The Supervisory Board discussed the target for the short-term remuneration components of the Executive Board members and finalized them for the year 2023. The Executive Board and the Supervisory Board discussed strategic options for value development from the point of view of the company's shareholders. The Supervisory Board resolved the updated declaration of conformity and spoke about Executive Board remuneration.

Supervisory Board meeting on April 27, 2023
The Supervisory Board discussed and subsequently resolved the proposal to the Annual General Meeting for the election of Supervisory Board members and additionally resolved the company's amended Articles of Association. The Supervisory Board debated and resolved the invitation to the Annual General Meeting. It also discussed and resolved the total target remuneration for Executive Board members for fiscal year 2023 in accordance with the remuneration structure approved by the Annual General Meeting on June 16, 2021.

Supervisory Board meeting on June 21, 2023
Following the Annual General Meeting, the Executive Board and Supervisory Board analyzed the voting results from the Annual General Meeting and discussed the potential for improvement. There was extensive and detailed discussion of strategic options for the Group's further development. Despite the Group's continued excellent operating performance, the stock market valuation of the share does not reflect its success. The Executive Board and Supervisory Board therefore also reviewed strategic options for explaining and increasing the value of the shares for shareholders, including a share buyback program. The newly elected Supervisory Board confirmed Dr. Othmar Belker as its Chairman and Mr. Michael Schuster as his deputy. The Supervisory Board reelected Prof. Dr. Christoph Hütten as chair of the Audit Committee, Mr. Matthias Bestmann as deputy chair, and Dr. Othmar Belker as an ordinary member. The Supervisory Board elected Dr. Othmar Belker as chair of the Executive and Nomination Committee, Michael Schuster as deputy chair, and Dr. Nathalie Krebs as a member. As at every meeting, the Supervisory Board discussed the economic development of the Group and ongoing acquisition processes.

Supervisory Board meeting on September 12, 2023
Mr. Memminger was introduced as a new Supervisory Board member. The Supervisory Board spoke with Mr. Memminger in detail about the cooperation in the Supervisory Board. The Supervisory Board considered the guidelines for identifying sustainability risks of the Group and discussed the status of the ESG project and appropriate ways to identify the required ESG metrics. The project is supported by an external consulting firm. An external ESG rating agency will be involved for the ESG rating. The Executive Board presented special IT projects. The dates for 2024 were set.

Supervisory Board meeting on November 21, 2023
At a phone conference, the Supervisory Board resolved to approve the acquisition of treasury shares by way of a public buyback offer to the company's shareholders for up to 500,000 shares in total at a price of €22.00 per share.

Supervisory Board meeting on November 29, 2023
The Executive Board informed the Supervisory Board on the status of ongoing strategic measures at Bikeleasing (acquisition of sales agencies, financing measures of the company, and derecognition of lease receivables). The Supervisory Board discussed the cooperation with internal audit and the key internal audit matters for fiscal year 2024 suggested by the audit committee. The Supervisory Board reviewed the status of the share buyback program and its accounting treatment. The cooperation with the auditing firm was evaluated and the status of the year-end procedures and the consolidated financial statements for fiscal year 2023, including related documents (e.g., the remuneration report), was discussed.

Supervisory Board meeting on January 24, 2024
The Supervisory Board reviewed the status of the annual financial statements and the current development of the Group's operating companies. The budget for fiscal year 2024 was discussed in detail and, following a discussion of the assumptions and of the planning risks, the Supervisory Board noted with approval for the draft of the budget presented for 2024. The Supervisory Board considered the latest risk report and enhancements to risk identification. Various topics for the Annual General Meeting were debated for the first time. The Supervisory Board considered various acquisition-related topics. Internally, the members of the Supervisory Board discussed updates to their profiles of skills and expertise and the available results of the self-evaluation to assess the effectiveness of how the responsibilities of the Supervisory Board and its committees are discharged.

Supervisory Board meeting on March 15, 2024
The Supervisory Board discussed the economic situation of the Group as well as opportunities and risks for future development. Another focus of the meeting was the current status of the preparation of the annual and consolidated financial statements and the combined management report for the 2023 financial year and its audit by the auditors from KPMG. In this context, the Supervisory Board discussed the appropriation of earnings for the 2023 financial year, including the future dividend policy. The Supervisory Board discussed and approved the 2023 remuneration report. The Supervisory Board also discussed corporate governance issues (status and development of corporate social responsibility (CSR), further development of corporate practices) and approved an updated corporate governance statement. ESG responsibilities were specified in the Executive Board's schedule of responsibilities and assigned to the Executive and Nomination Committee in the Supervisory Board.

Supervisory Board meeting on March 27, 2024
The Supervisory Board discussed and approved the company's accounting and consolidated accounting and adopted the Supervisory Board's report.

The auditor reported on the course of the audit, the focal points of the audit and the audit results relating to the annual financial statements 2023 of the AG in accordance with German GAAP, the consolidated financial statements in accordance with IFRS and the combined management report in accordance with German GAAP for the 2023 financial year. The auditor issued unqualified audit opinions on the annual financial statements, the consolidated financial statements and the combined management report. Following its own detailed examination of the accounting documents and the auditor's reports, the Supervisory Board approved the annual financial statements, the consolidated financial statements and the combined management report and approved the appropriation of the net profit for 2023. The annual financial statements are thus adopted.

The work of the Audit Committee
The Audit Committee held a total of nine meetings in fiscal year 2023, of which six were held in presence and three virtually.

In addition to the committee members, an Executive Board member, the manager responsible for the consolidated financial reporting and representatives of the auditor took part in most of the committee meetings in the 2023 fiscal year.

The following topics were dealt with at the Audit Committee's meetings:

- reporting on the current status of ongoing closing procedures in the Group for the quarterly and annual financial statements
- discussion of the accounting processes in subsidiaries and at the parent entity, including the requisite IT support and process automation, as well as of the associated internal controls and any potential for improvement
- discussion of the details of individual important accounting policies in the consolidated financial statements
- discussion of the accounting documents for fiscal year 2022 submitted by the Executive Board and the audit opinions and audit reports presented by the independent auditor, including issuing a recommendation on the approval of the accounting documents by the Supervisory Board
- discussion of the draft remuneration report for fiscal year 2022 submitted by the Executive Board and the audit opinion presented by the independent auditor in this regard, including issuing a recommendation on the finalization and approval of the remuneration report by the Supervisory Board
- discussion of the 2023 Half-Year Financial Report and the quarterly statements for Q1 2023 and 9M 2023 before their publication and of the corresponding preparation processes
- discussion of the quality of the audit and the independence of the auditor and, on this basis, a recommendation to the Supervisory Board for the proposal for the election of the independent auditor for fiscal year 2023 in the Annual General Meeting
- negotiation of the audit fees with the auditor
- engagement of the auditor for a voluntary content audit of BKHT's remuneration report
- discussion of the need for a review of the half-year financial report
- discussion of the audit planning and audit focal points of the audit of the 2023 financial statements
- reporting on the relevant current status of ongoing audit work conducted on the financial statements in the Group
- discussion and approval of non-audit services undertaken by the auditor and monitoring that the cap on such non-audit services is being observed
- discussion of the impact of the recently enacted Corporate Sustainability Reporting Directive (CSRD) on the company and the Group
- discussion of the audit planning of internal audit's key audit matters, reporting on audits completed by internal audit, and discussion of the recommendations issued by internal audit on the basis of these audits
- discussion of the status quo and any potential for improving the compliance management system in the Group
- discussion of the status quo and any potential for improving the risk management system in the Group

In addition, the chair of the Audit Committee advised on various aspects of the points listed above and important individual topics in the Audit Committee's area of activity in numerous discussions both with members of the Executive Board and the manager responsible for the consolidated financial reporting as well as with representatives of the auditor. The chair of the Audit Committee in each case informed the other committee members about these discussions at the next meeting. The chair of the Audit Committee also regularly reported on the activities of the Audit Committee at the Supervisory Board meetings.

The work of the Executive and Nomination Committee
The Executive and Nomination Committee, which was also set up in June 2021, held one meeting in fiscal year 2023.

At this meeting, the committee prepared the targets for assessing 2023 Executive Board remuneration for the full Supervisory Board.

Audit of the financial reporting and consolidated financial reporting in 2023
On June 21, 2023, in response to the proposal of the Supervisory Board, the Company's Annual General Meeting elected KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG") as the auditor of the financial reporting and consolidated financial reporting. KPMG has been the auditor of BKHT's financial statements since the Company was founded in 2017 and has also been the auditor of the consolidated financial statements since the first acquisition of the Company at the end of 2018. Before the Supervisory Board proposed KPMG to the Annual General Meeting as the auditor, KPMG had confirmed to the Chairman of the Supervisory Board that no circumstances existed that could impair its independence as the auditor or give rise to doubts about its independence. The engagement letter for the audit of the annual and consolidated financial statements and of the combined management report was issued by the Supervisory Board following the Annual General Meeting.

KPMG audited BKHT's financial reporting and consolidated financial reporting for the year ended December 31, 2023, and issued an unqualified audit opinion on these on March 26, 2024. The audited financial reporting and consolidated financial reporting consisted of BKHT's annual financial statements prepared in accordance with the requirements of the German Commercial Code (HGB), its consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and its combined management report in accordance with HGB for fiscal year 2023. In addition, in accordance with section 317 (3a) HGB, KPMG audited and confirmed that the reproduction of the annual financial statements, the consolidated financial statements and the combined management report, which were contained in the files provided on an electronic data storage medium and retrievable in the client portal with access protection and were prepared for the purpose of publication, complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format ("ESEF format")

The Supervisory Board also arranged for KPMG to inform it and note in the audit report if, during the performance of the audit, any facts are identified that indicate an inaccuracy in the Declaration of Compliance regarding the recommendations of the German Corporate Governance Code issued by the Executive Board and Supervisory Board.

The Audit Committee, and in particular the Chairman of the Audit Committee, was always closely involved in the preparation of the audit measures and the audit process and was in close contact with BKHT's financial statement preparation team and the auditors.

Ahead of the first financial statements meeting on March 27, 2024, the Supervisory Board received the draft versions of the financial reporting, the consolidated financial reporting, and the corresponding auditor's reports. In the Audit Committee meetings on March 15 and 27, 2024, as well as in the Supervisory Board meeting on March 27, 2024, the Audit Committee and the Supervisory Board discussed the financial reporting and consolidated financial reporting on the basis of the final accounting documents and audit reports. At these meetings, the Executive Board and the manager responsible for the consolidated financial reporting reported on the preparation of the documents and the auditor reported on the current status of the audit overall, on the individual key audit matters, and on the key findings of the audit. At their respective meetings, the Audit Committee and the Supervisory Board then discussed the financial reporting, the consolidated financial reporting, the findings of the audit and the audit reports with the Executive Board and the auditor. All the Audit Committee's and the Supervisory Board's questions were answered. Furthermore, the auditor explained that there were no facts that gave rise to concerns about bias on its part and informed the Supervisory Board about services provided in addition to the audit services. At the Supervisory Board meeting, the Audit Committee also reported on its own review of the financial reporting and consolidated financial reporting, its discussion with the Executive Board and the auditor, and its oversight of the financial reporting process.

Both the Audit Committee and the Supervisory Board were able to satisfy themselves that the audit by KPMG was properly conducted. In particular, the Audit Committee and the Supervisory Board concluded that the audit reports and the audit itself complied with statutory requirements. They therefore approved the findings of the audit, and the Supervisory Board determined that, on the basis of the final result of the review by the Audit Committee and its own review, no objections were to be raised. The Supervisory Board therefore approved the financial reporting and consolidated financial reporting. The annual financial statements were thus adopted in accordance with section 172 sentence 1 of the German Stock Corporation Act (AktG).

Appropriation of the result

As at the reporting date, the company reported a net profit of €20,733 thousand (previous year: net loss of €6,873 thousand) in accordance with the German Commercial Code (HGB). This is made up of the balance sheet loss of the previous year plus the net profit for 2023 under German commercial law of €38,032 thousand less the offsetting from the treasury shares acquired in the course of the share buyback of €10,426 thousand.

A proposal will be made to the Annual General Meeting to distribute a dividend of €0.22 per share. Based on the current number of shares entitled to dividends, this would correspond to a distribution of €2,298 thousand (previous year: € - thousand). Based on the adjusted earnings attributable to shareholders, this corresponds to a payout ratio of 17%. The remaining balance sheet profit is to be carried forward to new account.

The Supervisory Board thanks the members of the Executive Board and all employees of Brockhaus Technologies AG and its subsidiaries for their enormous personal commitment and our shareholders for the confidence they placed in the company. Even in a challenging economic environment, Brockhaus Technologies AG and the Group reported excellent operating results.

At the beginning of fiscal year 2024, Olaf Trittel, long-standing CFO of our subsidiary IHSE, died as the result of a tragic accident. We join all employees as well as of all members of the Executive Board and the Supervisory Board in thinking of his family and remembering his legacy.

On behalf of the Supervisory Board

Dr. Othmar Belker, Chairman
Frankfurt am Main, 27th March 2024

Our Management

The management of Brockhaus Technologies has a long track record of generating value for all stakeholders.

Executive Board

The members of the Executive Board bear joint responsibility for managing the company, decide on fundamental issues of corporate strategy and business policy and implement them.

Marco Brockhaus has been a successful entrepreneur and investor for over two decades. He is Chief Executive Officer of Brockhaus Technologies AG, which he founded in 2017 together with other team members.

With more than 25 years of experience in the equity investment business, he has successfully managed and advised three generations of funds with capital of around €300 million with Brockhaus Private Equity GmbH. He has held a large number of supervisory and advisory board positions in various industries. In addition, as a member of the board of the German Private Equity and Venture Capital Association (BVK), he was responsible for the Mittelstand department from 2011 to 2015. He was previously a manager at 3i from 1997 to 2000. He began his career in 1995 in the Corporate Finance unit at Rothschild.

Marco Brockhaus graduated from the Julius Maximilian University of Würzburg in 1994 with a degree in Business Administration.

Dr. Marcel Wilhelm is responsible for all legal and administrative matters at Brockhaus Technologies AG. He has worked at Brockhaus Private Equity GmbH since 2006, has been its Managing Director since 2012, and was one of the co-founders of Brockhaus Technologies AG in 2017.

As a lawyer specializing in corporate and fiscal law, he previously headed the international clients team at Rödl & Partner Germany.

As a graduate from the University of Passau, he has been a member of the Munich Bar Association since 2001. He gained his doctorate in media law and policy in 2006.

Executive Committee

The Executive Committee supports the Executive Board of Brockhaus Technologies AG in implementing the corporate strategy in the most important fields of the company.

Harald Henning
Finance

Harald Henning is responsible for reporting at Brockhaus Technologies AG and its investments. He joined Brockhaus Private Equity GmbH in 2014, was a co-founder of Brockhaus Technologies AG in 2017, and has been a member of the Executive Committee since 2021.

He previously held positions as an M&A consultant at Lincoln International and IKB Deutsche Industriebank as well as an Audit Associate at Ernst & Young, among others.

In 2009, he graduated with a Bachelor of Science in business administration from the University of Mannheim and Leeds University Business School.

Paul Göhring
Acquisitions

Paul Göhring has headed the Acquisitions division of Brockhaus Technologies AG as a member of the Executive Committee since 2021. He is also responsible for investor relations and all capital market activities. He has been with Brockhaus Technologies AG since 2018.

He previously worked at Berenberg Bank in the field of corporate finance / equity capital markets, where he assisted companies in equity capital measures on the capital market – in particular as part of IPOs, capital increases and replacements.

Paul Göhring graduated in business administration from the Frankfurt School of Finance & Management in 2015.

Yannick Moyles-Johnson
Operations

Yannick Moyles-Johnson is Head of Operations and has been a member of the Executive Committee of Brockhaus Technologies AG since the beginning of 2022.

Before joining Brockhaus Technologies in the summer of 2022, he was Managing Director of VIA Optronics GmbH for nearly two years. Prior to that, he worked in various functions at the Brose Group for more than eight years.

Yannick Moyles-Johnson holds a master's degree in Business Administration from the University of Gießen and a master's degree in Management, Leadership & Strategy from Michigan State University.

What drives us

We know Germany.
We know Mittelstand.
We know Technology.
We acquire Champions.

Brockhaus Technologies – Elevating Champions

We acquire leading technology and innovative companies that are highly profitable and promise above-average growth rates.

As a technology group, we take champions to the next level of growth.

We actively and strategically support them in their further development and offer them a safe haven.

We offer them our expertise and network – across industries and national borders.

We create value for all stakeholders and so for our investments, investors and employees.

Our stock market listing allows investors to tap into the growth of these champions.


BROCKHAUS
TECHNOLOGIES

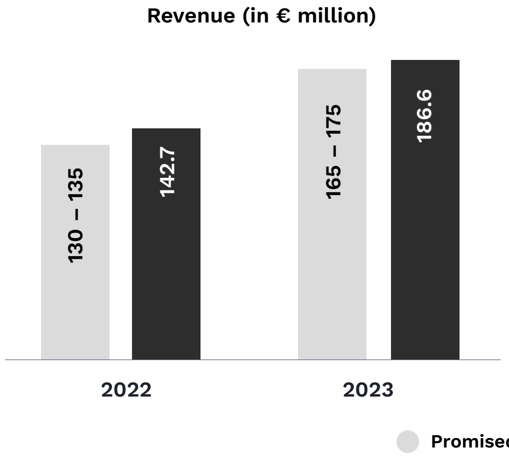
Focus on increasing value

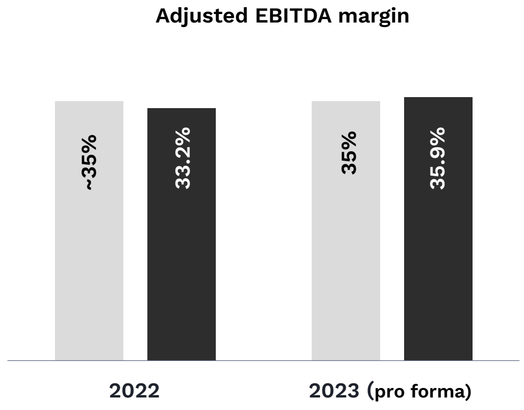
After a string of record years for our company, we have also set our sights on achieving further significant and profitable growth in 2024 and 2025.

Focus on increasing value

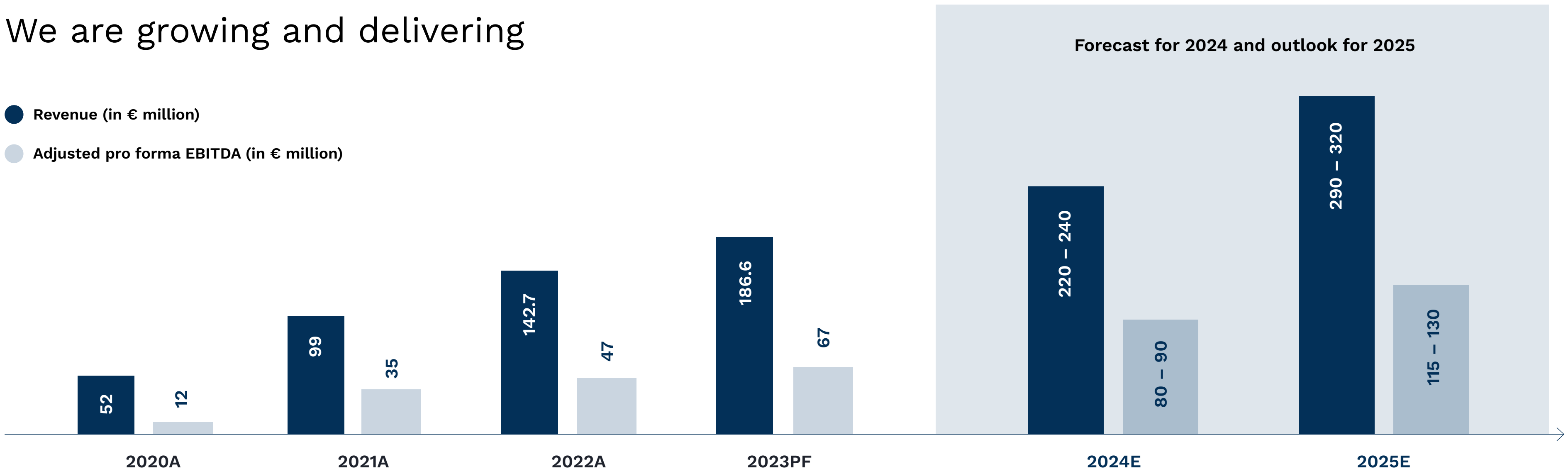
We deliver performance, we deliver greater value
After we went public with our success story and enabled shareholders to invest in it with our IPO in July 2020, we were able to announce at the beginning of 2022 that we had already achieved our medium-term growth targets 18 months after the IPO – twice as fast as planned during the IPO and despite the negative impacts of the COVID-19 pandemic.

We followed up on this excellent performance in fiscal years 2022 and 2023, posting record revenue and earnings and once again creating substantial value in both of them. We succeeded in doing so despite the geopolitical crises in Ukraine and the Middle East and the burdens caused by high inflation, the reversal in interest rates and the energy crisis. We have delivered what we promised.





We are growing and delivering



Our champions – The foundation for our success

Our two subsidiaries Bikeleasing and IHSE are the foundation for Brockhaus Technologies' success story. Technology and innovation champions in the Mittelstand, with high growth potential and strong margins.

01 Bikeleasing

P. 32 →

02 IHSE

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Bikeleasing, our Financial Technologies segment

Bikeleasing already has more than 60,000 corporate customers

The digital B2B financing platform enables highly automated arranging, financing and managing of employee benefits through the employer. Its current focus is still on company bicycles. Around 60,000 corporate customers, representing a combined workforce of more than 3.3 million employees, are now connected to the platform.

Revenue

€146.2 million

2022 | €106.6 million
2021 | €66.3 million

EBITDA (adjusted)

€63.1 million

2022 | €43.9 million
2021 | €33.6 million

Employees

304

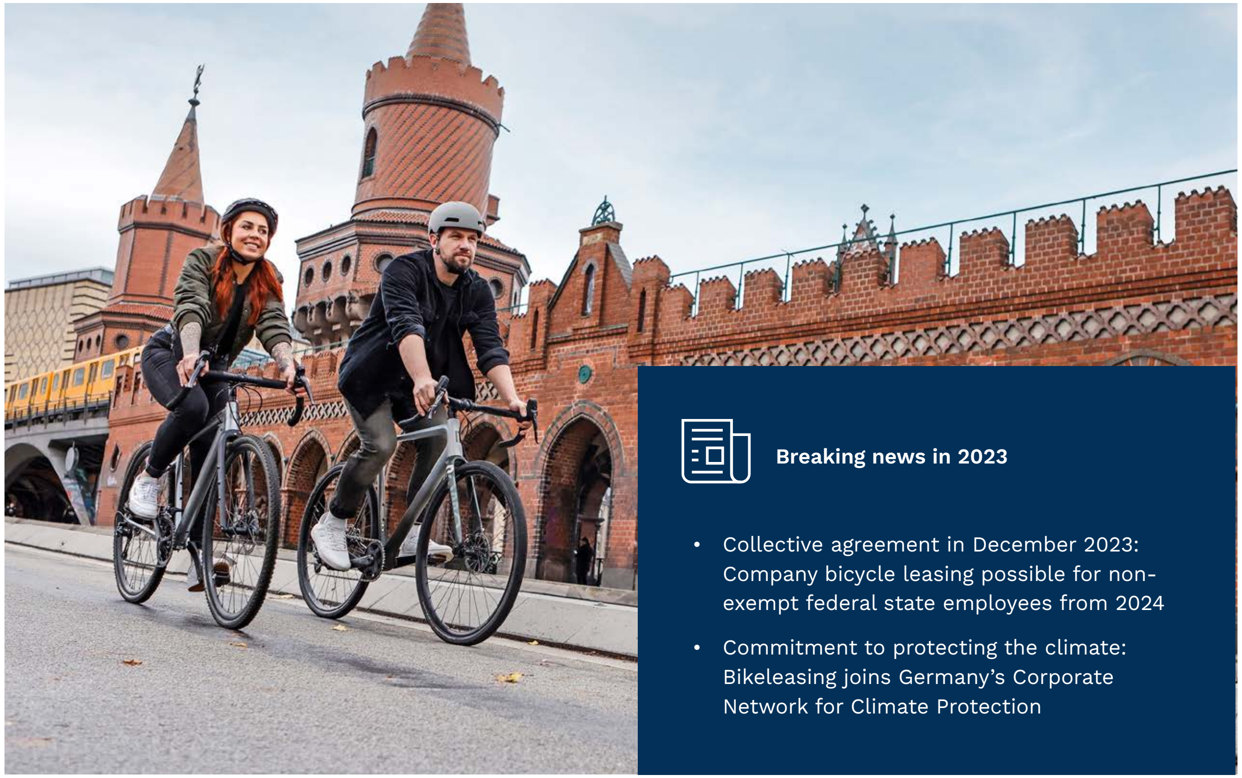
Headquarters

Vellmar, Germany

Branches

Uslar, Berlin, Freiburg, Innsbruck

Bikeleasing – Business model and strategy



Breaking news in 2023

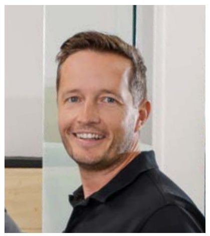
- Collective agreement in December 2023: Company bicycle leasing possible for non-exempt federal state employees from 2024
- Commitment to protecting the climate: Bikeleasing joins Germany's Corporate Network for Climate Protection

Bikeleasing operates a digital and highly automated B2B financing platform for arranging and managing employee benefits. The platform currently focuses on company bicycles and brings together companies, employees, retailers, insurers and financing providers on a specially developed platform.

Bikeleasing allows employers to provide benefits and financing of them for employees under a transfer agreement. That involves part of their gross salary being converted into non-cash compensation ("deferred compensation model"). Employees can also choose from a comprehensive insurance offering covering damage or wear and tear. Because of the savings from the deferred compensation model, most bicycles procured through Bikeleasing are high-value ones – particularly, but not exclusively, e-bikes. For retailers, insurers and financing providers, Bikeleasing creates additional demand and so is growing in importance as part of their sales strategy.

The Bikeleasing platform is used to arrange and manage the contracts: From onboarding the employer, through ordering the bicycle by employees at the bicycle retailer, down to the purchase or return of the bike by the employee at the end of the lease – Bikeleasing delivers a convenient end-to-end solution. Insurance claims are also handled between all the parties involved using the platform. Since its formation, Bikeleasing has recorded strong and highly profitable growth and has been able to steadily expand its market share thanks to its innovation leadership. As of December 31, 2023, around 60,000 (2022: 46,000) corporate customers, representing a combined workforce of approximately 3.3 million employees (2022: 2.5 million), were connected to the platform. Bikeleasing is the second-largest company bicycle leasing provider in the German market and the leading provider in the Austrian market. A total of more than 151,000 (2022: 118,000) Bikeleasing company bicycles were brokered in 2023. Approximately 75% of the company bicycles are financed via the internal Group leasing company, the remaining approximately 25% through external leasing providers. The preferred type of bicycle (at around 80%) is the e-bike. Among other things, Bikeleasing earns commission from financing and insurance on every leased bike it brokers.

“We currently hear a lot about the strained market situation due to fact that bicycle retailers are sitting on excess stocks. Fortunately, our business model was not particularly affected by that, as evidenced by our planning and business figures from 2023. We not only achieved our targets, we exceeded them.”



Bastian Krause
CEO of Bikeleasing

The Bikeleasing platform’s current offering is benefiting from the trend toward more outdoor activities, greater environmental awareness and political and trade union support for green mobility. People of all ages are increasingly choosing bicycles to do sport, relax or use as a means of transportation. E-bikes in particular make it possible to cover longer distances. Many cities are improving their infrastructure for bicycles – in Germany as well as in Europe. Bicycles are gaining in importance as a means of transport. The established platform can be expanded as regards the type of employee benefit brokered and offers untapped potential through the incorporation of further product groups for employee incentivization. The bicycle offering can be complemented in the future by further benefits, such as smartphones, tablets or computers for employees. These new potential product groups could be handled with the Bikeleasing platform at little effort.

Company bike leasing expected to keep on growing dynamically

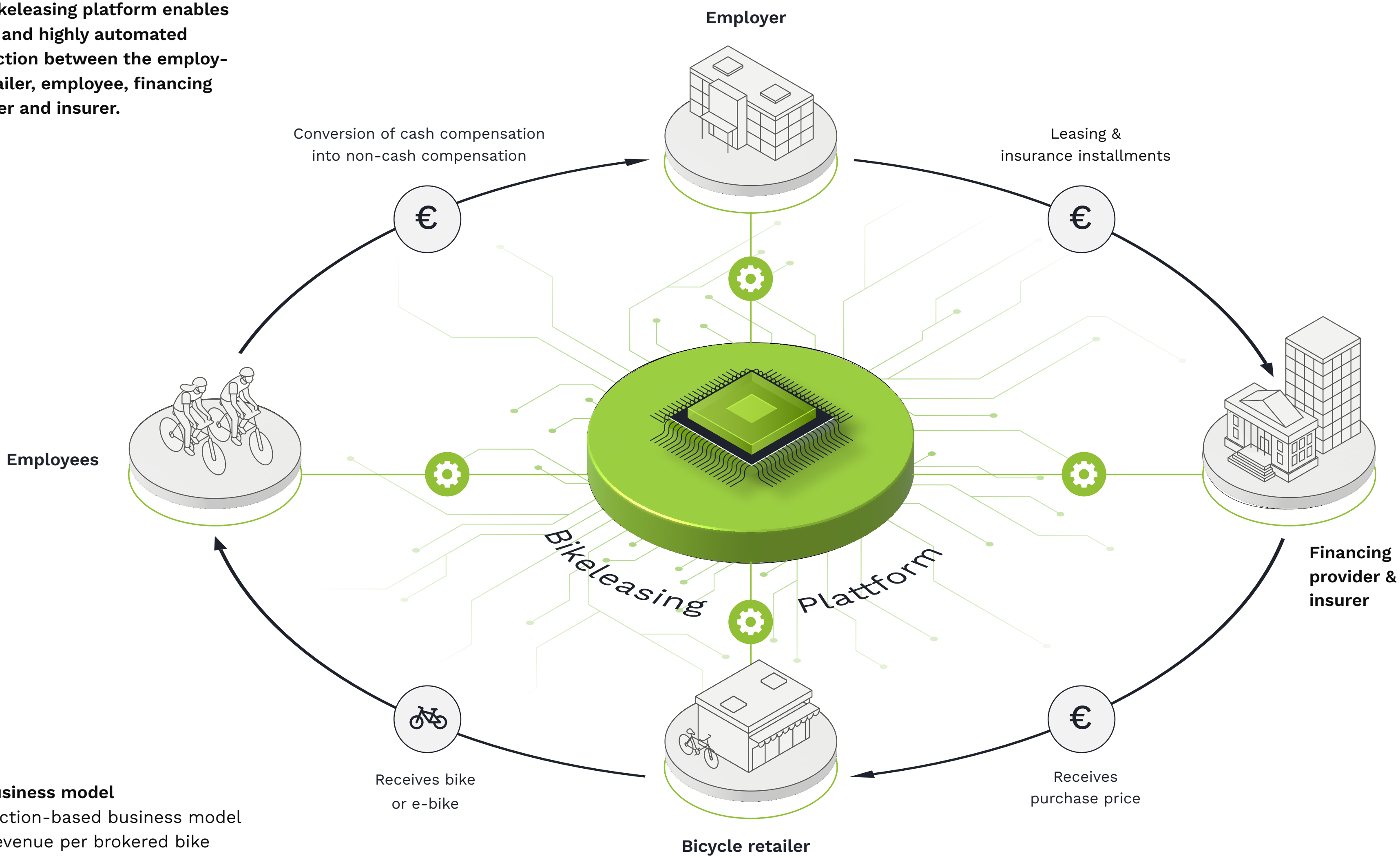
Company bicycle leasing is a field that is growing at a very dynamic pace. Whereas the number of leased bicycles was 193,000 in 2019 according to the Federal Association of German Leasing Companies (BDL), that figure had risen to 613,000 in 2022. And there is a sharp upward trend: Experts such as the management and strategy consulting firm Deloitte say in a study that around 60% of all employees in Germany are willing to lease a company bicycle. So far, however, only around a quarter of employees have access to such incentive models, of whom just about 35% have taken up the offer of a leased company bike. Accordingly, Bikeleasing sees further dynamic growth potential for the coming years:

- by expanding market penetration by continuously acquiring additional corporate customers,
- by increasing the usage rate among already connected companies,
- by expanding the platform to include additional employee benefits alongside bicycles,
- through continuous internationalization,
- due to the fact that direct-to-customer (D2C) bike manufacturers were integrated in 2023.

Bikeleasing will also be able to enhance its operational efficiency thanks to the fully digital master leasing agreements that were concluded in 2023 and enable faster order processing.

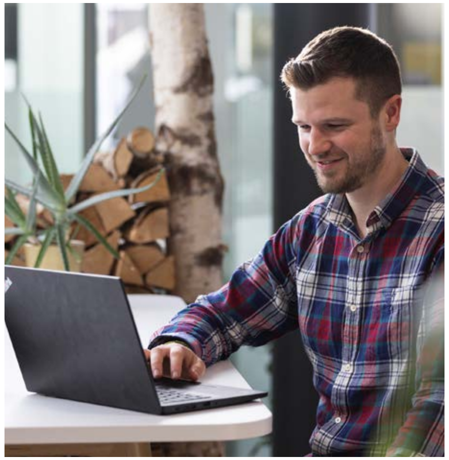
Bikeleasing – Visualization of the business model

The Bikeleasing platform enables digital and highly automated connection between the employer, retailer, employee, financing provider and insurer.



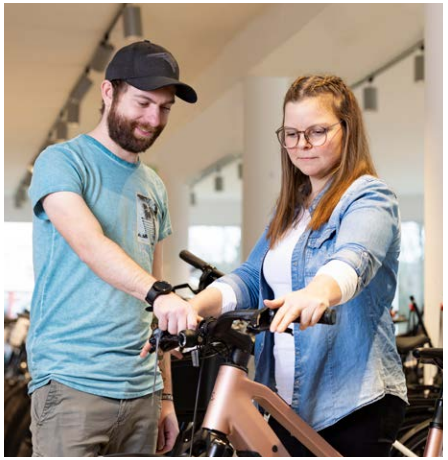
The business model
Transaction-based business model with revenue per brokered bike

Bikeleasing – Highlights of fiscal year 2023



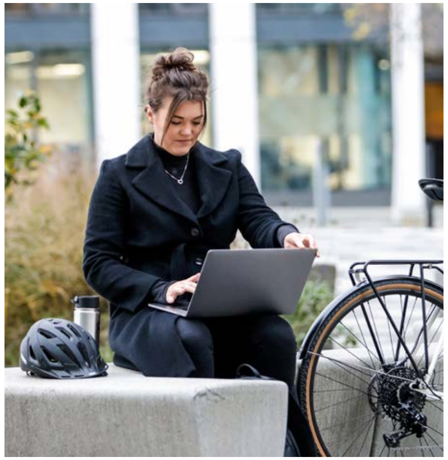
Integration of sales agencies

Bikeleasing's goal is to become largely independent of external service providers. Another important step toward that was taken this year with the integration of sales agencies. As a result, the company has not only gained a financial advantage through the elimination of sales commission, but has also acquired 25 employees and created the basis for uniform sales communication nationwide in line with its corporate identity. In addition, consistent care and support for existing customers is now possible thanks to cooperation with key account management and the synergies that delivers.



Resale as a new line of business

At the end of 2023, Bikeleasing began expanding its business model to include the topic of resale. There are also new construction plans in this context. Planning permission has now been granted for a new 6,000 m² building at the Uslar site. This building will house 2,000 m² of storage room, a resale shop and office space. Construction is expected to commence in 2024 and be completed in 2025. Just like the last new building, the new one will impress with its sustainable design and will ideally be energy self-sufficient.



Development of online commerce

In 2023, Bikeleasing succeeded in integrating the major German direct-to-customer bicycle retailers Canyon, Rose, Propain and YT as well as many small mail order companies, but also large ones like the XXL Group. Bikeleasing is the only provider on the market that collaborates with online retailers via an API interface. The plan is to add a further 50 to 100 online retailers in 2024.

Austria on the path to success

The company's positioning on the Austrian market is moving in a very positive direction. With growth of around 300%, Bikeleasing is the leading company bike leasing provider in Austria. Accordingly, the headcount was increased to 20 employees. Further strong growth is planned for 2024.

IHSE, our Security Technologies segment

IHSE is growing on the back of growing global demand for secure data transfer

IHSE and its subsidiary kvm-tec are world-leading technology providers for KVM (keyboard, video and mouse) solutions that enable high-security, reduced-latency and loss-free data transmission in mission-critical applications, for example in the field of cybersecurity or in areas where people's lives depend on the transmission of data.

Revenue

€40.5 million

2022 | €36.1 million
2021 | €32.7 million (pro forma)

EBITDA (adjusted)

€11.1 million

2022 | €8.6 million
2021 | €8.3 million

Employees

152

Headquarters

Oberteuringen, Germany

Branches

Austria, Singapore, USA, France, Israel, India, South Korea, China

IHSE – Business model and strategy

IHSE is growing on the back of global megatrends, for example thanks to:

- the continuing process of digital transformation,
- increasing connectivity in many application areas – from autonomous driving to networked production,
- the need to protect against the increasing incidence of cyberattacks worldwide,
- the tapping of additional end markets,
- the development of completely new applications.

IHSE and kvm-tec, which has been part of IHSE since November 2021, develop, produce and distribute KVM (keyboard, video and mouse) technology for high-security, reduced-latency and loss-free data transmission of often high data volumes in mission-critical applications. KVM technology can be used to create direct, highly secure access from a workstation (which may be remote) to several servers (switching) and/or conversely from several workstations to a single server (sharing).

IHSE's products are used, for example, in air traffic control, medicine, the utility sector, transportation, banking, maritime shipping, semiconductor production and generally in control centers and, in the face of geopolitical challenges, also to an increasing extent in the areas of security and defense – i.e. wherever latency, system failures or cyberattacks could have serious consequences and people's lives even depend on the transmission of data. IHSE's products can bridge distances of up to 160 kilometers between control units and computer units, usually servers or other high-performance computers. kvm-tec's services include flexible, highly secure KVM-over-IP solutions where, in contrast to IHSE, the standardized Internet Protocol (IP) is used for signal transmission in existing networks. These KVMoIP (keyboard, video, mouse over Internet Protocol) products are increasingly being used in industry, television and radio or in the public sector as a rapidly implemented, flexible, low-cost solution.

The strategic add-on acquisition of kvm-tec in November 2021 means IHSE has added complementary products to its portfolio so that customers can now flexibly choose between proprietary, IP-based as well as hybrid KVM solutions. In addition, the acquisition delivers further synergies in the areas of development, sales, purchasing and production. IHSE's business is benefiting from the global digital transformation and increasing connectivity in many different application areas – from autonomous driving to networked production. The need for secure data transmission continues to grow rapidly. That presents operators of control rooms, for example, with the challenge of anticipating future developments as best possible in order to prevent security gaps in hardware and software. The systems from IHSE and kvm-tec are optimized for these needs and offer high investment security for operators due to their modular design. Customized systems can be assembled from a variety of modules, while existing systems can be upgraded or converted with little effort.

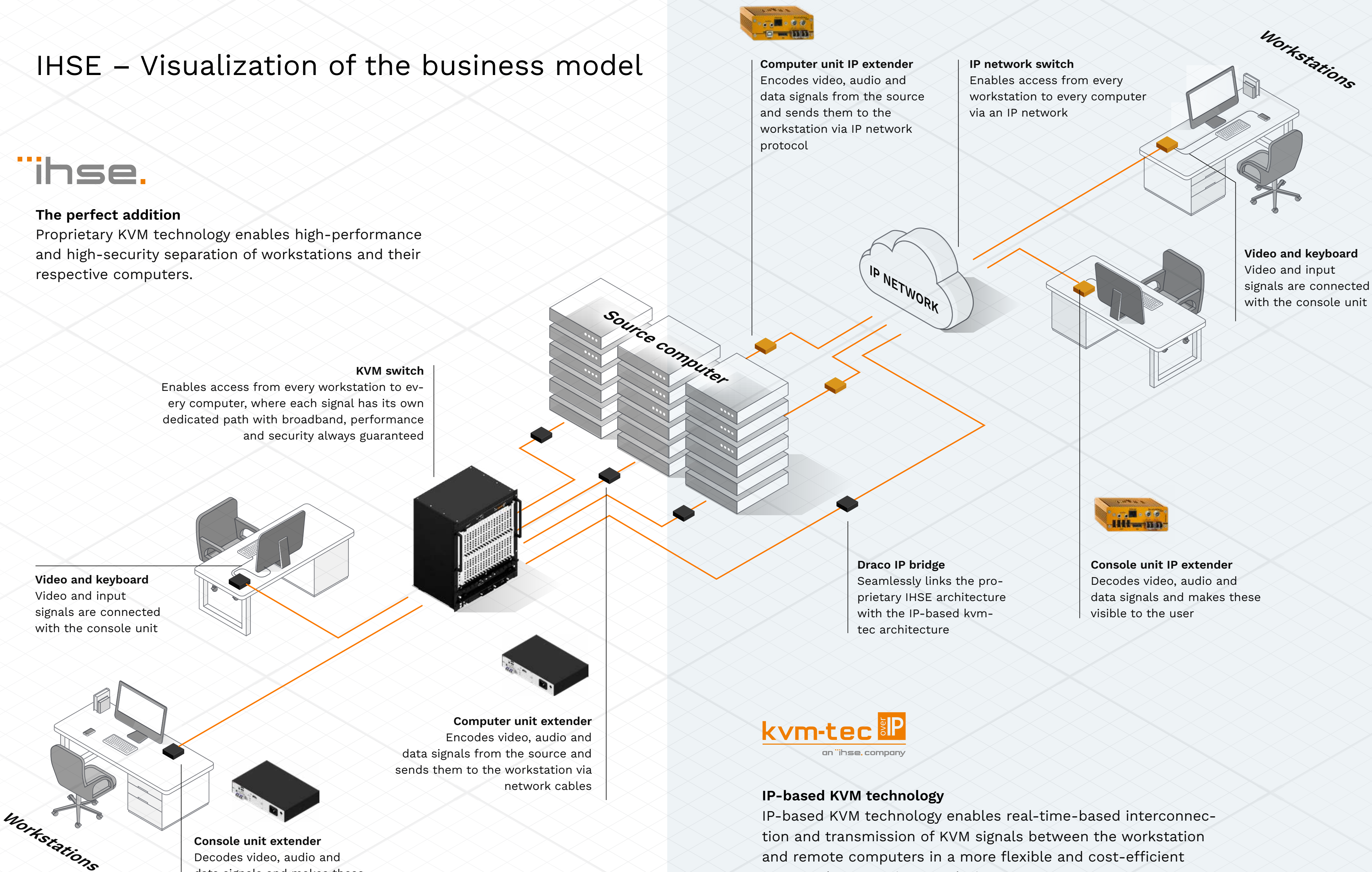
"The issue of secure, latency-reduced transmission of greater and greater volumes of data is growing in importance worldwide. With their solutions, IHSE and kvm-tec occupy key positions to keep business models and technically sophisticated applications up and running. This is all the more true given that the current geopolitical uncertainties worldwide will pose additional challenges in this regard in the coming years."

Dr. Enno Littmann
CEO of IHSE

IHSE – Visualization of the business model

ihse.

The perfect addition
Proprietary KVM technology enables high-performance and high-security separation of workstations and their respective computers.



KVM switch
Enables access from every workstation to every computer, where each signal has its own dedicated path with broadband, performance and security always guaranteed

Video and keyboard
Video and input signals are connected with the console unit

Computer unit extender
Encodes video, audio and data signals from the source and sends them to the workstation via network cables

Console unit extender
Decodes video, audio and data signals and makes these visible to the user

Computer unit IP extender
Encodes video, audio and data signals from the source and sends them to the workstation via IP network protocol

IP network switch
Enables access from every workstation to every computer via an IP network

Video and keyboard
Video and input signals are connected with the console unit

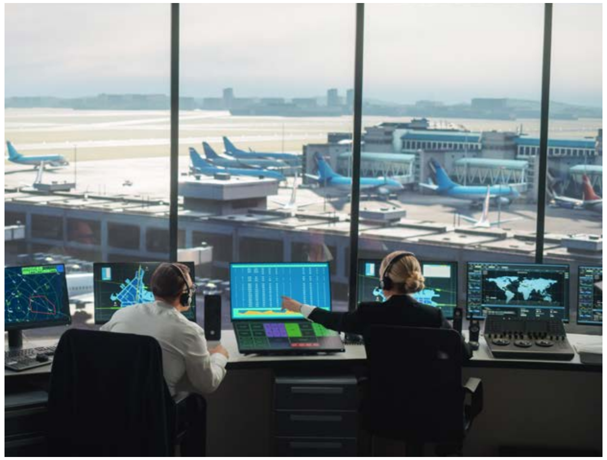
Draco IP bridge
Seamlessly links the proprietary IHSE architecture with the IP-based kvm-tec architecture

Console unit IP extender
Decodes video, audio and data signals and makes these visible to the user

kvm-tec over IP
an ihse. company

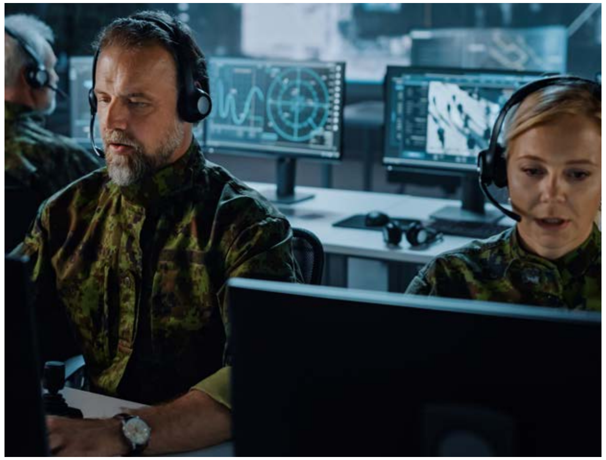
IP-based KVM technology
IP-based KVM technology enables real-time-based interconnection and transmission of KVM signals between the workstation and remote computers in a more flexible and cost-efficient manner than proprietary solutions.

IHSE – Highlights of the fiscal year



Record order in the field of airspace surveillance

In April 2023, IHSE captured the largest individual order – with a volume of more than €7 million – since it was founded in 1984. The customer was a large federal aviation authority. Thanks to IHSE's technology and more efficient data processing, around 1,500 air traffic controllers at 21 airspace surveillance locations will be able to monitor around 74% more aircraft simultaneously on their screens than before. IHSE thus makes a key contribution to improving national flight safety.



IHSE wins largest defense contract

In June 2023, IHSE received the largest order to date in the defense sector from a leading German defense technology company. The IHSE KVM solution was individually designed and devised for a state-of-the-art, ground-based air defense system. The system's great flexibility and ease of use, as well as the high level of security, were factors in favor of the IHSE solution in the customer's eyes. The components of the KVM system were subjected to demanding tests in order to ensure permanent, smooth operation. Further projects are already being planned internationally.

IHSE equips system control room in Berlin

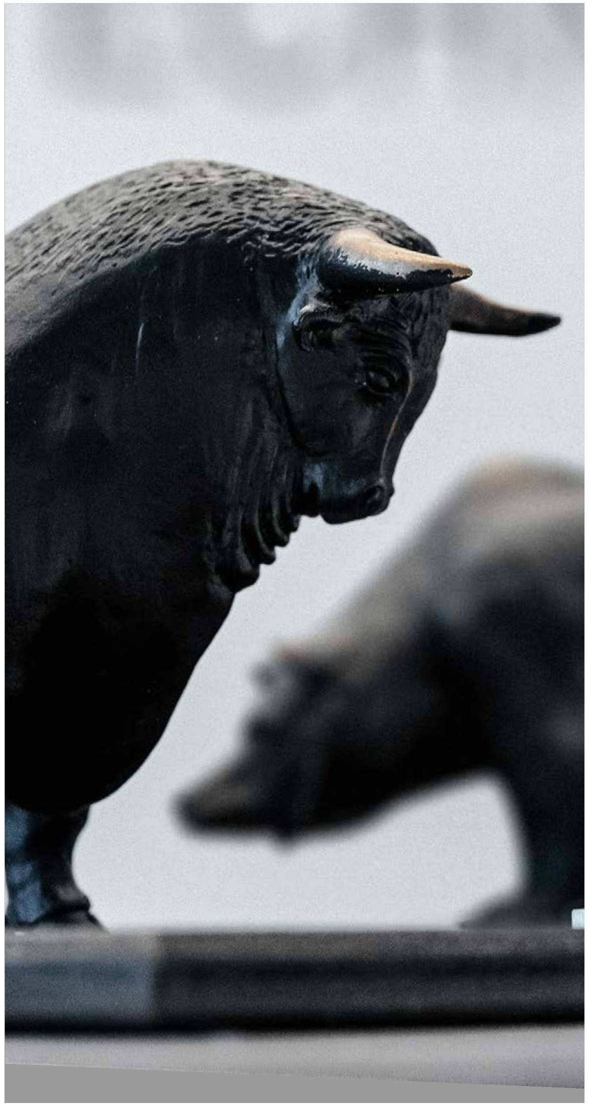
IHSE is supporting the company BFE in planning and implementing the control room system for a leading energy provider in Berlin. Due to the security-critical environment, the new Secure Extenders from the subsidiary kvm-tec are being used in addition to IHSE equipment. In this way, our companies help ensure that the generation and distribution of heat and energy in Berlin's city heat grid can be controlled and coordinated optimally. In addition, the innovative system control room will allow renewable energy sources to be integrated in the heat grid even more efficiently in the future. The smart control center is being built in the east of Berlin and is scheduled to commence operation in 2025.


BROCKHAUS
TECHNOLOGIES

Our share

The Brockhaus Technologies share offers the opportunity to invest in innovation and technology champions in the German Mittelstand. The company's aim is to achieve significant increases in value for shareholders through the sustainable profitable growth of its investments.

Our share



Price up by 15% in 2023, but far off analysts' upside target
Despite ongoing economic and geopolitical uncertainties, 2023 was a very positive year for stock markets worldwide. The German benchmark index DAX (+20%), the Euro Stoxx 50 (+19%) and the Dow Jones (+14%) all rose strongly. Yet investors had to show steady nerves and good staying power in view of the sharp price fluctuations. At the end of October, most indices were still below the closing level of 2022, in some cases appreciably. Only a furious year-end rally then resulted to the above-mentioned positive trend for the year as a whole. This was especially true for small-cap stocks, which are often subject to even greater fluctuations due to their comparatively low market capitalization and smaller trading volume. The German small-cap index SDAX also suffered from the underperformance of smaller stocks for a large part of the year, but ended the year up 17% thanks to the above-mentioned final spurt. Brockhaus Technologies' share performed similarly, reaching its low for the year of €18.85 in mid-February and soaring to more than €25 after the very good figures were announced. Its volatility remained high over the course of the year, with positive price outliers following the quarterly publications and when the medium-term outlook was communicated in June 2023. After the share price had fallen back to just under €19.40 by the end of October, a spell of positive demand likewise ensued and – also driven by the share buyback program – the share ended the year at its annual high of €25.90 in December – a year-on-year increase of almost 15%. Nevertheless, the price is still far below the value calculated by analysts from renowned financial institutions, who attest at the beginning of 2024 that the Brockhaus Technologies share has an average potential of around €48.

Share performance in 2023

Opening price on January 2, 2023	€22.60
Peak in 2023	€25.90
Low in 2023	€18.85
Closing price on December 29, 2023	€25.90
Annual performance in 2023	14.60%

The Brockhaus Technologies share

Type of share	Registered shares
Share capital	€10,947,637
Shares (December 31, 2023)	10,947,637*
ISIN	DE000A2GSU42
Securities identification number	A2GSU4
Stock exchange	Frankfurt Stock Exchange
Segment	Prime Standard

*Of which there are 10,447,666 outstanding shares after the share buyback

First share buyback program completed successfully
Our investment strategy has been clearly defined: technology and innovation leaders with B2B business models whose market position and pricing power will allow us to meet our 20/30 rules. 20% annual revenue growth and an EBITDA margin of 30%.

Since the Brockhaus Technologies Group already not only fulfills but exceeds these criteria (2023: revenue growth of 31% and adjusted pro forma EBITDA margin of 36%), we took advantage of the attractive valuation of our shares, combined with the very good liquidity situation, to conduct a voluntary public share buyback program from November 22 to December 14, 2023.

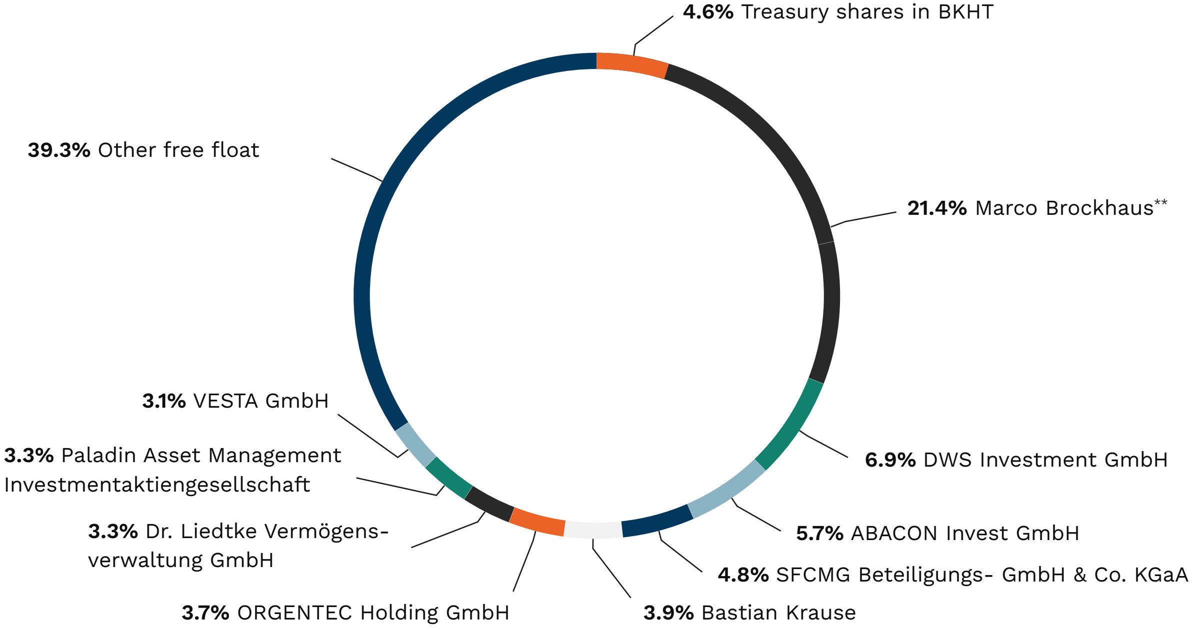
This program was limited to a total of up to 500,000 shares, which we offered to acquire from our shareholders at a price of €22.00 per share. The buyback program concluded with the repurchase of 499,971 shares, representing a volume of around €11.0 million.

In accordance with the authorization granted by the Company's Annual General Meeting in 2022, we of course reserve the right to buy back a further amount of shares representing up to 10% in total of the Company's share capital.

"We see great upside potential for our share, which is why we bought back 500,000 of our own shares for the first time in December 2023. Since we, like our analysts, still regard our company as undervalued, further share buybacks are possible in the future."

Paul Göhring
Acquisitions

Brockhaus Technologies AG's shareholder structure*



* As of December 28, 2023, according to voting rights disclosures
** Total voting rights via indirect shareholdings

Combined Management Report

Combined Management Report

The registered office of Brockhaus Technologies AG (**BKHT**, or the **Company**, together with its subsidiaries **Brockhaus Technologies** or the **Group**) is Nextower, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany, and the Company is registered in the commercial register at the Local Court in Frankfurt am Main under commercial register number HRB 109637.

In addition to information on the Group, this combined management report (**management report**) includes information on the parent company. The reporting on the position of the Company generally corresponds to the reporting on the position of the Group. Additional disclosures regarding the BKHT annual financial statements pursuant to the German Commercial Code (HGB) can be found in the section Brockhaus Technologies AG's economic development. This combined management report has been prepared in accordance with German Accounting Standard No. 20 (GAS 20). The report describes the position of both the Group as a whole and the parent company as a single entity.

Unless otherwise stated, the period-related disclosures in this management report relate to the period from January 1, 2023, to December 31, 2023 (**reporting period**) and disclosures for a specific date relate to December 31, 2023 (**reporting date**). Quantitative information is rounded in accordance with standard commercial practice. This rounding method does not necessarily preserve totals, so that it is possible that the amounts in this report do not add up precisely to the total shown. Negative amounts are shown in parentheses.

Since July 14, 2020, Brockhaus Technologies has been listed in the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard). Brockhaus Technologies' reporting therefore follows the high level of requirements stipulated for the Prime Standard.

Equal treatment is important to us. Only for reasons of better legibility, the use of male, female or language forms of other genders is avoided. All personal references apply to all genders unless otherwise specified.

Fundamentals of the Group

Business model

Brockhaus Technologies is a group of companies consisting of high-margin, fast-growing technology and innovation leaders with B2B business models in the German-speaking Mittelstand. The Company's strategy is to continuously acquire further companies in line with this focus and to develop them further together with the relevant management teams. With its distinctive platform approach and a generally long-term horizon, Brockhaus Technologies supports its subsidiaries actively and strategically to enable them to achieve profitable long-term growth beyond sector and national boundaries. At the same time, Brockhaus Technologies offers capital market investors access to these unlisted German technology champions.

In addition to having capital for future corporate acquisitions, carrying out the business activities requires in particular highly qualified specialists from a wide variety of high-tech fields, such as information technology and electronics. Material intangible assets include the extensive experience of the employees and their technological and process expertise, long-standing customer relationships and internally developed software and trademarks.

Effective November 24, 2022, the Palas group, which constituted the Environmental Technologies segment until the date of sale, was sold to the Swedish technology and industrial group Indutrade AB. Palas was therefore deconsolidated at the end of November 2022. The structure of the Group changed with the sale and deconsolidation of Palas. For the comparative period, the activities of the previous Environmental Technologies segment are presented up to the date of sale as a discontinued operation in the statement of comprehensive income, whereas they were included in the statement of cash flows until the deconsolidation date. The former Environmental Technologies segment is no longer reported for the comparative period in the segment reporting in the management report. Details on the accounting treatment of the deconsolidation of Palas can be found in Note 34 to the Consolidated Financial Statements for fiscal year 2022.

Brockhaus Technologies' business activities consist firstly of its operating segments of Financial Technologies and Security Technologies, and secondly of its acquisition activities, i.e., identifying, investigating and acquiring subsidiaries and supporting their long-term growth. The scope of consolidation comprised 24 companies in Germany and abroad and two special purpose vehicles (**SPV**s) at the reporting date.

Financial Technologies

The segment Financial Technologies consists of the business with digital B2B finance platforms. At present, the segment comprises the Bikeleasing companies (**Bikeleasing**), in which Brockhaus Technologies acquired an approximately 52% stake in November 2021. Of the remaining 48%, 40% is held by the founders and directors of Bikeleasing and 8% by coinvestors.

Bikeleasing operates a digital and highly automated B2B financing platform for arranging and managing employee benefits through the employer – focused on company bicycles in Germany and Austria today.

The business model enables employers to use a transfer agreement to offer their employees benefits (today company bicycles) and their financing via a change of the form of remuneration from cash remuneration to non-cash remuneration (deferred compensation model). This deferred compensation model reduces taxes and social security contributions for the employee, offering significant savings by leasing through Bikeleasing compared with a cash purchase of the bicycle. In addition, the employee can choose from a comprehensive insurance offering, for example covering damage and wear and tear, and even the risk of early termination of the lease because of an employee leaving the company is covered by insurance for the employer, as lessee. Because of the savings from the deferred compensation model, the main bicycles acquired through Bikeleasing are high-value ones, particularly e-bikes. This is also an attractive model for bicycle retailers because higher revenues are also generated due to the high price level and – in contrast to other providers – with Bikeleasing, the dealer does not incur any commission costs.

Bikeleasing offers a digital ecosystem with its own proprietary platform for desktops, tablets and mobile devices through which its corporate customers, their employees, bicycle retailers, insurers and financing providers can be integrated with each other. The entire process of arranging and managing bicycle leasing, from onboarding the employer, through ordering the bicycle by the employee at the bicycle retailer, down to the purchase or return of the bike by the employee at the end of the lease, as well as insurance claims handling, is highly automated using the digital Bikeleasing platform.

In addition to brokering and managing company bicycles, a further business model is currently emerging with the Europe-wide marketing of used bicycles via B2B and B2C channels due to the high number of returns resulting from the very strong unit growth in recent years.

Since its formation, Bikeleasing has recorded strong and highly profitable growth and has been able to steadily expand its market share thanks to its innovation leadership. The established platform, with its almost 60,000 affiliated corporate customers and their approximately 3.3 million employees as of the reporting date, is neutral about the type of employee benefit being brokered. It offers hitherto unexploited potential in terms of incorporating other product groups for employee incentivization – such as smartphone, tablet or computer leasing.

The current offering of the Bikeleasing platform still focuses exclusively on bicycles, which are a key component of green mobility and are being used more and more. More and more people of all ages are choosing bicycles as a recreational sport, a hobby or as a means of transportation. E-bikes in particular are ensuring that greater distances can be traveled. Cycling is also becoming increasingly attractive in German towns and cities. Due among other things to the German "Bicycle Plan 2030," considerable sums are being invested in modern cycling infrastructure, such as protected cycle lanes, cycle highways and bicycle parking. This trend can also be seen in major cities in other European countries. The EU has also adopted a 17-point action plan that recognizes the bicycle as a fully-fledged means of transport and factors it into all planning. As well as recreational use, bicycles also offer transportation solutions to current challenges facing society, such as reducing road congestion and emissions, thus actively contributing to improving the quality of urban life.

Bikeleasing's headquarters are in Vellmar, with branches and offices in Uslar, Freiburg, Berlin and Innsbruck (Austria).

Bikeleasing's customers range from small artisanal businesses to DAX companies, public institutions, churches and non-governmental organizations.

Bikeleasing faces other competitors for company bicycle leasing. With its comprehensive platform-based approach, high level of automation and fully digital processing and management of lease agreements, Bikeleasing sees itself as a digital disrupter and leading innovator in its industry.

The business activities of Bikeleasing are normally subject to very pronounced seasonality in conjunction with the warm "biking season." Accordingly, a significant part of its revenue (in 2023 approx. 60%) is generated in the second and third quarters of the year.

Security Technologies

The Security Technologies segment is active in the field of security technologies, in particular for high-security data transmission. The segment currently consists of the IHSE companies (**IHSE**), which have been wholly owned by Brockhaus Technologies since December 2019, as well as KVM-TEC Electronic GmbH (**kvm-tec**), in which IHSE acquired a 100% interest in November 2021.

IHSE and kvm-tec develop, produce and distribute KVM (**k**eyboard, **v**ideo and **m**ouse) technology for high-security, reduced-latency and loss-free data transmission of often high data volumes in mission-critical applications.

KVM technology can be used to create direct, highly secure access from a workstation (which may be remote) to several servers (switching) and/ or conversely from several workstations to a single server (sharing). The outcome is a significant improvement in the efficiency, reliability, security and user-friendliness of high-end IT applications, without any loss of performance.

The operating segment focuses on high-performance systems in the following product groups:

> KVM extenders: Modular devices to control PC-based applications remotely in real time independently of the operating system (operating channel extension)
> KVM matrix switches: Routing systems for single and multiple workstation solutions to operate PC-based applications on one or more computer units
> KVM-over-IP (KVMoIP): KVMoIP extenders for physical separation between workstation and data source or servers via the standardized Internet Protocol (IP), as well as modules that enable IP-based access to remote KVM systems.
> Converters and accessories: devices for signal conversion
> Other: Repeaters, programmable controllers and input devices, aftersales service and other services

IHSE's products comprise proprietary network infrastructure solutions that, as cross-cutting technologies, are used in a wide range of the mission-critical fields such as air traffic control, medicine, utilities, transportation, banking, maritime shipping, semiconductor production in fabs and control centers in general – especially in situations where latency, system failures or cyberattacks could have serious consequences and where people's lives depend on the transmission of data, for example. They bridge distances between control units and computer units, usually servers or other high-performance computers, of up to 160 kilometers.

kvm-tec's products include flexible, highly secure KVM-over-IP solutions where – in contrast to IHSE – the standardized Internet Protocol is used for signal transmission in existing networks. KVMoIP products are increasingly being used in industry, television and radio (broadcasting) as well as in postproduction and in the public sector as a rapidly implemented, flexible, low-cost solution.

Since the acquisition of kvm-tec in fiscal year 2021, IHSE's product portfolio includes both proprietary IP-based and hybrid KVM technologies. This allows IHSE to deliver flexible solutions for any application. In addition, the acquisition resulted in synergies in the areas of development, sales, purchasing and production.

IHSE products are hub technologies that can be used in a wide range of end markets and benefit from a large number of megatrends (including autonomous driving, Industry 4.0/ networked production, etc.) that are driven by growing connectivity and digital transformation and the accompanying growth in mission-critical data transmission.

When planning (e.g., control rooms), operators must take into account of future developments to the farthest extent possible. The increasing pace of digital transformation, the closure of security gaps in hardware and software in light of growing cyberattacks and the creation of best working conditions possible are the focus of efforts when optimizing control rooms. The systems of IHSE and kvm-tec are optimized for these factors and are thus focused directly on customer requirements. The solutions offer a high degree of investment security because of things such as their modular approach. Customers can flexibly assemble a tailored KVM system from a variety of modules. Existing installations can be retrofitted with new functions and interface standards with a minimum of effort and expense. These aspects systematically enhance customer loyalty and hence also follow-up business with longstanding customers.

IHSE is certified according to the ISO 9001 quality management standard and applies a certified environmental management system in accordance with ISO 14001.

IHSE is headquartered in Oberteuringen by Lake Constance. It has subsidiaries in the USA, Singapore and China, who are responsible for sales in those markets. IHSE also has regional sales offices in France, Israel, India and South Korea. The headquarters of kvm-tec are in Tattendorf, Austria.

IHSE's customers are primarily sales partners and systems integrators, which in turn sell to a wide range of data-driven end markets.

Whereas the technologically lower and middle market for KVM is characterized by a high degree of fragmentation and competition between a large number of generalist suppliers, there are only a few specialized suppliers in the high-end segment relevant for IHSE that compete with each other in specific end markets.

Business activities in the Security Technologies segment are largely immune to seasonal factors. However, large individual orders and their delivery may result in uneven revenue recognition during the year.

Central Functions

Organizationally, the M&A activities are concentrated on the Group parent. They focus on the identification, due diligence and acquisition of majority stakes in high-margin and high- growth companies in the German-speaking Mittelstand that lead in technology and have B2B business models. Central Functions also include activities such as financial controlling, investor relations, risk management and compliance.

In addition to competitive bidding processes with several prospective buyers, Brockhaus Technologies also focuses on creating proprietary transaction situations. This approach aims to avoid the high purchase prices commonly found in auctions. It is also designed to ensure the greatest possible probability that the transaction will enter the due-diligence phase. Selling processes of M&A consultants are selectively pursued with an eye to cost-benefit aspects.

To obtain access to attractive investment opportunities, Brockhaus Technologies actively nurtures its existing network and expands it continuously. To ensure a constant deal flow of high-quality proprietary acquisition opportunities, Brockhaus Technologies has implemented a structured and tried-and-tested process that is designed to identify and proactively develop close relationships with attractive companies, their founders, family shareholders and directors.

Brockhaus Technologies' support for its subsidiaries' sustainable post-acquisition performance pursues a nuanced approach with the goal of driving further organic and inorganic growth. The aim is to develop a close relationship and partnership with the management teams of the subsidiaries, to provide them with comprehensive strategic support and access to the Brockhaus Technologies network and to enable the continuous review of strategic options, such as continued professionalization or expansion through internationalization.

Control system

The Group's control system is geared toward its objective of sustainably increasing the long-term value of its subsidiaries. To achieve this, Brockhaus Technologies' management receives and evaluates weekly and monthly reports from its subsidiaries. In addition to sales updates and financial reporting, these also contain explanations by the relevant management on material events, opportunities and risks.

The Group's most important financial key performance indicators are revenue and the adjusted EBITDA margin.

Revenue is the key indicator of market performance or the Group's growth. In contrast to fiscal year 2022, the Group no longer adjusts revenue since the beginning of fiscal year 2023. Previously, Brockhaus Technologies had adjusted revenue for the decreased earnings from value step-up. The adjustment had led to higher revenue than revenue in accordance with IFRS. In order to avoid discrepancies between the key performance measures and IFRS as good as possible, the management of Brockhaus Technologies ended these adjustments to revenue as per beginning of fiscal year 2023. The decrease in earnings due to value step-up amounted to €1,384 thousand in fiscal year 2023 (previous year: €2,606 thousand). The revenue reported for the comparative period in this management report was also not adjusted for the decreased earnings due to value step-up.

Adjusted EBITDA or the ratio of adjusted EBITDA to revenue expressed as a percentage (**adjusted EBITDA margin**) indicates the Group's pricing power and its cost efficiency. It is calculated as earnings before interest, taxes, depreciation and amortization, adjusted for the cost of acquisition of subsidiaries, personnel expenses from business combinations, costs of stock-based compensation and income from the sale of property.

Research and development

The Group's development activities are concentrated on the development of new – and enhancement of existing – technologies, products, processes and software. These activities are undertaken in the high-performance secure transmission and switching of computer signals and as part of the enhancement and automation of the digital B2B finance platform for employee benefits.

Research and development activities

€ thousand	2023	2022
Research and development expense	4,240	3,716
Research intensity (research and development expense / revenue)	2.3%	2.6%
Capitalized development investments	1,928	1,385
Capitalization rate	45.5%	37.3%
Capitalized research and development costs	3,348	2,863
Employees in research and development	58	39

The table does not include research and development expenses for the former Environmental Technologies segment for the comparative period.

Research and development expense in the reporting period amounted to €4,240 thousand (previous year: €3,716 thousand), corresponding to a research intensity of 2.3% (previous year: 2.6%). Development investments of €1,928 thousand (previous year: €1,385 thousand) were capitalized in the reporting period. The capitalization ratio was therefore 45.5% (previous year: 37.3%). Including amortization of capitalized development costs amounting to €1,035 thousand (previous year: €533 thousand), the total capitalized research and development costs were €3,348 thousand (previous year: €2,863 thousand). The increase is mainly attributable to the activities in the Financial Technologies segment.

Financial Technologies | Development activities in the Financial Technologies segment were significantly expanded in the reporting period in terms of content and personnel. In the past, this was dominated by a high level of outsourcing in the form of development services purchased from external service providers.

A Chief Technology Officer (CTO) was appointed at segment management level with the aim of ensuring that the further development of Bikeleasing's digital B2B platform is implemented to the greatest extent possible using internal resources. The number of employees in the development function increased from 7 to 24 in the reporting period.

Development work focused on two issues: user-friendliness of the front ends and the level of business process automation. The front ends relate in particular to the user interfaces for platform access, i.e., the browser interface for use on smartphones and desktop computers that bicycle retailers, employers and employees use to interact with Bikeleasing and each other, and to manage their leasing and insurance contracts. In this context, the existing customer journeys in particular were analyzed and optimized, based on the results of the analyses. This also involved further simplification of the way the systems are used by users. In addition, the existing data analysis systems were enhanced to ensure the continuous improvement of customer journeys.

To increase the level of business process automation, the platform was upgraded in particular by adding new functions, such as integration into the online stores of direct-to-customer bicycle retailers (D2C brands). In addition, new functions were developed in the area of marketing for lease returns.

Security Technologies | The portfolio of KVM and KVMoIP products was expanded in the Security Technologies operating segment during the reporting period. KVMoIP solutions build on the standardized Internet Protocol (IP) and are a cost-efficient, more flexible alternative to a proprietary KVM network solution in certain applications. The IP capabilities gained through the acquisition of kvm-tec were used to enhance the modular IHSE KVM platform into a hybrid solution. This has resulted in a solution that combines proprietary with new, IP-based components in a single system and can hence respond even more flexibly to customer requirements. Following completion of the prototype phase in the third quarter of fiscal year 2023, these IP-enabled devices now complement the IHSE product portfolio. Software-supported KVM components have also been developed that have already been demonstrated as prototypes at trade fairs. A special focus of the development team at kvm-tec is on the further development of the innovative KVM console units with integrated multiviewer capabilities. A multiviewer is a combination of software and hardware that enables multiple video signals to be viewed together on a single display. This technology now enables IHSE the ability to serve customer requirements in the area of personal and compact video walls from a single source without partner companies.

In light of the shortage of relevant components over the past two years, dependence on specific chips was further reduced through product redesigns, and the delivery capability of the Security Technologies segment was sustainably improved.

To meet the growing requirements for security-critical applications, the ongoing certification processes for a product family in accordance with the international Common Criteria for Information Technology Security Evaluation and the German KRITIS (critical infrastructure according to the Federal Office of Civil Protection and Disaster Assistance and the Federal Office for Information Security) were completed in the reporting period. In addition, cooperation was stepped up with several partner companies in the field of security and environmentally hardened devices.

There is also a cooperative arrangement in the field of research and development with the Fraunhofer Society and with a number of companies in the Lake Constance District to develop – with government support – a test track for autonomous vehicles with an integrated smart-city control center under the leadership of IHSE. IHSE and kvm-tec had 34 employees working in the research and development area as of the reporting date (December 31, 2022: 32).

Employees

As of December 31, 2023, Brockhaus Technologies employed a total of 467 employees (previous year: 372 employees). This corresponds to a year-over-year increase in our headcount of around 25.5%. The change in the headcount is primarily attributable to the 51.2% increase in the number of employees in the Financial Technologies segment from 201 to 304. The number of employees in the Security Technologies segment declined by -5.0% to 152 (previous year: 160). The number of employees in the Central Functions remained unchanged at 11.

The average number of full-time equivalents (FTEs) was 336 in the reporting period (previous year: 273). In this calculation, part-time positions are weighted proportionate to their working hours.

The average number of full-time equivalent employees as of the reporting date was 385 (previous year: 321).

Special purpose vehicles (SPVs)

The first of the two SPVs is Compartment B of Debt Marketplace SARL. Companies can securitize receivables via this SPV. The Group has no ability to influence the management of this structured entity. However, the Group handles a material activity of the structured entity by servicing the lease receivables and recovering them upon default by the lessee. The Group additionally assumes the credit risk associated with the lease receivables by way of a purchase price discount and participates substantially in the variable returns of the structured entity by receiving a share of the excess spread. In the overall assessment, the Group has control over Compartment B of Debt Marketplace SARL within the meaning of IFRS 10. The company must therefore be consolidated in accordance with IFRS.

The second structured entity is KVM-TEC MPP GmbH & Co. KG. The Group uses a GmbH & Co. KG (a German limited partnership in which a limited liability company is the general partner) structure for its management investment in kvm-TEC. The Group holds all shares in the general partner, but not in KVM-TEC MPP GmbH & Co. KG itself. Nevertheless, the Group controls KVM-TEC MPP GmbH & Co. KG by virtue of separate segregated agreements. Viewed overall, the Group exercises de facto control over KVM-TEC MPP GmbH & Co. KG within the meaning of IFRS 10. The entity therefore has to be consolidated in accordance with IFRS.

Economic report

The Group acquired four external sales agencies of the Financial Technologies segment at different dates in the course of the reporting year. For this reason, the informative value of the statement of comprehensive income for fiscal year 2023 and in particular, its suitability for deriving forecasts, is limited. The Executive Board therefore additionally analyzes the Group's earnings figures on a pro forma basis. This presents the Group's statement of comprehensive income as if the sales agencies had already been acquired as of January 1, 2023.

To calculate the pro forma income and expenses, management assumed that the preliminary fair value adjustments made as of the date of acquisition of the sales agencies would also have applied if the acquisitions had taken place on January 1, 2023.

The results presented in this economic report are based on pro forma figures unless otherwise indicated for the reporting period. The corresponding non-pro forma values are designated as "as-is".

For information on the disclosure of the Palas subgroup as a discontinued operation for the comparative period, please refer to the comments at the beginning of this management report and to note 34 of the notes to the consolidated financial statements for the previous fiscal year 2022.

Comparison of actual and forecast business performance

Forecasts in the course of 2023

As of the publication date of the 2022 Annual Report on March 31, 2023, Brockhaus Technologies expected revenue to grow between 16% and 23% to €165 million to €175 million in fiscal year 2023. The adjusted EBITDA margin was projected to be 35%.

This estimate was reaffirmed in the H1 2023 half-year report published on August 14, 2023.

In light of the positive development, Brockhaus Technologies announced in its Quarterly Statement 9M 2023 that it intends to reach the upper end of the forecast revenue range (€165 – €175 million) for the year as a whole with an unchanged adjusted EBITDA margin of 35%.

Forecast achieved

Brockhaus Technologies beat its revenue guidance for fiscal year 2023 significantly (€165 million and €175 million), by generating revenue of €186.6 million. The main driving factor was the positive development with regard to converting corporate customers to the variable leasing factor in the Financial Technologies segment, which resulted in higher income per company bike brokered while refinancing terms remained the same. In contrast, at 33.3%, the adjusted EBITDA margin was below the forecast of 35%. A key factor is that many bicycle retailers had comparatively high inventories and the time it takes to realize revenue from selling lease returns has therefore increased significantly. Accordingly, inventories at Bikeleasing as of the reporting date were significantly higher than in the previous year. In the fourth quarter of 2023, an impairment loss was recognized on bicycles from returns initially held by Bikeleasing, which was reflected in gross profit.

However, BKHT surpassed the expectations for adjusted EBITDA (€57,750 thousand to €61,250 thousand) underlying the adjusted EBITDA margin forecast by posting a figure of €62,205 thousand.

Macroeconomic environment

Economic recovery in Germany slowed further in fiscal year 2023. The primary factors here were the continued high inflation rate, increased energy costs, interest rate hikes by central banks and hence higher financing costs, as well as geopolitical conflicts such as Russia's war of aggression against Ukraine and the Middle East conflict, which significantly impacted foreign trade.

According to figures from the Federal Statistical Office, gross domestic product (GDP) in both the first and second quarters of fiscal year 2023 was down year-on-year (down 0.2% in Q1 and down 0.6% in Q2). Economic growth in Germany remained subdued at the start of the reporting period. Following the stagnation of economic output in the second quarter of 2023, the German economy was still in a phase of economic weakness in the third quarter of 2023. Against the backdrop of slowing global economic momentum and declining exports, industrial output was in a downward trend. Following positive developments at the start of the year, construction industry output collapsed significantly as a result of the drastic rise in material and financing costs. In the domestic economy, the continuing loss of purchasing power and the impact of monetary tightening also weighed on private consumption. Calender-adjusted, economic output declined by -0.1%, according to the Federal Statistical Office.

Following a series of ten interest rate hikes, the European Central Bank (ECB) decided against a further increase for the first time in October of the reporting period and also did not change interest rates at the end of the fiscal year in the face of ebbing inflation and a weakening economy. The key interest rate stood at 4.5% at the end of the year.

Industry specific environment

Because of the niche strategy of Brockhaus Technologies' segments, reliable statistics or studies on developments in the corresponding relevant markets are available only to a limited extent. For this reason, the following information on market developments in the relevant segments refers to estimates by the management at subsidiaries.

Financial Technologies I The persistently high demand for company bicycles, especially e-bikes, continued unabated during the fiscal year 2023. The market for company bicycles therefore bucked a generally declining bicycle market in Germany and remained one of the few growing sales channels for bicycle retailers. After a record high in the German bicycle market with 5.0 million bicycles sold in 2020, the market returned to a more normal level of 4.0 million in 2023 and hence broadly to the trend line of recent years (4.3 million bicycles in 2019). The total value of bicycles sold in Germany also declined from €7.4 billion in 2022 to €7.1 billion in 2023.

Thanks to the growing familiarity with the idea of leasing a company bicycle and the benefits and greater acceptance of company bicycle leasing, an increasing number of employees have the possibility of leasing a bicycle or e-bike through their employer at a low price. As a result, the share that company bicycle leasing has in the overall bicycle market rose further. This increase was driven not only by the German market, but also by Austria, which also experienced further significant growth in demand.

The company bicycle model also received an additional tailwind from persistently high inflation and the resulting reduction in purchasing power, which is fueling interest in leasing solutions, as these do not require a high one-time payment. Instead, the preferred bicycle is financed in 36 monthly installments and is even significantly (ca. 34%) cheaper than a cash purchase.

Security Technologies | Sales markets in the Security Technologies segment developed positively overall in the reporting period. Conversely, the changed geopolitical conditions significantly influenced demand. Increased demand for KVM technology was evident in the European and US markets, whereas the Asian market, and the Chinese market in particular, exhibited reluctance to invest in Western technologies.

On the procurement side, the impact of the disrupted supply chains led to delays in the completion of order backlogs, which delayed the recognition of income and thus had a direct impact on IHSE's period-specific performance. This resulted firstly in internal development costs for redesigns and secondly in higher material costs in some cases, in order to be able to safeguard the greatest possible delivery capability.

Central Functions | Following the year-on-year decline in the market for M&A transactions in 2022, this trend continued in 2023. This saw the value of global M&A transactions fall by a further -26% from USD 2.7 trillion in 2022 to USD 2.0 trillion in 2023. The number of M&A transactions fell by -23% at the same time. In 2023, slightly more than 2 thousand deals worth around 57.6 billion euros were recorded in Germany. While the number of deals remained largely constant compared with the previous year, transaction values fell by a total of almost 40% year-on-year, which means that they are 57% down on the highs of 2021.

Continued high inflation rates, increased energy costs, high interest rates set by central banks and hence higher financing costs, as well as geopolitical conflicts such as Russia's war of aggression against Ukraine or the Middle East conflict, increased investor risk aversion and therefore slowed transaction activity.

The technology sector remained an active sector, where even the transaction multiples (EV/EBITDA) increased slightly compared with previous years. As well as the attractiveness of the companies, the reasons for this are the continued high purchase price expectations of sellers, which were met in many transactions because of the high level of competition from strategic buyers and financial investors in this attractive sector. In light of geopolitical challenges, persistent inflation and experience with supply chain disruptions, many market participants focused on companies with a high level of resilience and a predictable business performance. As a result, it was increasingly evident that a large number of sales processes were halted, particularly in sectors outside the technology sector, as the valuation gap between purchase price expectations and the offers being received was too large for sellers. Due to this ongoing discrepancy and high level of uncertainty, the preparation time, transaction and structuring complexity as well as the time required for sales processes have risen sharply, leading to a corresponding decline in the number of transactions being completed.

With the comprehensive process that the three-pronged sourcing approach involves, consisting of contact with M&A consultants, proactive sourcing and a long-standing industry network, Brockhaus Technologies continues to have an appealing pipeline of potential acquisition targets, both for new platforms/ segments and for potential additions to the existing segments. Brockhaus Technologies continued to follow the principle of operating very selectively in its acquisition processes and, in keeping with this principle, merely made add-on acquisitions in 2023 by purchasing the sales agencies in the Financial Technologies segment.

Results of operations

In 2023, the Group's revenue increased by +30.8% to €186,631 thousand. Two new securitization structures were initiated in the Financial Technologies segment in the reporting period to refinance lease receivables and trade receivables relating to future insurance premiums. Income from the sale of these receivables amounting to €13,219 thousand (2022: €- thousand) was recognized in revenue in the reporting period. Please refer to the segment reporting further below for a detailed explanation of the revenue developments.

The as-is adjusted EBITDA margin remained at a constant high level of 33.3% in fiscal year 2023 (previous year: 33.2%). The pro forma adjusted EBITDA margin of 35.9% was significantly higher than the previous year's figure of 33.2%. The main reason for the increase is attributable to the Financial Technologies segment and results from positive effects from the purchase of four sales agencies, because the commission payments saved were higher than the additional costs incurred due to the takeover of sales agency employees. Another sales agency was terminated at the end of the third quarter. The resulting provisions for compensation claims are not part of the pro forma adjustments and are not adjusted by the Group, but constitute non-recurring expenses of €1,800 thousand. These one-time expenses therefore had a negative impact on adjusted EBITDA, both on an as-is and on a pro-forma basis. Details of that can be found in the segment reporting.

The main items of the statement of comprehensive income are presented as as-is values in this paragraph. The increases are mainly attributable to the continued very strong growth of Bikeleasing (Financial Technologies segment), as well as to the positive development at IHSE (Environmental Technologies segment). The sales agencies in the Financial Technologies segment acquired in fiscal year 2023 were only part of the Group for a certain amount of time in the reporting period. Cost of materials rose by 34.0% to €69,312 thousand (previous year: €51,734 thousand). €8.666 thousand of this figure is attributable to commission payments to terminated and acquired sales agencies. Personnel expenses rose by 24.3% to €33,095 thousand (previous year: €26,625 thousand) and depreciation of property, plant and equipment and amortization of intangible assets (excluding PPA assets) rose by 40.3% to €4,552 thousand (previous year: €3,245 thousand). Other operating expenses increased by 56.7% to €30,627 thousand in fiscal year 2023 (previous year: €19,542 thousand). The main drivers of this increase are costs incurred in connection with the acquisition of the four sales agencies (€4,337 thousand) and non-recurring expenses in connection with the provisions recognized for potential compensation claims arising from the termination of another sales agency (€1,800 thousand) in the Financial Technologies segment. The amortization of intangible assets identified during initial consolidation increased by 10.7% to €15,707 thousand (previous year: €14,184 thousand). Finance costs increased by 33.9% to €19,752 thousand (previous year: €14,748 thousand). The primary reasons for the increase in finance costs are the effects of the remeasurement of the earn-out receivables from the sale of Palas (€2,936 thousand) and the success fee liability (€3,054 thousand). Financial income amounted to €524 thousand (previous year: €4,779 thousand). In the comparative period, the remeasurement of the earn-out liability from the acquisition of kvm-tec resulted in a gain of EUR 4,452 thousand. After income taxes, the net profit for the year was €9,316 thousand (previous year: net loss of €10,466 thousand).

Effective November 24, 2022, the Palas group, which constituted the Environmental Technologies segment until the date of sale, was sold to the Swedish technology and industrial group Indutrade AB. Palas was therefore deconsolidated at the end of November 2022. The structure of the Group changed with the sale and deconsolidation of Palas. For the comparative period, the activities of the previous Environmental Technologies segment are presented up to the date of sale as a discontinued operation in the statement of comprehensive income, whereas they were included in the statement of cash flows until the deconsolidation date. The former Environmental Technologies segment is no longer reported for the comparative period in the segment reporting. Details on the accounting treatment of the deconsolidation of Palas can be found in Note 34 to the Consolidated Financial Statements for fiscal year 2022.

Net assets

With total assets of €666,180 thousand, the Group's assets are split between 79.3% non-current assets and 20.7% current assets as of the reporting date. The largest items by value are intangible assets including goodwill (€356,600 thousand), lease receivables (€167,201 thousand), cash and cash equivalents (€53,666 thousand), trade receivables (€35,720 thousand), other financial assets (€19,445 thousand), inventories (€17,697 thousand) and property, plant and equipment (€12,868 thousand). Intangible assets relate primarily to the customer base, basic technologies, distribution rights and trademarks identified in the course of purchase price allocation for the subsidiaries (PPA assets) as well as goodwill.

Financial position

The Group's cash and cash equivalents as of the reporting date amounted to €53,666 thousand. This stood against financial liabilities of €279,405 thousand, which include loans (€85,068 thousand), other financial liabilities (€17,928 thousand) and lease refinancing for Bikeleasing (€176,410 thousand). After factoring in lease receivables (€167,201 thousand), the Group's net debt was €58,539 thousand and therefore 0.87 times adjusted EBITDA (leverage).

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Net debt	58,539	37,370
Adjusted EBITDA (pro forma for 2023)	66,988	47,400
Leverage	**0.87x**	**0.79x**

As a rule, the Group aims to achieve leverage of up to approximately 2.5x, i.e., net debt of up to approximately 2.5x adjusted EBITDA. In exceptional cases, e.g., following acquisitions, this value may be exceeded in the short to medium term. This is intended to ensure a balance between a high return, which can be achieved through a certain level of debt, and the advantages of a strong equity base.

Calculation of net financial debt

€ thousand	2023	2022
Senior loans	58,631	46,501
Subordinated loans	26,350	38,932
Real estate loans	87	5,514
Cash and cash equivalents*	(53,666)	(70,800)
Net debt from loans	**31,402**	**20,147**
Other financial liabilities	**17,928**	**7,934**
Lease refinancing	176,410	153,809
Lease receivables	(167,201)	(144,520)
Net debt from leasing	**9,209**	**9,289**
Net debt	**58,539**	**37,370**

* Cash and cash equivalents are deducted from the loan in this presentation for purposes of analysis. There is no corresponding earmarking.

The increase in net debt is due primarily to the lower level of cash and cash equivalents compared with December 31, 2022. This is mainly attributable to the payments in the Financial Technologies segment from the purchase of the four sales agencies amounting to €19,483 thousand. Higher other liabilities are another reason. On the one hand, this is due to the remeasurement of the success fee liability, which led to an increase in other liabilities of €3,054 thousand. On the other hand lease liabilities increased by €6,513 thousand. The main driver of this increase is the sale of IHSE's commercial property in 2023, which will continue to be leased by the company and recognized as a rental and lease commitment in accordance with IFRS 16.

The senior loans have different times to maturity lasting up until and including 2027. Part of the collateralized loans bear fixed rates of interest, whereas the rest bear interest of EURIBOR plus a margin. If EURIBOR is negative, it is set at zero for determining the interest rate in line with the loan agreements.

As part of the acquisition of Bikeleasing, two acquisition loans totaling €78,066 thousand (as of November 30, 2021) were taken out in addition to vendor loans of €15,000 thousand (100% attributable to BKHT). In the comparative period, the vendor loans were already repaid in full and an additional €20,660 thousand was voluntarily repaid early on the acquisition loan at the level of BLS Beteiligungs GmbH, which is 52.09% attributable to BKHT. A further €9,340 thousand was voluntarily repaid early on this acquisition loan in the reporting period. Following the vendor loans in the previous year, this means that this acquisition loan was therefore also repaid in full within 23 months of the acquisition of Bikeleasing. In addition, a further €14,700 thousand was voluntarily repaid early on the second acquisition loan and €4,299 thousand in related interest was paid.

Consequently, as of the reporting date, only subordinated acquisition loans of €26,350 thousand from financing the purchase of Bikeleasing remained at the level of the intermediate holding company BCM Erste Beteiligungs GmbH, 94.87% of which is attributable to BKHT.

A senior acquisition loan of €23,384 thousand remains in the Group from the purchase of IHSE. Following the sale of the IHSE property, the underlying real estate loan amounting to €5,409 thousand was repaid in full.

Some of the Group's loan agreements contain arrangements on whose basis extensive early repayment obligations may be triggered. For example, the loans in question may be repayable immediately if the Group breaches contractual conditions. For example, the loans in question are subject to covenants that must be complied with by the subsidiaries funded by the loans. There was no breach of the covenants in the reporting period.

The deferred tax liabilities of €56,424 thousand relate mainly to the customer bases, basic technologies, distribution rights and trademarks identified in the course of purchase price allocation for the acquisitions of the subsidiaries (PPA assets) and will be reversed through profit or loss (but with no effect on cash flow) in the future as these PPA assets are amortized.

There are restrictions on the availability of the Group's capital in the form of restrictions on distributions by the subsidiaries resulting from the loan agreements. Cash and cash equivalents are held in separate accounts by the relevant Group companies. There is no cash pooling.

The Group had cash and cash equivalents of €3,704 thousand in a range of foreign currencies at the reporting date. These cash holdings are not hedged. Because of its good liquidity position, the Group was able to discharge its payment obligations at all times in the reporting period. No liquidity shortfalls arose and none are foreseeable on the basis of the expected development of the Group's business.

Group equity at the reporting date was €297,831 thousand, equal to 44.7% of total assets. This represents a decrease of 3.4% compared with December 31, 2022, when equity amounted to €315,337 thousand or 48.1% of total assets. The decline in equity is mainly attributable to the buy-back of own shares under the share buy-back program. As part of this program, the Company acquired 499,971 treasury shares at a price of €22 per share and a volume of €10,999 thousand.

The Executive Board defines the principles and goals of the Group's financial management. The primary goals are to safeguard liquidity and limit financial risks. Our goal is therefore not to enter into any material risks from the investment of the Group's cash funds. To ensure this, these funds are held in bank accounts at domestic credit institutions or in the form of German federal bonds until they are needed to finance acquisitions.

Given the good liquidity position, the very successful course of business in 2023, and the positive future prospects, we want to let our shareholders participate in our success in future by distributing a dividend. This means that we have reached the target status of our previous dividend policy significantly sooner than foreseen. The policy had previously envisaged paying a regular dividend only in the medium-term future. To ensure an attractive dividend policy, Brockhaus Technologies aims to distribute a dividend that will in principle rise steadily.

This dividend policy reflects the company's current objectives and may be adjusted again in the future. In addition, the dividend distribution requires each year that the Executive Board and Supervisory Board make corresponding dividend proposals, and each of these bodies can deviate from this policy in the light of the circumstances that prevail at the time. The dividend is resolved by the Annual General Meeting.

Cash flow from operating activities amounted to €34,796 thousand (previous year: €34,914 thousand) or €44,822 thousand before income taxes paid (previous year: €42,742 thousand) and was primarily attributable to the operating cash flow surpluses of the subsidiaries.

Cash flow from investing activities was €-9,904 thousand and largely comprised payouts in connection with the acquisition of the four sales agencies by Bikeleasing. Additionally, the Group received €10,000 thousand from the sale of the IHSE property. In the previous year, cash flow from investing activities was substantially positive, mainly driven by the inflows from the sale of Palas. In fiscal year 2023, €2,407 thousand was attributable to additions to property, plant and equipment and €1,315 thousand to additions to intangible assets.

Cash flow from financing activities amounted to €-42,590 thousand and was dominated by the voluntary early repayments on two of the acquisition loans from the purchase of Bikeleasing amounting to a total of €24,040 thousand and the full repayment of the IHS real estate loan of €5,409 thousand. In addition, €10,999 thousand was paid out to finance the share buyback and a further €15,780 thousand was distributed to non-controlling shareholders at the level of BLS Beteiligungs GmbH. Bikeleasing uses a registered bond for its financing, which was increased by €25,000 thousand in the reporting period.

The **adjusted free cash flow before tax** (cash flow from operating and investing activities adjusted for acquisitions, disposals of subsidiaries net of cash and cash equivalents sold, income taxes, costs of equity transactions and purchasing subsidiaries) was €44,446 thousand (previous year: €39,785 thousand).

Condensed statement of cash flows

€ thousand	2023	2022
Adjusted EBITDA (as-is)	**62,205**	**50,006**
EBITDA adjustments	(4,322)	(3,279)
Effects from the disposal of Palas	-	1,180
(Income taxes paid)/ income tax refunds	(10,026)	(7,828)
Expenses for equity-settled share-based payment transactions	544	673
(Gain)/ loss on sale of property, plant and equipment	(889)	(190)
Other non-cash expenses/ (income)	725	5,040
(Increase)/ decrease in lease receivables	(22,681)	(24,761)
Increase/ (decrease) in lease refinancing liabilities before interest rate effect	17,219	25,630
Interest received	522	-
(Increase)/ decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	(8,001)	(16,118)
Increase/ (decrease) in trade payables and other liabilities not attributable to investing or financing activities	(545)	4,590
Increase/ (decrease) in other provisions	43	(28)
Cash flow from operating activities	**34,796**	**34,914**
Payments to acquire property, plant and equipment	(2,407)	(1,250)
Proceeds from sale of property, plant and equipment	10,045	198
Payments to acquire intangible assets	(1,315)	(548)
Capitalized development costs	(1,034)	(1,357)
Acquisition of subsidiaries, net of cash acquired	(15,192)	-
Disposal of subsidiaries, net of cash and cash equivalents sold	-	55,992
Cash flow from investing activities	**(9,904)**	**53,035**
Proceeds from loans raised	25,419	10,000
Repayment of loans and other financial liabilities	(33,465)	(51,172)
Repayment of lease liabilities	(1,293)	(1,257)
Interest paid	(6,472)	(4,273)
Acquisition of treasury shares	(10,999)	-
Distributions to non-controlling shareholders	(15,780)	-
Cash flow from financing activities	**(42,590)**	**(46,702)**
Change in cash and cash equivalents	**(17,698)**	**41,247**
Effect of exchange rate changes on cash and cash equivalents	(114)	202
Cash and cash equivalents at period start	70,780	29,331
Cash and cash equivalents at period end	52,969	70,780

Segment reporting

Brockhaus Technologies comprises the Financial Technologies and Security Technologies operating segments.

- **Financial Technologies:** Operation of a digital B2B finance platform for arranging, financing and managing employee benefits through the employer, consisting of Bikeleasing
- **Security Technologies:** Development, production and distribution of KVM (**k**eyboard, **v**ideo and **m**ouse) technology for high-security, reduced-latency and loss-free data transmission in mission-critical applications, consisting of IHSE and kvm-tec

Operating segments

	Reportable segments							
	Financial Technologies		Security Technologies		Central Functions and consolidation		Brockhaus Technologies	
€ thousand	Pro forma 2023	2022	2023	2022	2023	2022	Pro forma 2023	2022
Revenue	146,213	106,623	40,468	36,086	(51)	2	186,631	142,712
Revenue growth	37.1%		12.1%		-		30.8%	
Gross profit	93,123	65,120	30,542	26,331	372	269	124,037	91,721
Gross profit margin	63.7%	61.1%	75.5%	73.0%			66.5%	64.3%
Adjusted EBITDA	63,081	43,938	11,088	8,617	(7,181)	(5,155)	66,988	47,400
Adjusted EBITDA margin	43.1%	41.2%	27.4%	23.9%			35.9%	33.2%
Adjusted EBIT	60,070	41,980	9,670	7,485	(7,304)	(5,311)	62,437	44,155
Adjusted EBIT margin	41.1%	39.4%	23.9%	20.7%			33.5%	30.9%

The four sales agencies acquired in the Financial Technologies segment were included in the consolidated financial statements when Brockhaus Technologies obtained control during fiscal year 2023 and were therefore only part of Brockhaus Technologies for a certain length of time in the reporting period, depending on the acquisition date.

To enhance the information value of the segment reporting and in line with the Group's internal reporting, the information is presented on a pro forma basis. This presents the Group as if the sales agencies acquired had already been part of Brockhaus Technologies as of January 1, 2023. Non-pro forma values are designated as "as-is."

Brockhaus Technologies' revenue has risen by +30.8% year over year. Both segments recorded revenue growth.

Viewed by region, Brockhaus Technologies' revenue development was very successful, with +32.3% growth in EMEA and +24.6% growth in the Americas, although revenue did drop by -4.4% in APAC. The increase in EMEA was primarily attributable to Bikeleasing's significant revenue growth, while the growth in the Americas was driven by the strong growth of IHSE's business in the USA. The decline in APAC is due to IHSE's reduced business in this region. Details on the development of revenue by segment are described in detail in the disclosures on the individual segments.

Financial Technologies

Revenue in the Financial Technologies segment (Bikeleasing) grew by +37.1% in fiscal year 2023 to €146,213 thousand (previous year: €106,623 thousand). In the reporting period, Bikeleasing increased the number of corporate customers connected to its platform by 14.1 thousand to a total of approx. 60 thousand. These companies have a total of approximately 3.3 million employees. The number of new company bikes brokered was 151 thousand, which reflects an increase of approximately +28% compared to the previous year. In addition, the average price per brokered company bike also increased by +4.6% to €4,081.

Bikeleasing not only significantly increased the number of new company bicycles leased in Germany, but also built on the strong growth of its business in Austria in fiscal year 2022. At the end of fiscal year 2023, Bikeleasing already numbered 2,298 companies in Austria among its customers. In Austria, revenue of €2,807 thousand (previous year: €1,066 thousand) was generated in the reporting period. At 63.7%, the segment's gross profit margin was significantly higher than in the comparative period (previous year: 61.1%). Three factors significantly impacted the gross profit margin in the reporting period.

Bikeleasing acquired four of its five external sales agencies. The contract with the fifth sales agency was terminated effective October 2023. These sales agencies had previously received a percentage commission per company bike brokered, which was reported as part of cost of materials. Commission expenses for all sales agencies in the comparative period amounted to €10,928 thousand (10.2% of revenue). Without the acquisition and termination of the sales agencies, these expenses presumably would have increased in the reporting period by a similar amount to the transaction volume brokered and financed via the Bikeleasing platform (+28.0% or around €14 million). Due to the acquisitions and the termination of the remaining sales agency, commission expenses of only €8,666 thousand were incurred in the reporting period. €5,651 thousand of this amount was attributable to the acquired commercial agencies and is therefore not included in the pro forma gross profit. Pro forma gross profit in the reporting period only includes the commission expenses of €3,016 thousand (2.1% of revenue) attributable to the terminated sales agency. These expenses have no longer been incurred since the termination took effect. However, as the termination does not constitute a business combination, no pro forma adjustment is required.

The increased proceeds from the disposal of lease assets had a reducing effect on the gross profit margin. At the end of the lease term – generally 36 months – the bikes are liquidated from the respective lease by being sold to the employee, employer, dealer or to used bicycle platforms. The steep increase in disposal proceeds in the current fiscal year results from the very strong unit growth in recent years. Although this revenue component leads to a positive contribution to earnings overall, its gross profit margin is significantly lower (2023: 7.7%) than that of the other revenue components of Bikeleasing, which rose further to 83.0% in the reporting period (previous year: 78.9%).

The Financial Technologies segment recorded an increase in inventories from €2,218 thousand to €7,097 thousand in the reporting period as a result of lease returns. This is because many bicycle retailers had comparatively high inventories and the time it takes to realize revenue from selling lease returns has therefore increased significantly. In the fourth quarter of 2023, an impairment loss of €6,230 thousand was recognized on bicycles from lease returns initially held by Bikeleasing, which was reflected in gross profit.

At 43.1%, the adjusted EBITDA margin was up on the previous year's level (41.2%). The main drivers of this growth are attributable to the explanations given above under gross profit. The expenses for potential compensation claims resulting from the termination of the contractual relationship with one of the total of five external sales agencies had a reducing effect on the adjusted EBITDA margin. A non-recurring expense of €1,800 thousand was recognized in the reporting period in this respect for future compensation payments. The additional costs of €868 thousand for the takeover of employees following the purchase of the four sales agencies are significantly lower than the commission payments saved.

These effects were also reflected in the adjusted EBIT margin of 41.1% (previous year: 39.4%).

In the as-is perspective, the gross profit margin was 59.8% (-1.3 percentage points), the adjusted EBITDA margin was 39.9% (-1.3 percentage points) and the adjusted EBIT margin was 37.8% (-1.6 percentage points).

Two new securitization structures were initiated in the reporting period to refinance lease receivables and trade receivables relating to future insurance premiums. In this context, a significant portion of these receivables was sold to an unconsolidated special purpose vehicle (SPV) on a non-revolving basis. This SPV securitized the receivables concerned and issued the notes created in the process to investors. Receivables with a total carrying amount of €113,763 thousand (2022: €- thousand) were sold to the SPV. Income from the sale of these receivables amounting to €13,219 thousand (2022: €- thousand) was recognized in revenue in the reporting period. Further details of the new securitization structures and their accounting treatment in note 22 to our consolidated financial statements.

Security Technologies

The Security Technologies segment (IHSE and kvm-tec) recorded a +12.1% increase in revenue to €40,468 thousand (2022: €36,086 thousand). The main driver of this was the very positive development in the Americas region, where revenue grew by +24.6% year-on-year to €15,549 thousand. At €21,714 thousand, revenue in EMEA was also up year-on-year (2022: €20,257 thousand). In the APAC region, revenue was down by -4,4% year-on-year and amounted to €3,205 thousand (2022: €3,354 thousand). This is due to the general trends of decoupling of the Chinese economy. Other factors also include below-average growth in economic output coupled with the crises in the construction industry and the general reduction in investments of the local Chinese district governments, which continues to inhibit the awarding of new business.

Revenue by product group

€ thousand	2023	%	2022	%
Digital KVM extenders	24,462	60.4%	22,290	61.8%
KVM matrix switches	8,860	21.9%	6,971	19.3%
Real-time IP extenders	4,112	10.2%	3,672	10.2%
Services	1,663	4.1%	629	1.7%
Converters and peripherals	737	1.8%	532	1.5%
IP Remote Access	243	0.6%	640	1.8%
Other	392	1.0%	1,352	3.7%
Revenue	**40,468**	**100.0%**	**36,086**	**100.0%**

At 75.5%, the gross profit margin was higher than in the comparative period (73.0%). This is due in particular to a lower cost of materials ratio in the reporting period. Slight fluctuations in the gross profit margin can be regularly observed for IHSE. This is explained by both different gross profit margins for large deliveries (customer and product mix) as well as significant reporting date-related fluctuations in changes in inventory.

Adjusted EBITDA increased by +28.7% and amounted to €11,088 thousand. At 27.4%, the adjusted EBITDA margin was significantly above the level of the previous year (23.9%). At 23.9%, the adjusted

EBIT margin was also up significantly on the previous year's level (20.7%). The year-on-year increase in margins is primarily due to the sharply higher volume of revenue and the resulting fixed cost degression.

Other operating expenses increased to €6,081 thousand, compared with €5,490 thousand in the previous year, mainly due to higher trade fair and travel activities as well as IT costs for the implementation of a new ERP system. Several trade shows took place in the reporting period that are significant for presenting IHSE and its products, maintaining contacts with business partners and generating future orders.

As of December 31, 2023, the segment's order backlog was €4.6 million, compared with €5.9 million at the end of the previous fiscal year. Reporting date-related fluctuations in the order backlog occur regularly at IHSE since business activities are largely immune to seasonal factors.

Central Functions (not an operating segment under IFRS)

Expenses in Central Functions increased compared to fiscal year 2022. The cause for this was higher consulting fees in conjunction with the review of potential corporate transactions, as well as increased marketing expenses with the goal of raising awareness with and popularity of Brockhaus Technologies.

Brockhaus Technologies focuses on acquiring high-margin, fast-growing technology and innovation leaders with B2B business models in the German-speaking Mittelstand. Within this focus, the shortlist last year included in particular those companies with "recurring revenue" business models. However, competition for these companies that are available for sale has become even more intense. This is also reflected in purchase price expectations because the valuations of some companies that were able to prove their resistance to crisis in the preceding months have even attracted a purchase price premium compared with pre-crisis levels.

Overall assessment of the Group's economic position

Brockhaus Technologies sees itself as a fast-growing group of technology companies which acquires highly profitable leaders in technology and innovation, helping them to grow organically and inorganically across product boundaries and national borders.

The result in fiscal year 2023, which involved an increase in revenue by 30.8% to €186.6 million and an adjusted EBITDA pro forma margin of 35.9%, is characteristic of Brockhaus Technologies even in a difficult economy, thanks to the continually high-margin performance of its segments. Brockhaus Technologies again successfully withstood the tight overall economic situation in fiscal year 2023 and the associated disruptions in the global economic cycle. As a result, at €186.6 million, Brockhaus Technologies exceeded the upper limit of the 2023 revenue forecast by 7% and, at €62.2 million, adjusted EBITDA by 2%, recording an adjusted EBITDA margin of 33.3%.

The Executive Board of Brockhaus Technologies rates the business development and economic situation of the Group in the reporting period as extremely positive.

Economic development of Brockhaus Technologies AG

The Group parent Brockhaus Technologies AG (**BKHT**) is managed by an Executive Board with two members. Marco Brockhaus is the Chief Executive Officer and Chairman of the Executive Board and Dr. Marcel Wilhelm is Chief Operating Officer and Legal Counsel. The Group parent's head count, including the members of the Executive Board, came to 11 (previous year: 11). The employees report directly to the Executive Board. They are employed by BKHT and work at its head office.

BKHT's annual financial statements are prepared based on German GAAP (HGB) in accordance with German principles of proper accounting. The table shows a condensed version of these annual financial statements.

The revenue of €672 thousand in the reporting period (2022: €652 thousand) was generated by services provided to subsidiaries. Personnel expenses decreased from €4,020 thousand in the previous year to €3,951 thousand during the reporting period.

Other operating income of €69,914 thousand includes income of €69,596 thousand from a gratuitous intragroup contribution. At the beginning of 2023, Brockhaus Technologies AG held 94.87% of the shares of BCM Erste Beteiligungs GmbH. In the reporting period, the company made a gratuitous contribution of 17.89% of the shares of BCM Erste Beteiligungs GmbH to its wholly owned subsidiary BT Zweite Beteiligungs GmbH. As of the reporting date, December 31, 2023, the company's remaining direct shareholding in BCM Erste Beteiligungs GmbH therefore amounted to 76.98%. The gratuitous contribution was made by applying the principles of exchange at fair value, which was significantly higher than the cost of the shares. The transaction therefore realized hidden reserves in the Company's German GAAP annual financial statements. As a result, the Company now has clearly positive net retained profits, which can be used, for example, for distributions to shareholders. Other operating income amounted to €38,752 thousand in the previous year and was

Income statement (German GAAP)

€ thousand	2023	2022
Revenue	672	652
Other operating income	69,914	38,752
Personnel expenses	(3,951)	(4,020)
Amortization of intangible assets and depreciation of property, plant and equipment	(39)	(76)
Other operating expenses	(29,468)	(6,159)
Interest and similar income	971	344
Interest and similar expenses	(69)	(1,400)
Earnings after tax	38,031	28,092
Other taxes	(2)	(63)
Net profit for the year	**38,032**	**28,155**

Balance sheet (German GAAP)

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Intangible assets	26	57
Property, plant and equipment	1	4
Financial assets	264,622	218,117
Non-current assets	**264,649**	**218,179**
Receivables and other assets	674	377
Cash and bank balances	25,112	43,115
Current assets	**25,786**	**43,492**
Prepaid expenses	**288**	**255**
Assets	**290,723**	**261,926**
Issued capital	10,448	10,948
Capital reserves	248,390	248,463
Net retained profits	20,733	(6,873)
Equity	**279,570**	**252,537**
Provisions	**10,109**	**6,851**
Liabilities	**1,044**	**2,538**
Equity and liabilities	**290,723**	**261,926**

dominated by the non-recurring income from the sale of Palas at the end of November 2022.

Other operating expenses increased to €29,468 thousand (previous year: €6,159 thousand). This was due primarily to the expenses from the derecognition of the shares of BCM Erste Beteiligungs GmbH in the course of the abovementioned gratuitous intragroup contribution in the amount of €22,014 thousand.

Net profit for the year came to €38,032 thousand, compared with a net profit for the year of €28,155 thousand in the comparative period.

The Company's financial assets amounted to €264,622 thousand (previous year: €218,117 thousand) and mainly comprise the investments in subsidiary companies. The increase resulted primarily from the above-mentioned intragroup contribution. In addition, the financial assets item includes loans to subsidiaries amounting to €4,625 thousand (previous year: €5,527 thousand).

BKHT's cash and cash equivalents as of December 31, 2023, amounted to €25,112 thousand (previous year: €43,115 thousand).

Including the net profit for the fiscal year, equity rose from €252,537 thousand to €279,570 thousand.

Provisions increased from €6,851 thousand to €10,109 thousand. This change is mainly due to the remeasurement of the provision for the success fee in connection with the acquisition of Bikeleasing in fiscal year 2021, which increased by €3,272 thousand.

Liabilities decreased from €2,538 thousand to €1,044 thousand. The main factor driving this reduction is lower liabilities for wage and church tax amounting to €914 thousand compared with the previous year.

As of the reporting date, the Company reported net retained profits under German GAAP of €20,733 thousand (previous year: net accumulated losses of €6,873 thousand). This comprises the accumulated losses brought forward from the previous year plus the German GAAP net profit for 2023 of €38,032 thousand, less €10,426 thousand relating to the treasury shares acquired as part of the share buyback.

A proposal is to be made to the Annual General Meeting to distribute a dividend of €0.22 per share. Based on the current number of shares entitled to profits, this would equate to a distribution of €2,298 thousand (previous year: €- thousand). On the basis of the adjusted pro forma earnings attributable to the shareholders, this represents a dividend distribution ratio of 17%. The remaining net retained profits are to be carried forward to new account.

Events after the reporting period

Please refer to Note 49 to the consolidated financial statements for disclosures about significant events after December 31, 2023.

Forecasting report

Economic and political conditions

In January 2024, the International Monetary Fund (**IMF**) forecast economic growth of 0.5% for Germany. According to the forecast, Germany is therefore once again likely to record the lowest growth of the G7 countries.

The global economy is projected to grow by 3.1%. Contrary to the original assumptions, the economies of several industrialized and emerging countries have proven to be significantly “more resilient”. For the first time in a long time, the IMF considers upside and downside risks to be equally distributed. Global trade volumes are expected to recover from +0.4% in 2023 to +3.3% in 2024.

Despite this, global economic growth, at 3.1%, remains well behind the average figure of 3.8% in recent years.

No consideration of future acquisitions

The Executive Board expects to complete one or several acquisitions during the 2024 fiscal year. The Group’s earnings figures have nonetheless been planned based on the assumption that there will be no change in the scope of consolidation. The reason for this approach is the difficulty in predicting the nature and scope of future acquisitions. The Executive Board of Brockhaus Technologies does not believe that any estimates in this respect are sufficiently reliable.

Changes in key performance indicators (KPIs)

In the reporting period, Brockhaus Technologies was still using revenue and adjusted EBITDA margin as KPIs. From fiscal year 2024 onward, the management of Brockhaus Technologies will use revenue and adjusted EBITDA to manage the Group.

Revenue and earnings forecast

Brockhaus Technologies expects revenue between €220 million and €240 million in the 2024 fiscal year, which would represent growth between 18% and 29% compared to the revenue in the 2023 reporting period.

This revenue forecast is based on the assumption that the continuous gain of further corporate customers and the rising demand among employees for company bicycles will continue in the Financial Technologies segment, in both Germany and Austria. This is combined with a trend toward more outdoor activities, greater environmental awareness and political as well as trade union support for green transportation.

Compared with the previous year, even more pronounced seasonality is expected for fiscal year 2024, with the proportion of revenue in Q2 and Q3 expected to be even higher than in the previous fiscal year. In the previous year, orders had been increasingly placed with a corresponding waiting period due to the limited availability of company bicycles. Availability has now improved again, and this is expected to reduce the waiting period for orders and increase seasonality again.

We assume that the Security Technologies segment will continue its positive business performance under the expectation that critical components, particularly semiconductors, will be available in sufficient quantities.

For adjusted EBITDA, the Group is planning a figure of between €80 million and €90 million for fiscal year 2024, representing an increase of between 29% and 45% compared with adjusted EBITDA in the 2023 reporting period.

For Brockhaus Technologies AG at the standalone entity level (German GAAP), we are expecting a significant net loss for the year. This assessment is based on the fact that the high net profit under German GAAP in the reporting period was substantially driven by the gratuitous intragroup contribution. Such items are not anticipated in the 2024 forecast period.

Disclaimer

This Annual Report, and in particular the report on expected developments, contain forward-looking statements that are based on the management’s current estimation of the future development of the market environment and the future performance of the Group. This estimation was made on the basis of all information available at the time when this Annual Report was prepared. Forward-looking statements are subject to uncertainties – as described in the Risk and opportunity report within this Management Report – that are beyond the Group’s control. This especially concerns Russia’s ongoing war of aggression in Ukraine, the conflict in the Middle East, the continuing supply bottlenecks, efforts to uncouple China from the West, an energy sector in transition and the high inflation, which has in turn led to a strong increase in interest rates. If the assumptions on which these expected developments are based are not accurate, or if the risks or opportunities described were to materialize, actual results may differ significantly from the statements made in the report on the forecast. If the underlying information changes in such a way that a deviation from the forecast is more likely than not, Brockhaus Technologies will notify this in accordance with the statutory disclosure requirements.

Risk and opportunity report

Risk management system

Risks and opportunities relate to potential future developments and events that could result in a significant negative or positive deviation from Brockhaus Technologies' goals. Brockhaus Technologies is exposed to numerous risks in its business activities. The Group's goal is not to avoid risks in general, but to carefully weigh the opportunities and risks associated with its decisions and business activities on the basis of appropriate information. This aims to establish an optimum balance between growth and profitability on the one hand and the associated risks on the other. Accordingly, opportunities that arise to increase enterprise value should be leveraged and risks should only be entered into to the extent that they are acceptable to the Group. A reasonable level of business risks must be accepted, but they must be managed by effective risk management that deploys suitable measures. Measures can be implemented to limit risks to an acceptable level, transfer them to third parties in part or in full or avoid them. All employees are expected to deal responsibly with risks within the scope of their areas of responsibility. The risk policy principles and risk strategy are coordinated with and closely linked to the corporate strategy. Risks to Brockhaus Technologies or individual subsidiaries as a going concern must be avoided in any case. The risks and opportunities presented in the following also apply largely to BKHT.

The concept, organization and functions of Brockhaus Technologies' risk management system are defined by the Executive Board and the Supervisory Board. Documentation is provided in the form of a risk management system manual (**RMS Manual**). The risk management requirements are regularly amended to reflect changes in the legal framework and are subject to a continuous improvement process.

In fiscal year 2023, the RMS Manual was expanded to include guidelines for the identification of sustainability risks, which will be incorporated continuously into the Group's risk assessment.

The Group parent's Finance department coordinates the implementation and enhancement of the risk management system and the Supervisory Board oversees its effectiveness, in particular to establish whether the early risk warning system is generally suitable for identifying risks and developments that could jeopardize the Group at an early stage so that suitable countermeasures can be taken without undue delay.

The risk management system consists of measures that enable Brockhaus Technologies to identify, assess and monitor material risks to the attainment of the Company's objectives at an early stage. The scope of consolidation for the Group's risks is the same as the scope of consolidation for the consolidated financial statements.

The risk management system complies with the requirements imposed on risk early warning systems by the Auditing Standard 340 issued by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW AuS 340, as amended) in the version in force since January 10, 2022. Mandatory components include in particular the definition and quantification of risk-bearing capacity and the systematic aggregation of risks. Risk-bearing capacity is defined as the maximum risk exposure that a company can bear without jeopardizing its continued existence. Aggregation serves to provide reliable information about whether or not any identified risk poses a threat to the company as a going concern, not only individually but also in combination with other risks.

A measure of the Group's risk-bearing capacity was defined in order to meet these requirements. A Monte Carlo simulation (stochastic method) was performed to aggregate risks. It is based on the risks identified and quantified in the course of the Group risk inventory. Risks were quantified by estimating the probability of occurrence and the extent of any losses, as well as the lowest and highest losses that could reasonably be expected. As well as a random simulation of the occurrence of a risk, this allows an equally random loss amount with the expected value of the most likely loss, but additionally with the possibility of a lower or higher loss incurred. Any identified interdependencies between individual risks were taken into account in the course of aggregation.

The outcome of the aggregation model is a distribution of a large number of total extents of potential loss, each with a different frequency in a relevant loss interval. Based on these data points, the interactions between the risks can be identified on a Group-wide basis. For example, confidence levels can be used to establish the probability that the sum of all risks occurring will not exceed a certain loss value.

The data used in the aggregation model is based predominantly on the probabilities of occurrence and extents of loss reported by the relevant Group companies. These are based in part on estimates that can only be supported to a limited extent by historical or other data. Individual judgment therefore significantly affects the overall outcome of risk aggregation.

The aggregation model reflects all quantifiable risks reported across the Group. Risks not covered by the aggregation model include in particular compliance risks, whose impact cannot be quantified reliably.

Despite the limitations described above, we consider the results of the aggregation model to be suitable overall for allowing us to make an appropriate assessment of the risks.

Whereas overall responsibility for risk management lies with the Executive Board, the subsidiaries are responsible for the operational management of the individual risks relevant to them. This includes the early identification, assessment and definition of suitable measures, the management and monitoring of such measures, and appropriate documentation and reporting. The RMS Manual is intended to ensure a uniform approach and binding applicability in the Group.

All material risks are assessed using defined classes (1 to 5) for probability of occurrence (**P**) and the impact on the Group's objectives. The probability of occurrence refers to the estimated probability of a risk occurring during the time horizon under observation and is expressed as a percentage. The allocation of probability intervals to classes 1 to 5 is presented in the following overview.

Value	Class and probability interval
75% < P	5 Highly probable
50% < P <= 75%	4 Probable
25% < P <= 50%	3 Possible
10% < P <= 25%	2 Unlikely
P <= 10%	1 Very unlikely

The assessment of the loss when a risk occurs can be either quantitative, which is the preferred method, or qualitative if risks cannot be quantified or qualitative aspects predominate (e.g., for compliance risk). Classification is also based on classes with values of 1 to 5. The quantitative classes are based on an estimated loss in euros relating to the potential impact on the Group's results of operations, net assets and financial position. The qualitative classes are based on criteria that consider damage to the Group's reputation or the impact of any prosecution, with a particular focus on compliance-related risk.

Impact	Assessment
5 Very high	Going-concern risks with a negative impact on business activities, results of operations, net assets and financial position, as well as reputation >=€10 million per individual risk
4 High	Significant negative impact on business activities, results of operations, net assets and financial position as well as reputation €5–€10 million per individual risk
3 Moderate	Some negative impact on business activities, results of operations, net assets and financial position as well as reputation €2–€5 million per individual risk
2 Low	Limited negative impact on business activities, results of operations, net assets and financial position as well as reputation €500 thousand –€2 million per individual risk
1 Insignificant	Immaterial negative impact on business activities, results of operations, net assets and financial position as well as reputation <€500 thousand per individual risk

The Group adjusted the range of estimated losses in the event of occurrence in fiscal year 2023 in order to consistently recognize the relative importance of the individual risk areas presented, as well as to align the risk assessment with the Group's development. In this context, the amounts for a "very high" and "high" loss were retained, while the amounts for a "medium", "low," and "insignificant" loss were increased to reflect the significantly higher revenue volume and profit compared with the same period in the previous year.

(€ thousand)	Old range	New range
Very high	> 10,000	> 10,000
High	<= 10,000	<= 10,000
Medium	<= 1,000	<= 5,000
Low	<= 100	<= 2,000
Insignificant	<= 10	<= 500

All identified risks are assigned a risk score, based on the assessment of probability of occurrence and impact. This corresponds to the sum of the class for probability of occurrence and the class for impact if the loss occurs. The probability class is weighted at 30% and the impact class at 70%.

The following overview provides a color coding for the risk scores. It corresponds to the visualization in the risk matrix.

Color code	Risk score
	5 Going-concern risk
	4 Very high risk
	3 High risk
	2 Moderate risk
	1 Low risk

The risk matrix graphically presents the classification of the identified risks and is used to prioritize the most significant risks and enhance transparency across the Group's entire risk situation. The classification presented here corresponds to the net risk, i.e., the expected effect of control measures already effectively implemented has been taken into account in the quantification. This systematic and standardized risk analysis and assessment is conducted twice a year. It is the risk officers' responsibility to continuously monitor all changing risk situations within their departments or their company. In addition to regular risk reporting, a process has been implemented to ensure prompt reporting of newly emerging risks (ad hoc risk reports).

There were no indications during the fiscal year that the risk management system was not overall appropriate and effective.

Risks

Brockhaus Technologies classifies its risks according to the designations markets/ technology, new acquisitions, business operations, compliance and finance.

These areas are subject to risk types that are described in detail in the following, and whose impact on the Group is presented in more detail.

In fiscal year 2023, the RMS Manual was expanded to include guidelines for the identification of sustainability risks, which are incorporated in the Group's risk assessment. In this respect, sustainability risks are regarded as factors of the listed and known risk types and not as a separate risk type, as distinguishing them would be virtually impossible. Sustainability risks can significantly impact the known risk types and be a factor contributing to their materiality.

The basis of consolidation for the risk exposure of Brockhaus Technologies is unchanged compared with the end of fiscal year 2022.

Market/ technology risks

Economy | The general economic environment and other economic and political conditions significantly impact Brockhaus Technologies' markets.

The macroeconomic situation – at both national and international level – is dominated by to Russia's ongoing war of aggression in Ukraine, the conflict in the Middle East, partly continuing supply bottlenecks, efforts to uncouple from China, an energy sector that is still in transition and high inflation, which in turn could lead to a significant increase in interest rates. Some or all of these factors have an impact on the Group's risk situation and impact both its domestic and its foreign business.

Accordingly, the macroeconomic environment is dominated by a high degree of uncertainty, and its further development is uncertain. In this context, a continued slump in the economy could adversely affect revenue and thus the net assets, financial position and results of operations. This applies to all of the Group's segments. The Group rates the potential level of losses in the event of an economic slump as correspondingly high. However, due to the Group's niche strategy, the probability that this risk will occur is still considered to be low.

The Financial Technologies segment continues to be driven by the increasing attractiveness of bicycles and e-bikes as a means of transport as well as by support for company bicycle leasing through tax-privileged deferred compensation. The discontinuation of this benefit or an increase in the percentage rate (currently 0.25%) that is applied to the gross price, added to the taxable monthly salary as a non-cash benefit and deducted from the employees' payroll for tax purposes, is very unlikely against the backdrop of long-term efforts towards sustainability, but if it were to happen, it would have a substantial adverse effect on the Group.

By contrast, the most significant change in fiscal year 2023 is the risk to the business in China as a result of efforts to decouple from China, which could impact IHSE's business and its further development in this region in particular.

Customer concentration | Because of the niche strategy in the Security Technologies segment, it has significant customer concentrations.

The loss or default of one or more key customers would have a negative impact on revenue and thus on the results of operations, net assets and financial position of Brockhaus Technologies. To mitigate this risk, the Group maintains close, longstanding customer relationships and tries to avoid high customer concentrations wherever possible.

Technology | The success of the Group companies is rooted in their focus on technologies and innovative products that follow sustainable global trends such as digital transformation, automation, cybersecurity or sustainability. Changes in customer preferences, new or substitutive technologies or the emergence of industry standards and trends with negative consequences could make the Group's existing products obsolete or less attractive. To rule out this risk, the Group makes targeted investments in research and development.

Suppliers | Various disruptive factors such as financial, capacity or procurement-related bottlenecks at the Group's suppliers could lead to delays or even the collapse of supply chains. This would affect Brockhaus Technologies' production and hence its revenue generation and would negatively impact the Group's results of operations, net assets and financial position. In order to mitigate this risk, the Group companies plan their future requirements in advance wherever possible and adjust their ordering behavior accordingly when circumstances dictate.

For Bikeleasing, supply shortages could result in the availability of bicycles being severely restricted and the number of new contracts being lower than planned. Although the probability of occurrence of this risk is considered very unlikely, its occurrence could have a significant negative impact on revenue. For IHSE, the risk of supply bottlenecks has decreased slightly compared with the end of fiscal year 2022.

Risks from new acquisitions

Deal sourcing | Brockhaus Technologies' business model is based on its ability to identify companies as suitable acquisition targets and acquire them on attractive terms. If the Group is not able to conclude such acquisitions, this may adversely affect its future growth and the efficiency of the allocation of its cash resources. To minimize this risk, Brockhaus Technologies actively manages a network of sector experts, entrepreneurs, managers and consultants to give it access to potential acquisition targets. It also conducts its own prospecting activities, for example by attending trade fairs and systematically monitoring company awards.

Acquisition finance | In many cases, acquiring companies is associated with a substantial need for finance. Transaction processes could fail if Brockhaus Technologies is not able to obtain this through equity or debt within a reasonable time and on acceptable terms. To prevent such a situation, the Group has numerous potential financing partners, which include debt funds and coinvestors in addition to banks. The initial listing in the Prime Standard quality segment also represents a source of finance through capital increases.

Due diligence | It is possible that the Group might inaccurately estimate the value and future potential of target companies and that they will generate lower revenue, earnings and cash flows than assumed before the acquisition. This may happen if risks relating to the target company and/ or its markets are not communicated or not identified. To reduce the possibility of this risk occurring, the Group conducts comprehensive due diligence before each acquisition, involving experienced specialist advisers. Nevertheless, it cannot be ruled out that material risks are not identified or not accurately assessed in the course of due diligence.

Risk matrix

Loss in the event of occurrence	<= 10%	<= 25%	<= 50%	<= 75%	> 75%
>= €10 million	Suppliers	Due diligence Economy			
< €10 million	Compliance violation	Technology IT Interest rates			
< €5 million	Acquisition finance Credit risk	Customer concentration	Deal sourcing		
< €2 million	Financial planning Taxes Foreign currency	Obstacles to growth Key management Liquidity			
< €500 thousand		Covenants			

Probability of occurrence

Operational risks

Obstacles to growth | The Group companies of Brockhaus Technologies are relatively small organizations with ambitious growth targets. Therefore there is a risk that their management is not able to successfully address promising markets and customers, implement necessary product developments and develop scalable internal structures in good time. The Group manages this risk using proven tools such as the 100-day plan after acquisitions, in which the initial initiatives resulting from the due diligence are documented, scheduled and implemented following the acquisition. There are also processes for strategic planning, ongoing development of the company and strict financial reporting. Furthermore, the members of the BKHT team have extensive experience in developing scalable structures in growing companies.

Key management | The Group's commercial success is critically sustained and driven by its ability to recruit, grow and retain experienced, talented managers and staff. There is a risk of inappropriate appointments when management structures are expanded to enable further expansion. If Brockhaus Technologies is unable to suitably fill future and existing positions and retain existing managers and staff, this could materially adversely affect commercial success and hence the Group's results of operations, net assets and financial position. To counter this risk, remuneration structures in line with market conditions are in place in the Group, together with a pronounced focus on equity components and long-term incentives. These consist of both direct investments at the level of subsidiaries and investments in BKHT in the form of shares and stock options.

IT | The Group's business processes are critically dependent on information technology (IT). As well as the opportunity to leverage operational efficiencies, this also entails risks. The Group's technical infrastructure could be impaired or fail due to accidents, disasters, technical failures, obsolete technology or cyberattacks. There is also a risk of unauthorized access by external parties to confidential business or personal data. Brockhaus Technologies has security systems that meet market standards in place to safeguard the availability, integrity and confidentiality of its data.

Compliance risks

There are numerous legal risks from the scope of statutory and regulatory requirements, as well as the large number of contractual relationships and agreements that the Group enters into regularly. These relate in particular to the areas of patent, capital market and company law. These risks are reduced to a moderate level through extensive cooperation with experienced prominent law firms. The Group works with several law firms to avoid dependencies resulting from outsourcing and ensure an appropriate level of technical specialization.

Other compliance risks that may result from breaching laws and regulations, such as capital market or data protection rules, are identified and monitored by the Legal Counsel. Brockhaus Technologies has developed a code of conduct that contains essential guidance for correct behavior. There are also training events on specialized topics, such as the proper handling of inside information.

Compliance risks are continuously monitored and appropriate measures are taken if risks materialize.

Financial risks

Financial planning | Brockhaus Technologies' financial planning is based on assumptions and calculations made by the management of the parent company and the subsidiaries. These assumptions relate to business performance and other external factors that are, in part, very difficult to predict or cannot be influenced by the Group and to measures, some of which still have to be implemented. Therefore, there is a risk that the assumptions underlying the planning could be incomplete or incorrect and that this may result in divergence between projected and actual earnings. There could also be opportunities if actual developments diverge positively from projections.

Covenants | Some of the Group companies' loan agreements contain arrangements on whose basis extensive early repayment obligations may be triggered. For example, the loans in question are repayable immediately if subsidiaries breach financial covenants. If one or more such cases would arise, this would adversely affect the Group's liquidity. To manage this risk, the Group has established a comprehensive financial reporting system.

Interest rates | Further increase in interest rates could impact the future development of the Group for a variety of reasons and adversely affect its results of operations, net assets and financial position. On the one hand, a further rise in interest rates would increase the Group's financing costs, but would also lead to higher acquisition financing costs for future acquisitions.

However, after the European Central Bank decided not to raise key interest rates again in October 2023, following ten interest rate hikes in succession, this risk is considered less likely to occur than as of December 31, 2022.

In the operating business of the Bikeleasing Group, a further increase in interest rates would lead to increased refinancing costs for the future leasing business and have an adverse effect on Bikeleasing's results of operations. An increase in the leasing factor in respect of customers would offset increased financing interest rates. The leasing factor describes the monthly leasing rate in relation to the acquisition costs of the leasing object. The leasing factor is already flexible for corporate customers who are currently being acquired, meaning that the leasing factor per company bicycle fluctuates in line with the current level of interest rates. In addition, a large part of existing corporate customers were migrated to a variable leasing factor by the end of fiscal year 2023. The remaining customers are expected to be migrated to the variable leasing factor in fiscal year 2024.

Foreign currencies | Brockhaus Technologies executes certain transactions in foreign currencies, giving rise to foreign currency risk. The Group hedges foreign currency risk from its order backlog and from receivables and liabilities where this appears to be economically expedient. Such hedges were not applied in the reporting period. The Group does not hedge the translation risks from the translation of the financial statements of subsidiaries from countries outside the eurozone for inclusion in the consolidated financial statements.

Credit risk | It is possible that customers of Brockhaus Technologies will be unable to settle their liabilities. This risk is mitigated by a stringent receivables management process and by agreeing advance payments in some cases. To the extent economically expedient, trade credit insurance is taken out to reduce the amount of potential credit losses. This was not used in the reporting period.

Liquidity | Liquidity risk describes the risk that Brockhaus Technologies might not be able to meet its financial obligations to a sufficient extent. To safeguard liquidity, changes in liquidity are continuously monitored as part of detailed financial planning and financial reporting. For external financing purposes, the opportunities available on the financial markets are continuously monitored in order to ensure sufficient flexibility.

Taxes | Brockhaus Technologies is subject to income taxes and other taxes in various jurisdictions. Considerable discretion and significant estimates are needed to calculate obligations arising from income tax, value added tax and other taxes, including withholding taxes. In the case of various transactions and calculations in the course of the ordinary business activities, for example in the case of intercompany transactions and transfer prices across jurisdictions and transactions with special documentation requirements, the ultimate tax calculations or the timing of tax effects are uncertain. Brockhaus Technologies is subject to regular audits by tax authorities which may arrive at different results concerning tax estimates or the Group's discretionary judgment. Although Brockhaus Technologies believes that its tax estimates are appropriate, the final assessment of such tax audits may differ from the provisions and accruals. As a result, additional tax liabilities, interest, penalties or regulatory, administrative or other sanctions may be incurred.

Sustainability risks

The internal guidelines on the risk management system were extended in the reporting period to include frameworks for identifying sustainability risks. Sustainability risks are events or conditions in the areas of the **E**nvironment, **S**ocial and **G**overnance, whose occurrence could negatively impact Brockhaus Technologies' net assets, financial position and results of operations as well as its reputation. Sustainability risks do not constitute a new category of risk, but are covered by the existing risk categories.

Sustainability risks in the areas of climate and environment are divided into physical risks and transition risks. **Physical risks** arise from extreme weather events and long-term changes in climatic and ecological parameters. **Transition risks** relate to the transition to a low-carbon economy. In this context, political measures can lead to higher prices for and/ or a shortage of fossil fuels or emission allowances, or to high investments due to the need to refurbish buildings and facilities. New technologies can displace existing ones, and social expectations and changes in the preferences of contractual partners can jeopardize companies that have not adapted.

In addition to sustainability risks in the areas of climate and environment, events, behaviors and developments in the areas of Social and Governance can also negatively impact the net assets, financial position and results of operations of Brockhaus Technologies.

Social risks can have a negative impact on the Group's stakeholders. Brockhaus Technologies is more than just its products or services. It is a place where people come together to work towards common goals. As a result, the treatment of the Group's employees, customers, suppliers and other stakeholders is a key element in risk identification and assessment. The way in which the Group treats its employees and other stakeholders and the extent to which the Group complies with applicable health, safety and recruitment standards offer indications for assessing the general quality and risk structure of the Group.

Sustainability risks in the area of Governance focus on the way the Company is managed. The idea behind this is that Brockhaus Technologies must assume responsibility for all of the impacts caused by its business activities. Governance plays a decisive role here, as this factor reflects how well Brockhaus Technologies governs its own actions.

For Brockhaus Technologies, sustainable business management and profitable growth go hand in hand. BKHT stresses this with the subsidiaries currently in the Group and their product portfolios. These factors are also expected to play a central role in selecting potential acquisition targets in the future.

In terms of ESG risks, the Group has to date only identified material risks in the form of compliance and key person risks. Although the probability of these risks occurring due to ESG factors is currently classified as low, they could have an impact on the Group's net assets, financial position and results of operations if they were to materialize.

Opportunities

In the management's opinion, Brockhaus Technologies has a large range of opportunities. We believe a pivotal task of management is to identify opportunities at an early stage as they arise to be in a position to exploit them so as to increase enterprise value. The operating segments have strong cash flows that – in conjunction with the generally asset-light business models – enable them to finance growth investments from their own resources.

The Financial Technologies segment could benefit from an accelerated trend toward sustainable mobility through bicycles and e-bikes. The continued inflation – related to fossil fuels, among other factors – may contribute to an increased avoidance of travel using cars and thus support Bikeleasing's business volume. In addition, the continued high inflation and a consequent reduction in purchasing power could strengthen interest in leasing solutions and lead to an additional increase in the volume of business, as they are significantly cheaper than a cash purchase. The expansion of the product portfolio, e.g., with smartphones, tablets, etc., into a fintech platform for managing employee benefits may also open up substantial business opportunities.

The Security Technologies segment has opportunities to record better business performance than planned. Customer demand in this segment is driven by a high level of requirements for secure, fast data transmission. Continuously increasing data volumes and the need to visualize them, as well as the requirement to protect this data from unintended access, can offer substantial business opportunities in the future. The latter need is currently being strengthened by global crisis situations.

The Group's high level of cash and cash equivalents and strong cash flow offer further opportunities. On the one hand, it means that Brockhaus Technologies is in a position to respond even more flexibly to potential acquisition targets. On the other, it increases the range of potential acquisition target sizes. With the extensive network and the comprehensive process that its three-pronged sourcing approach involves, consisting of contact with M&A consultants, proactive sourcing and a long-standing industry network, Brockhaus Technologies continues to have an appealing pipeline of potential acquisition targets. BKHT's technical expertise and extensive network, combined with its high flexibility to make acquisitions in the market, provides Brockhaus Technologies with a tremendous opportunity to acquire additional cash flow-enhancing businesses to further increase the Group's enterprise value.

To sum up, there are significant opportunities for Brockhaus Technologies from the activities of its subsidiaries, as well as from further acquisitions in the future.

Overall assessment of risks and opportunities

The Executive Board takes the view that the general economic environment and other current economic and political conditions will have a significant impact on the business of Brockhaus Technologies. This view is due in particular to the uncertainty about the course of Russia's war of aggression against Ukraine, the conflict in the Middle East, continuing supply bottlenecks in some cases, efforts to decouple from China, an energy industry that is still in a state of upheaval and high inflation, which in turn led to a significant rise in interest rates in various economic regions. This could significantly adversely affect the Group's results of operations, net assets and financial position.

Overall, Brockhaus Technologies is exposed to a high level of uncertainty that the Group can only partly influence itself. However, no risks have been identified that, individually or in combination with other risks, could affect the continued existence of the Group as a going concern.

Internal control system relevant for the consolidated financial reporting process

The internal control system (**ICS**) is an integral component of Brockhaus Technologies' risk management system. It aims to ensure regularity, completeness and reliability of the accounting system and the related financial reporting and compliance with the relevant legislation and standards. The ICS comprises all organizational arrangements and measures for identifying, assessing and managing all risks that could materially impact the consolidated financial statements. Nevertheless, even an effective, appropriate and properly functioning internal control system cannot guarantee that all irregularities or inaccurate disclosures will be avoided or identified.

The Group considers the following elements of the ICS to be significant with respect to the consolidated financial reporting process:

- Internal monthly reports consisting of an income statement, statement of financial position and statement of cash flows, including the presentation of year-over-year differences and differences versus the budget, as well as reporting on significant events
- Group-wide accounting manual
- Group-wide financial control manual
- Documentation of risks and controls in an ICS matrix, including risk description, control description, definition of documentation requirements, frequency of controls and definition of control owners
- Preventive and detective controls such as dual control principle, access authorizations and separation of duties
- Continuous analysis of new or amended accounting standards, legislation and other requirements and assessment of their impact on the financial statements
- Centralized overviews of quarterly, half-yearly and annual reporting, submission and publication requirements and their deadlines
- Further development of accounting processes and systems, such as by providing advice on the consolidation, introduction and optimization of ERP systems, the enhancement of the system environment, the provision of templates and checklists
- Centralized preparation of consolidated financial statements, including the combined management report

Support services provided by external service providers are used in the preparation of the consolidated financial statements. The same applies to the assessment of specific special issues, such as complex IFRS requirements.

If control weaknesses or opportunities for improvement related to the overall internal control system are identified, they are assessed and countermeasures are developed with the responsible managers in order to continuously enhance the effectiveness of the internal control system. An ICS manual was adopted to ensure the Group-wide standardization and further development of the ICS. It describes the significance, relevance and components of Brockhaus Technologies' ICS. It addresses responsibilities, the ICS control cycle and the assessment of the effectiveness of implemented controls. In addition, the ICS manual contains a range of tools for supporting and efficiently designing the implementation and documentation of controls.

There were no indications during the fiscal year that the internal control system was not overall appropriate and effective.

Internal audit

As in the previous year, an auditing and tax consulting firm was engaged for fiscal year 2023 under the terms of an outsourced internal audit to ensure compliance with statutory requirements.

Brockhaus Technologies understands internal audit to be an in-house, process-independent audit, assessment and advisory activity. It is intended to support Group management in achieving its business objectives. Outsourcing the internal audit function is designed in particular to strengthen its independence. Using a systematic, targeted approach, internal audit assesses the effectiveness of the risk management system, the management and monitoring system, including controls and helps to improve them.

The basis for internal audit's work is a multi-year audit plan coordinated with the Supervisory Board's Audit Committee. The plan is initially based in particular on the findings of the initial analysis of the key elements of the risk early warning system. Other areas of emphasis result from significant changes in the organization of the Group's business activities or in its economic and legal environment.

The following areas were audited in the course of the internal audit in the reporting period:

> Data protection and security of human resources processes in subsidiaries
> Accounting processes in subsidiaries
> Follow-up RMS Group
> Follow-up RMS regulated leasing sector

No specific need for action was identified for any of the areas audited.

Remuneration report

The remuneration report does not form part of the combined management report. The remuneration report under section 162 of the AktG is made publicly available on our website (www.brockhaus-technologies.com) together with the auditor's report on the formal and voluntary review of the content of the report and is permanently available in the Corporate Governance subsection in the Investor Relations section.

Takeover-related disclosures

As required by AktG section 176(1) sentence 1, the Executive Board of Brockhaus Technologies AG ("**BKHT**" or the "**Company**") provides the following explanatory report on the disclosures relating to takeover law in accordance with HGB sections 289a(1) and 315a(1).

BKHT's subscribed capital was €10,947,637 as of December 31, 2023. It is composed of 10,947,637 no-par-value bearer shares, each with a notional value of €1.00. The capital stock is fully paid up. Each share conveys one vote at the Annual General Meeting. There are no other classes of shares.

To the knowledge of the Executive Board, there are no restrictions on the voting rights conveyed by shares.

As of the reporting date, the Marco Brockhaus family (resident in Germany) indirectly held 21.4% of the Company's shares. To the knowledge of the Executive Board, there are no further interests in the capital that exceed 10% of the voting rights.

Under Article 9(2) of the Company's Articles of Association, Falkenstein Heritage GmbH, whose registered office is in Wetzlar (Germany), is entitled to appoint one-third of the shareholder representatives on the Company's Supervisory Board. This right exists for as long as Falkenstein Heritage GmbH holds at least 10% of the Company's shares. Marco Brockhaus holds the majority of the shares in Falkenstein Heritage GmbH.

The statutory provisions relating to the appointment and dismissal of members of the Executive Board are governed by sections 84 et seq of the AktG. The Articles of Association include the following arrangements relating to the appointment and dismissal of members of the Executive Board.

"The Executive Board comprises one or more persons. The Supervisory Board determines the number of Executive Board members. The Supervisory Board can appoint a Chair of the Executive Board and a Deputy Chair."

The adoption of the Articles of Association is governed by AktG section 23. Under AktG section 179(1), any amendment to the Articles of Association requires a resolution at the Annual General Meeting. Under Article 12(2) of the Articles of Association, the Supervisory Board is entitled to make amendments to the Articles of Association that relate solely to the wording.

The Executive Board's powers to issue shares are described in Note 25 to the consolidated financial statements.

On June 22, 2022, the Annual General Meeting of the Company authorized the Executive Board to acquire up to a total of 10% of the share capital at the time of the authorization (corresponding to 1,094,763 shares) by the Company. This authorization continues to exist for 594,792 shares as of the reporting date. Further options for the Executive Board to acquire shares of the Company are governed by section 71 of the AktG.

The Executive Board made use of the authorization to acquire treasury shares in the reporting period through a voluntary public share buy-back offer to acquire a total of up to 500,000 shares at a price of €22.00 each. As a result, BKHT acquired a total of 499,971 treasury shares in the reporting year.

The members of the Executive Board have a special right of termination in the event of a change of control. A change of control is deemed to exist:

> if a third party or several third parties acting in concert who, at the time the contract of service of the Executive Board member was entered into, did not hold or held less than 20% of the voting rights in the Company, acquire voting rights in the Company such that they account for more than 30% in the aggregate (existing and acquired) of the voting rights in the Company, irrespective of whether this produces an obligation to make a takeover bid (the relevant provisions of the German Securities Acquisition and Takeover Act (WpUG), in particular sections 29 and 30, apply to the calculation of the share of the voting power) or
> in the event of a merger (section 2 of the German Company Conversion Act [UmwG]) involving the transfer of the assets of the Company under UmwG section 174(1) or (2) sentence 1 or a legal transfer of the material assets to third parties who do not belong to the Company's group of companies or
> in the event that a control agreement and/ or a profit and loss transfer agreement is or are entered into by the Company in a role as a dependent controlled company

If this special right of termination is exercised, the Executive Board member is entitled to a severance payment limited to the total amount of the severance payment cap. Please refer to the remuneration report for a detailed explanation of the severance cap.

Corporate governance statement

For the 2023 fiscal year, the Company is exercising the option to make its corporate-governance statement pursuant to HGB sections 289f and 315d publicly accessible on its website. The corporate governance statement is permanently accessible on our website (www.brockhaus-technologies.com) in the section entitled Investor Relations, subsection Corporate Governance.

The declaration of compliance with the German Corporate Governance Code by the Executive Board and the Supervisory Board of Brockhaus Technologies AG pursuant to AktG section 161 is permanently accessible on our website (www.brockhaus-technologies.com) in the section entitled Investor Relations, subsection Corporate Governance.

Related-party transactions

Please refer to Note 42 to the consolidated financial statements for information on related-party transactions.

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated statement of comprehensive income

€ thousand	Note	2023	2022
Revenue	8	**186,631**	**142,712**
Increase/ (decrease) in finished goods and work in progress		60	(243)
Other own work capitalized	9	1,007	986
Total output		**187,698**	**143,455**
Cost of materials	10	(69,312)	(51,734)
Gross profit		**118,387**	**91,721**
Personnel expenses excluding share-based payments	11	(32,392)	(25,953)
Personnel expenses from share-based payments	40	(704)	(673)
Other operating expenses	12	(30,627)	(19,542)
Impairment loss on receivables	21	(860)	(301)
Other operating income	13	4,079	1,475
Amortization of intangible assets identified in initial consolidation	14	(15,707)	(14,184)
Other depreciation of property, plant and equipment and amortization of intangible assets	14	(4,552)	(3,245)
Finance costs		(19,752)	(14,748)
Finance income		524	4,779
Financial result	15	(19,229)	(9,969)
Income from continuing operations before tax		**18,395**	**19,329**
Income tax expense	16	(9,080)	(8,862)
Income from continuing operations		**9,316**	**10,466**
Income from discontinued operations		-	47,995
Profit or loss for the period		**9,316**	**58,461**
of which attributable to BKHT shareholders		(3,344)	49,019
of which from continuing operations		(3,344)	1,024
of which from discontinued operations		-	47,995
of which attributable to non-controlling interests	38	12,660	9,442

Consolidated statement of comprehensive income (continued)

€ thousand	Note	2023	2022
Foreign currency translation adjustments*		(587)	966
Total comprehensive income		**8,729**	**59,427**
of which attributable to BKHT shareholders		(3,931)	49,985
of which attributable to non-controlling interests		12,660	9,442
Earnings per share			
Weighted average number of shares outstanding		10,947,637	10,946,519
Earnings per share (€)**	17	**(0.31)**	**4.48**
of which from continuing operations		(0.31)	0.09
of which from discontinued operations		-	4.38

* Other comprehensive income that may be reclassified to profit or loss in subsequent periods

** Basic earnings per share is equal to diluted earnings per share.

Consolidated statement of financial position

€ thousand	Note	Dec. 31, 2023	Dec. 31, 2022
Assets			
Property, plant and equipment	18	12,868	7,629
Intangible assets and goodwill	19	356,600	356,936
Non-current trade receivables	21	18,404	13,883
Non-current leasing receivables	22	139,544	130,887
Deferred tax assets	16	985	534
Non-current assets		**528,401**	**509,870**
Inventories	20	17,697	10,914
Current trade receivables	21	17,316	15,434
Contract assets	21	510	100
Current leasing receivables	22	27,657	13,633
Other financial assets	23	19,445	26,165
Prepayments		1,488	1,214
Cash and cash equivalents	24	53,666	70,800
Assets held for sale		-	7,381
Current assets		**137,778**	**145,640**
Total assets		**666,180**	**655,509**

€ thousand	Note	Dec. 31, 2023	Dec. 31, 2022
Equity and liabilities			
Subscribed capital	25	10,948	10,948
Capital reserves	26	240,130	240,130
Treasury shares	27	(10,999)	-
Currency translation differences		(38)	548
Retained earnings	28	18,275	21,075
Equity attributable to BKHT shareholders		258,315	272,700
Non-controlling interests	38	39,516	42,636
Equity		**297,831**	**315,337**
Non-current financial liabilities excl. lease refinancing	29	87,104	93,590
Non-current financial liabilities from lease refinancing	29	166,649	143,612
Other provisions	32	83	57
Other liabilities	31	603	411
Deferred tax liabilities	16	56,424	52,590
Non-current liabilities		**310,863**	**290,261**
Current tax liabilities		3,879	5,726
Current financial liabilities excl. lease refinancing	29	15,892	5,291
Current financial liabilities from lease refinancing	29	9,760	10,196
Trade payables	30	12,275	14,080
Other liabilities	31	12,671	13,129
Contract liabilities	8	2,893	1,391
Other provisions	32	115	98
Current liabilities		**57,485**	**49,912**
Liabilities		**368,348**	**340,173**
Total equity and liabilities		**666,180**	**655,509**

Consolidated statement of cash flows

€ thousand	Note	2023	2022
Profit or loss for the period		9,316	58,461
(Income taxes paid)/ income tax refunds		(10,026)	(7,828)
Income tax expense/ (income tax income)	16	9,080	9,344
Expenses for equity-settled share-based payment transactions	40	544	673
Amortization, depreciation and impairment losses	14	20,259	20,065
Financial result excluding lease refinancing	15	14,525	8,944
Interest received		522	-
(Gain)/ loss on sale of property, plant and equipment		(889)	(190)
(Gain)/ loss on sale of discontinued operations		-	(48,908)
Other non-cash expenses/ (income)		725	5,040
(Increase)/ decrease in lease receivables	22	(22,681)	(24,761)
Increase/ (decrease) in financial liabilities from lease refinancing	29	21,923	25,630
(Increase)/ decrease in inventories, trade receivables and other assets not attributable to investing or financing activities		(8,001)	(16,118)
Increase/ (decrease) in trade payables and other liabilities not attributable to investing or financing activities		(545)	4,590
Increase/ (decrease) in other provisions	32	43	(28)
Cash flow from operating activities		**34,796**	**34,914**

Consolidated statement of cash flows (continued)

€ thousand	Note	2023	2022
Payments to acquire property, plant and equipment	18	(2,407)	(1,250)
Proceeds from sale of property, plant and equipment		10,045	198
Payments to acquire intangible assets	19	(1,315)	(548)
Capitalized development costs	9	(1,034)	(1,357)
Acquisition of subsidiaries, net of cash acquired	36	(15,192)	-
Disposal of subsidiaries, net of cash and cash equivalents disposed		-	55,992
Cash flow from investing activities		**(9,904)**	**53,035**
Proceeds from loans raised	29	25,419	10,000
Repayment of loans and other financial liabilities	29	(33,465)	(51,172)
Repayment of lease liabilities	29	(1,293)	(1,257)
Interest paid	29	(6,472)	(4,273)
Acquisition of treasury shares	27	(10,999)	-
Distributions to non-controlling shareholders	38	(15,780)	-
Cash flow from financing activities		**(42,590)**	**(46,702)**
Change in cash and cash equivalents		**(17,698)**	**41,247**
Effect of exchange rate changes on cash and cash equivalents		(114)	202
Cash and cash equivalents at period start	24	70,780	29,331
Cash and cash equivalents at period end	24	52,969	70,780
Funds of financial resources			
Cash and cash equivalents	24	53,666	70,800
Overdraft facilities used for cash management		(697)	(19)
Total	24	**52,969**	**70,780**

Consolidated statement of changes in equity

€ thousand	Note	Subscribed capital	Capital increase not yet implemented	Capital reserves	Treasury shares	Currency translation differences	Retained earnings	Equity attributable to BKHT shareholders	Non-controlling interests	Equity
Jan. 1, 2023		**10,948**	**-**	**240,130**	**-**	**548**	**21,075**	**272,700**	**42,636**	**315,337**
Transactions with shareholders										
Acquisition of treasury shares	27	-	-	-	(10,999)	-	-	(10,999)	-	(10,999)
Profit or loss for the period		-	-	-	-	-	(3,344)	(3,344)	12,660	9,316
Other comprehensive income		-	-	-	-	(587)	-	(587)	-	(587)
Equity-settled share-based payment transactions	40	-	-	-	-	-	544	544	-	544
Distributions to non-controlling shareholders	38	-	-	-	-	-	-	-	(15,780)	(15,780)
Dec. 31, 2023		**10,948**	**-**	**240,130**	**(10,999)**	**(38)**	**18,275**	**258,315**	**39,516**	**297,831**
Jan. 1, 2022		**10,387**	**13,003**	**227,688**	**-**	**(418)**	**(28,617)**	**222,043**	**32,878**	**254,920**
Transactions with shareholders										
Entry of capital increases		561	(13,003)	12,442	-	-	-	-	-	-
Profit or loss for the period		-	-	-	-	-	49,019	49,019	9,442	58,461
Other comprehensive income		-	-	-	-	966	-	966	-	966
Equity-settled share-based payment transactions		-	-	-	-	-	672	672	-	672
Transactions with non-controlling interests		-	-	-	-	-	-	-	316	316
Dec. 31, 2022		**10,948**	**-**	**240,130**	**-**	**548**	**21,075**	**272,700**	**42,636**	**315,337**

Notes to the consolidated financial statements

I. General information, methods and policies

1. Information on the Group

The registered office of Brockhaus Technologies AG (**BKHT**, the **Company** or the **parent company**, together with its subsidiaries **Brockhaus Technologies** or the **Group**) is Nextower, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany, and the Company is registered in the commercial register at the Local Court in Frankfurt am Main under commercial register number HRB 109637.

The Company's purpose is to found companies and acquire, hold, manage and support investments in companies over the long term and, as the case may be, to sell such investments and to provide services relating to the aforementioned, such as support for sales, marketing, finance and general organizational and management matters and to acquire funding. The Company's purpose also includes performing business activities by a managing holding entity of investees and providing services for these entities (group services), granting loans to investees, to the extent that this does not require official approval and developing and implementing new business concepts for investees and third parties, as well as providing services and advisory services to companies, especially with regard to business strategy, business concepts, capital resources, funding options and capital investments (management consulting), to the extent this does not require official approval. The Company's purpose within the scope of the business strategy also includes investing free cash available to the Company that has not yet been committed to investments. Among things, this includes investing in listed securities, such as shares, participation certificates, other mezzanine instruments, debt securities, funds, certificates or derivatives. The Company's objective for its investees is long-term support and value growth.

2. Reporting principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (**IFRS**), as adopted by the EU and supplementary requirements of section 315e(1) of the German Commercial Code (HGB). IFRS comprise the effective International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the Interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

3. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. This does not apply to certain items that were recognized at the revalued amount or fair value at the reporting date. Corresponding explanations are provided in the relevant accounting policies.

The items of the consolidated statement of comprehensive income and the statement of financial position are aggregated to enhance clarity and disaggregated and explained in the notes.

The accounting policies, explanations and further disclosures are applied consistently. An exemption to this principle is the new accounting policies presented in Note 4.22.

Presentation in the statement of financial position distinguishes between current and non-current assets and liabilities. Assets and liabilities are classified as current if they are due or will be settled within twelve months of the reporting date.

The Company's fiscal year is the calendar year. These consolidated financial statements relate to the fiscal year from January 1, 2023, to December 31, 2023 (**reporting period**), with a **reporting date** of December 31, 2023. Additionally, comparative information is presented for the previous fiscal year from January 1, 2022, to December 31, 2022 (**previous year** or **prior-period**), with December 31, 2022, as the **prior-year reporting date**.

The consolidated financial statements are presented in euros, which is the Company's functional currency. The amounts disclosed are therefore rounded to the nearest euro (**€**), thousands of euros (**€ thousand**) or millions of euros (**€ million**) in line with standard commercial practice. This rounding method does not necessarily preserve totals, so that it is possible that the amounts in these financial statements do not add up precisely to the total shown. Negative amounts are presented in parentheses and zero amounts are denoted as dashes (**-**).

Continuing activities are presented in the consolidated statement of comprehensive income down to the line item "Income from continuing operations." Income from discontinued operations after tax is presented in a separate line item. Unless indicated otherwise, the disclosures on the statement of comprehensive income presented in the notes to the consolidated financial statements relate to continuing operations.

The Executive Board prepared these consolidated financial statements as of March 25, 2024, and approved them for distribution to the Supervisory Board.

4. Accounting policies

Recognition and measurement are based on the going concern assumption.

4.1 Consolidation methods

Brockhaus Technologies AG and all its controlled subsidiaries are included in the consolidated financial statements. The financial statements of all Group companies included in the consolidated financial statements are prepared as of the same reporting date using uniform accounting policies.

All Group entities were included in the consolidated financial statements as of December 31, 2023, by virtue of control. Please refer to Note 37 for a list of the consolidated entities.

4.2 Foreign currency

For practical reasons, an average rate is used to translate the financial statements of the subsidiaries included in the consolidated financial statements. All resulting exchange differences are recorded in a separate component of equity.

The following exchange rates were used for currency translation in the consolidated financial statements.

	Exchange rates 2023		Exchange rates 2022	
1 euro	Closing rate	Average	Closing rate	Average
CNY	7.851	7.653	7.358	7.079
USD	1.105	1.081	1.067	1.053

4.3 Revenue from contracts with customers

Revenue recognition

The table below provides information on the type and the point in time at which performance obligations from contracts with customers are satisfied and the associated revenue recognition policies.

Type of product/ service	Type and time of performance obligation and material payment terms	Revenue recognition under IFRS 15
Sale of KVM devices or KVM systems	Based on the standardized contractual and supply terms and conditions, customers obtain control when the products leave the company's premises (ex works) or were accepted by them there (transfer of risks and rewards). In some cases, control also passes on the basis of other Incoterms (e.g., DDP Delivery Duty Paid). The invoices are generated as of the date of transfer of risk, based on the underlying Incoterms. Invoices are generally payable within 14 to 30 days. For significant key accounts, longer payment terms (30-60 days, in exceptional cases up to 90 days) are granted in some cases. Price reductions and cash discounts are generally granted for the devices/ systems. The contracts do not permit the customer to return the purchased products. Advance payments or partial advance payments for part of the total purchase price are agreed for large volume orders, new customers or customers who are not covered by credit insurance.	Revenue is recognized when control is transferred. Revenue is recognized net of price reductions and cash discounts. Advance payments received are recognized under contract liabilities.
Repair of devices	The Group provides repair services for devices as required.	Revenue is recognized at a point of time after the service has been rendered.
Revenue from extended warranties	In some instances subsidiaries provide separate extended warranty services to their customers (distinct service to the customers).	Revenue is recognized over the period in which the warranty services are provided. Advance payments received for warranty services still to be rendered are recognized as contract liabilities.
Revenue from commissions	The Group's Financial Technologies segment generates commissions in connection with the signing of leases (accounted for according to IFRS 16): 1. Commissions arise in connection with arranging bicycle leases from a third-party lessor that conducts the leasing business in conjunction with the Group. 2. On behalf of a third-party insurance company, the Group brokers insurance policies to lessees to insure bicycles. For this service, the Group receives a commission from the insurance company when an insurance policy is arranged. The Group also receives a margin from the premiums paid by customers in addition to the commission paid by the insurance company. Brokerage services are provided for the following types of insurance: a) Worker's compensation insurance in the event of an employee's unemployment, termination, long-term illness, death or parental leave b) Indemnity insurance for bicycles and e-bikes c) Wear-and-tear insurance for bicycles and e-bikes d) Liability and legal expense insurance for employees' private use of bicycles and e-bikes Since this activity constitutes transferring the insurance coverage from the insurance company, the Group only acts as an intermediary/ broker of insurance services with regard to the aforementioned types of insurance and is therefore an agent.	1. The commission from the third-party lessor is collected when the contract is signed. 2. The commission from brokerage services must be recognized as revenue when the policy is arranged, because the service is performed at the time the contract is signed. Two service obligations (brokerage and claims service) are fulfilled by way of the premium payment margin. The allocation to the two services is therefore made on the basis of the individual selling prices. The total transaction price (commission plus customer premium) is recognized as income from commissions after deduction of the claims service and insurance premiums paid to the insurance company. Revenue is therefore recognized for all of the insurance policies presented here in the amount of the net margin.
Customer service	The Group provides customer service to the external leasing companies in connection with the aforementioned insurance policies. This involves handling claims notifications for damage and wear-and-tear insurance. The Group receives monthly fixed compensation from the external leasing companies for the services provided.	This service for the third-party leasing companies is governed by a stand-ready agreement. Compensation is paid monthly and is recognized as revenue in this amount continually over the period.

Type of product/ service	Type and time of performance obligation and material payment terms	Revenue recognition under IFRS 15
Claims service	The Group provides a claims service to the insurance companies in connection with the aforementioned insurance policies. This involves the handling of claims reported under the liability and wear-and-tear insurance and activities as well as providing support to the users of the bicycles (employees of the lessee) and suppliers as well as preparing, following up and reporting claims to the insurance company. The Group does not receive any separate compensation for this service.	The portion of the premium payments and commission paid as compensation for the customer and claims service is deferred upon payment and recognized proportionally over the term of the lease. The allocation of the total transaction price of the premium payments by customers is based on the stand-alone selling prices. This is done using the expected cost plus a margin method. The costs calculated directly are personnel expenses for the employees involved in claims settlement as well as the costs of the software licenses used.
Inspection packages	The Group sells inspection services for the maintenance of bicycles and e-bikes. Inspection packages permit the lessee's employees to take advantage of a specified number of inspections during the lease term. Customers pay a monthly fixed rate to the Group for this service. The Group acts as principal for this service and is therefore responsible for performing the inspections or arranging for performance of inspections by third parties. The initial inspection may be performed within 1 to 18 months and the second within 19 to 36 months. Users are entitled to a third inspection only when the term is 48 months. If the customer does not take advantage of the inspections within the periods specified above, the relevant performance obligation expires without refund of the rates paid.	Advance payments received for inspections still to be rendered are recognized as contract liabilities. The proportional rates paid are recognized as revenue when the customer takes advantage of the inspection or when a performance obligation expires. In the event of an inspection claim at the start of the term or during a period in which the contract liabilities recognized are not sufficient, a contract asset is recognized, which is reduced thereafter by the amount of the subsequent rate payments.
Sale of previously leased bicycles and e-bikes at the end of the lease term	At the end of the lease term, users of the leased bicycles and e-bikes are offered the opportunity to acquire the asset. Users receive the offer from the Group three months prior to expiration of the lease. If they agree, the purchase is invoiced at the halfway mark of the last month of the lease term. The invoice amount is obtained by direct debit a few days after the end of the lease term. If no sale is made to the user, the bicycles and e-bikes are offered for sale to a bicycle retailer or sold to third parties for recycling. The sale contracts do not permit the buyer to return the purchased products.	Revenues are recognized when the user agrees to the purchase at the time of termination of the lease because the user already controls the bicycle at this time. Revenues from the sale of bicycles to third parties are recognized at the time the bicycles are delivered to the retailer or recycler.
Sale of operating lease assets	After expiration of the lease term, the lessor exercises the option to sell, allowing the underlying asset to be sold to customers. The portfolio of underlying assets comprises a collection of various assets, such as vehicles, machines, equipment etc.	When the lessor exercises the option to sell, the revenues are recognized when the lease is terminated.

The Group generates revenue from the sale of KVM devices and KVM system in the Security Technologies operating segment. The Financial Technologies operating segment generates revenue from commissions, customer and insurance services and from the sale of bicycles, e-bikes and other leased assets at the end of their lease terms.

Revenue from product sales is recognized at the time of transfer of the significant risks and rewards of ownership of the goods sold to the buyer if it is reasonably certain that the economic benefits from the sale will flow to the Group. The amount of revenue recognized is based on the fair value of the consideration received or receivable, less any cash discounts and rebates.

Contracts with customers do not stipulate the right to return the goods within a certain period of time. Goods returns are only permitted due to defects within the regular warranty period.

As a rule, the Group applies the practical expedient for current advance payments from customers. That means that the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of a promised good or service and payment is one year or less.

The Group receives deferred payments over a period of 36 months from the date of performance from customers for arranging insurance policies in the Financial Technologies segment. These policies contain an insignificant financing component in the period between performance and payment by the customer.

The Group generally issues a two-year warranty for general repairs of defects that existed at the date of the sale, as required by law. These warranties are recognized in accordance with IAS 37 Provisions (Note 32).

Contract balances

The contract assets relate to the Financial Technologies segment. With inspection packages, an inspection is performed at a time when the value of the service exceeds the amount invoiced up to this point. This surplus is deferred in the form of a contract asset. The net amount of this item varies depending on the contract month in which the inspection was performed.

The contract liabilities are realized as revenue in different periods depending on the segment. Contract liabilities in the Security Technologies segment include advance payments from customers that are expected to be collected in the form of revenue within 12 months of the reporting date. Advance payments are of short-term nature.

4.4 Income from leases

In addition to revenue from contracts with customers in accordance with IFRS 15, the Group generates various types of income from leases (pursuant to IFRS 16 and IFRS 9). These result directly from the Group's original business activities in the Financial Technologies segment and are therefore reported in revenue. The following table provides information on the type and timing of revenue recognition by the Group in its capacity as lessor.

Type of revenue	Revenue recognition under IFRS 9 and IFRS 16
Interest income from finance leases	The majority of leases for which the Group acts as lessor are finance leases. For these leases, the Group recognizes a receivable in the amount of the net investment in the lease. The lease payments the Group receives from the lessees are divided into an interest portion and a principal portion in accordance with the effective interest method. The interest portion is presented in revenue as interest income from finance leases. The principal portion is not recognized in profit or loss but reduces the related lease receivable.
Income from the disposal of lease receivables	Income from the disposal of lease receivables arises as a result of the non-recourse forfaiting of lease receivables. The right to receive future lease payments and/ or residual values of leases is sold to a third-party financing partner. If the terms of this sale result in substantially all of the risks and rewards of the lease receivable sold transferring to the buyer, then the Group must derecognize the lease receivables. Forfaiting takes place at a discount from the nominal value of the lease payments to be collected in the future and/ or the unguaranteed residual value. Despite this discount, the selling price is normally well over the amortized cost that the Group invested to generate the lease. This results in income that must be recognized in profit or loss for the period and that the Group presents in revenue. It is reported net, i.e., the difference between the consideration received (less liabilities to be recognized for future servicing) and the amortized cost of the receivables to be derecognized is presented as revenue.
Servicing of forfaited receivables	The Group continues to provide certain services for leases whose receivables have been forfaited, such as transmitting payments from the lessee to the buyer of the receivables. A liability that reduces the disposal gain is recognized for this future performance obligation at the time of the relevant forfaiting. Servicing is then performed by the Group over the term of the lease and the liability is reversed ratably in the form of income from the servicing of forfaited receivables. This income is presented in revenue.

Please refer to Note 4.16 for further information on the accounting for the Group's activities as lessor. Please refer to Note 22 in these notes to the consolidated financial statements for information on the Group's activities as lessor in the reporting period.

4.5 Employee benefits

Equity-settled share-based payment transactions

The Group has a stock option program enabling it to issue rights to purchase shares of the parent company to Executive Board members and employees of the Company and to managing directors and employees of subsidiaries.

The total amount to be recognized as expense for employee services received is determined by reference to the fair value of the share-based payment at the grant date. The fair value of stock options is determined using a Monte Carlo simulation, taking the long-term performance targets into account. The fair value determined at the grant date is recognized as expense over the vesting period (the period during which all the specified vesting conditions must be satisfied). The offsetting entry is recorded in equity. The vesting period generally starts on the grant date of the stock options.

No expense is recognized for share allocations that cannot vest, with the exception of equity-settled share-based payment plans where vesting is dependent on a market condition or a non-vesting condition. These equity instruments are treated as being exercisable regardless of whether a market condition or non-vesting condition applies, provided all other service or employment conditions are satisfied.

Based on the non-market-based vesting conditions, the Company estimates the number of options and shares that are expected to be exercisable at the end of each reporting period. Possible changes compared with the original estimates are recognized in profit or loss with a corresponding offsetting entry in equity.

If the contractual terms of an equity-settled payment arrangement are modified, expenses are recognized, as a minimum, at the fair value of the equity instruments granted at the grant date, unless those equity instruments cannot vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at the grant date. The Group also recognizes the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. These are measured at the date of the modification.

Expenses arising in connection with an equity-settled payment arrangement are recognized as personnel expenses.

Cash-settled share-based payment transaction

The Group recognizes a liability for services rendered by employees for cash-settled share-based payment transactions. The Group remeasures the fair value of the liability at each reporting date and at the settlement date. Changes in the entitlement are recognized in personnel expenses over the vesting period in the amount of the portion attributable to the grant date fair value. The other changes in the entitlement are recognized in the financial result.

4.6 Finance income and costs

Interest income and expense is recognized in profit or loss using the effective interest method. To calculate interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset (if it is not credit-impaired) or to the amortized cost of the financial liability. By contrast, for financial assets that become credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, calculation of interest income returns to a gross basis.

4.7 Government grants

The government grants were awarded for research and development projects and are reported under other operating income. There are no unfulfilled conditions or contingencies attached to these grants.

4.8 Current and deferred income taxes

Current tax is measured as the amount expected to be reimbursed by, or paid to, the tax authorities. The amount is calculated on the basis of the tax rates and tax laws applicable as of the reporting date.

Deferred tax assets and liabilities are measured using the tax rates expected to apply to the period in which an asset is realized or a liability is settled. The amount is calculated on the basis of the tax rates and tax laws enacted as of the reporting date. The combined tax rate is 30% (previous year: 30%). Deferred tax assets and deferred tax liabilities are offset against one another if the Company has a legally enforceable claim to set off current tax assets against current tax liabilities and these amounts relate to income taxes levied on the same taxable entity by the same taxation authority.

4.9 Property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. The useful lives applied are as follows.

	Years
Leasehold improvements	10
Office furniture	10 – 13
Other equipment, operating and office equipment	3 – 10
Technical equipment and machinery	3 – 10

Impairment testing and the recognition of impairment losses and reversals are performed using the approach for finite-lived intangible assets. Please refer to Note 4.10 for further information.

4.10 Intangible assets and goodwill

Goodwill is tested for impairment at least annually. Other intangible assets with finite useful lives and items of property, plant and equipment are tested for impairment if there are specific indications of impairment. An impairment loss is recognized in profit or loss in the item “Other depreciation of property, plant and equipment and amortization of intangible assets” in the statement of comprehensive income if an asset’s recoverable amount falls below its carrying amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The recoverable amount is the higher of net realizable value and value in use. Net realizable value is equal to the recoverable amount less costs to sell arising from the sale of an asset on an arm’s length basis. Value in use is calculated based on the estimated cash flows from the use and disposal of an asset using the discounted cash flow method. The cash flows are derived from the long-term corporate planning, which takes account of historical developments and macroeconomic trends. The value in use of the relevant groups of cash-generating units (**CGU**) is used to test the recoverability of goodwill. The annual goodwill impairment test is performed at the level of our operating segments, since there are no levels below that at which goodwill is monitored for internal management purposes.

Amortization

Intangible assets are amortized on a straight-line basis over their estimated useful lives. The useful lives applied are as follows.

	Years
Patents and trademarks	10
Capitalized development costs	5
Software	3
Licenses and other rights	3 – 10
Basic technologies	5 – 8
Customer base	10 – 15

Capitalized development expenses are amortized when the development is complete and series production has started.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.11 Inventories

Finished goods and work in progress are recognized at the lower of cost or net realizable value using individual calculations which are based on the current cost accounting.

4.12 Financial instruments

The Group's business model for the management of its financial instruments reflects how the entity manages its financial assets to generate cash flows. Depending on the business model, cash flows are realized through the collection of contractual cash flows ("hold to collect" business model), the sale of financial assets ("for sale" business model) or both ("hold to collect and for sale" business model).

In order to classify and measure a financial asset as at "amortized cost" or "fair value through other comprehensive income," the cash flows must comprise "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is called an "SPPI test" and is conducted at the level of the individual financial instrument.

Initial recognition and measurement

As of the reporting date and the prior-period reporting date, the Group only had primary financial instruments and financial liabilities in the "amortized cost" category that are allocated to the "hold to collect" business model (cash flows are generated by the receipt of contractual cash flows). Please refer to Note 34.4 for information on interest risks.

Subsequent measurement

The Group's financial instruments at amortized cost comprise trade receivables and payables, lease receivables, other financial assets and liabilities, cash and cash equivalents, as well as bank loans, liabilities from securitizations and other loans.

They are subsequently measured at fair value through profit or loss in particular if contingent consideration has been contractually agreed with the purchaser or seller in the context of sales of operations. Please refer to Notes 23 and 31 for further information.

Impairment

In addition to the general approach (three-stage model), IFRS 9 provides for a simplified model for trade receivables, contract assets and lease receivables falling within the scope of application of IFRS 16. Changes in credit risk are not tracked when applying the simplified approach. Instead, a risk provision is recognized in the amount of the lifetime expected credit loss upon initial recognition and at each subsequent reporting date. The Group applies this approach for trade receivables, contract assets and lease receivables.

The probabilities of default are calculated using third-party credit ratings by market data suppliers per debtor. The loss given default (**LGD**) model reflects historical losses and determines the loss given an actual default expressed as a percentage. Contract-specific components are used to calculate the LGD.

4.13 Subscribed capital

Ordinary shares

The costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity. Income taxes on equity transaction costs are recognized in accordance with IAS 12.

4.14 Provisions

Provisions are determined by discounting the expected future payment obligations at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is presented as finance cost.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

4.15 Leases – Group as lessee

The Group makes use of the practical expedients for low-value underlying assets and short-term leases (less than twelve months) and the payments are recognized as an expense. The Group exercises the option not to separate the components in the case of agreements that include lease components and non-lease components.

4.16 Leases – Group as lessor

Operating leases

In an operating lease, the lessor remains the beneficial owner of the leased asset and recognizes it as an asset at amortized cost under property, plant and equipment. The lease payments received in the period are presented as revenue.

Finance leases

Leases are treated as finance leases if the lessee receives substantially all of the risks and rewards associated with ownership of an asset. In accordance with the effective interest method, cash lease payments are divided into an interest portion recognized in profit or loss and a principal portion not being recognized in profit or loss, with the interest item presented in revenue.

4.17 Fair value measurement

The Group uses valuation techniques that are appropriate for the relevant circumstances and for which sufficient data is available to measure fair value. This involves maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In order to satisfy the requirements governing disclosure of fair value in the notes to the consolidated financial statements, the Group has defined groups of assets and liabilities based on their nature, characteristics and risks, as well as the levels of the IFRS 13 fair value hierarchy.

4.18 Other financial obligations

Rental and lease commitments are accounted for in accordance with IFRS 16. Contingent liabilities are measured at their settlement value.

4.19 Discontinued operations

The Group reports discontinued operations if a component of the Group is designated as held for sale or has already been sold and the component of the Group represents a separate major line of business. Discontinued operations are reported in the consolidated statement of comprehensive income for both the reporting period and for the prior-year period. The Group does not report the cash flows from discontinued operations separately in the consolidated statement of cash flows, but discloses them in the notes.

4.20 Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. In this case, the assets are no longer depreciated or amortized but measured at the lower of carrying amount and fair value less costs to sell. Immediately before classification as held for sale, the assets are tested for impairment using the applicable specific impairment rules. The impairment loss is reversed in the event of a subsequent increase in fair value less costs to sell. This is limited to the impairment previously recognized for the asset. The Group reports assets held for sale separately in the consolidated statement of financial position. Prior-period figures are not adjusted and are therefore reported unchanged.

4.21 Summary of the measurement policies

Provided there are no impairment losses, the Group's measurement policies are summarized and in simplified form as follows.

Statement of financial position item	Measurement
Assets	
Intangible assets	
with finite useful lives	Amortized cost
with indefinite useful lives	Impairment-only approach
Property, plant and equipment (including right-of-use assets)	Amortized cost
Lease receivables	Amortized cost
Trade receivables	Amortized cost
Inventories	Lower of cost and net realizable value
Cash and cash equivalents	Amortized cost
Accrued expenses	Amortized cost
Other financial assets	Amortized cost
Assets from contingent consideration	Fair value according to discounted expected future payments weighted with the relevant probability of occurrence
Other non-financial assets	Amortized cost
Deferred tax assets	Measured (without discounting) at the tax rates that apply in the period when the asset is realized or a liability is settled
Liabilities	
Liabilities to banks	Amortized cost
Deferred tax liabilities	Measured (without discounting) at the tax rates that apply in the period when the asset is realized or a liability is settled
Income tax liabilities	Expected payment to tax authorities that is based on tax rates that apply at the reporting date or shortly thereafter
Trade payables	Amortized cost
Deferred income	Amortized cost
Other provisions	Expected discounted amount that will result in an outflow of resources
Other financial liabilities (including lease liabilities)	Amortized cost
Liabilities from cash-settled share-based payment transactions	Fair value
Liabilities from contingent consideration	Fair value according to discounted expected future payments weighted with the relevant probability of occurrence

4.22 New and amended standards

The accounting policies applied in the consolidated financial statements are generally the same as the policies applied in the previous year. New and amended standards adopted by the EU and effective for periods beginning on or after January 1, 2023, did not materially affect the Group's results of operations, net assets and financial position.

There are no other new or amended standards that could materially affect future financial statements of the Group.

5. Use of judgments, estimates and assumptions

Judgments that affect the amounts in the financial statements are necessary in some instances to apply accounting policies. In addition, for the preparation of the financial statements, forward-looking assumptions and estimates must be made that may have an impact on the carrying amounts of items in the statement of financial position as well as the amount for income and expenses. Actual amounts may differ from these estimates. The most important forward-looking assumptions and other sources of estimation uncertainty that may require future material adjustments are explained below.

5.1 Judgments

Development costs

Development costs are capitalized in accordance with the described accounting policy. Initial capitalization of costs is based on the Group's assessment that technical and economic feasibility has been demonstrated. For instance, technical feasibility is assessed using the development of prototypes or feasibility studies. Economic feasibility is assessed using project planning, which includes the necessary material costs and personnel expenses and their financing.

Consolidation of structured entities

To refinance the leasing business, among other things, the Group uses an asset-backed security (ABS) program, under which lease receivables are securitized for investors using a structured entity. The structured entity is Compartment B of Debt Marketplace SARL. Companies can securitize receivables through this entity whereby the receivables are sold to various compartments of Debt Marketplace SARL. Compartment B of Debt Marketplace SARL is used to securitize lease receivables. Investors in Compartment B alone are exposed to the credit risk of the Group's lease receivables. Moreover, there are no cross-compartment credit enhancements by third parties. The Group has no ability to influence the management of the structured entities. However, the Group handles a material activity of the structured entity by servicing the lease receivables and recovering them upon default by the lessee. The Group additionally assumes the credit risk associated with the lease receivables by way of a purchase price discount and participates substantially in the variable returns of the structured entity by receiving a share of the excess spread. In the overall assessment, the Group has control over Compartment B of Debt Marketplace SARL within the meaning of IFRS 10. The company must therefore be consolidated in accordance with IFRS.

The Group uses a GmbH & Co. KG (a German limited partnership in which a limited liability company is the general partner) structure for its management investment in kvm-tec. The Group holds all shares in the general partner, but not in KVM-TEC MPP GmbH & Co. KG itself. Nevertheless, the Group controls KVM-TEC MPP GmbH & Co. KG by virtue of separate agreements. Viewed overall, the Group exercises de facto control over KVM-TEC MPP GmbH & Co. KG within the meaning of IFRS 10. The entity therefore has to be consolidated in accordance with IFRS.

Assets from contingent consideration

The determination of fair values of assets and liabilities from contingent consideration requires a high level of judgment. The contingent consideration with the most significant value is the future purchase price receivable from the sale of Palas. Specifically, management has made estimates regarding various planning scenarios that appear realistic and the resulting earn-out payments, as well as regarding the probability of occurrence of each scenario. For further information, please refer to Note 23.

5.2 Estimates and assumptions

The most important forward-looking assumptions and other major sources of estimation uncertainty on the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are explained below.

Equity-settled share-based payment transactions

The stock options issued by the Group are subject to conditions determining how the stock options may be exercised by the beneficiaries. There are two settlement scenarios. One scenario would be viewed as full cash settlement, the other scenario as full settlement using equity instruments. In light of the Executive Board's intention to settle by issuing new shares, the Group concluded that it does not have a present obligation to settle in cash and will settle the share-based payment arrangement using equity instruments. This assessment by management is made again at each reporting date. For further information, please refer to Note 40.

Within the Group, expenses arising from granting stock options of the Company to employees are measured at the fair value of these equity instruments at the grant date. In order to estimate the fair value of share-based payments, it is necessary to determine the most suitable valuation technique. The Group uses a Monte Carlo simulation for this purpose. This depends on the grant conditions. For this estimation, it is also necessary to determine suitable inputs for this valuation technique, in particular the expected volatility derived from comparable listed companies and BKHT and the expected term of the option, the dividend yield and the risk-free interest rate. The assumptions and techniques used to estimate fair value are presented in Note 40.

Deferred taxes

Deferred tax assets for unused tax loss carryforwards are currently not recognized in the Group as future taxable earnings in the relevant income tax consolidation groups were not sufficiently concrete at the date of preparing the financial statements. This assumption is reviewed by management on each reporting date.

Business combinations

The determination of the respective fair value of the acquired assets and liabilities on the acquisition date is subject to significant estimation uncertainty. For the identification of intangible assets, depending on the type of the intangible asset and the complexity of determining fair value, either opinions of external valuation experts are drawn upon or the fair value is determined in-house using an appropriate valuation method for the respective intangible asset, the basis of which is typically used for the forecast of overall expected future generated cash and cash equivalents. These measurements are closely related to management's assumptions and estimates made regarding the future development of the respective assets and the discount rate to be applied.

Goodwill impairment test

A cash-generating unit is impaired if its carrying amount exceeds its recoverable amount. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell of the Bikeleasing CGU is calculated using the German income approach. Cash flows are derived from the financial budgets for the next five years. The discounted cash flow method is used to calculate value in use of the IHSE CGU. Cash flows are also derived from the financial budgets for the next five years. The recoverable amount in both cases depends on the discount rate used in the German income method or discounted cash flow method as well as on the expected future cash flows and the growth rate used for extrapolation purposes. These estimates significantly influence value in use. The basic assumptions used to determine recoverable amount for the various cash-generating units are presented and explained in more detail in Note 19.

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (Notes 4.14 and 32). Such estimates are subject to significant uncertainty.

Accounting for estimated residual value at the end of the lease in calculating the present value of lease receivables

In bicycle leasing, the unguaranteed (estimated) residual value is accounted for when calculating the present value of lease receivables in accordance with the definition in IFRS 16. The estimated residual value at the end of the lease term is calculated depending on the maturity category of the respective lease and includes the expected proceeds from recovery at the end of the term based on historical values. For lease receivables from bicycle finance leasing, historical values based on experience produce a weighted average residual value of 9.5% (previous year: 9.5%). The residual value for leasing other than bicycle leasing generally amounts to 5% and in exceptional cases up to 20% of the acquisition cost.

Calculating impairment losses on trade receivables, contract assets and lease receivables

For information on the assumptions and estimates involved in calculating impairment losses on trade receivables, contract assets and lease receivables, see Notes 4.12 and 34.4.

II. Notes to the statement of comprehensive income

6. Alternative performance measures

In addition to the information disclosed in the consolidated statement of comprehensive income, management uses additional performance measures to manage the Group. These comprise the **pro forma consolidated statement of comprehensive income** and **adjusted alternative performance measures**.

Pro forma consolidated statement of comprehensive income

In the reporting period, the income and expenses of the acquired Bikeleasing sales agencies (Note 36) were only included in the consolidated statement of comprehensive income for part of the fiscal year. This is because the date on which control was obtained (completion of the acquisition) was in the months of May, June and December 2023. For this reason, the informative value of the statement of comprehensive income for fiscal year 2023 and in particular, its suitability for deriving forecasts, is significantly limited. The Executive Board therefore analyzes earnings figures on a pro forma basis. This presents the Group's statement of comprehensive income as if the sales agencies had already been acquired as of January 1, 2023.

To calculate the pro forma income and expenses, management assumed that the preliminary fair value adjustments made as of the date of acquisition of the sales agencies would also have applied if the acquisitions had taken place on January 1, 2023.

Pro forma consolidated statement of comprehensive income

€ thousand	2023	2022
Revenue	**186,631**	**142,712**
Increase/ (decrease) in finished goods and work in progress	60	(243)
Other own work capitalized	1,007	986
Total output	**187,698**	**143,455**
Cost of materials	(63,661)	(51,734)
Gross profit	**124,037**	**91,721**
Gross profit margin	66.5%	64.3%
Personnel expenses excluding share-based payments	(33,607)	(25,953)
Personnel expenses from share-based payments	(989)	(673)
Other operating expenses	(30,627)	(19,542)
Impairment loss on trade receivables	(860)	(301)
Other operating income	4,079	1,475
EBITDA	**62,034**	**46,728**
Adjusted EBITDA	**66,988**	**47,400**
Adjusted EBITDA margin	35.9%	33.2%
Amortization of intangible assets identified in initial consolidation	(18,788)	(14,184)
Other depreciation of property, plant and equipment and amortization of intangible assets	(4,552)	(3,245)
Finance costs	(19,752)	(14,748)
Finance income	524	4,779
Financial result	(19,229)	(9,969)
Earnings before tax	**19,466**	**19,329**
Income tax expense	(9,401)	(8,862)
Income from continuing operations	**10,065**	**10,466**
Income from discontinued operations	-	47,995
Profit or loss for the period	**10,065**	**58,461**

Adjusted alternative performance measures

The Group discloses adjusted earnings before interest, tax, depreciation and amortization (**adjusted EBITDA**), adjusted earnings before interest and tax (**adjusted EBIT**) and **adjusted earnings**. The percentage ratio of these indicators to revenue is referred to as a margin (**adjusted EBITDA margin** and **adjusted EBIT margin**). **Adjusted earnings per share** are additionally disclosed. Management uses these performance measures to manage the Company and considers them to be significant for an understanding of the Group's financial performance. The alternative performance measures are not defined in IFRS and the Group's definitions are potentially not comparable with similarly designated performance indicators of other companies.

Contrary to the previous year, the Group does not adjust the decreased earnings from value step-up since 2023. In the previous year's report, Brockhaus Technologies had still adjusted revenue and gross profit for the decreased earnings from value step-up. The adjustment had led to higher revenue than revenue in accordance with IFRS. In order to avoid discrepancies between the key performance measures and IFRS as best as possible, the management of Brockhaus Technologies ended these adjustments to revenue as per beginning of fiscal year 2023. The decrease in earnings due to value step-up amounted to €1,384 thousand in the reporting period (previous year: €2,606 thousand).

Management eliminates expenses from **share-based payments** under IFRS 2.51 (a) from the performance indicators relevant for managing the Company. The reason for this is that these are not attributable economically to the Company, but to its shareholders, when they are serviced using shares. The issuance of options and shares does not represent an outflow of resources for the Group. Consequently, management eliminates the relevant expenses from share-based payments for the analysis of the Group's financial performance. Please refer to Note 40 for further information.

The earnings figures for analyzing the Group's performance are also adjusted for the **cost of business combinations** under IFRS 3.53. Such costs are only incurred when companies are successfully acquired. In terms of BKHT's business model, these costs are therefore of a recurring nature, but amount to zero in each case assuming no change in the scope of consolidation (meaning no companies acquired). In the opinion of management, such expenses would have to be capitalized as acquisition costs if they were incurred in the course of acquisitions outside of business combinations.

In the course of acquiring the sales agencies in the Financial Technologies segment, the Group entered into agreements in the reporting period that resulted in the recognition of **personnel expenses from business combinations**. Because these expenses are directly attributable to acquisitions, they are eliminated from the adjusted indicators when analyzing the Group's financial performance (Note 11).

In the reporting period, the Group sold a real estate property. The resulting **income from sale of real estate** was deducted from the adjusted earnings figures and the cash inflow from adjusted free cash flow before taxes.

Equally, amortization expenses of and impairment losses on intangible assets identified in the course of purchase price allocation for acquisitions (**PPA amortization expenses**) are eliminated from underlying IFRS figures for the purposes of value-enhancing management of the Company. These amortization expenses and impairment losses are entries that are independent of the financial figures of the individual Group companies. As a rule, they are not found in the single-entity annual financial statements of the Group companies. These expenses are recognized solely at the level of consolidation. They are non-cash expenses and not relevant for the Group's ability to pay dividends and no replacement investment spending will also be incurred for them in future cash flows. The considerably lower earnings according to IFRS due to the PPA amortization expenses result solely from the fact that an M&A transaction took place. The financial performance presented is thus considerably poorer solely because of the consolidation. It is also possible that a subsidiary will develop considerably more favorably than projected, but it is still required to recognize substantial PPA amortization expenses in the consolidated financial statements. For this reason, the Group additionally reports these figures before PPA amortization expenses.

Part of the consideration transferred for the acquisition of kvm-tec is a future contingent purchase price payment (earn-out), which was required to be recognized as a liability at the transaction date. Similarly, when Palas was sold, the payment of contingent purchase price components was agreed with the acquirer (also an earn-out), and these were required to be recognized as an asset. The assets and liabilities from these expected future earn-out payments must be remeasured as of each reporting date. The change in the carrying amount is reported as income or expense in the consolidated statement of comprehensive income. This **earn-out income and expense** is adjusted for the analysis of the Group's performance.

As part of the acquisition of Bikeleasing, the Group agreed a success fee with the intermediary of the M&A transaction. Under this agreement, the intermediary has the right to claim a proportional interest in a possible future increase in Bikeleasing's value. This claim comes due upon sale of the shares or, if no sale occurs, then 10 years after acquisition. The claim is reported as a liability and remeasured as of each reporting date. The change in the carrying amount is reported as income or expense in the consolidated statement of comprehensive income. This **success fee income and expense** is adjusted for the analysis of the Group's performance.

Income taxes on adjustments relate to adjusted items in the consolidated statement of comprehensive income. These are eliminated when the after-tax figures are calculated.

In addition to the adjusted earnings figures, the Group provides information on **adjusted cash flow from operating activities before tax** and **free cash flow before tax**.

The adjusted earnings figures include interest income from finance leases of €17,396 thousand (previous year: €13,187 thousand), which the Group recognizes in revenue because it is inherent in the operating business model.

The adjusted earnings figures before finance costs (adjusted EBITDA and adjusted EBIT) do not include lease refinancing expenses. These are shown in the financial result and amounted to €4,686 thousand (previous year: €2,620 thousand).

Calculation of adjusted EBITDA

€ thousand	Pro forma 2023	As is 2023	As is 2022
Earnings before tax	**19,466**	**18,395**	**19,329**
Financial result	19,229	19,229	9,969
Amortization, depreciation and impairment losses	23,340	20,259	17,429
EBITDA	**62,034**	**57,883**	**46,727**
Share-based payments	544	544	673
Cost of business combinations	4,337	4,337	-
Personnel expenses from business combinations	689	57	-
Income from sale of real estate	(616)	(616)	-
Adjusted EBITDA	**66,988**	**62,205**	**47,400**
Adjusted EBITDA margin	*35.9%*	*33.3%*	*33.2%*

Calculation of adjusted EBIT

€ thousand	Pro forma 2023	As is 2023	As is 2022
Earnings before tax	**19,466**	**18,395**	**19,329**
Financial result	19,229	19,229	9,969
EBIT	**38,694**	**37,624**	**29,298**
Share-based payments	544	544	673
Cost of business combinations	4,337	4,337	-
Personnel expenses from business combinations	689	57	-
Income from sale of real estate	(616)	(616)	-
PPA amortization	18,788	15,707	14,184
Adjusted EBIT	**62,437**	**57,654**	**44,155**
Adjusted EBIT margin	*33.5%*	*30.9%*	*30.9%*

Calculation of adjusted earnings and adjusted earnings per share

€ thousand	Pro forma 2023	As is 2023	As is 2022
Income from continuing operations	**10,065**	**9,316**	**10,466**
Share-based payments	544	544	673
Cost of business combinations	4,337	4,337	-
Personnel expenses from business combinations	689	57	-
Income from sale of real estate	(616)	(616)	-
PPA amortization	18,788	15,707	14,184
(Income)/ expenses from earn-outs	2,936	2,936	(4,452)
(Income)/ expenses from success fee	3,054	3,054	2,353
Income taxes on adjustments	(6,749)	(5,635)	(4,032)
Adjusted earnings	**33,049**	**29,700**	**19,192**
of which: attributable to BKHT shareholders	14,132	12,332	7,036
of which: non-controlling interests	18,917	17,368	12,156
Number of shares outstanding	10,947,637	10,947,637	10,946,519
Adjusted earnings per share (€)	**1.29**	**1.13**	**0.64**

Calculation of the adjusted cash flow from operating activities before tax and free cash flow before tax

€ thousand	2023	2022
Cash flow from operating activities	34,796	34,914
Income taxes paid/ (income tax refunds)	10,026	7,828
Cost of business combinations	4,337	-
Adjusted cash flow from operating activities before tax	**49,158**	**42,742**
Cash flow from investing activities	(9,904)	53,035
Proceeds from sale of real estate	(10,000)	-
Acquisition/ (disposal) of subsidiaries	15,192	(55,992)
Free cash flow before tax	**44,446**	**39,785**

7. Operating segments

The Group currently comprises two strategic divisions, which constitute the Group's reportable segments. The segments offer different products and services and are separately administrated since they operate in different markets and therefore require different technology and marketing strategies. BKHT's Executive Board reviews internal management reports for each segment on a monthly basis.

The **Financial Technologies** segment comprises companies specializing in developing and operating highly automated digital B2B finance platforms for arranging, financing and managing employee benefits through the employer. This segment comprises Bikeleasing, which the Group acquired at the end of November 2021.

The **Security Technologies** segment includes companies that develop, produce and distribute KVM (keyboard, video and mouse) technology for high-security, reduced-latency and loss-free data transmission in mission-critical applications. The segment includes IHSE and kvm-tec, which the Group acquired in December 2019 and November 2021, respectively.

The **reconciliation** column mainly comprises the elimination of management service fees paid by the operating segments to Central Functions and intercompany loans extended to the operating segments by Central Functions.

Please refer to Note 6 for information on the alternative performance measures presented here, including the reconciliations to revenue and earnings before tax.

The operating activities of the Group as well as their segment reporting substantially depends on further company acquisitions. There may therefore be substantial adjustments to both the definition of segments as well as the figures reported on a regular basis in the future.

Segment performance measures are reported on the basis of the management accounting, which largely corresponds to IFRS. Non-current assets are located almost exclusively in Germany.

Please refer to Note 8 for information on the allocation of revenue to the groups of products and services.

Please refer to Note 6 for the reconciliation of total segment profit or loss to the Group's earnings before tax.

Key performance indicator by operating segment

	Reportable segments											
	Financial Technologies		Security Technologies		Total		Central Functions		Reconciliation		Group	
€ thousand	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	146,213	106,623	40,468	36,086	186,681	142,709	672	652	(723)	(649)	186,631	142,712
Gross profit	87,472	65,120	30,542	26,331	118,015	91,452	672	652	(300)	(382)	118,387	91,721
Adjusted EBITDA	**58,298**	**43,938**	**11,088**	**8,617**	**69,386**	**52,554**	**(7,181)**	**(5,158)**	**-**	**3**	**62,205**	**47,400**
Pro forma gross profit	93,123	65,120	30,542	26,331	123,666	91,452	672	652	(300)	(382)	124,037	91,721
Pro forma adjusted EBITDA	**63,081**	**43,938**	**11,088**	**8,617**	**74,169**	**52,554**	**(7,181)**	**(5,158)**	**-**	**3**	**66,988**	**47,400**
Trade working capital*	26,729	14,052	15,140	13,294	41,869	27,346	(411)	(1,279)	(316)	14	41,142	26,081
Cash and cash equivalents	23,082	23,745	5,431	3,884	28,512	27,629	25,153	43,170	-	-	53,666	70,800
Financial liabilities excl. lease refinancing	65,756	61,449	35,293	39,013	101,049	100,462	6,863	3,893	(4,917)	(5,474)	102,996	98,881
Financial liabilities from lease refinancing	176,410	153,809	-	-	176,410	153,809	-	-	-	-	176,410	153,809
Interest income from finance leases	17,396	13,187	-	-	17,396	13,187	-	-	-	-	17,396	13,187
Revenue by region												
EMEA	**146,213**	**106,623**	**21,714**	**20,257**	**167,927**	**126,880**	**672**	**652**	**(723)**	**(649)**	**167,876**	**126,883**
Germany	143,406	105,557	7,394	6,500	150,800	112,057	672	652	(723)	(649)	150,750	112,059
Other	2,807	1,066	14,319	13,757	17,126	14,823	-	-	-	-	17,126	14,823
Americas	**-**	**-**	**15,549**	**12,475**	**15,549**	**12,475**	**-**	**-**	**-**	**-**	**15,549**	**12,475**
USA	-	-	15,524	9,933	15,524	9,933	-	-	-	-	15,524	9,933
Other	-	-	25	2,542	25	2,542	-	-	-	-	25	2,542
APAC	**-**	**-**	**3,205**	**3,354**	**3,205**	**3,354**	**-**	**-**	**-**	**-**	**3,205**	**3,354**
China	-	-	677	1,727	677	1,727	-	-	-	-	677	1,727
Other	-	-	2,528	1,627	2,528	1,627	-	-	-	-	2,528	1,627
Total	**146,213**	**106,623**	**40,468**	**36,086**	**186,681**	**142,709**	**672**	**652**	**(723)**	**(649)**	**186,631**	**142,712**

* Trade working capital comprises inventories and trade receivables (current and non-current), less trade payables.

Earnings before tax of the operating segments

The following table shows the reconciliation of the information on reportable segments to the figures reported in the consolidated financial statements.

€ thousand	2023	2022
Earnings before tax of reportable segments	31,456	28,792
Earnings before tax of Central Functions	(12,816)	(9,392)
Elimination of income and expenses	(244)	(71)
Income from continuing operations before tax	**18,395**	**19,329**

Operating segment assets

The following table shows the reconciliation of the information on reportable segments to the figures reported in the consolidated financial statements.

€ thousand	2023	2022
Reportable segment assets	632,079	600,736
Central Function assets	34,101	54,773
Other amounts not allocated	-	-
Group Assets	**666,180**	**655,509**

Operating segment liabilities

The following table shows the reconciliation of the information on reportable segments to the figures reported in the consolidated financial statements.

€ thousand	2023	2022
Reportable segment liabilities	358,598	331,888
Central Function liabilities	9,750	8,283
Other amounts not allocated	-	-
Group liabilities	**368,348**	**340,173**

8. Revenue

The Group generates revenue from contracts with customers according to IFRS 15 primarily from the following products and services.

- **Financial Technologies:** Brokering insurance policies and leases, as well as selling services and bicycles and e-bikes at the end of the lease term
- **Security Technologies:** Sale of KVM devices and KVM systems

Revenue is also generated from leases in accordance with IFRS 16 and IFRS 9.

- **Financial Technologies:** Interest income from finance leases, income from the disposal of lease receivables and servicing of forfaited receivables.

Contract balances

The following table shows trade receivables, contract assets and contract liabilities from contracts with customers.

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Non-current trade receivables	18,404	13,883
Current trade receivables	17,316	15,434
Trade receivables	**35,720**	**29,317**
Contract assets	510	100
Contract liabilities	(2,893)	(1,391)

The contract assets relate to inspections of bicycles and e-bikes that had already been performed as of the reporting date and for which not all related inspection installments had yet been paid by the customer.

The contract liabilities include prepayments received for inspection packages amounting to €2,172 thousand (previous year: €967 thousand) and advance payments of €721 thousand (previous year: €424 thousand) made by customers for extended warranty agreements.

The amount of €1,391 thousand contained in contract liabilities at the December 31, 2022, prior-year reporting date was recognized as revenue in the reporting period.

Unfulfilled performance obligations

The transaction price attributable to (unfulfilled or partly unfulfilled) remaining performance obligations for bicycle inspection packages is broken down as follows.

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Within one year	2,397	982
In more than one year	4,571	2,034
Total	**6,969**	**3,015**

The Group expects revenue to be recognized for the remaining performance obligations/ claims service within one year or a fixed hourly rate will be billed. As per IFRS 15.B16, the Group does not report the transaction price for the unfulfilled performance obligations.

The following table classifies the Group's revenue from contracts with customers (IFRS 15) by the most important product and service lines and the timing of revenue recognition. The table also presents income from leases (IFRS 16 and IFRS 9) classified by the most important income components.

Please refer to Note 7 for information on revenue by primary geographical markets.

No customer accounted for more than 10% of the Group's revenue in the reporting period.

Disaggregation of revenue

	Financial Technologies		Security Technologies		Group	
€ thousand	2023	2022	2023	2022	2023	2022
External customers						
Products sold	44,976	26,926	44,501	39,229	89,477	66,154
Services rendered	591	675	487	582	1,078	1,260
Customer/ claims service	593	325	-	-	593	325
Inspection packages	3,743	1,457	-	-	3,743	1,457
Commissions	45,596	35,147	-	-	45,596	35,147
External gross revenue	**95,500**	**64,529**	**44,988**	**39,811**	**140,487**	**104,343**
Sales allowances	-	-	(4,520)	(3,725)	(4,520)	(3,725)
Revenue from contracts with customers (IFRS 15)	**95,500**	**64,529**	**40,468**	**36,086**	**135,968**	**100,618**
Rental income	45	83	-	-	45	83
Interest income from finance leases	17,396	13,187	-	-	17,396	13,187
Payments from operating leases	455	503	-	-	455	503
Servicing of forfaited receivables	3,393	1,954	-	-	3,393	1,954
Income from the disposal of lease receivables	29,374	26,366	-	-	29,374	26,366
Revenue from leases (IFRS 16)	**50,663**	**42,094**	**-**	**-**	**50,663**	**42,094**
Revenue	**146,163**	**106,623**	**40,468**	**36,086**	**186,631**	**142,712**
Timing of revenue recognition from contracts with customers						
Point in time	94,957	64,205	39,981	35,504	134,938	99,709
Over time	543	325	487	582	1,030	909
Revenue from contracts with customers (IFRS 15)	**95,500**	**64,529**	**40,468**	**36,086**	**135,968**	**100,618**
Revenue from leases (IFRS 16)	50,663	42,094	-	-	50,663	42,094
Revenue	**146,163**	**106,623**	**40,468**	**36,086**	**186,631**	**142,712**

9. Other own work capitalized

Of own work capitalized, €1,007 thousand (previous year: €986 thousand) is attributable to development costs required to be capitalized under IAS 38. These development costs relate in particular to investments in the development of KVM solutions for extending and switching computer signals and in the further development of the digital B2B platform for managing employee benefits.

10. Cost of materials

Cost of materials is disaggregated as follows.

€ thousand	2023	2022
Cost of raw materials, consumables and supplies and purchased merchandise	29,192	22,615
Cost of purchased services	40,120	29,119
Cost of materials	**69,312**	**51,734**

The cost of purchased services relates mainly to the Financial Technologies segment and includes commission expenses of €8,740 thousand (previous year: €10,928 thousand), flat tax assumed by the Group of €12,444 thousand (previous year: €6,328 thousand) and interest expense of €3,382 thousand (previous year: €3,029 thousand) from the buyback obligation for bicycles at the end of the term from third-party leasing companies. In addition, the cost of raw materials, consumables and supplies and purchased merchandise includes impairment losses of €6,230 thousand (previous year: €- thousand) recognized in profit or loss on used e-bikes and bicycles.

11. Personnel expenses

Personnel expenses break down as follows.

€ thousand	2023	2022
Wages and salaries	28,093	22,333
Social security and post-employment benefit costs	4,267	3,620
Personnel expenses from business combinations	32	-
Personnel expenses excluding share-based payments	**32,392**	**25,953**
Share-based payments (Note 40)	704	673
of which: Equity-settled	544	673
of which: cash-settled	159	-
of which: from business combinations	26	-
Personnel expenses	**33,095**	**26,625**

The personnel expenses from business combinations resulted from two agreements with sellers of sales agencies that the Group acquired during the reporting period in the Financial Technologies segment. The seller with which the first of the two agreements was entered into has been working for the Group since the acquisition and is scheduled to receive a further payment of €1,500 thousand on June 30, 2026, in addition to the purchase price already paid for its sales agency operations. This future payment is contingent on the seller still being employed by the Group until then. This future payment must therefore be treated as remuneration for work performed and not as a subsequent purchase price payment for the acquisition. The expense is recognized in personnel expenses, discounted and distributed over the period until the payment is due. The resulting obligation is reported under other liabilities (Note 31).

The second agreement with sellers of sales agencies leading to personnel expenses is share-based; please refer to Note 40 for details.

12. Other operating expenses

Other operating expenses break down as follows.

€ thousand	2023	2022
Advertising and travel expenses	6,173	4,316
Cost of business combinations	4,337	-
Legal and consulting fees	3,163	2,575
IT costs	2,937	2,256
Preparation and audit of financial statements	2,384	3,005
Cost of sales agency termination	1,827	-
Personnel services/ development	1,579	-
Prior-period expenses	1,116	-
Insurance and contributions	945	745
Incidental transaction costs	799	317
Other lease expenses (incidental costs, service components)	572	229
Supervisory Board remuneration	284	289
Foreign exchange losses	109	111
Expenses for leases of low-value assets	20	21
Due diligence costs	16	2
Expenses for short-term leases	7	0
Other costs	4,358	5,677
Other operating expenses	**30,627**	**19,542**

The cost of business combinations relates to the acquisition of Bikeleasing's sales agencies and mainly comprises remuneration for pre-existing relationships. By contrast, the due diligence costs relate to the detailed examination of potential acquisitions that were either terminated in the reporting period or are still in progress as of the reporting date.

13. Other operating income

Other operating income breaks down as follows.

€ thousand	2023	2022
Prior-period income	2,047	263
Income from disposal of non-current assets	871	-
Vehicle benefits in kind	328	316
Currency translation gains	113	184
Investment grants under IAS 20	112	307
Miscellaneous other operating income	610	405
Other operating income	**4,079**	**1,475**

Prior-period income relates primarily to the reversal of accrued expenses.

14. Amortization, depreciation and impairment losses

Depreciation, amortization and impairment losses comprise depreciation of property, plant and equipment and amortization of intangible assets amounting to €20,259 thousand (previous year: €17,430 thousand). €3,106 thousand (previous year: €2,286 thousand) of this amount relates to depreciation of property, plant and equipment and amortization of intangible assets not identified in the course of the purchase price allocation for the acquisition of subsidiaries. Depreciation of right-of-use assets from leases amounts to €1,446 thousand (previous year: €960 thousand).

Amortization of intangible assets (PPA assets) identified in the course of acquisitions of subsidiaries are also included. These amounts are attributable to capitalized intangible assets as follows.

€ thousand	2023	2022
Basic technologies	3,122	3,122
Customer base	8,873	8,903
Trademarks	2,160	2,160
Distribution rights	1,553	-
Total	**15,707**	**14,184**

15. Financial result

Finance costs are composed of the following items.

€ thousand	2023	2022
Interest on financial liabilities at amortized cost	13,327	12,246
of which: not from lease refinancing	8,641	9,626
of which: from lease refinancing	4,686	2,620
Change in success fee recognized in profit or loss	3,054	2,353
Expenses from the remeasurement of earn-out receivables	2,936	-
Interest on lease liabilities	424	119
Other	11	30
Finance costs	**19,752**	**14,748**

Financial income amounts to €524 thousand (previous year: €4,779 thousand). In the previous year, €4,743 thousand resulted from the remeasurement of the earn-out liability from the acquisition of kvm-tec.

16. Income tax expense

Income taxes recorded in profit or loss for the period break down as follows.

€ thousand	2023	2022
Current tax expense		
Current year	5,248	6,240
Deferred tax expense		
Reversal of temporary differences	3,832	2,622
Total	**9,080**	**8,862**

Change in deferred taxes

€ thousand	Jan. 1	Changes in scope of consolidation	Recognized in profit or loss	Net exchange differences	Dec. 31 Net	Dec. 31 Deferred tax assets	Dec. 31 Deferred tax liabilities
2023							
Goodwill	422	-	(43)	(13)	365	365	-
Other intangible assets	(37,988)	395	3,472	68	(34,054)	-	(34,054)
Property, plant and equipment	103,865	-	52,642	-	156,507	156,507	-
Inventories	75	-	38	(0)	112	112	-
Trade receivables	(3,062)	-	(2,177)	-	(5,239)	-	(5,239)
Contract assets	(30)	-	(119)	-	(149)	(149)	-
Lease receivables	(43,547)	-	(6,772)	-	(50,319)	-	(50,319)
Other financial assets	14,599	-	8,653	-	23,252	23,252	-
Contract liabilities	290	-	357	-	647	647	-
Financial liabilities	(86,708)	-	(59,874)	-	(146,582)	-	(146,582)
Trade payables	28	-	(8)	-	20	20	-
Tax assets (liabilities) before offsetting					**(55,439)**	**180,754**	**(236,193)**
Offsetting of taxes					-	(179,769)	179,769
Tax assets (liabilities), net					**(55,439)**	**985**	**(56,424)**
2022							
Goodwill	443	-	(50)	28	422	422	-
Other intangible assets	(44,098)	2,063	3,959	87	(37,988)	-	(37,988)
Property, plant and equipment	60,535	-	43,330	-	103,865	103,865	-
Inventories	72	-	2	-	75	72	3
Trade receivables	(1,365)	-	(1,702)	5	(3,062)	-	(3,062)
Contract assets	(46)	-	16	-	(30)	-	(30)
Lease receivables	(35,928)	-	(7,619)	-	(43,547)	-	(43,547)
Other financial assets	7,715	-	6,885	-	14,599	14,599	-
Contract liabilities	111	-	179	-	290	290	-
Financial liabilities	(39,100)	-	(47,612)	4	(86,708)	-	(86,708)
Trade payables	15	-	(11)	24	28	28	-
Tax assets (liabilities) before offsetting					**(52,056)**	**119,276**	**(171,332)**
Offsetting of taxes					-	(118,742)	118,742
Tax assets (liabilities), net					**(52,056)**	**534**	**(52,590)**

The deferred tax liabilities relate primarily to the customer bases, basic technologies and trademarks identified in the course of purchase price allocation for the acquisitions of the subsidiaries (PPA assets) and will be reversed through profit or loss (but with no effect on cash flow) in the future as these PPA assets are amortized. No tax payments are included in this figure and there is no outflow of cash.

Reconciliation of effective tax rate

The differences between the expected income tax expense based on the calculated tax rate and the actual income tax expense can be seen in the following table. The applied tax rate is based on the German Group income tax rate. The German Group tax rate comprises the corporate income tax rate of 15% (previous year: 15%), plus the solidarity surcharge of 5.5% (previous year: 5.5%) and a trade tax rate of 14.7% (previous year: 14.7%). The tax rate for trade tax is determined by the average trade tax multiplier of 420% (previous year: 420%).

Deferred taxes for the assets identified for acquisitions were recognized based on the following tax rates.

> Bikeleasing: 30% (previous year: 30%)
> IHSE: 17% to 28% (previous year: 17% to 28%).

Income tax reconciliation

€ thousand	2023	% of earnings	2022	% of earnings
Earnings before tax	**18,395**		**19,329**	
Tax based on German tax rate of the entity	**(5,519)**	**30%**	**(5,799)**	**30%**
Tax-exempt income	181	(1%)	1,366	(7%)
Tax rate effects	146	(1%)	(104)	1%
Remeasurement of assets for tax purposes	14	(0%)	-	-
Permanent differences	(1,241)	7%	(692)	4%
Non-deductible operating expenses	(2,104)	11%	(1,602)	8%
Trade tax effects	846	(5%)	1,415	(7%)
Losses in the current year for which no deferred tax asset was recognized	(3,142)	17%	(3,446)	18%
Recognition of tax effects of previously unrecognized tax loss carryforwards	781	(4%)	-	-
Prior-period (taxable profit)/ tax loss	958	(5%)	-	-
Income tax expense	**(9,080)**	**49%**	**(8,862)**	**46%**

Unrecognized deferred tax assets

Group entities have tax loss carryforwards of €66,764 thousand at the reporting date (previous year: €56,886 thousand). This would result in a tax effect of €20,029 thousand (previous year: €17,066 thousand). No deferred tax assets were recognized for these tax loss carryforwards as future taxable earnings in the relevant income tax consolidation groups were not sufficiently concrete at the date of preparing the financial statements.

17. Earnings per share

The following table presents the calculation of earnings per share, based on the profit or loss attributable to the shareholders of BKHT. Basic earnings per share is equal to diluted earnings per share.

	2023	2022
Profit or loss for the period in € thousand	(3,344)	49,019
of which continuing operations	(3,344)	1,024
of which discontinued operations	-	47,995
Weighted average number of shares outstanding	10,947,637	10,946,519
Earnings per share (€)	**(0.31)**	**4.48**
of which continuing operations	(0.31)	0.09
of which discontinued operations	-	4.38

Adjusted pro forma earnings per share are shown as follows. Please refer to Note 6 for further information.

	2023	2022
Adjusted earnings attributable to shareholders of BKHT in € thousand	14,132	7,036
Weighted average number of shares outstanding	10,947,637	10,946,519
Adjusted earnings per share (€)	**1.29**	**0.64**

In the comparative period, the average number of shares outstanding was down by 1,118 shares, because Palas, a subsidiary at the time, had held shares in BKHT. Since shares held within the Group are not entitled to dividends and do not carry any voting rights at the Annual General Meeting, these shares had to be deducted from the number of shares outstanding. Since the sale of Palas at the end of 2022, these shares have been considered outstanding again.

The 499,971 treasury shares acquired as part of the share buyback (Note 27) did not have any effect on the average number of shares outstanding in the reporting period, because the purchase was made only at the end of the fiscal year. As from the share buyback on December 28, 2023, and as of the reporting date, the shares outstanding amounted to 10,447,666.

III. Notes to the statement of financial position

18. Property, plant and equipment

There were no indicators of any need to charge impairment losses on property, plant and equipment in the reporting period. Please refer to Note 29 for information on pledges of items of non-current assets as collateral for liabilities.

Please refer to Note 41 for further information on right-of-use assets under leases.

€ thousand	Land and buildings	Technical equipment and machinery	Operating and office equipment	Prepayments, construction in progress	Total
Cost					
Jan. 1, 2022	**8,453**	**5,117**	**2,485**	**3**	**16,058**
Additions	29	1,533	849	91	2,503
Disposals	-	(2,432)	(691)	-	(3,122)
Disposals due to deconsolidation	(29)	(1,736)	(853)	-	(2,618)
Reclassification	(8,046)	-	93	(93)	(8,046)
Net exchange differences	-	12	26	-	38
Dec. 31, 2022	**407**	**2,495**	**1,909**	**1**	**4,815**
Additions	241	1,216	923	28	2,407
Disposals	-	-	(280)	-	(280)
Reclassifications	-	-	1	(1)	-
Net exchange differences	-	-	(1)	-	(1)
Dec. 31, 2023	**648**	**3,711**	**2,552**	**27**	**6,938**
Accumulated depreciation					
Jan. 1, 2022	**450**	**888**	**903**	**-**	**2,241**
Amortization, depreciation and impairment losses	225	1,127	687	-	2,039
Disposals	-	(473)	(610)	-	(1,083)
Disposals due to deconsolidation	-	(808)	(493)	-	(1,302)
Reclassification	(664)	-	-	-	(664)
Net exchange differences	-	2	22	-	24
Dec. 31, 2022	**10**	**735**	**510**	**-**	**1,255**
Amortization, depreciation and impairment losses	38	1,128	606	-	1,772
Disposals	(17)	-	(253)	-	(271)
Reclassification	-	-	(1)	-	(1)
Net exchange differences	-	-	0	-	0
Dec. 31, 2023	**30**	**1,863**	**862**	**-**	**2,756**
Right-of-use lease assets, January 1, 2022	1,545	-	795	-	2,339
Right-of-use lease assets, December 31, 2022	3,298	-	773	-	4,071
Right-of-use lease assets, December 31, 2023	7,584	-	1,101	-	**8,685**
Carrying amounts					
Jan. 1, 2022	9,547	4,229	2,377	3	16,156
Dec. 31, 2022	3,695	1,760	2,172	1	7,629
Dec. 31, 2023	**8,202**	**1,848**	**2,791**	**27**	**12,868**

Operating leases

Assets leased under operating leases amount to €1,285 thousand as of the reporting date (previous year: €1,086 thousand) and are reported under technical equipment and machinery in property, plant and equipment.

Income from operating leases was €455 thousand (previous year: €503 thousand) in the reporting period.

In the coming years, the following incoming payments are anticipated from the expected, outstanding, undiscounted lease payments from operating leases.

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Lease payments by maturity		
Up to 12 months	652	589
1 to 2 years	291	198
2 to 3 years	72	42
3 to 4 years	5	0
4 to 5 years	-	-
> 5 years	-	-
Total	**1,020**	**829**

19. Intangible assets and goodwill

€ thousand	Goodwill	Capitalized development expenses	Other intangible assets: IT licenses, software, website	Other intangible assets: Prepayments	Other intangible assets: Trademarks	Other intangible assets: Basic technologies	Other intangible assets: Customer base	Other intangible assets: Repurchased distribution rights	Total
Cost									
Jan. 1, 2022	**243,579**	**2,573**	**1,194**	**10**	**23,300**	**28,474**	**116,743**	**-**	**415,874**
Additions	367	1,357	548	3	-	-	-	-	2,274
Disposals	-	(15)	(54)	-	-	-	-	-	(69)
Disposals due to deconsolidation	(22,010)	(2,418)	(225)	-	(1,700)	(3,500)	(4,800)	-	(34,653)
Reclassifications	-	-	3	(13)	-	-	-	-	(10)
Net exchange differences	-	-	-	-	-	-	980	-	980
Dec. 31, 2022	**221,936**	**1,497**	**1,465**	**-**	**21,600**	**24,974**	**112,923**	**-**	**384,395**
Additions	-	1,034	1,117	198	-	-	-	-	2,350
Additions from business combinations	897	-	-	-	-	-	-	13,900	14,797
Disposals	-	-	(407)	-	-	-	-	-	(407)
Reclassifications	-	-	198	(198)	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-	(465)	-	(465)
Dec. 31, 2023	**222,833**	**2,531**	**2,373**	**-**	**21,600**	**24,974**	**112,458**	**13,900**	**400,670**
Accumulated depreciation									
Jan. 1, 2022	**-**	**265**	**281**	**-**	**2,403**	**7,804**	**6,249**	**-**	**17,001**
Amortization, depreciation and impairment losses	-	210	595	-	2,316	3,763	9,343	-	16,227
Disposals	-	-	(47)	-	-	-	-	-	(47)
Disposals due to deconsolidation	-	(336)	(109)	-	(680)	(2,800)	(1,920)	-	(5,845)
Net exchange differences	-	-	-	-	-	-	121	-	121
Dec. 31, 2022	**-**	**139**	**721**	**-**	**4,039**	**8,768**	**13,793**	**-**	**27,459**
Amortization, depreciation and impairment losses	-	260	1,074	-	2,160	3,122	8,873	1,553	17,042
Disposals	-	-	(407)	-	-	-	-	-	(407)
Net exchange differences	-	-	-	-	-	-	(24)	-	(24)
Dec. 31, 2023	**-**	**399**	**1,388**	**-**	**6,199**	**11,889**	**22,642**	**1,553**	**44,070**
Carrying amounts									
Jan. 1, 2022	243,579	2,309	913	10	20,897	20,670	110,494	-	398,872
Dec. 31, 2022	221,936	1,358	744	-	17,561	16,206	99,130	-	356,936
Dec. 31, 2023	**222,833**	**2,133**	**985**	**-**	**15,401**	**13,085**	**89,816**	**12,347**	**356,600**

The annual impairment tests of goodwill were conducted as of December 31, 2023, for all operating segments.

Corporate planning in each case extends to the end of the detailed planning period of five years after the reporting date. The significant assumptions to which the long-term corporate planning is sensitive are growth in new business and the purchase price of materials. In the Financial Technologies segment, the refinancing situation parameters are additional sensitive assumptions. The developments were assessed and identified based on past experience, publicly available data and by using the existing customer cohorts, sales pipelines and management's assessment of future market conditions. Planned future cash flows are discounted using risk-appropriate (pre-tax) discount rates on the reporting date. The cost of capital or cost of equity rates used for discounting are based on the risk-free rate and on a market risk premium. In addition, the beta factor, borrowing costs and the capital structure are taken into account. These were derived individually for the CGUs based on an appropriate peer group. The assumptions made are subject to a certain sensitivity.

The impairment test for the goodwill of the Security Technologies segment (€80,269 thousand) is based on the assumptions shown in the following table.

	Dec. 31, 2023	Dec. 31, 2022
Determination of recoverable amount	Value in use	Value in use
Discount rate	8.7%	9.1%
Pre-tax discount rate	9.1%	9.6%
Sustainable growth rate	1.5%	1.3%
Forecast EBITDA growth rate (average for the next five years)	15%	19%

The value in use of the Security Technologies operating segment determined on the basis of these assumptions exceeds the segment's carrying amount. No impairment loss is therefore recognized.

To test the recoverability of the values in use, the significant assumptions used for the measurement model, such as revenue growth, changes in margins and the discount rate, are subjected to a sensitivity analysis. Management believes that there are currently no realistic changes in the significant assumptions that could lead to an impairment loss.

The impairment test for the goodwill of the Financial Technologies segment (€142,564 thousand) is based on the assumptions shown in the following table.

	Dec. 31, 2023	Dec. 31, 2022
Determination of recoverable amount	Value in use	Value in use
Discount rate	13.0%	13.3%
Pre-tax discount rate	13.0%	13.3%
Sustainable growth rate	1.1%	1.1%
Forecast EBT growth rate (average for the next five years)	40%	43%

The value in use of the Financial Technologies operating segment determined on the basis of these assumptions exceeds the segment's carrying amount. No impairment loss is therefore recognized.

To test the recoverability of the values in use, the significant assumptions used for the measurement model, such as revenue growth, changes in margins and the discount rate, are subjected to a sensitivity analysis. Management believes that there are currently no realistic changes in the significant assumptions that could lead to an impairment loss.

20. Inventories

Inventories were composed of the following items.

	Dec. 31, 2023	Dec. 31, 2022
Raw materials and consumables	8,773	6,932
Work in progress	1,171	1,084
Finished goods	979	717
Lease assets intended for sale	6,770	2,180
Prepayments	4	-
Inventories	**17,697**	**10,914**

All inventories are used to secure liabilities. Please refer to Note 29 for further information. In the reporting period, impairment losses of €6,230 thousand were recognized in profit or loss for used e-bikes and bicycles.

21. Trade receivables and contract assets

Trade receivables were composed of the following items.

	Dec. 31, 2023	Dec. 31, 2022
Non-current trade receivables	18,404	13,883
Current trade receivables	17,316	15,434
Trade receivables	**35,720**	**29,317**

In the reporting period, the Group sold trade receivables in the Financial Technologies segment relating to insurance premiums to be collected in the future as part of a securitization transaction and subsequently derecognized a part of them. Please refer to Note 22.2 for further information.

An impairment loss is expected when certain issues arise, such as late payment over time or the initiation of enforcement measures are in place. The table below shows changes in impairment losses relating to trade receivables and contract assets. Please refer to Note 4.12 for further information.

	Impairment losses according to the simplified approach	
€ thousand	Trade receivables	Contract assets
Jan. 1, 2022	**583**	**-**
Utilization	(2)	-
Direct write-down	-	-
Addition	183	-
Reversal	(90)	-
Exchange rate-related and other changes	19	-
Dec. 31, 2022	**694**	**-**
Utilization	(108)	-
Direct write-down	-	-
Addition	562	-
Reversal	-	-
Exchange rate-related and other changes	(16)	-
Dec. 31, 2023	**1,131**	**-**

22. Lease receivables

22.1 General disclosures on lease receivables

The Group acts as a lessor under finance leases in the Financial Technologies segment. This business largely entails leasing bicycles and e-bikes for use by the employees of corporate customers. The Group recognizes a receivable in the amount of the net investment value from leasing. The lease payments paid by the lessees are divided into an interest and a principal portion by applying the effective interest method.

The receivable from leasing is amortized by deducting the principal amounts received. The interest portion of the payments is presented in revenue and recognized in profit or loss for the period. In the reporting period, interest income from the net investment in the leases accrued in the amount of €17,396 thousand (previous year: €13,187 thousand).

At the end of the lease term, approximately 96% of the bicycles are sold to the employees/ users. The remaining bicycles are purchased by specialist dealers or third-party resellers or are resold by the Group.

The following table contains a reconciliation of outstanding lease payments from finance leases to the net investment value.

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Lease payments by maturity		
Up to 12 months	72,879	56,698
1 to 2 years	44,241	45,998
2 to 3 years	20,926	15,618
3 to 4 years	3,150	2,280
4 to 5 years	306	279
> 5 years	227	117
Total	**141,729**	**120,990**
Unguaranteed residual value	51,622	45,963
Gross investments	**193,351**	**166,953**
Interest income not yet realized	(25,822)	(22,164)
Net investments	**167,529**	**144,790**

Lease receivables of €411,547 thousand (previous year: €286,707 thousand) were added during the reporting period. Lease receivables of €245,000 thousand (previous year: €212,120 thousand) were derecognized through forfaiting and €73,844 thousand (previous year: €- thousand) through securitization in the reporting period. This resulted in a disposal gain of €32,003 thousand (previous year: €29,631 thousand).

The composition of and changes in lease receivables are shown in the following table.

€ thousand	2023	2022
Changes in lease receivables		
Gross lease receivables at beginning of period	144,790	120,072
Additions of gross receivables	411,547	286,707
Disposals of gross receivables and lease payments received	(406,204)	(275,176)
Interest and similar income/(expenses)	17,396	13,187
Gross lease receivables at end of period	**167,529**	**144,790**
Changes in impairments		
Impairments at beginning of period	(270)	(314)
Change in accumulated impairments	(58)	44
Impairments at end of year	**(328)**	**(270)**
Amounts reported in the balance sheet		
Lease receivables at beginning of period	**144,520**	**119,759**
of which: non-current	130,887	82,142
of which: current	13,633	37,617
Lease receivables at end of period	**167,201**	**144,520**
of which: non-current	139,544	130,887
of which: current	27,657	13,633

Presentation of lease receivables in the statement of cash flows

Changes in lease receivables presented in the statement of cash flows are composed of the following items.

€ thousand	2023	2022
Additions of lease receivables	(411,547)	(286,707)
Payments from lessees	68,272	51,098
Disposals/ reclassifications of lease receivables at residual value	332,719	217,811
Interest and similar (income)/ expenses from leasing	(17,396)	(13,187)
Other non-cash (income)/ expenses	5,213	6,267
Change in impairment losses	58	(44)
(Increase)/ decrease in lease receivables	**(22,681)**	**(24,761)**

22.2 Transfer of lease receivables

Lease receivables transferred by forfaiting and derecognized in their entirety

In the reporting period, the Group regularly and continuously sold lease receivables and trade receivables relating to future insurance premiums to external refinancing partners on a non-recourse basis (forfaiting). In the forfaiting process, the Group disposes the claims against the lessee arising from the leases with all of the associated rights. These comprise – depending on the arrangement – the lease rates, the residual value, the right of termination, receivables and claims arising from termination. The arrangements governing this sale meant that substantially all of the risks and rewards of the receivables sold were transferred to the buyers. The Group therefore had to derecognize the receivables. Forfaiting took place at a discount from the nominal value of the lease payments and insurance premiums to be collected in the future or the unguaranteed residual value. The difference between the purchase price received for the receivables (less liabilities to be recognized for future servicing) and the carrying amount of the receivables (at amortized cost) was presented as income from the disposal of lease receivables in revenue and recognized in profit or loss for the period.

Lease receivables transferred by securitization and derecognized in their entirety

In the course of a securitization transaction, the Group sold lease receivables and trade receivables relating to future insurance premiums to an unconsolidated special purpose vehicle (**SPV**) on a non-revolving basis in the period October to December 2023. The transaction was implemented with a fixed financing volume of €30,000 thousand. In this context, receivables with a carrying amount of €25,827 thousand were derecognized and a disposal gain of €3,734 thousand was realized. The SPV securitized the receivables concerned and issued the notes created in the process to an investor.

The assessment of risks resulting from the receivables sold was based on the credit risk (default risk) and the risk of late payment (late payment risk). The securitization transferred substantially all of the risks and rewards associated with the receivables. The Group is not exposed to any credit risk from these receivables as it is assumed in full by the investor. These receivables were therefore derecognized. The difference between the purchase price of the receivables and their carrying amount was presented as income from the disposal of lease receivables in revenue and recognized in profit or loss for the period.

Lease receivables transferred by securitization but not derecognized in their entirety

In the course of a further securitization transaction, the Group sold lease receivables and trade receivables relating to future insurance premiums to an unconsolidated special purpose vehicle (**SPV**) on a non-revolving basis in the period June to October 2023. The transaction was implemented with a fixed financing volume of €100,000 thousand. The SPV securitized the receivables concerned and issued the notes created in the process to an investor.

The purchase price of the receivables was paid out immediately in the amount of €94,797 thousand. In addition, the Group stands to receive a further payment from the unused loss reserves at the end of the securitization term. The lease receivables were therefore sold at a variable purchase price discount and the Group participates in the credit risk of the receivables portfolio via the loss reserves.

The assessment of risks resulting from the receivables sold was based on the credit risk (default risk) and the risk of late payment (late payment risk). The Group bears certain shares of the credit risk in the transaction to a maximum of €4,034 thousand. The buyer bears the remaining credit risk-related defaults. The late payment risk continues to be borne in full by the Group but is not material in terms of value.

The contractual provision on risk sharing means that the Group still retains some of the opportunities and risks from the receivables even after the transferred receivables have been sold. This means that essentially all opportunities and risks associated with the receivables were neither transferred to the buyer nor retained as part of the sale of the receivables. Therefore, a partial disposal with recognition of a **continuing involvement** must be recognized. This continues to be reported under lease receivables and trade receivables. The continuing involvement comprises the maximum utilization of the Group from the loss reserves.

The continuing involvement is offset by an **associated liability**. This is reported under financial liabilities from lease refinancing (Note 29). The difference between the continuing involvement and the associated liability reflects the **fair value** of the associated liability and was recognized in profit or loss at the time the receivables were sold.

In the reporting period, income of €9,485 thousand (previous year: €- thousand) from the disposal of these receivables was presented as income from the disposal of lease receivables in revenue and recognized in the result for the period.

€ thousand	2023	2022
Carrying amount of receivables before transfer	87,936	-
Lease receivables	73,844	-
Trade receivables	14,092	-
Carrying amount of continuing involvement	4,034	-
Lease receivables	3,398	-
Trade receivables	636	-
Amortized cost of receivables derecognized but not yet settled	80,087	-
Fair value of associated liability	6	-
Carrying amount of associated liability	4,041	-
As % of receivables derecognized but not yet settled	5.0%	-
Carrying amount of loss reserve	4,034	-

23. Other financial assets

Other financial assets amounted to €19,445 thousand (previous year: €26,165 thousand) and relate mainly to trapped cash of €5,039 thousand (previous year: €8,411 thousand) in the consolidated SPV in connection with the securitization of lease receivables in 2021 and claims for reimbursement of VAT as well as security deposits paid.

This item also includes the earn-out receivable from the disposal of Palas as contingent consideration amounting to €7,880 thousand (previous year: €10,816 thousand). The Group will receive up to two additional purchase price payments in the maximum amount of €16,800 thousand from the buyer, depending on how much adjusted EBIT Palas attains in 2023 and 2024. This receivable must be re-measured at each reporting date. The Group reduced the measurement of the earn-out receivable in the reporting period. This was due to the difficult economic environment, particularly in the Asian and Chinese business, which is particularly relevant for Palas.

24. Cash and cash equivalents

Cash and cash equivalents consist of the following items.

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Bank balances	53,666	70,800
Cash in hand	0	0
Cash and cash equivalents in statement of financial position	**53,666**	**70,800**
Overdraft facilities used for cash management	(697)	(19)
Cash and cash equivalents presented in the statement of cash flows	**52,969**	**70,780**

Bank balances bear floating rates of interest for call deposits. The carrying amount of these assets approximates to their fair value.

25. Subscribed capital

BKHT's share capital as of December 31, 2023, amounts to €10,947,637 (previous year: €10,947,637) and is composed of 10,947,637 registered shares, each with a notional value of €1.00 per share.

According to voting rights disclosures, the distribution of the shares among the shareholders as of the reporting date was as follows.

Shareholder	% interest
Marco Brockhaus family (indirectly)	21.4%
DWS Investment GmbH	6.9%
ABACON Invest GmbH	5.7%
SFCMG Beteiligungs- GmbH & Co. KGaA	4.8%
Bastian Krause	3.9%
ORGENTEC Holding GmbH	3.7%
Dr. Liedtke Vermögensverwaltung GmbH	3.3%
Paladin Asset Management Investmentaktiengesellschaft	3.3%
VESTA GmbH	3.1%
Other free float	39.3%
Brockhaus Technologies AG (treasury shares)	4.6%
Total	**100.0%**

As a result of the share buy-back program implemented in the reporting period, the shares outstanding since December 28, 2023, and as of the reporting date amount to 10,447,666.

Authorized and contingent capital

At the Company's Annual General Meeting on June 27, 2019, the share capital was contingently increased by up to €425,200 (**Contingent Capital 2019/I**). The contingent capital serves to grant rights to holders of share warrants from the stock option program. Please refer to Note 40 for further information.

On July 9, 2020, the Annual General Meeting authorized the Executive Board, with the consent of the Supervisory Board, to increase the share capital on one or more occasions until July 8, 2025, in exchange for cash and/ or contributions in kind up to a total of €4,959,029, with the option to exclude shareholders' preemptive rights (**Authorized Capital 2020/II**). At the same time, the remaining Authorized Capital 2017/I, 2019/I and 2020/I were revoked. On entry in the commercial register on February 10, 2022, the share capital was increased by €560,829 by way of a non-cash capital increase. As a result, €4,398,200 remains from Authorized Capital 2020/II as of the reporting date.

At the Company's Annual General Meeting on July 9, 2020, the share capital was contingently increased by up to €2,000,000 (**Contingent Capital 2020/I**). In connection with the creation of Contingent Capital 2020/I, the Executive Board was authorized, with the consent of the Supervisory Board, to issue bonds with warrants and/ or convertible bonds in a maximum total amount of €75 million.

26. Capital reserves

The capital reserve includes the premiums arising from the issue of shares, less costs for the capital increases.

27. Treasury shares

On December 28, 2023, the Company completed a voluntary public share buyback offer. As part of this program, the Company acquired 499,971 treasury shares at a price of €22.00 per share and a volume of €10,999 thousand. Treasury shares account for €499,971 of the subscribed capital, corresponding to 4.6%. Treasury shares held by the Group do not carry any voting rights at Annual General Meetings or dividend rights, etc.

28. Retained earnings

Retained earnings include accumulated profit or loss for the period and accumulated personnel expenses from equity-settled share-based payment transactions of €1,669 thousand (December 31, 2022: €1,125 thousand) in accordance with IFRS 2. Please refer to Note 40 for further information.

29. Financial liabilities

The Group's financial liabilities are composed of the following items:

Senior loans

Senior acquisition loans | The senior acquisition loans were taken out at the time of the acquisition of IHSE and Bikeleasing. They serve the proportionate debt financing of the purchase prices of the interests in the M&A transactions and are fully secured by the assignment of non-current and current assets as collateral.

Registered bond | Bikeleasing uses a registered bond for its financing.

Subordinated loans

Subordinated acquisition loan | As part of the acquisition of Bikeleasing, a subordinated acquisition loan was assumed at the level of the intermediate holding company BCM Erste Beteiligungs GmbH. The purpose of the subordinated loan is the partial debt financing of the purchase price of the interest in the acquisition.

Real estate loans

As of the reporting date, the real estate loans relate to a Bikeleasing office building in Vellmar. As of the prior-year reporting date, this item still included the construction finance for IHSE's headquarters. This loan was repaid in full following the sale of this property at the beginning of 2023.

Other financial liabilities

Lease liabilities | The Group's lease liabilities represent the recognized present values of future lease payments discounted to the reporting date. Financial liabilities arising from leases in the amount of €1,292 thousand were repaid and €424 thousand was paid as interest expense for leasing in the reporting period. Future cash flows at the reporting date amounted to €14,002 thousand. Potential further future cash outflows were not recognized as lease liabilities as it is not reasonably certain that the leases will be extended or terminated. Disclosures on right-of-use assets from leases can be found in Note 41.

Success fee liability Bikeleasing | For brokering the Bikeleasing transaction, the broker is entitled to participate pro rata in the future increase in value of Bikeleasing. This claim comes due upon sale of the shares or, if no sale occurs, then 10 years after acquisition. The claim is reported as a liability.

Financial liabilities

	Non-current		Current		Total	
€ thousand	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Senior loans	**44,538**	**42,532**	**14,093**	**3,969**	**58,631**	**46,501**
Senior acquisition loans	19,427	32,532	4,063	3,939	23,490	36,471
Registered bond	25,111	10,000	10,030	30	35,141	10,030
Subordinated loans	**26,350**	**38,932**	**-**	**-**	**26,350**	**38,932**
Subordinated acquisition loans	26,350	38,932	-	-	26,350	38,932
Real estate loans	**71**	**5,112**	**16**	**402**	**87**	**5,514**
Other financial liabilities	**16,145**	**7,014**	**1,783**	**921**	**17,928**	**7,934**
Lease liabilities	9,353	3,276	1,357	921	10,710	4,196
Success fee liability Bikeleasing	6,792	3,738	-	-	6,792	3,738
Other loans	-	-	426	-	426	-
Financial liabilities excl. lease refinancing	**87,104**	**93,590**	**15,892**	**5,291**	**102,996**	**98,881**
Lease refinancing	**166,649**	**143,612**	**9,760**	**10,196**	**176,410**	**153,809**
Liabilities from securitization	35,526	71,047	64	126	35,591	71,173
Loans for lease financing	95,515	46,730	697	19	96,212	46,749
Financial liabilities from forfaiting	6,359	3,894	129	274	6,488	4,169
Buyback and servicing of third-party leases	25,207	21,941	8,871	9,777	34,078	31,717
Associated liability	4,041	-	-	-	4,041	-
Total financial liabilities	**253,753**	**237,202**	**25,652**	**15,487**	**279,405**	**252,690**

Lease refinancing

Liabilities from securitization | In order to finance its strong growth, Bikeleasing implemented a securitization program in the period August 2021 to March 2022 with a major German insurance company in parallel to its existing funding options. In the course of this securitization transaction, lease receivables were sold to a special purpose vehicle (SPV) in several tranches for a total volume of €100,000 thousand. The SPV issued a series of notes to the investor for the purchase of the lease receivables. The lease receivables held in the Group are the source and collateral for settling the notes. As of the reporting date, these totaled €30,700 thousand. The notes carry annual interest of 1.25%, and all of the tranches rank equally. Due to its contractual structure, the SPV must be consolidated by the Group, which is why both the lease receivables and the securitized liabilities (notes) are presented in the consolidated statement of financial position.

Loans for lease refinancing | Another form of refinancing in the leasing business is loan financing, i.e., the Group assumes loans from banks in the amount of the lease volume to be financed. The lease receivables and lease assets serve as collateral for the Group's loan liabilities. A total of €80,525 thousand in lease receivables are financed with loans.

Financial liabilities from forfaiting | In addition to lease receivables and trade receivables relating to insurance premiums to be collected in the future, the Group also sells the rights to installments to be collected in the future from inspection packages in the Financial Technologies segment. In contrast to the other items mentioned, there are no recognized assets for the inspection packages, as the corresponding claims only arise over the term of the leases. Consequently, the payments received for forfeited inspection installments are presented as liabilities. These liabilities are settled by continually forwarding the inspection installments to the external financing partners. In addition, the Group provides additional services for forfaited lease receivables, such as dunning, liquidating leased assets from terminated leases, document retention and reporting. The Group recognizes a liability for the obligation relating to the future servicing of forfaited lease receivables. This generally relates to deferred future personnel expenses.

Buyback and servicing of third-party leases | Part of the leasing business is handled by non-Group leasing companies. The bicycles are sold to third-party leasing partners in return for a commission for this purpose. At the same time, the Group commits to buying back these bicycles at the end of the lease term at a price amounting to 10% of the original net purchase price. In accounting terms, this is not treated as a sale due to the fixed buyback agreement, but instead as a finance lease for which a residual value receivable and liabilities for the buyback obligation are recognized in the same amount, €26,443 thousand (previous year: €26,691 thousand). This is a balance sheet extension based on special rules in IFRS 16. At the end of the lease term, approximately 96% of the bicycles are sold to the employees/ users. The remaining bicycles are purchased by specialist dealers or third-party resellers or are resold by the Group. The remaining amount of the liability relates, as in the case of forfaiting, to future servicing.

Associated liability | The associated liability refers to the maximum possible exposure to credit risk from continuing involvement in a securitization transaction. Please refer to Note 22.2 for further information.

Information on the extent to which the Group is exposed to interest rate and liquidity risks can be found in Note 34.4.

Calculation of net debt

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Senior loans	58,631	46,501
Subordinated loans	26,350	38,932
Real estate loans	87	5,514
Cash and cash equivalents*	(53,666)	(70,800)
Net debt from loans	**31,402**	**20,147**
Other financial liabilities	**17,928**	**7,934**
Lease refinancing	176,410	153,809
Lease receivables	(167,201)	(144,520)
Net debt from leasing	**9,209**	**9,289**
Net debt	**58,539**	**37,370**

* Cash and cash equivalents are deducted from the loans in this presentation for purposes of analysis. There is no corresponding appropriation.

Presentation of financial liabilities from lease refinancing in the statement of cash flows

Changes in financial liabilities from lease refinancing presented in the statement of cash flows are composed of the following items.

€ thousand	2023	2022
Additions	80,966	67,924
Annuities paid	(71,894)	(49,342)
Disposal of liabilities from lease refinancing	(3,704)	(1,152)
Interest expense for liabilities from lease refinancing	8,068	5,649
Other non-cash (income)/ expenses	8,486	2,551
Increase/ (decrease) in financial liabilities from lease refinancing	**21,923**	**25,630**

Reconciliation of changes in liabilities to cash flows from operating and financing activities

	Operating activities						Financing activities						
€ thousand	Loans for lease refinancing	Liabilities from securityzation	Financial liabilities from forfaiting	Buyback and servicing of third-party leases	Associated liability	Total	Senior loans	Subordinated loans	Real estate loans	Lease liabilities	Success fee liability	Other loans	Total
Jan. 1, 2023	**46,749**	**71,173**	**4,169**	**31,717**	**-**	**153,809**	**46,500**	**38,932**	**5,515**	**4,197**	**3,738**	**-**	**98,881**
Loans and other borrowed funds raised	80,964	-	2	-	-	**80,966**	25,000	-	-	-	-	419	**25,419**
Repayment of lease liabilities	-	-	-	-	-	**-**	-	-	-	(1,293)	-	-	**(1,293)**
Repayment of loans and other borrowed funds	(32,177)	(35,521)	-	-	-	**(67,698)**	(13,340)	(14,700)	(5,425)	-	-	-	**(33,465)**
Interest paid	(3,475)	(721)	-	-	-	**(4,196)**	(1,739)	(4,299)	(11)	(424)	-	-	**(6,472)**
Total change in cash flows	**45,312**	**(36,242)**	**2**	**-**	**-**	**9,072**	**9,921**	**(18,999)**	**(5,435)**	**(1,716)**	**-**	**419**	**(15,810)**
New leases according to IFRS 16	-	-	-	-	-	**-**	-	-	-	7,758	-	-	**7,758**
Effects of changes in foreign exchange rates	-	-	-	-	-	**-**	-	-	-	(12)	-	-	**(12)**
Change as a result of business combinations	-	-	-	-	-	**-**	-	-	-	60	-	-	**60**
Change in overdraft facilities	678	-	-	-	-	**678**	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	**-**	-	-	-	-	-	-	**-**
Other changes	-	-	2,055	(1,313)	4,041	**4,783**	-	-	-	-	-	-	**-**
Interest income	-	-			-	**-**	-	-	-	-	-	-	**-**
Interest expense	3,473	660	263	3,673	-	**8,068**	2,209	6,417	8	424	3,054	7	**12,119**
Dec. 31, 2023	**96,211**	**35,590**	**6,488**	**34,078**	**4,041**	**176,410**	**58,630**	**26,350**	**88**	**10,710**	**6,792**	**425**	**102,995**

Reconciliation of changes in liabilities to cash flows from operating and financing activities for comparative period

	Operating activities					Financing activities						
€ thousand	Loans for lease refinancing	Liabilities from security-zation	Financial liabilities from forfaiting	Buyback and servicing of third-party leases	Total	Senior loans	Subordi-nated loans	Real estate loans	Lease liabilities	Success fee liability	NCI put liability	Total
Jan. 1, 2022	**32,919**	**65,110**	**6,272**	**23,878**	**128,179**	**79,979**	**49,696**	**5,942**	**2,350**	**1,385**	**1,581**	**140,933**
Loans and other borrowed funds raised	32,924	35,000	-	-	**67,924**	10,000	-	-	-	-	-	**10,000**
Repayment of lease liabilities	-	-	-	-	**-**	-	-	-	(1,257)	-	-	**(1,257)**
Repayment of loans and other borrowed funds	(18,118)	(29,063)	-	-	**(47,181)**	(35,743)	(15,000)	(429)	-	-	-	**(51,172)**
Interest paid	(1,242)	(919)	-	-	**(2,161)**	(2,547)	(1,508)	(84)	(134)	-	-	**(4,273)**
Total change in cash flows	**13,564**	**5,018**	**-**	**3,605**	**18,582**	**(28,290)**	**(16,508)**	**(513)**	**(1,391)**	**-**	**-**	**(46,702)**
New leases according to IFRS 16	-	-	-	-	**-**	-	-	-	3,582	-	-	**3,582**
Effects of changes in foreign exchange rates	-	-	-	-	**-**	-	-	-	3	-	-	**3**
Change in the scope of consolidation	-	-	-	-	**-**	(9,115)	-	-	(482)	-	(1,687)	**(11,284)**
Change in overdraft facilities	(976)	-	-	-	**(976)**	-	-	-	-	-	-	**-**
Other changes	-	-	(2,331)	4,705	**2,374**	-	-	-	-	-	-	**-**
Interest income	-	-	-	-	**-**	-	-	-	-	-	-	**-**
Interest expense	1,242	1,045	228	3,134	**5,649**	3,926	5,744	86	134	2,353	106	**12,349**
Dec. 31, 2022	**46,749**	**71,173**	**4,169**	**31,717**	**153,809**	**46,500**	**38,932**	**5,515**	**4,197**	**3,738**	**-**	**98,881**

30. Trade payables

Trade payables amounted to €12,275 thousand (previous year: €14,080 thousand). Information on the Group's liquidity risks relating to trade payables can be found in Note 34.4.

31. Other liabilities

Other liabilities break down as follows.

	Dec. 31, 2023	Dec. 31, 2022
Liabilities from other taxes and levies	2,154	4,198
Liabilities from cash-settled share-based payment transactions	159	-
Liability from personnel expenses from business combinations	32	-
Management investment in kvm-tec	350	350
Miscellaneous other liabilities	10,578	8,992
Other liabilities	**13,273**	**13,540**
of which: non-current	603	411
of which: current	12,671	13,129

Please refer to Note 40 in these notes to the consolidated financial statements for information on the liability from cash-settled share-based payment transactions.

Please refer to Note 11 in these notes to the consolidated financial statements for information on the liability from personnel expenses from business combinations.

There is a management investment at the level of kvm-tec in the Security Technologies segment. Due to the options agreed on the shares, these are not reported as non-controlling interests in equity but as a liability.

The miscellaneous other liabilities relate primarily to outstanding invoices as well as personnel-related and other accrued expenses.

There was an “other liability” during the reporting period relating to contingent consideration (earn-out) from the acquisition of kvm-tec. Under the agreement, the Group undertook to pay the former owner additional consideration of up to €5,000 thousand if targets for agreed key indicators (EBITDA) were met in fiscal years 2022 and 2023. As of the prior-period reporting date, management already believed that kvm-tec would not achieve the target key indicators. Consequently, the liability was recognized at an amount of zero as of December 31, 2022. The change in the liability was recognized as financial income in profit or loss for the prior-year period. The target key indicator was also not achieved by kvm-tec in 2023, which means that there is now no longer any liability from potential earn-out payments.

32. Other provisions

Other provisions developed as follows.

€ thousand	Warranties	Miscellaneous other provisions	NCI put provision	Total
Jan. 1, 2023	**155**	**-**	**-**	**155**
Provisions recognized	-	124	-	124
Provisions utilized	(80)	-	-	(80)
Provisions reversed	-	-	-	-
Dec. 31, 2023	**75**	**124**	**-**	**199**
of which: non-current	37	46	-	83
of which: current	37	78	-	115
Jan. 1, 2022	**288**	**-**	**4,599**	**4,887**
Provisions recognized	60	-	1,654	1,714
Provisions utilized	(88)	-	-	(88)
Provisions reversed	-	-	-	-
Disposal due to sale of business	(105)	-	(6,253)	(6,358)
Dec. 31, 2022	**155**	**-**	**-**	**155**
of which: non-current	57	-	-	57
of which: current	98	-	-	98

33. Contingent liabilities

Current and non-current assets have been assigned as security and land charges are in place as collateral for bank loans.

IV. Other disclosures

34. Financial instruments

34.1 Classification and fair values

The adjacent table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not contain information on the fair value of financial assets and financial liabilities that are not measured at fair value if the carrying amount represents an appropriate approximation of the fair value.

Financial instruments measured at fair value

Type	Valuation technique
Contingent consideration	Discounted cash flows: The scenario-based valuation model takes account of the present value of the expected payments, discounted using the weighted average cost of capital (WACC) of the subject of the valuation.

Financial instruments not measured at fair value

Type	Valuation technique
Financial liability	Discounted cash flows: The measurement model takes account of the present value of the expected payments, discounted using the Group-specific current interest rate.

Carrying amounts and fair values

	Carrying amount			Fair value			
€ thousand	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Dec. 31, 2023							
Trade receivables	35,720		35,720	-	33,547	-	33,547
Other receivables	11,565		11,565				
Lease receivables (valued under IFRS 16)	167,201		167,201	-	167,750	-	167,750
Cash and cash equivalents	53,666		53,666				
Assets not measured at fair value	**268,151**		**268,151**				
Contingent consideration	7,880		7,880	-	-	7,880	7,880
Assets measured at fair value	**7,880**		**7,880**				
Loans		85,068	85,068	-	85,068	-	85,068
Trade payables		12,275	12,275				
Lease refinancing		176,410	176,410	-	161,623	-	161,623
Success fee liability Bikeleasing		6,792	6,792	-	-	6,792	6,792
Other liabilities		13,154	13,154				
Financial liabilities not measured at fair value		**293,818**	**293,818**				
Contingent consideration		-	-				
Financial liabilities measured at fair value		**-**	**-**				

Carrying amounts and fair values as of the prior-year reporting date

	Carrying amount			Fair value			
€ thousand	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Dec. 31, 2022							
Trade receivables	29,317		29,317				
Other receivables	26,165		26,165				
Lease receivables (valued under IFRS 16)	144,520		144,520	-	142,852	-	142,852
Cash and cash equivalents	70,800		70,800				
Assets not measured at fair value	**270,802**		**270,802**				
Contingent consideration	10,816		10,816	-	-	10,816	10,816
Assets measured at fair value	**10,816**		**10,816**				
Loans		90,947	90,947	-	90,947	-	90,947
Trade payables		14,080	14,080				
Lease refinancing		153,809	153,809	-	153,136	-	153,136
Success fee liability Bikeleasing		3,738	3,738	-	-	3,738	3,738
Other liabilities		13,540	13,540				
Financial liabilities not measured at fair value		**276,114**	**276,114**				
Contingent consideration		-	-				
Financial liabilities measured at fair value		**-**	**-**				

34.2 Net profits and losses

The following table shows the net profits and losses from financial assets and financial liabilities at amortized cost.

€ thousand	2023	2022
Financial assets		
Impairment losses	(562)	(301)
Profit or loss from disposal	29,374	26,366
Net profit or loss	**28,812**	**26,065**
Financial liabilities		
Interest	(13,327)	(12,246)
Amortization	3,393	1,954
Net profit or loss	**(9,934)**	**(10,292)**

Gains from the disposal of forfaited and securitized lease receivables in the amount of €29,374 thousand is included in the profit or loss from financial assets carried at amortized cost (previous year: €26,366 thousand).

Liabilities from administration and settlement obligations for servicing forfaited and securitized lease receivables are amortized over the remaining term of the relevant lease in the amount of €3,393 thousand (previous year: €1,954 thousand), which is reported in revenue.

The unwinding of the discount on liabilities for the obligation to transfer future lease and premium payments from operating lease forfaiting totaling €291 thousand (previous year: €228 thousand) is recognized as finance cost.

34.3 Credit risk exposure

The following overview outlines trade receivables, contract assets and lease receivables categorized according to the three-stage model. The simplified approach was applied to calculate the risk provision in accordance with IFRS 9 for all trade receivables, contract assets and lease receivables.

Assignment to the risk classes is based on third-party rating information. A heightened risk is assumed when the underlying credit risk index exceeds a certain threshold. Another increase over a second threshold then results in assignment to the “non-performing” category.

	Dec. 31, 2023			Dec. 31, 2022		
€ thousand	Low risk	Heightened risk	Non-performing	Low risk	Heightened risk	Non-performing
Simplified Approach						
Trade receivables	35,703	466	514	31,690	348	495
Contract assets	510	-	-	100	-	-
Lease receivables	166,085	380	1,064	143,839	357	594

34.4 Financial risk management

The Company's Executive Board is responsible for developing and monitoring the risk management system. At the level of the subsidiaries, the managing directors are responsible for risk management. Appropriate processes for payables and receivables management, liquidity planning, monthly reporting etc., are implemented for this purpose.

The Executive Board defines the principles and goals of the Group's financial management. The primary goals are to safeguard liquidity and limit financial risks. The Group's goal is therefore not to enter into any risks from the investment of cash funds. To ensure this, these funds are held in bank accounts at domestic credit institutions or in the form of German Federal Treasury Notes until they are needed to finance acquisitions.

Given the good liquidity position, the very successful course of business in 2023, and the positive future prospects, we want to let our shareholders participate in our success in future by distributing a dividend. This means that we have reached the target status of our previous dividend policy significantly sooner than foreseen. The policy had previously envisaged paying a regular dividend only in the medium-term future. To ensure an attractive dividend policy, Brockhaus Technologies aims to distribute a dividend that will in principle rise steadily.

This dividend policy reflects the Company's current objectives and may be adjusted again in the future. In addition, the dividend distribution requires each year that the Executive Board and Supervisory Board make corresponding dividend proposals, and each of these bodies can deviate from this policy in the light of the circumstances that prevail at the time. The dividend is resolved by the Annual General Meeting.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk essentially arises from trade and lease receivables. The carrying amounts of financial assets represent the maximum exposure to credit risk. On December 31, 2023, the Group had cash and cash equivalents of €53,666 thousand (previous year: €70,800 thousand). This amount thus represents the maximum exposure to credit risk relating to these assets. The Executive Board continuously monitors the financial situation of the banks where credit balances are held.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Executive Board also considers the characteristics of the overall customer base, including the credit risk of the industries and countries in which customers reside, as these factors can also have an influence on credit risk. Detailed disclosures on the concentration of revenue in certain areas can be found in Note 8.

The general economic conditions in Germany, in the eurozone and in Asia and America are actively observed. The Group limits its credit risk exposure from trade receivables by agreeing prepayments with new customers or for larger orders.

In the leasing business, counterparty risk is limited because the bulk of the lease portfolio is refinanced through the sale of receivables by way of forfaiting and securitization. This transfers the risk of default to third parties. The remaining counterparty risk attributable to company-financed and loan-financed leases and to securitization with continuing involvement is diversified thanks to a cross-industry debtor group with low exposures per individual debtor.

To determine any necessary loss allowances, the Group uses a process that enables an assessment of expected losses on trade receivables. Please refer to Note 21 for further information.

The maximum exposure to credit risk from trade receivables on the reporting date is as follows.

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Trade receivables	35,720	29,317
Maximum exposure to credit risk on trade receivables	**35,720**	**29,317**
Lease receivables	167,201	144,520
Hedging with matching repurchase liabilities	(26,443)	(26,691)
Maximum exposure to credit risk on lease receivables	**140,757**	**117,829**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. A distinction is made between three categories of risk: currency risk, interest rate risk and other market risk.

Currency risk | The Group is exposed to a range of currency risks because of its global operations. A distinction is made here between transaction and translation risk.

Transaction risks: Transaction risks arise due to exchange rate-related changes in value of primary financial instruments and entering into transactions with international counterparties that result in future cash flows in currencies other than the functional currency of the Group company in question. As part of financial risk management processes within Group management, currency risks are monitored and, where needed, managed by the finance departments of the relevant entities using appropriate mitigating measures. The objective of risk management is to limit to an acceptable level the effects of currency risk on future cash flows. Currency risk is partially mitigated by procuring goods and services in the relevant foreign currencies. Group entities are responsible for identifying, assessing and monitoring their transaction-related foreign currency risks.

Translation risk: Some group entities are outside of the eurozone. The consolidated financial statements are prepared in euros and the financial statements of these entities are translated into euros, which can result in exchange rate-related differences. Hedging these differences is not the primary objective of currency risk management. A sensitivity analysis is performed for each currency that represents a significant risk to the Company, based on the following assumptions: All of the Group's monetary financial instruments that are not denominated in the functional currency of the relevant individual entities can be used in the sensitivity analysis. As a result, translation risks are not taken into account. The hypothetical effects on profit or loss and equity for each primary line item included in the sensitivity analysis are determined by comparing the carrying amount (measured using the closing rate) with the translation value obtained using a hypothetical exchange rate. If the EUR/USD exchange rate were 10% higher, earnings before tax would be €202 thousand (previous year: €131 thousand) lower. If the EUR/USD exchange rate were 10% lower, earnings before tax would be €247 thousand (previous year: €161 thousand) higher. The Group holds financial assets and financial liabilities solely in the functional currency.

Interest rate risk | Interest rate risk arises if the fair value of financial instruments fluctuates due to changes in market interest rates. To assess interest rate risk, financial instruments are classified into fixed- and variable-rate instruments under IAS 32. Interest rate risks arise in the case of floating-rate liabilities to banks. The loans taken out by the Group are subject in part to interest rates that are linked to changes in EURIBOR. There is no interest rate risk exposure from the securitization transaction.

Other market risks | There are no material other market risks in the Group.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. The Executive Board monitors the liquidity position and current and future expected outflows of funds as part of budget planning and ongoing financial control.

The Group has secured bank loans that include covenants. Any future breach of the covenants can lead to the loans being subject to early repayment. In line with the agreements, the covenants are systematically monitored by the Group and regularly reported to the Executive Board in order to ensure compliance with the loan agreements.

The liquidity risk arising from leases is countered with a high rate of forfaiting and securitization. To increase liquidity, lease receivables are securitized with banks or via SPVs and sold to investors at their present value or with a purchase price discount on the expected future lease payments and unguaranteed residual values, usually at commencement of the lease.

As part of the securitization transactions, the securitized liabilities are repaid from payments received from lease receivables. The liquidity risk of the securitization transactions totals the amount of the residual credit risk associated with the purchase price discounts.

The remaining financial liabilities in connection with lease refinancing are matched by the corresponding lease receivables. The expected cash flows from lease receivables exceed the corresponding liabilities.

The contractual remaining terms of financial liabilities at the end of the reporting period, including estimated interest payments, are presented in the following table. These are undiscounted gross amounts including contractual interest payments, though the effects of offsetting are not presented.

Contractual cash flows from non-derivative financial liabilities

		Contractual cash flows				
€ thousand	Present value	Total	Up to 12 months	1 to 2 years	2 to 5 years	> 5 years
Dec. 31, 2023						
Senior loans	58,631	(64,060)	(16,625)	(32,938)	(14,497)	-
Subordinated loans	26,350	(44,818)	-	-	(44,818)	-
Real estate loans	87	(91)	(18)	(18)	(54)	(1)
Other financial liabilities	17,928	(23,648)	(2,261)	(1,515)	(3,284)	(16,588)
Lease refinancing	176,410	(201,797)	(94,954)	(62,486)	(40,943)	(3,414)
Trade payables	12,275	(12,275)	(12,275)	-	-	-
Total	**291,680**	**(346,688)**	**(126,133)**	**(96,957)**	**(103,596)**	**(20,003)**
Dec. 31, 2022						
Senior loans	46,501	(51,745)	(5,571)	(15,265)	(30,909)	-
Subordinated loans	38,932	(69,818)	-	-	-	(69,818)
Real estate loans	5,514	(5,957)	(462)	(457)	(1,339)	(3,700)
Other financial liabilities	7,934	(10,904)	(1,455)	(1,231)	(1,452)	(6,766)
Lease refinancing	153,809	(160,434)	(65,217)	(76,575)	(18,642)	-
Trade payables	14,080	(14,080)	(14,080)	-	-	-
Total	**266,771**	**(312,938)**	**(86,784)**	**(93,528)**	**(52,342)**	**(80,284)**

35. Capital management

The Group aims to maintain a strong capital base in order to safeguard the confidence of investors, creditors and the markets, and to ensure the sustainable development of the Company. The Executive Board uses the amount and development of leverage to regularly monitor capital. **Leverage** is defined as net debt (Note 29) as of the reporting date divided by adjusted EBITDA (Note 6) for the twelve months prior to the relevant reporting date. Adjusted pro forma EBITDA is used if there have been significant business combinations in the relevant reporting period.

As a rule, the Group aims to achieve leverage of up to approximately 2.5x, i.e., net debt of up to approximately 2.5x adjusted EBITDA. In exceptional cases, e.g., following acquisitions, this value may be exceeded in the short to medium term. This is intended to ensure a balance between a high return, which can be achieved through a certain level of debt, and the advantages of a strong equity base.

Leverage is calculated as follows:

€ thousand	Dec. 31, 2023	Dec. 31, 2022
Net debt	58,539	37,370
Adjusted EBITDA (pro forma for 2023)	66,988	47,400
Leverage	**0.87x**	**0.79x**

36. Business combinations

In the reporting period, the Group acquired the material assets and a portion of the liabilities of the business operations (so-called asset deal) of four external sales agencies of the Financial Technologies segment.

The operations acquired had been acting as sales agencies for Bikeleasing for several years. The acquisitions served the strategic interest of integrating formerly external sales platforms into the Group in order to control sales in a more targeted manner and to be able to access the expertise and network of their employees. In addition, the acquisitions eliminate the commission expenses paid to the sales agencies for their sales services going forward. This has an increasing effect on EBITDA – also in consideration of the additional expenses. The commission expenses incurred for the acquired sales agencies until their acquisition amounted to €5,650 thousand in the reporting period.

The **considerations transferred** to the sellers at their fair values as of the acquisition date are shown in the following table.

The Group incurred **costs of business combinations** of €45 thousand for legal advice. In addition, of the amounts paid to the sellers, a total of €4,292 thousand was classified as settlement of pre-existing relationships and therefore recognized in profit or loss in accordance with IFRS 3.52(a) and IFRS 3.B51 and not as part of the consideration transferred. This is because commission agreements existed between the Group and the acquired sales agencies. If these agreements had ended without an acquisition of the sales agencies, indemnity payments would have had to be made. These amounts have been presented in the Group's other operating expenses.

The measurement of the **acquired assets and assumed liabilities** is subject to the condition that it is preliminary due to the proximity of the transactions to the reporting date. There may be adjustments within the measurement period of 12 months from the date of the individual acquisition.

Goodwill primarily comprises the value of expected synergy effects and is allocated in full to the "Bikeleasing" CGU.

If the acquired sales agencies had been part of the Group since the beginning of the reporting period, profit or loss for the period would have amounted to €10,065 thousand. There would have been no impact on the Group's revenue. To calculate this amount, management assumed that the preliminary fair value adjustments made as of the acquisition date would also have applied if the acquisitions had taken place on January 1, 2023.

Combined disclosures on business combinations

€ thousand	h.s.h Handelsagentur	B2MM	Sales agency Bolsenkötter	Sales agency Römer	Total
Acquisition date	May 8, 2023	June 1, 2023	Dec. 1, 2023	Dec. 7, 2023	
Date of initial consolidation	May 1, 2023	June 1, 2023	Dec. 1, 2023	Dec. 1, 2023	
Consideration transferred					
Cash	3,000	5,483	3,500	7,500	19,483
Settlement of pre-existing relationships	(505)	(1,159)	(860)	(1,767)	(4,292)
Consideration transferred	**2,495**	**4,324**	**2,640**	**5,733**	**15,192**
Acquired assets and assumed liabilities					
Property, plant and equipment (including right-of-use assets)	31	21	8	-	60
Intangible assets	2,400	4,200	2,000	5,300	13,900
Deferred tax assets	28	37	192	138	395
Lease liabilities	(31)	(21)	(8)	-	(60)
Identifiable acquired net assets	**2,428**	**4,237**	**2,192**	**5,438**	**14,295**
Goodwill					
Consideration transferred	2,495	4,324	2,640	5,733	15,191
Fair value of the identified net assets	2,428	4,237	2,192	5,438	14,295
Goodwill	**67**	**87**	**448**	**295**	**897**
of which: deductible for tax purposes	-	-	-	-	-

Between the dates when the sales agencies were acquired and the reporting date, they did not contribute any revenue to that of the Group. The contribution of the acquired businesses to the profit or loss for the period from the date on which control was obtained in each case to the reporting date cannot be determined, as the businesses were fully integrated into the Financial Technologies segment.

A share-based payment arrangement was agreed with the seller in the course of the acquisition of one of the sales agencies. Following the acquisition, the seller is expected to continue working for the Group's Financial Technologies segment. Please refer to Note 40 for further information.

Under the terms of the acquisition of another sales agency, an employment-type agreement was made with the seller. Following the acquisition, the seller is expected to continue working for the Group's Financial Technologies segment. Please refer to Note 11 for further information.

37. List of subsidiaries

In addition to the parent company, 22 indirect and direct subsidiaries as well as two structured entities are included in the consolidated financial statements. The following table shows the ownership interest, the equity at the reporting date and the profit or loss for the period of the consolidated entities.

The adjacent disclosures on equity and profit were not subject to a separate financial audit.

Subsidiaries

Company	Registered office	Equity interest	Equity (IFRS)	Profit (IFRS)
IHSE AcquiCo GmbH	Oberteuringen	100.00%	144,564	4,626
IHSE Beteiligungs GmbH	Oberteuringen	100.00%	23,408	-
IHSE GmbH	Oberteuringen	100.00%	14,679	(1,130)
IHSE Immobilien GmbH	Oberteuringen	100.00%	147	1,696
IHSE USA LLC	Cranbury, NJ, USA	100.00%	4,756	1,222
IHSE GmbH Asia Pacific Pte Ltd	Singapore	100.00%	340	(401)
IHSE China, Co. Ltd.	Guangzhou, China	100.00%	(55)	(264)
KVM-TEC Electronic GmbH	Tattendorf, Austria	93.14%	3,441	(289)
KVM-TEC MPP Verwaltungs GmbH	Oberteuringen	100.00%	22	(0)
KVM-TEC MPP GmbH & Co. KG*	Oberteuringen	0.00%	324	(14)
BT Erste Beteiligungs GmbH	Frankfurt am Main	100.00%	16	(4)
BT Zweite Beteiligungs GmbH	Frankfurt am Main	100.00%	69,627	(4)
BCM Erste Beteiligungs GmbH	Frankfurt am Main	94.87%	111,712	(6,578)
BLS Beteiligungs GmbH	Vellmar	52.09%	244,971	15,459
MFK Holding GmbH	Vellmar	52.09%	10,666	0
TIROX Holding GmbH	Uslar	52.09%	21,410	-
Iragon Grundstücks GmbH & Co. KG	Vellmar	52.09%	224	16
BLS Bikeleasing-Service GmbH & Co. KG	Vellmar	52.09%	114,865	17,689
Iragon Verwaltungs GmbH	Vellmar	52.09%	11	(1)
BLS Bikeleasing-Service Verwaltungsgesellschaft mbH	Vellmar	52.09%	7	(2)
BLS Verwaltungsgesellschaft mbH	Vellmar	52.09%	0	(3)
BLS Versicherungs GmbH & Co. KG	Vellmar	52.09%	3	18,355
Hofmann Leasing GmbH**	Freiburg	52.09%	37,888	3,903
Compartment B der Debt Marketplace SARL*	Luxembourg, Luxembourg	0.00%	(2,073)	4,273

* Structured entities

** Renamed Lesora GmbH on entry in the commercial register on February 21, 2024

38. Non-controlling interests

The following table shows information on each Group subsidiary with significant non-controlling interests (**NCI**) before intercompany eliminations.

€ thousand	BLS Bikeleasing-Service GmbH & Co. KG	BLS Versicherungs GmbH & Co. KG	Hofmann Leasing GmbH**	Compartment B der Debt Marketplace SARL	TIROX Holding GmbH	MFK Holding GmbH	BLS Beteiligungs GmbH	BCM Erste Beteiligungs GmbH	Other	Consolidation	Group
Non-controlling interest	**45.09%**	**45.09%**	**45.09%**	**45.09%**	**45.09%**	**45.09%**	**45.09%**	**5.13%**	**45.09%**		
Non-current assets	51,421	3,476	139,909	17,149	3,614	3,017	308,950	138,109	572	(176,949)	489,269
Current assets	108,415	21,581	72,881	16,369	32,711	14,903	23,137	543	100	(210,358)	80,282
Non-current liabilities	(2,911)	(576)	(166,296)	(35,526)	0	0	(27,229)	(26,350)	(75)	(7,325)	(266,288)
Current liabilities	(144,651)	(22,768)	(8,606)	(64)	(14,915)	(7,254)	(59,887)	(591)	(344)	215,498	(43,580)
Net assets	12,275	1,713	37,888	(2,073)	21,410	10,666	244,971	111,712	253	(179,133)	259,683
Net assets attributable to NCI	**5,535**	**773**	**17,084**	**(935)**	**9,654**	**4,809**	**110,458**	**5,731**	**114**	**(113,706)**	**39,516**
Revenue	112,804	25,547	67,460	4,951	1,138	1,138	1,250	-	78	(68,153)	146,213
Gross profit	41,598	25,477	14,338	4,888	1,138	1,138	1,250	-	78	(2,433)	87,472
EBITDA	17,694	23,802	7,974	4,933	993	1,075	(1,299)	(22)	30	(1,275)	53,904
Adjusted EBITDA*	22,088	23,802	7,974	4,933	993	1,075	(1,299)	(22)	30	(1,275)	58,298
EBIT	13,538	23,775	6,738	4,933	992	1,047	(1,299)	(22)	19	(8,477)	41,242
Adjusted EBIT*	27,578	23,775	6,738	4,933	992	1,047	(1,299)	(22)	23	(8,477)	55,287
Profit or loss for the period	17,689	18,355	3,903	4,273	-	0	15,459	(6,578)	10	(32,788)	20,322
Profit or loss of NCI	**8,475**	**8,794**	**1,870**	**2,047**	**-**	**0**	**7,406**	**(337)**	**5**	**(15,599)**	**12,660**
Adjusted earnings*	28,250	18,355	3,903	4,273	-	0	15,459	(6,578)	10	(32,788)	30,883
Adjusted earnings of NCI*	**12,738**	**8,276**	**1,760**	**1,927**	**-**	**0**	**6,970**	**(2,966)**	**4**	**(11,341)**	**17,368**
Cash flow operating activities	7,790	326	10,272	-	(576)	51	(31)	(117)	244	19,419	37,379
Cash flow from investing activities	(16,845)	(16)	(1,365)	-	-	-	-	-	(232)	-	(18,458)
Cash flow from financing activities	(1,046)	-	-	-	-	-	(419)	640	(18)	(19,419)	(20,263)
Change in cash and cash equivalents	(10,102)	310	8,907	-	(576)	51	(450)	523	(6)	-	(1,342)
Dividends paid to NCI	**-**	**-**	**-**	**-**	**-**	**-**	**(15,780)**	**-**	**-**	**-**	**(15,780)**

* Please refer to Note 6 for further information.

** Renamed Lesora GmbH on entry in the commercial register on February 21, 2024

Distributions to non-controlling shareholders

The consolidated Group company BLS Beteiligungs GmbH (subgroup parent of the operating Bikeleasing companies in the Financial Technologies segment) made a €35,000 thousand distribution to its shareholders in the reporting period. Of the shares of BLS Beteiligungs GmbH, 45.09% are held by non-Group co-investors (40% by the founding managing directors, 5.09% by another co-investor). The remaining 54.91% of the shares are held by the intermediate holding company BCM Erste Beteiligungs GmbH (94.87% directly and indirectly owned by Brockhaus Technologies AG), which is included in these consolidated financial statements. That company thus received a dividend share of €19,220 thousand and the non-controlling shareholders received a dividend share of €15,780 thousand. The dividend distribution was used by BCM Erste Beteiligungs GmbH to make a voluntary early repayment of €18,999 thousand on its subordinated loan, together with payment of accrued interest. Following this repayment, the remaining €26,350 thousand of this subordinated loan was still outstanding in the Group as of the reporting date.

39. Research and development expenses

The Group's research and development expenses amounted to €2,572 thousand in the reporting period (previous year: €2,459 thousand), of which €2,312 thousand (previous year: €2,330 thousand) was attributable to research expenses and development expenses not eligible for capitalization and €260 thousand (previous year: €129 thousand) was attributable to amortization of capitalized development expenses.

40. Share-based payments

The expense for share-based payment transactions is disaggregated as follows.

€ thousand	2023	2022
Equity-settled	544	673
Cash-settled	159	-
Total	**704**	**673**

Equity-settled share-based payment transactions

The Annual General Meeting resolved on June 27, 2019, to launch a stock option program for the Group's employees. The reason behind the stock option plan is that Group management assumes that this represents a suitable performance incentive for the beneficiaries in the interest of enhancing the value of the Group. In line with the stock option conditions, holders of exercisable options have the right to acquire shares at the share price at the grant date of the options. The options are subject to a vesting period of four years after issuance and expire if the beneficiary stops being an employee of the Group. A share of 1/48 of the options granted vest each month. Vesting of options is conditional on a long-term performance target, which requires a minimum 15% increase in the share price (including dividends) between the date of issuance of the options and the exercise date.

They are settled in the form of new shares of the parent entity (equity instrument) against payment of the exercise price by the beneficiary. The Group is entitled, but not obligated, to pay a cash settlement to the beneficiaries instead of equity settlement.

The resolution of the Annual General Meeting authorized the Executive Board, with the consent of the Supervisory Board, to issue a total of 425,200 stock options from authorized capital. Changes in outstanding options in the reporting period were as follows.

	Number	Exercise price* in €
Outstanding options on Jan. 1, 2023	296,146	23.18
In the reporting period		
options granted	57,354	20.66
options forfeited	(3,959)	20.65
options exercised	-	-
options expired	-	-
Outstanding options on Dec. 31, 2023	**349,541**	**22.79**
Exercisable options on Dec. 31, 2023	-	-

* Weighted average exercise price

Outstanding options at the reporting date have exercise prices between €17.44 and €32.00. The average weighted remaining term is 1.8 years.

Options are measured at the issue date using a Monte Carlo simulation. The parameters used to measure the options are shown in the following.

Measurement parameters	
Weighted average share price	€22.36
Weighted average exercise price	€22.79
Term of options	4 years
Expected volatility	19.5% – 41.5%
Expected dividend yield	0.0%
Risk-free rate	0.0% – 2.4%

A percentage rate of zero was defined for the dividend yield as the option conditions include an adjustment mechanism. This mechanism provides for a reduction in the exercise price in the amount of the dividends paid per share over the term of the option. Early exercise of options was not taken into account in the measurement as this is generally not anticipated. The expected volatility was determined using the historical volatility of the share prices of comparable companies and BKHT. The expected volatility is based directly on historical volatility in this respect. To determine the fair value of options, the performance target of a 15% increase in the share price over the term of the options was considered as an additional feature by eliminating the option proceeds on simulated prices below the performance target in the Monte Carlo model.

Cash-settled share-based payment transaction

The cash-settled share-based payment of €26 thousand (previous year: €- thousand) resulted from an agreement with the seller of a sales agency that the Group acquired in the Financial Technologies segment (Bikeleasing) in the reporting period. The seller has worked for the Group since the acquisition and is set to receive an additional variable purchase price in the event of a future sale of Bikeleasing, and provided the employment relationship is maintained. The additional payment is expected to correspond to 0.15% of the amount by which the valuation of Bikeleasing exceeds an amount of €300 million in the course of the sale. This future payment is contingent on the seller still being employed by the Group by the end of 2026. This future payment must therefore be treated as remuneration for work performed and not as a subsequent purchase price payment for the acquisition. The expense is recognized in personnel expenses at the grant date fair value, discounted over the term. The resulting obligation is reported under other liabilities (Note 31). The liability must be remeasured at each reporting date. The change in excess of the grant date fair value is recognized in the financial result. The agreement was entered into in December 2023 so that only one twelfth of the annual amount was recognized as an expense in the reporting period.

The residual cash-settled share-based payment of €133 thousand (previous year: €- thousand) resulted from a virtual share option program.

41. Leases

The Group leases land and buildings primarily as office space and as production and storage space. As of the reporting date, there were leases for real estate with a remaining term of up to 16 years. Other leases have a remaining term of up to 4 years. Leases can include extension and termination options. The terms and conditions are negotiated individually and include a number of differing arrangements.

A number of real estate leases contain prolongation options that can be exercised by the Group. The extension options can only be exercised by the Group and not by the lessor. The Group assesses at the commencement date whether the exercise of extension options is reasonably certain. The Group reassesses whether the exercise of extension options is reasonably certain when a significant event or change in circumstances occurs that is within its control.

Right-of-use assets relating to leased real estate and vehicles are reported in property, plant and equipment (see Note 18). The following table shows right-of-use assets from leases that are reported in non-current assets.

Please refer to Note 22 in these notes to the consolidated financial statements for information on the Group's activities as lessor.

Right-of-use assets

€ thousand	Land and buildings	Operating and office equipment	Total
Balance on January 1, 2022	**1,545**	**795**	**2,339**
Additions to right-of-use assets	2,879	692	3,571
Depreciation of right-of-use assets	(1,096)	(402)	(1,498)
Disposals due to sale of business	(26)	(311)	(337)
Exchange differences	(4)	-	(4)
Balance on December 31, 2022	**3,298**	**773**	**4,071**
Additions to right-of-use assets	5,625	386	6,011
Additions from business combinations	-	60	60
Depreciation of right-of-use assets	(1,014)	(432)	(1,446)
Reclassifications	(314)	314	-
Exchange differences	(12)	-	(12)
Balance on December 31, 2023	**7,584**	**1,101**	**8,685**

42. Related party transactions

Key management personnel

In terms of the Group, key management personnel comprise the members of the Executive and Supervisory Boards of BKHT.

Please refer to Note 46 for further information on the remuneration of members of governing bodies.

Other related parties

Executive Board members hold positions in other entities in which they are able to control or significantly influence the financial and business policies of those entities. Some of those entities conducted transactions with Brockhaus Technologies in the reporting period.

Brockhaus Private Equity GmbH, whose registered office is in Frankfurt, is controlled by the Chairman of the Executive Board of BKHT and leases business premises to Brockhaus Technologies AG under a sublease agreement.

	Value of transactions		Outstanding balances	
€ thousand	2023	2022	Dec. 31, 2023	Dec. 31, 2022
Other related parties				
Sublease	200	179	-	-

43. Auditor's fees

The auditor's fees show the fees of KPMG AG Wirtschaftsprüfungsgesellschaft recognized as an expense for the services provided to BKHT and to the consolidated subsidiaries. They are disaggregated as follows.

€ thousand	2023	2022
Financial statement audits	609	494
Other assurance services	78	61
Other services	-	-
Total	**687**	**555**

In the reporting period, the financial statement audit services relate to the audit of the consolidated financial statements and the annual financial statements, as well as to all services required for the audits of the financial statements. The other assurance services in the reporting period relate to the substantive review of the remuneration report and the performance of other assurance services (voluntary audit services).

KPMG AG Wirtschaftsprüfungsgesellschaft has been the auditor of Brockhaus Technologies AG as a public interest entity since its initial public listing in 2020.

44. Employees

The following overview shows the average number of employees in the Group.

Average number	2023	2022
Full-time	323	323
Part-time	65	71
Other	38	41
Total employees	**426**	**435**

The number of employees as of the reporting date was as follows.

Number	Dec. 31, 2023	Dec. 31, 2022
Full-time	350	278
Part-time	76	54
Other	41	40
Total employees	**467**	**372**

45. Governing bodies of the Company

The members of BKHT's Executive Board are.

> Chairman of the Executive Board (CEO): Marco Brockhaus
> Member of the Executive Board (COO/ Legal Counsel): Dr. Marcel Wilhelm

The Supervisory Board of BKHT consists of six members, unless otherwise required by law and was composed of the following members in the reporting period.

> Chairman: Dr. Othmar Belker, independent consultant
> Deputy Chairman: Michael Schuster, lawyer in private practice
> Member of the Supervisory Board: Martin Bestmann, managing director of a consulting firm
> Member of the Supervisory Board: Prof. Dr. Christoph Hütten, independent management consultant
> Member of the Supervisory Board: Dr. Natalie Krebs, Supervisory Board member
> Member of the Supervisory Board: Matthias Memminger, consultant (since June 21, 2023)

46. Total remuneration of members of governing bodies

The Chairman of the Supervisory Board receives annual fixed remuneration of €90 thousand, the Deputy Chairman receives €60 thousand and the other members of the Supervisory Board each receive annual fixed remuneration of €30 thousand. The members of the Supervisory Board (but not the Chairman or Deputy Chairman) receive an additional €2 thousand each year for membership in a committee and an additional €20 thousand for chairmanship of a committee. In addition, the members of the Supervisory Board are reimbursed for their out-of-pocket expenses and any value added tax payable on their remuneration. The remuneration of the Supervisory Board amounted to €279 thousand in the reporting period (previous year: €292 thousand).

The remuneration of the members of the Executive Board under IAS 24.17 is composed of the following items.

€ thousand	2023	2022
Short-term benefits	2,004	1,931
Termination benefits	-	-
Share-based payments	168	-
Other long-term benefits	-	-
Total	**2,172**	**1,931**

The amount outstanding relating to short-term benefits as of the reporting date was €866 thousand (previous year: €990 thousand).

The remuneration of members of the Executive Board under section 314 of the HGB amounted to €2,000 thousand in the reporting period (previous year: €1,931 thousand).

The basic principles behind the remuneration system and disclosure of the remuneration of individual Executive Board and Supervisory Board members are presented in the remuneration report.

47. 2023 declaration of conformity with the German Corporate Governance Code

The declaration by Brockhaus Technologies AG's Executive Board and Supervisory Board on conformity with the German Corporate Governance Code for fiscal year 2023 under section 314 no. 8 of the HGB in conjunction with section 161 of the AktG was issued. The statement is permanently accessible on the Company's website www.brockhaus-technologies.com in the section entitled Investor Relations, subsection Corporate Governance.

48. Appropriation of the result

As of the reporting date, the Company reported net retained profits under German GAAP of €20,733 thousand (previous year: net accumulated losses of €6,873 thousand). This comprises the accumulated losses brought forward from the previous year plus the German GAAP net profit for 2023 of €38,032 thousand, less €10,426 thousand relating to the treasury shares acquired as part of the share buyback.

It is to be proposed to the Annual General Meeting to distribute a dividend of €0.22 per share. Based on the current number of shares entitled to profits, this would equate to a distribution of €2,298 thousand (previous year: €- thousand). On the basis of the adjusted pro forma earnings attributable to the shareholders (Note 6), this represents a dividend distribution ratio of 17%. The remaining net retained profits are to be carried forward to new account.

49. Events after the reporting date

No significant events occurred between the reporting date and the publication of these consolidated financial statements.

Frankfurt am Main, March 25, 2024

Brockhaus Technologies AG
The Executive Board

Marco Brockhaus Dr. Marcel Wilhelm

Responsibility statement

To the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, March 25, 2024

Brockhaus Technologies AG
The Executive Board

Marco Brockhaus Dr. Marcel Wilhelm

Independent Auditor's Report

To Brockhaus Technologies AG, Frankfurt am Main

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of Brockhaus Technologies AG, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income , consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (combined management report) of Brockhaus Technologies AG for the financial year from 1 January to 31 December 2023.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section.

The combined management report contains cross-references that are not provided for by law. In accordance with German legal requirements, we have not audited the cross-references referred to in the „Other Informaition" section or the information to which the cross-references refer.

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

> the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and

> the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report. The combined management report contains cross-references that are not provided for by law. Our audit opinion does not extend tot he cross-references in the „Other Information" section or tot he information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment Testing of goodwill

Please refer to Note 4.10 of the notes to the consolidated financial statements for more information on the accounting policies applied. Disclosures on the amount of goodwill and the assumptions made are provided in Notes 5.2 and 19 of the notes to the consolidated financial statements. Information on the economic development of the Security Technologies and Financial Technologies segments are provided in the combined management report in the "Segment reporting" section.

THE FINANCIAL STATEMENT RISK

In the consolidated financial statements of Brockhaus Technologies AG as at 31 December 2023, goodwill amounts to EUR 222.8 million, of which EUR 80.3 million is attributable to the Security Technologies operating segment and EUR 142.6 million to the Financial Technologies operating segment, which corresponds to approx. 12.1% and approx. 21.4% of total assets respectively.

Goodwill is tested for impairment annually at the level of the Security Technologies and Financial Technologies operating segments. If impairment triggers arise during the financial year, an event-driven impairment test is also carried out during the year. For impairment testing, the carrying amount is compared with the recoverable amount of the respective operating segment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised. The recoverable amount of the operating segment - as the higher of fair value less costs to sell and value in use - is determined using a discounted cash flow method as the value in use, based on the expected cash flows of the cash-generating units. The reporting date for the impairment testing is 31 December 2023.

The goodwill impairment test is complex and based on a number of assumptions requiring judgement. These include the expected revenue and earnings development of the operating segments for the next five years, the assumed long-term growth rates and the discount rate used.

No need for impairment was identified in the annual impairment testing as at 31 December 2023.

There is the risk for the consolidated financial statements that an existing need to recognise impairment losses is not recognised. There is also a risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

In the course of our audit procedures on the internal control system and a spart of our test of design and implementation, we first obtained an understanding of the Company's underlying process used for impairment testing of goodwill by means of written documentation and sfollow-up discussions on processes with employees from the Finance department. In addition, we assessed the appropriateness of relevant controls regarding the identification of impairment indicators.

For the annual impairment test, with the involvement of our valuation experts, we also evaluated the appropriateness of the discount rates used for the impairment test of the operating segments and compared the assumptions and data underlying the respective discount rate, especially the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data. Furthermore, we discussed the expected revenue and earnings performance with those responsible for planning. We also reconciled this information with the budget prepared by management and approved by the Supervisory Board, as well as the medium-term planning.

We also tested the Company's forecasting quality for the respective operating segment by comparing the budgets of previous financial years with the acutal results and analysing deviations.

To assess the methodically and mathematically appropriate implementation of the valuation method, we verified the valuation performed by the Company using our own calculations with the involvement of our valuation experts and analysed deviations. To this end, we also assessed whether the valuation methods are consistent with the applicable accounting policies. In order to take account of forecast uncertainty, we examined the effects of, among other things, the change in assumptions regarding revenue on the value in use by calculating alternative scenarios and comparing them with the Company's values (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes regarding impairment of goodwill are appropriate.

OUR OBSERVATIONS

The calculation method used for goodwill impairment testing is appropriate and consistent with the applicable accounting policies. The assumptions and data used for measurement are appropriate.

The related disclosures in the notes are appropriate.

Accounting treatment of securitisation transactions concluded in the financial year 2023

Please refer to note 4.1 and note 22 of the consolidated financial statements for information on the accounting policies applied.

THE FINANCIAL STATEMENT RISK

In the financial year from 1 January to 31 December 2023, Brockhaus Technologies AG sold lease receivables and trade receivables arising in the Financial Technologies operating segment to two special purpose vehicles (SPVs) on a non-revolving basis. These SPVs securitise the receivables in question and issue correspondingly backed securities (notes) to investors to refinance them.

As at 31 December 2023, the SPVs are not consolidated in the consolidated financial statements of Brockhaus Technologies AG. In the financial year from 1 January to 31 December 2023, the receivables in question with a carrying amount of EUR 113.8 million were derecognised and a continuing involvement of EUR 4.0 million was recognised as at 31 December 2023. The volume of the transactions therefore has a significant impact on the Group's net assets and financial position.

The accounting treatment of securitisation transactions is complex. In the consolidated financial statements, the derecognition principles for assets and liabilities at consolidated level must be assessed on the basis of certain criteria and taken into account accordingly. Firstly, the contractual structure of the securitisation transactions raises the question of whether the SPVs must be included in the scope of consolidation of Brockhaus Technologies AG. Depending on this, the derecognition principles must be applied to the assets and liabilities and analysed on the basis of the risk structure.

There is the risk for the consolidated financial statements that the SPVs from the securitisation transactions concluded in the financial year 2023 are incorrectly not allocated to the scope of consolidation. There is also a risk that the derecognition principles are not applied appropriately.

OUR AUDIT APPROACH

In a first step, we assessed whether the scope of consolidation with regard to the two SPVs and the application of the derecognition principles was appropriate. To this end, we examined whether the requirements of IFRS 10 and IFRS 9 were implemented appropriately and whether the transactions were appropriately subsumed under them.

In addition, we inspected the contracts and supplementary documents underlying the securitisation transactions and verified the calculations provided to us for modeling the risk structure. As part of our audit, we assessed the legal representatives' interpretation of the contracts and their assessment of the risk structure.

In order to assess the appropriate application of the derecognition principles, we reviewed the calculation of the continuing involvement and satisfied ourselves that the entries were made in accordance with the calculation. The continuing involvement comprises the maximum utilisation of the Group from one of the two securitisation transactions. We also recalculated the purchase volume of the receivables concerned on the basis of contractual documents.

OUR OBSERVATIONS

The non-consolidation of the SPVs from the securitisation transactions concluded in the financial year 2023 and the application of the derecognition principles are appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises:

- the combined corporate governance statement for the Company and the Group referred to in the combined management report, and
- the information extraneous to management reports included in the combined management report regarding the appropriateness and effectiveness of the overall internal control system and the risk management system in accordance with the German Corporate Governance Code.

We did not audit the contents of the cross-references in the combined management report not required by law as well as the information to which the cross-references refer:

- Cross-reference to the remuneration report.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

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

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

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

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

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

> Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
> Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
> Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
> Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
> Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
> Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
> Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with law, and the view of the Group's position it provides.

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

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3ba) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file „5299007DQ4OLATJQIX97-2023-12-31-de.zip" (SHA256-Hashwert:
a966b16463d69d0e67939fdf692ef71bef2e6ab8bd1c6e4ba66664f761656fc3) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

> Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
> Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
> Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
> Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
> Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting on 22 June 2023. We were engaged by the Supervisory Board on 18 December 2023. We have been the group auditor of Brockhaus Technologies AG since its initial public offering in 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor´s report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the German Company Register [Unternehmensregister]– are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Markus Fox.

Frankfurt am Main, 26 March 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

Fox	Weber
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Supplementary information

Supplementary information

Basis of reporting

The **reporting period** for this Annual Report is the period from January 1, 2023, to December 31, 2023. The **reporting date** is December 31, 2023.

This Annual Report has been translated from German to English. In the case of any discrepancies between the two language versions, the German version takes precedence.

Rounding

The metrics appearing in this report have been rounded in line with standard commercial practice. This rounding method does not necessarily preserve totals, so that it is possible that the amounts in this report do not add up precisely to the total shown.

Financial calendar

May 15, 2024	Quarterly Statement Q1 2024
June 20, 2024	Annual General Meeting
August 14, 2024	Half-Year Financial Report H1 2024
November 14, 2024	Quarterly Statement 9M 2024

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