KROMI

TOOLING | ONE STEP AHEAD

2021 2022 Annual Report

Company profile KROMI

KROMI is a manufacturer-independent specialist in the optimization of tool availability and tool deployment. This applies, in particular, to technically high-end cutting tools for the processing of metal and plastics in cutting operations.

With a wide range of services from the four expertise areas of TOOLS, TECHNOLOGY, LOGISTICS and DATA, KROMI offers customized tool management solutions. KROMI combines data management, efficient machining and logistics processes as well as optimized tool procurement to create a competitive advantage for the customer.

With decades of experience in machining processes, KROMI also offers customized engineering services to achieve a more efficient design of production processes on the customer's side.

KROMI operates in twelve countries. Besides its home market of Germany, KROMI looks after customers in ten further European countries and Brazil.

Overview of key Group indicators

	Fiscal year 2021/2022 (01/07/2021–30/06/2022)	Fiscal year 2020/2021 (01/07/2020–30/06/2021)
Revenue	80,462	76,402
Operating earnings (EBIT)	1,228	702
Earnings before tax (EBT)	763	323
Group net profit / loss	1,073	321
Number of shares in the reporting period	4,124,900	4,124,900
Earnings per share in EUR	0.26	0.08
Equity ratio	59.1 %	51.2 %
Cash flow from operating activities	3,341	4,797
Net debt	10,231	10,697
Employees at end of period (excluding Managing Board)	212	191

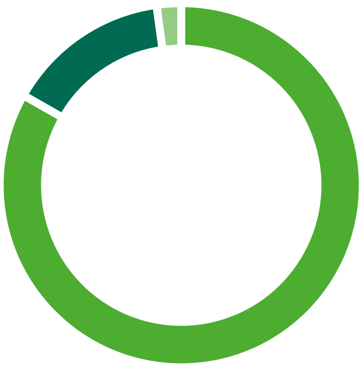
In EUR thousand (unless otherwise stated)

Capital market information

German Securities Identification Number (WKN)	A0KFUJ
ISIN	DE000A0KFUJ5
Ticker symbol	K1R
Trading segment	Regulated Market (General Standard)
Share type	No par ordinary bearer shares (no-par shares)
Share capital	4,124,900
Initial listing	March 8, 2007
Designated Sponsor	M.M. Warburg
Share price as of July 1, 2020*	EUR 9.15
Share price as of June 30, 2021*	EUR 5.45
Change in percent	−40.44 %
52-week high**	EUR 9.9
52-week low**	EUR 5.4

* Closing price, XETRA trading system of Deutsche Börse AG
** Intraday, XETRA trading system of Deutsche Börse AG

Shareholder structure



83.23 % Investmentaktiengesellschaft für langfristige Investoren TGV

14.59 % Free float

2.18 % KROMI Beteiligungsgesellschaft mbH

Financial calendar

06/12/2022	Annual General Meeting
28/02/2023	Publication of half-yearly financial report

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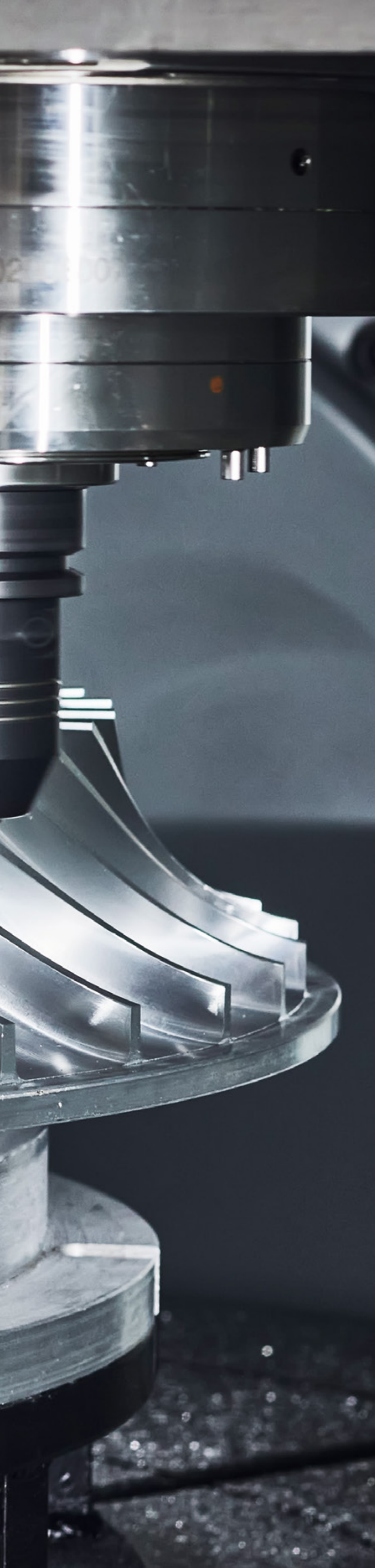
COMBINED MANAGEMENT REPORT 33



TO OUR SHAREHOLDERS

From left to right: Christian Auth (CFO), Bernd Paulini (CEO)

Dear shareholders,

A review of the 2021/2022 financial year shows a very mixed picture in our target markets and sectors. After the economy picked up following the first coronavirus lockdown in 2020 and with expectations of a growing macroeconomic recovery, we started the 2021/2022 financial year in an optimistic frame of mind and were again targeting strong sales growth of around 10 % for the past financial year. The massive shortage of semiconductors in the car industry and global supply chain problems which intensified in the second half of the year as well as additional challenges posed by the Russia-Ukraine war forced us to adjust the sales forecast in the third quarter of the financial year. With an increase of 5.3 % to EUR 80.5 million, we managed to hit the new sales target at the top end of the range in spite of an environment that remained highly volatile. Earnings before interest and taxes (EBIT) improved by EUR 0.5 million to EUR 1.2 million. Cash flow from operating activities amounted to EUR 3.3 million thanks to systematic working capital management.

In Europe, we succeeded in boosting sales with existing customers and new ones by 2.4 % in the 2021/2022 fiscal year. Our business in Brazil showed particularly pleasing progress in the reporting period. In local currency, Brazilian sales jumped 17.9 %. This meant sales in Brazil stood at BRL 62.7 million or EUR 10.7 million in the 2021/2022 fiscal year. While the rise in Brazil is mainly due to growth with our existing customers, five new customers were also won, among them prestigious groups with a global presence. This opens up attractive opportunities, not only in Brazil but also in Europe, to grow in concert with our customers.

“With revenues totaling EUR 80.5 million, we were able to achieve an increase of 5.3 % over the previous year. Our business in Brazil showed particularly pleasing progress.”

Another positive aspect is that our engineering services are attracting keen interest, especially in Germany. With this targeted consulting service, KROMI is meeting growing demand from manufacturing industry for support in optimizing the design of machining processes. In this field, we were able to impress one of the world’s leading car manufacturers, a global mechanical engineering group and medium-sized customers with our expertise and secure follow-up orders.

With our professional KROMI tool management, we have continued to help our customers to manufacture without problems and interruptions in these extraordinary times. This high degree of reliability is the bedrock of stability that marks our customer relationships, underpinning the extension of our collaboration with existing customers. We are currently involved in numerous promising discussions with potential new customers. These are being conducted both at home and abroad and in some cases, they are already at the stage of final negotiation. Efforts to win new customers in the field of engineering services are to be further intensified, for example, by gradually extending our range of services to all facilities.

The macroeconomic effects caused by further geopolitical tensions coupled with a mixture of high inflation and rising interest rates will continue to dog our footsteps in the 2022/2023 fiscal year. However, most of our customers enjoy a healthy order book. On the assumption that the geopolitical crises will not intensify, and that there will be no renewed restrictions in response to the coronavirus pandemic nor any further supply chain disruptions with correspondingly negative consequences for KROMI's target sectors, we are expecting sales growth in the low to mid-single-digit percentage range, a slightly better gross profit margin and a disproportionately large improvement in EBIT by comparison with sales.

> ***"Efforts to win new customers in the field of engineering services are to be further intensified, for example, by gradually extending our range of services to all facilities."***

We would like to take this opportunity to once again thank all of our colleagues who have contributed to the company's positive growth with their commitment and expertise. We also extend our thanks to you, our shareholders, as well as to to our customers and suppliers, for the trust and confidence you have placed in us. We look forward to continuing our constructive collaboration..

Your Managing Board team

Bernd Paulini

Christian Auth

THE 2021/2022 FISCAL YEAR IN FIGURES

EUR 80.5 M
Revenues +5 %

We generate most of our revenue in our core European markets, with our Brazilian subsidiary making an ever greater contribution to achieving our growth targets.

12
countries

In addition to its home market of Germany, KROMI serves customers in Brazil, Denmark, France, the Netherlands, Austria, Poland, Portugal, Slovakia, Slovenia, Spain and the Czech Republic.

212
employees
+11 %

Employee satisfaction is of great importance to us. This leads us to strive constantly to enhance KROMI's attractiveness as an employer. The long average period of service at our company confirms that we are on the right track.

3,969,979
tools sold
+2 %

As a manufacturer-independent specialist, we ensure flexible and demand-based tool delivery to our customers.

192,790
reground tools sold
+19 %

In cooperation with locally based regrinding companies, KROMI enables its customers to achieve more sustainable production through multiple tool use.

EVERY 8 SEC
Tool removal interval

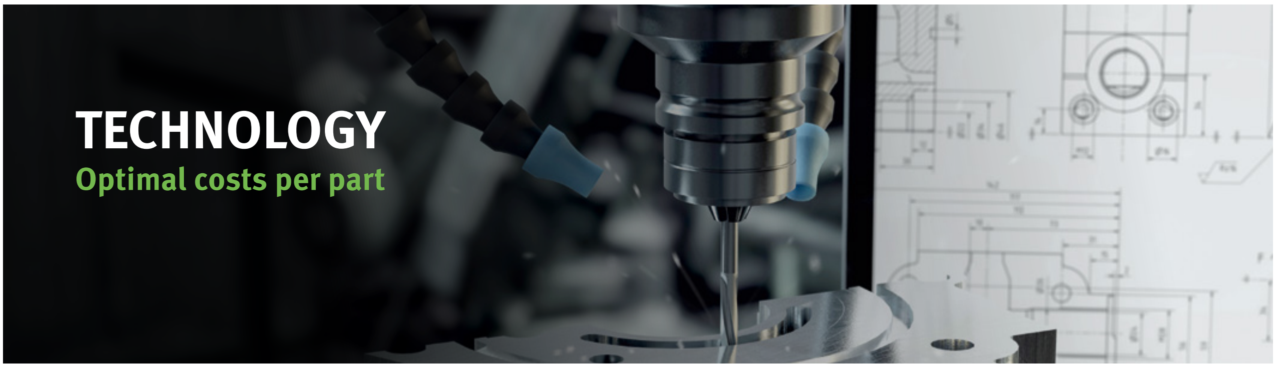
On average, a tool is removed from one of the KROMI Tool Center dispensers installed at our customers' facilities every eight seconds worldwide.

KROMI's AREAS OF EXPERTISE – TOOL MANAGEMENT 360°

With our TOOL MANAGEMENT 360°, we offer a broad, all-encompassing range of services that can be customized.

Drawing on the expertise and experience of twenty years of market leadership, we organize end-to-end procurement logistics from professional purchasing management through to interim storage and invoicing. We work on a manufacturer-neutral basis and develop cost-optimized and tailor-made solutions to meet the particular requirements.

- Professional tool procurement and management
- Customer-specific article catalog
- Vendor Managed Inventory



Strategically bundling all measures, KROMI's technology management enables our tool experts to enhance productivity and reduce unit costs in tool deployment. By analyzing tool costs, we identify potential savings and optimize technical processes.

- Analysis of working processes at machine tools
- Substitution of cost- and time-intensive tools
- Processes redesigned and Continuous Improvement Process (CIP)

LOGISTICS
100 % availability on site

Ensuring that the right tool is at the right place at the right time, KROMI – as a professional outsourcing partner – offers flexible logistics solutions. In this context, intelligent storage systems such as the KROMI Tool Center ensure constant tool availability and consumption transparency. We also take over the organization of entire existing stocks.

- Full supply independent of manufacturers
- Transparent inventories and costs
- 24/7 supply service

DATA
Ready for Industry 4.0

KROMI data management ensures optimum networking of all components for a perfectly positioned value chain in terms of Industry 4.0. With eControl KCo, the KWM tool catalog and the central KROMI database (eCloud), KROMI is providing three effective instruments for optimal overview.

- Full consumption monitoring
- Cost analysis every 10 minutes
- Digital tool data in DIN4000/ISO 13399 format

SPOTLIGHT KROMI ENGINEERING SERVICES

01

DEFINITION OF THE NEW PROCESS
ON THE BASIS OF PRODUCTION DATA
AND CUSTOMER REQUIREMENTS

02

PREPARATION OF TOOL PLANS,
3D MODELING AND NC PROGRAMING

03

PRODUCTION PROCESSES RUN IN
AND PROCESS CAPABILITY DETERMINED

04

PROJECT SUPPORT UNTIL COMPLETE
HANDOVER TO PRODUCTION

Process design for greater efficiency in production

KROMI commands technological expertise that has been built up over decades. The range of services has been steadily developed. In the past two years, the expansion of services in the key area of TECHNOLOGY has been driven forward in a targeted manner. As a new engineering service, KROMI is now also offering machining companies comprehensive support in process design, thereby assisting them in designing the production process more efficiently.

With this extended range of services, KROMI is meeting growing demand from manufacturing industry for support in optimizing the design of machining processes.

Everything from a single source – from the analysis to the planning to the specific implementation

Process design is a service in the Technology field of competence that was previously offered mainly by specialised engineering firms. KROMI supports the complete design of a component machining process, from strategy and planning through to the actual process.

In concrete terms, the process capability of the machines is first determined, followed by the selection of tools and finally tool plans are drawn up. The creation of NC programs and the calculation of main and auxiliary times are also part of the offerings. In this respect, KROMI differs from other providers in that on-site project support is guaranteed right up to the complete handover to production and is thereby supported until the new processes are running smoothly in production.

Customized solutions – Our employees and the manufacturer network make it possible

As a global pioneer in modern tool management, KROMI is not only able to draw on its many years of experience in the field of machining tools, but also on the in-depth technological understanding and know-how of a competent team of engineers and technicians who command many years of experience in the fields of processes, tools and machine programing. Thanks to its independence from manufacturers, KROMI has a comprehensive overview of the market and an established network of manufacturers, which also enables the development of customized, customer-specific tools.

The aim is to start from scratch each time and offer every customer a tailored solution that fits their special company structure and customer-specific production conditions.

Added value for new and existing customers

The engineering services in the process design area lead to higher process reliability, increased efficiency and lower costs for customers. In the case of new customers, these service offerings can be a first step with KROMI before deciding on a more comprehensive tool management solution from KROMI. With regard to existing clients, this additional service can provide an interesting supplement for new projects and restructuring.

SPOTLIGHT KROMI BRAZIL

KROMI has been active in Brazil for 14 years. Two professionals who have accompanied this success story right from day one are Jenis Diz Acosta, Managing Director of KROMI Logistica do Brasil, and Giovanni Bonfante, Production Manager at Hybel Bombas e Motores, KROMI's first customer in the country.

What convinced you back then to launch KROMI's business model in Brazil?

Diz Acosta: KROMI has an innovative business model that positioned us as pioneer in the Brazilian tool management market. Some tool manufacturers had already recognized the need for professional tool management and tried to place a concept on the market, but KROMI had a competitive advantage then and now, especially due to two factors: KROMI's independence from manufacturers and the fact that there is genuine added value behind everything we do – we generate measurable efficiency gains through our solutions, and thereby create clear competitive advantages for our customers. But the nature of companies in Brazil also favoured expansion to Brazil. As one of the most heavily industrialized emerging companies, Brazil has an enormous number of companies with machining needs. This is therefore an ideal business environment for KROMI.

As KROMI do Brasil's first customer, Hybel has already been on board for 14 years. Why did Hybel opt for KROMI?

Bonfante: For Hybel as a medium-sized company, there are many reasons why we have been a KROMI customer for such a long time. Above all, KROMI succeeds in continuously showing us new ways in which we can make our manufacturing processes ever more efficient.

In addition, we benefit from KROMI's high level of expertise in the logistics area. By providing the constant availability of tools, KROMI ensures for us that there are no interruptions in the production manufacturing process. While it may sound simple, it is enormously important! Other aspects that we value highly are the many years of experience and comprehensive, in-depth know-how in the field of machining technology that KROMI has already demonstrated in numerous projects.

How have the challenges for companies like Hybel changed since you started your partnership and how have you overcome them?

Bonfante: Above all, the lead times until production kick off have become extremely short over the years. KROMI has repeatedly provided highly valuable support in meeting this challenge. We know that KROMI is always available for us and, thanks to its extensive experience, can provide us with well thought-out solution proposals within the shortest possible time. This has enabled us to continuously improve our processes and achieve significant efficiency gains in recent years.

> ***"For 14 years, KROMI has succeeded in continuously showing us new ways in which we can make our manufacturing processes ever more efficient."***
>
> Bonfante

Diz Acosta: Today, as before, industrial companies are facing major challenges. Globalization means that companies have to be competitive on a global scale. While at the same time, technologies are developing at an incredible speed. It is sometimes difficult, especially for medium-sized companies, to keep track of which developments are shaping and changing the market. We, too, have grown KROMI in the same way over the years. Our solutions today are also no longer comparable to those some 14 years ago.

We are meeting the ever-increasing complexity of our customers' manufacturing processes with our 360° Tool

Management, with which we combine logistics, tools, data and technology for the maximum benefit of our customers. Changes on the markets have always been our incentive to think further and further into the future – and to successfully follow this course together with our customers.

Hybel obviously values the cooperation with KROMI very much. In your opinion, what are the most important aspects why Brazilian companies become KROMI customers?

Bonfante: As far as we are concerned, we are very satisfied with the cooperation. We particularly appreciate the constant availability and efficiency-oriented approach at KROMI. In addition, we can always rely on KROMI's high quality standards and extensive, in-depth technological know-how.

Jenis Diz Acosta (46) | Managing Director
Jenis Diz Acosta has been Managing Director of KROMI Logística do Brasil since 2008. In his previous position, he worked for a large tool manufacturer for several years.

KROMI Logística do Brasil was founded in 2008. Today, KROMI has 38 customers spread out across five Brazilian states, positioning the company as the largest provider of professional tool management in Brazil.

In my view, these are fundamental arguments that are also of central importance for other companies in Brazil.

KROMI do Brasil recently opened its fourth location. Can you tell us more about KROMI do Brasil's expansion over the course of the years?

Diz Acosta: KROMI started in 2008 with a location in Santa Catarina, in the south of Brazil, and Hybel was the first Brazilian customer to come on board at that time. We were already able to open a second location in São Paulo in 2010. After we received good references from the first completed projects, the initial reservations in the market increasingly dissolved and we were able to continuously expand our business. In view of the enormous demand, shortly afterwards we even had to relocate to a larger location in Santa Catarina. Subsequently, the same applied to our location in São Paulo. ›

"We are meeting the ever-increasing complexity of our customers' manufacturing processes with our 360° Tool Management."

Diz Acosta

In 2016, we decided to expand to the Rio Grande do Sul site and at the same time gained three new clients in the area. The fourth location was opened this year in the business metropolis of Rio de Janeiro.

Consequently, KROMI today is based in four of the economically strongest states and is represented at 38 different customers in more than 40 operating facilities. And in my opinion, this is far from the end of our expansion: In 2022 alone, we gained five new contracts from companies in different sectors.

"We have already implemented many ESG-relevant measures – also with the help of KROMI, by using our resources in production more efficiently, reducing wear and tear and saving costs."

Bonfante

Environment, Social, Governance, ESG for short, is a significant topic worldwide. How has ESG impacted Brazilian industry in recent years?

Diz Acosta: Ecological and social aspects, as well as responsible corporate governance, are increasingly in focus not only for us, but also for our customers, and quite rightly so. Especially in a globalized and increasingly complex economic world, it is essential for companies to act sustainably.

Bonfante: Sustainable business is certainly one of the topics that is currently picking up tremendous momentum and constantly gaining in importance. This is also the case with Hybel. We have already implemented many ESG-relevant measures – also with the help of KROMI, by using our resources in production more efficiently, reducing wear and tear and saving costs.

In future, however, we would like to devote ourselves to the topics of environment, social and governance in an even more structured manner. In my opinion, there are many companies across the board that do not yet attach the

Giovanni Bonfante (51) | Production Manager
The graduated electromechanic is a specialist in industrial management and has been active at Hybel since 1995.

Hybel Bombas e Motores
Hybel is an important market player for metal processing in Brazil. The company has been operating in the field of pumps and hydraulic motors since 1981.

importance to sustainability that it deserves. There is still a good deal of catching up to do.

Diz Acosta: For KROMI, sustainability has always been a key part of its business model – and this has long been the case long before ESG came into focus. The improvement potential that we continuously show our customers in order to reduce consumption and make the use of tools as efficient as possible is a prime example of sustainability. But we also devote ourselves to other areas. For example, the KROMI regrinding process offers the possibility of regrinding tools, including the coating, and thereby reusing them. In addition, partnerships forged with our suppliers make it possible to return residual material from tool consumption to an environmentally friendly and certified recycling process.

It is not only the environmental aspects, however, that are topping our list. KROMI is also socially committed. For example, in Brazil we are participating in a programme called "Programa Empresa Cidadã" (Civic Enterprise Programme), which extends the period of "maternity and paternity leave", as we are all well aware of how important this initial period is for families. The third component of ESG, governance, is represented by our Code of Conduct.

What trends do you expect for the future of your company?

Bonfante: Hybel will continue on its growth course. We want to achieve this by introducing new products and expanding into new markets abroad. Basically, our production capacity is to be made even more efficient in the next few years and significantly stepped up at the same time. So all the signs are pointing to further growth, and in KROMI we know that we have exactly the right partner at our side.

Diz Acosta: The further developments in Brazilian industry that Giovanni addresses present us with many attractive opportunities. On the one hand, for example, we perceive great potential for additional business with customers who want to make their business model “Industry 4.0 ready”. Thanks to the holistic approach of our 360° Tool Management, this idea is already anchored in the core of our solution. On the other hand, KROMI projects in Brazil are currently covering less than 10 % of the total market for machining tools, which represents a major growth opportunity. ■

“The further developments in Brazilian industry that Giovanni addresses present us with many attractive opportunities. Further consulting services are in the pipeline such as the reengineering of processes.”

Diz Acosta

SPOTLIGHT SUSTAINABILITY

KROMI'S CONTRIBUTION TO SUSTAINABILITY

ENVIRONMENTAL

KROMI's approach is to act on an environmentally-compatible basis along its entire value chain and to make a sustainable contribution to resource-conserving production on the customer side.

KROMI's provision of tools in line with demand enables resource-conserving production. In addition, the KROMI regrinding process offers the possibility to recycle and reuse tools.

SOCIAL

The trusting and fair relationship with our stakeholders, especially with our customers, suppliers and employees, forms the basis for our successful business activities.

Safeguarding equal opportunities, reliability and high safety standards are of the utmost importance to KROMI. KROMI offers its employees a wide range of benefits, including flexible working, city bike offerings and a pension allowance.

GOVERNANCE

We create a legal framework for the ethical conduct of our employees through clear and well-communicated guidelines.

KROMI sets binding requirements for compliance and working standards throughout the Group. A web-based whistleblower system allows employees to anonymously report compliance violations.

Report of the Supervisory Board 2021/2022

Dear shareholders,

In the 2021/2022 fiscal year, the Supervisory Board of KROMI Logistik AG continued to perform its duties according to the law, its articles of incorporation, the German Corporate Governance Code and the Supervisory Board's rules of procedure, and supervised and advised the company's Managing Board on an ongoing basis.

Composition of the Supervisory Board

Since the 2020 Annual General Meeting, the Supervisory Board of KROMI Logistik AG has consisted of five members.

In the 2021/2022 fiscal year, the Supervisory Board consisted of:

- **Ulrich Bellgardt** (Supervisory Board Chair)
- **Jens Große-Allermann** (Deputy Chair of the Supervisory Board and, since July 1, 2021, accounting expert pursuant to Section 100 (5) AktG)
- **Stephan Kleinmann** (since July 1, 2021 Chair of the Audit Committee and auditing expert pursuant to Section 100 (5) AktG)
- **Prof. Dr. Eckart Kottkamp**
- **Felix Höger**

Meetings

In the 2021/2022 fiscal year, the Supervisory Board held six ordinary meetings and two extraordinary meetings. All members of the Supervisory Board participated in all meetings. The ordinary meetings of the Supervisory Board were held as hybrid meetings, i. e. with physical or video conference participation. Both extraordinary meetings were conducted by video conference. In addition, there were two ordinary meetings of the Audit Committee with all members of the Supervisory Board.

In addition to information provided at Supervisory Board meetings, the Supervisory Board was informed continuously by the Managing Board about the progress of business by means of monthly financial reporting. Independently of this reporting routine, the Managing and Supervisory boards were also in constant contact – mainly through the dialog between the CEO and the CFO and the Supervisory Board Chair – by means of personal and telephone communication.

Since the outbreak of the coronavirus pandemic in March 2020, regular jours fixes have been held between the Managing Board and the Supervisory Board chair on current and urgent topics – amounting to a total of 12 in the 2020/2022 fiscal year, most of them via video conference.

Supervisory Board activities

The aforementioned meetings as well as further information and discussions enabled the Supervisory Board to be informed in depth about the company's commercial and financial position, profitability, risk position, internal control system and risk management, general business policy and important business transactions. The Managing Board informed the Supervisory Board both promptly and comprehensively. The Supervisory Board took as its basis the annual budget approved for the 2021/2022 fiscal year in order to monitor the management of the business.

The Supervisory Board was involved in all decisions of fundamental significance for the company. All resolutions were passed with the participation of all Supervisory Board members.

In addition to the supervisory tasks required of it, the Supervisory Board's activities focused on supporting considerations for business expansion into sectors not previously served, the further development of the IT strategy, "operational excellence" and continued support for the implementation of the new business model.

The system for reporting to the Supervisory Board was continuously further developed. As part of reporting on business trends, the Supervisory Board kept itself informed about the situation of the specific focus sectors and developments at important major clients as well as about forthcoming projects to acquire new customers.

At its meeting on June 24, 2021 and again on July 20, 2021, the Supervisory Board discussed the budget for the 2020/2022 fiscal year presented by the Managing Board that was prepared in times of great uncertainty concerning the further development of the pandemic and supply chain problems.

The Supervisory Board meeting on September 29, 2021 also included Supervisory Board consultations – in the presence of the auditor – relating to the clarification and discussion of the separate financial statements for the fiscal year ending June 30, 2021 and the consolidated financial statements for the fiscal year ending June 30, 2021.

The service contract of CEO Bernd Paulini ends on December 31, 2022. At the Supervisory Board meeting on February 18, 2022, the key points of a service contract to be renegotiated were approved. This follows the remuneration system for the Managing Board approved by the 2021 Annual General Meeting. On April 7, 2022, the service contract with Mr Paulini was extended for the period from January 1, 2023 until December 31, 2027.

Corporate governance

The Supervisory and Managing boards continue to act in the awareness that good corporate governance forms an important precondition for the success of the company, and lies in our shareholders' interests. On June 21, 2022, the Managing and Supervisory boards renewed the usual annual declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). The wording of this declaration is reproduced in this annual report as part of the corporate governance statement.

Audit of the annual financial statements for 2021/2022

The separate annual financial statements as well as the consolidated financial statements of KROMI Logistik AG prepared according to International Financial Reporting Standards by the Managing Board, and the combined management report for the 2021/2022 fiscal year, including the financial records, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, and were each issued with unqualified auditor's reports. In the light of these auditor's reports, the Supervisory Board reviewed the separate annual financial statements prepared by the Managing Board, the consolidated financial statements, and the combined management report for KROMI Logistik AG and the Group, and examined the proposal for the application of unappropriated profit as well as the dependent company report pursuant to Section 313 (2) Clause 3 of the German Stock Corporation Act (AktG).

At the meeting of the Supervisory Board (identical in composition to the Audit Committee) on September 27, 2022, the Supervisory Board had the Managing Board explain the company's separate and consolidated financial statements for the fiscal year ending June 30, 2022, and had it report on profitability, especially the company's equity, as well as concerning the progress of business and the company's position. All Supervisory Board members received the requisite documents before this meeting. The auditor was present at the meeting, providing detailed explanations about the financial statements and their associated audit reports, and responding in depth to questions raised by Supervisory Board members. The Supervisory Board concurred with the auditor's report. No concerns exist concerning the auditor's independence. The Supervisory Board concurred with the auditor's findings. After an in-depth review, the Supervisory Board does not believe that any reason exists to raise objections to the management or to the financial statements prepared by the Managing Board. In consequence, the Supervisory Board approved the separate financial statements for the fiscal year ending June 30, 2022 and the consolidated financial statements for the fiscal year ending June 30, 2022 as well as the combined management report of KROMI Logistik AG on September 28, 2022. The separate annual financial statements of KROMI Logistik AG were thereby approved pursuant to Section 172 AktG. The Supervisory Board concurred with the Managing Board's proposal concerning the application of unappropriated profit.

The Supervisory Board would like to thank the Managing Board and all employees for their commitment to the company, and for the work that they have performed.

Hamburg, September 28, 2022

Ulrich Bellgardt
Supervisory Board Chairman

Corporate governance report

The term "corporate governance" stands for the responsible and transparent management and controlling of companies, geared to their long-term financial and business success and profitability. KROMI Logistik AG is also committed to this aim. For this reason, the responsible management of the company in compliance with all applicable legal regulations, as well as in the awareness of the company's responsibility to its shareholders, customers, employees and society, forms the basis and benchmark for the business decisions that are taken by the Managing and Supervisory boards of KROMI Logistik AG, as well as how such decisions are implemented.

Since its introduction in 2002, the German Corporate Governance Code in its current version has formed the guiding principle of KROMI Logistik AG for transparent and responsible corporate governance. The statement of compliance ofKROMI Logistik AG is reproduced below in the corporate governance declaration pursuant to Sections 289f, 315d of the German Commercial Code (HGB).

Differences to the Code's recommendations occur as a consequence of the size of the company and its executive bodies and also the business structures of its executive bodies and organization. These do not require all of the details of the Code's regulations and measures due to the fact that the Code is universally applicable, including for large groups.

KROMI Logistik AG is a listed German public stock corporation (Aktiengesellschaft), and its corporate governance is primarily determined by the German Stock Corporation Act, as well as by the requirements of the German Corporate Governance Code in its respective current version.

A. Procedures followed by the Managing Board and Supervisory Board

KROMI is subject to the dual management system prescribed by German stock corporation law.

The Managing Board of KROMI Logistik AG is solely responsible for managing the company with the aim of generating sustainable added value. The principle of overall responsibility applies. In other words, the members of the Managing Board are jointly responsible for managing the entire company. They develop the corporate strategy in consultation with the Supervisory Board, and ensure its implementation. The principles guiding the joint work of KROMI's Managing and Supervisory boards are set out in the rules of business procedure.

The Managing Board consists of two members: The CEO and Chairman of the Managing Board who is responsible for the Sales and Technology departments, and the CFO who heads the Finance, IT and Human Resources departments. The Managing Board members work closely together irrespective of their individual areas of responsibility. In accordance with the rules of business procedure, the members of the Managing Board keep each other informed on an ongoing basis about all significant events in their business segment. Managing Board resolutions are passed by mutual agreement as a matter of principle. If an amicable agreement cannot be reached, the matter is submitted to the Supervisory Board for examination. The Chair of the Managing Board (CEO) is responsible for the coordination of all business areas of the Managing Board, working to ensure that the management of all business areas is uniformly aligned with the goals set by the resolutions of the Managing Board.

The Managing Board provides the Supervisory Board with regular, up-to-the-minute and comprehensive information on all of the key aspects of business growth for the KROMI Group, key transactions and the current earnings situation, including the risk position, risk management and compliance. Differences between the course of business and previous forecasts and objectives are discussed in detail, and the related reasons are provided. The Managing Board participates in all Supervisory Board meetings unless the Supervisory Board identifies a need to convene alone in compliance with the German Corporate Governance Code. The Managing Board reports in writing and verbally on the individual agenda items and proposed resolutions, and answers questions from the individual members of the Supervisory Board.

In the case of transactions of fundamental importance, in particular for the company's financial position and results of operations, the rules of business procedure require approval by the Supervisory Board. The same applies to a specific list of transactions that must be approved.

The Supervisory Board advises the Managing Board in the management of the company, and monitors its activities. It appoints and dismisses members of the Managing Board, approves the remuneration system for members of the Managing Board, and defines the respective total remuneration. It is involved in all transactions of fundamental importance. In line with the number of the company's employees and its articles of incorporation, the Supervisory Board at present comprises five members elected by the company's shareholders.

The principles guiding the joint work within the Supervisory Board of KROMI Logistik AG are set out in the rules of business procedure for the Supervisory Board. All members of the Supervisory Board – namely Ulrich Bellgardt, Prof. Dr. Eckart Kottkamp, Jens Grosse-Allermann, Stephan Kleinmann and Felix Höger – are members of the newly formed Audit Committee. The Supervisory Board's tasks are all discussed and decided upon by the Board. The possibility of passing resolutions by circulating voting papers is used only infrequently, and then only in particularly urgent cases.

The Supervisory Board regularly assesses the effectiveness and efficiency of its activities (self-assessment). The assessment is based on discussions between the Supervisory Board Chair and the other Supervisory Board members. The Supervisory Board discusses the results. Suggestions from the Supervisory Board members for the further development of the Supervisory Board's work are taken up and implemented.

Together with the Managing Board, the Supervisory Board ensures long-term succession planning. In doing so, the Supervisory Board pays attention to balance and diversity in relation to the knowledge, skills and experience required of future Managing Board members. In the Supervisory Board's opinion, the basic suitability criteria for filling Managing Board positions include, in particular, professional qualifications, convincing leadership skills and the candidate's performance to date. Furthermore, the Supervisory Board pays attention to diversity in the composition of the Managing Board. Discussions between the Supervisory Board and the members of the Managing Board as well as contacts with company executives form a basis for long-term succession planning. This gives the Supervisory Board an idea of potential internal successors for the Managing Board. When filling vacant positions on the Managing Board, the Supervisory Board prepares an applicant profile and conducts interviews with suitable internal and external candidates. The Supervisory Board has determined that, as a rule, the members of the Managing Board should not be older than 67 years.

B. Statement of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Managing and Supervisory Boards of KROMI Logistik AG declare that the recommendations of the Government Commission of the German Corporate Governance Code in the version dated December 16, 2019 ("GCGC"), as published in the Bundesanzeiger (Federal Gazette) on March 20, 2020, have been complied with since the last statement of compliance was issued on June 24, 2021, with the following exceptions:

- By way of divergence from recommendation C.2 GCGC, no retirement age has been set for Supervisory Board members. In light of the knowledge, skills and professional experience required for the Supervisory Board office (see Principle 11 DCKG), the specification of an age limit does not appear to be sensible.

- By way of divergence from recommendations D.2 and D.5 GCGC, no committees have been formed for the Supervisory Board – with the exception of the mandatory Audit Committee pursuant to Section 107 (4) AktG. Given the Supervisory Board's size, the formation of further committees is not expedient.

- In deviation from recommendation G.17 GCGC, only the higher time expenditure of the chairman of the audit committee is taken into account in the remuneration; otherwise, the membership in the audit committee is not taken into account when determining the remuneration. In the opinion of the company, the mandatory establishment of an audit committee, which includes all members of the Supervisory Board, does not justify additional remuneration at this time. The fixed total remuneration of the Supervisory Board members reflects the time spent to an appropriate extent.

In addition, the company's Annual General Meeting on December 7, 2021 approved the remuneration system for members of the Managing Board proposed by the Supervisory Board. The new remuneration scheme applies to all Managing Board service contracts to be newly concluded or extended with effect from the Annual General Meeting on December 7, 2021.

In relation to the other recommendations of the DCKG on Managing Board remuneration in G.1 et seq. DCKG, the employment agreements with the current members of the Managing Board of KROMI Logistik AG will be continued and therefore do not yet take the new remuneration system into account. In managing board employment contracts extended or newly concluded since December 7, 2021, the recommendations on Managing Board remuneration in G.1 to G.16 have been complied with, with the exception of the following deviations:

- In deviation from recommendation G.3 GCGC, no peer group has as yet been used to determine the customary level of the specific total remuneration of the members of the Managing Board. In the assessment of the Supervisory Board, the benefit associated with this has so far been too low in relation to the required effort, as the current remuneration of the Managing Board is appropriate in the opinion of the Supervisory Board.

- According to recommendation G.8 GCGC, a subsequent change of the target values or comparison parameters should be excluded. In contrast, the Supervisory Board is entitled to unilaterally adjust the assessment bases or target figures relevant for determining the amount of long-term variable remuneration for both positive and negative effects, so that recommendation G.8 GCGC is probably not followed in full. The Supervisory Board considers such a regulation to be appropriate in order to avoid accidental influences on the basis of assessment.

- In deviation from recommendation G.10 sentence 1 GCGC, the variable remuneration of the members of the Managing Board on the basis of the Managing Board remuneration system approved on December 7, 2021 was not granted predominantly in the form of shares in the company or correspondingly based on shares. Given the limited free float of the shares of KROMI Logistik AG, it would appear more expedient – including in the interests of the shareholders – to pursue the objective of promoting the company’s strategy and its sustainable and long-term growth by means of variable managing board remuneration in monetary terms, the level of which to be based on more appropriate performance criteria for the company.

The Managing and Supervisory Boards of KROMI Logistik AG also declare that the recommendations of the DCKG in the version dated December 16, 2019, which was published in the Bundesanzeiger (Federal Gazette) on March 20, 2020, will be complied with in future with the following exceptions:

- By way of divergence from recommendation C.2 GCGC, no retirement age has been set for Supervisory Board members. In light of the knowledge, skills and professional experience required for the Supervisory Board office (see Principle 11 GCGC), the specification of an age limit does not appear to be sensible.

- By way of divergence from recommendations D.2 and D.5 GCGC, no committees have been formed for the Supervisory Board – with the exception of the mandatory Audit Committee pursuant to Section 107 (4) AktG. Given the Supervisory Board’s size, the formation of further committees is not expedient.

- In deviation from recommendation G.3 GCGC, no peer group is currently used to determine the customary level of the specific total remuneration of the members of the Managing Board. In the opinion of the Supervisory Board, the benefit associated with this is too small in relation to the effort required, as the current remuneration of the Managing Board is appropriate in the opinion of the Supervisory Board.

- According to recommendation G.8 GCGC, a subsequent change of the target values or comparison parameters should be excluded. In contrast, the Supervisory Board is entitled to unilaterally adjust the assessment bases or target figures relevant for determining the amount of long-term variable remuneration for both positive and negative effects, so that recommendation G.8 GCGC is probably not followed in full. The Supervisory Board considers such a regulation to be appropriate in order to avoid accidental influences on the basis of assessment.

- In deviation from recommendation G.10 sentence 1 GCGC, the variable remuneration of the members of the Managing Board on the basis of the Managing Board remuneration system approved on December 7, 2021 will not be granted predominantly in the form of shares in the company or based on shares. Given the limited free float of the shares of KROMI Logistik AG, it would appear more expedient – including in the interests of the shareholders – to pursue the objective of promoting the company’s strategy and its sustainable and long-term growth by means of variable managing board remuneration in monetary terms, the level of which to be based on more appropriate performance criteria for the company.

- In deviation from recommendation G.17 GCGC, only the higher time expenditure of the chairman of the audit committee is taken into account in the remuneration; otherwise, the membership in the audit committee is not taken into account when determining the remuneration. In the opinion of the company, the mandatory establishment of an audit committee, which includes all members of the Supervisory Board, does not justify additional remuneration at this time. The fixed total remuneration of the Supervisory Board members reflects the time spent to an appropriate extent.

Hamburg, June 24, 2022

For the Supervisory Board

Ulrich Bellgardt

For the Managing Board

Bernd Paulini

Christian Auth

C. Other corporate governance practices/Compliance

In the course of their activities, KROMI Logistik AG and its international subsidiaries come into contact with a variety of legal systems, rules and regulations. Throughout the Group, the company applies all legally prescribed corporate governance practices and compliance regulations.

KROMI sees this as an essential basis of the actions of the boards, executives and employees of all the Group companies. A code of conduct applies to the entire Group, which serves as a model for coming to terms with ethical and legal challenges in day-to-day work and is intended to provide orientation in conflict situations in order to ensure uniform and exemplary action and conduct.

Compliance management is aimed at communicating and anchoring the values binding under the code of conduct within the Group structure. Problems and violations are investigated in the interest of all concerned parties (employees, customers and shareholders) and the company; in the event of identified defects or violations, appropriate measures are taken to eliminate the causes.

The company upholds the transparency requirements imposed by shareholders and the general public by posting mandatory, up-to-date information on its website. On the website, KROMI publishes information including ad hoc disclosures, financial reports and its financial calendar, information on voting rights, directors' dealings, information on the shareholder structure, the General Meeting and general press releases.

The company has not formally decided to implement or introduce other company-wide standards, such as ethical, labor and social standards. Compliance with the appropriate requirements is seen as a matter of course for KROMI and the company's boards. The Managing Board pays personal attention to these issues. Thanks to the company's size, the Managing Board identifies any misdevelopments immediately, and corrects these as necessary. In view of the number of staff, all employees have easy and direct access to the Managing Board as required. The Managing Board fulfills its responsibility towards staff with the due sensitivity and care. This also relates to the company's whistleblower scheme. The EQS whistleblower tool is the point of contact for this, which can be used to follow up such information with the necessary discretion and confidentiality.

Management positions in the company are filled in the company's interests, and in accordance with legal requirements.

D. Policy pursuant to Sections 76 (4), 111 (5) AktG and the diversity concept

The Managing Board has set a target for the proportion of women in the two management levels below the Managing Board of at least 20 % for the first, and of at least 20 % for the second, management level below the Managing Board. These targets are to be achieved by June 30, 2025.

The Managing Board of KROMI Logistik AG consists of two members. At present, the Managing Board does not include a woman. No plans exist to expand the Managing Board of KROMI Logistik AG. Given this, the Supervisory Board has set a target for the proportion of women on the Managing Board of KROMI Logistik AG of at least 0 % by June 30, 2025. Moreover, the Supervisory Board pays attention to diversity in the composition of the Managing Board and takes particular account of the characteristics of age as well as educational and professional background. These criteria are met by the existing members.

The Supervisory Board has set a target for the proportion of women on the Supervisory Board, whereby at least one female member should belong to the Supervisory Board of KROMI Logistik AG by June 30, 2025. As a consequence, by June 30, 2025, the proportion of women on the Supervisory Board of KROMI Logistik AG should total at least 20 %, given a Supervisory Board consisting of five members. Furthermore, in its election proposals to the Shareholders' General Meeting, the Supervisory Board will also pay attention to diversity in relation to aspects such as age as well as educational and professional background, inasmuch as the proposed candidates should reflect a plurality of opinions and experience. These criteria are met by the existing members.

E. Supervisory Board composition and independence

With regard to the composition of the Supervisory Board, the Supervisory Board of KROMI Logistik AG has determined the following competency profile for the entire Supervisory Board, and has set the following targets for the composition of the Supervisory Board:

1. The Supervisory Board is to be composed in such a way that its members as a whole possess the knowledge, skills and professional experience required in order to perform their duties properly. In particular, the Supervisory Board considers the following knowledge and expertise areas as essential for the performance of its duties within the company (expertise profile):

   Knowledge of industry and tools, international industry experience, capital market and investor relations knowledge, financial accounting and auditing, internal control systems, corporate governance and compliance, digitalization expertise, environmental, social and corporate governance (ESG) system expertise, remuneration schemes for the Managing Board.

   At least one member of the Supervisory Board must possess expertise in the financial accounting or auditing areas (financial expert in the meaning of Section 100 (5) of the German Stock Corporation Act [AktG]). Furthermore, the members of the Supervisory Board in their entirety must be familiar with the sector in which the company operates.

2. Furthermore, the Supervisory Board specifies the following objectives for its composition:

   a) In the Supervisory Board's opinion, it should include an appropriate number of independent members. To this end, more than half of the shareholder representatives should be independent of both the company and the Managing Board. At least one shareholder representative should be independent of the controlling shareholder. The Supervisory Board Chair should be independent of the company and the Managing Board.

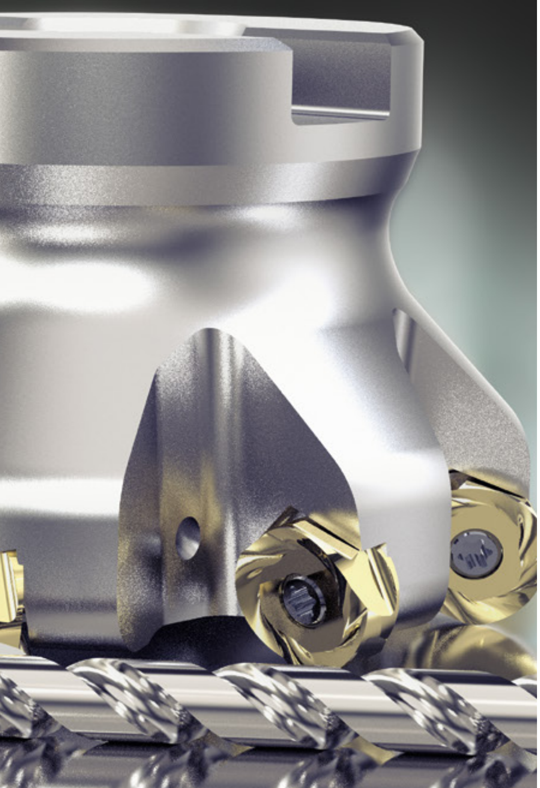
   b) Conflicts of interest are to be avoided in the Supervisory Board's composition. The Supervisory Board decides in each individual case in accordance with the law, and taking the German Corporate Governance Code into consideration, as to how to deal with potential or emerging conflicts of interest.

The current composition of the Supervisory Board corresponds to the objectives and competency profile that the Supervisory Board has set itself for its composition. Overall, the members of the Supervisory Board possess the knowledge, skills and professional experience required to perform their duties properly. Furthermore, the Supervisory Board is of the opinion that it includes a reasonable number of independent members. All of the Supervisory Board members are independent of both the company and its Managing Board in the meaning of the GCGC. In addition, Supervisory Board Chair Mr. Bellgardt and Supervisory Board members Prof. Dr. Kottkamp, Mr. Kleinmann and Mr. Höger are independent of the controlling shareholder in the meaning of the GCGC, and Deputy Chair of the Supervisory Board Mr. Grosse-Allermann is also a member of the Managing Board of Investmentgesellschaft für langfristige Investoren TGV, which holds around 83 % of the voting rights in KROMI Logistik AG.

Proposals of the Supervisory Board to the Shareholders' General Meeting will take into consideration the objectives specified by the Supervisory Board for its composition, and will aim to fill the expertise profile for the entire board. The Supervisory Board decides on its proposals for election to the Shareholders' General Meeting in the company's interests, and taking into consideration all circumstances pertaining to the specific case.

F. Reference to website pursuant to Section 289f (2) No. 1A HGB

The remuneration report, including the auditor's report pursuant to Section 162 of the German Stock Corporation Act (AktG), as well as the applicable remuneration system pursuant to Section 87a (1) and (2) Clause 1 AktG and the last remuneration resolution pursuant to Section 113 (3) AktG will in future be available on the company's website under the heading "Investor Relations" at http://ir.kromi.de.



COMBINED MANAGEMENT REPORT

Combined Management Report on the position of the Company and the Group

KROMI Logistik AG ("KROMI AG" or the "company") with its headquarters and registered office in Hamburg is the parent company of the KROMI Group (KROMI Logistik AG together with its consolidated subsidiaries "KROMI" or the "Group"). As a listed company, KROMI Logistik AG has drawn up its consolidated financial statements in line with the International Financial Reporting Standards (IFRS), as these are to be applied in the European Union (EU), and the supplementary provisions of German commercial law to be observed pursuant to Sec. 315e (1) of the German Commercial Code (HGB). The company's annual financial statements were prepared in accordance with the provisions of the HGB and the Aktiengesetz (AktG – German Stock Corporation Act). The management report of KROMI Logistik AG and the group management report were combined in accordance with Section 315 (5) and Section 298 (2) HGB. Unless otherwise stated, the following disclosures relate equally to the annual financial statements and the consolidated financial statements of KROMI Logistik AG.

A. Fundamentals of the Group and the Company

I. Business model

KROMI is a manufacturer-independent specialist in the optimization of tool availability and tool deployment. This applies, in particular, to technically high-end cutting tools for the processing of metal and plastics in cutting operations.

KROMI regards itself as a trusted and transparent partner for the manufacturing industry. As a future-oriented company, KROMI stands for Industry 4.0. With a wide range of services from the four expertise areas of TOOLS, TECHNOLOGY, LOGISTICS and DATA, KROMI offers customized tool management solutions. KROMI combines data management, efficient machining and logistics processes as well as optimized tool procurement to create a competitive advantage for the customer.

Drawing on IT-networked tool management and controlling systems, KROMI enables the digitalization of tool management for efficient processes. The advantage for customers is to always have the optimal operating resources available at the right time and in the right place.

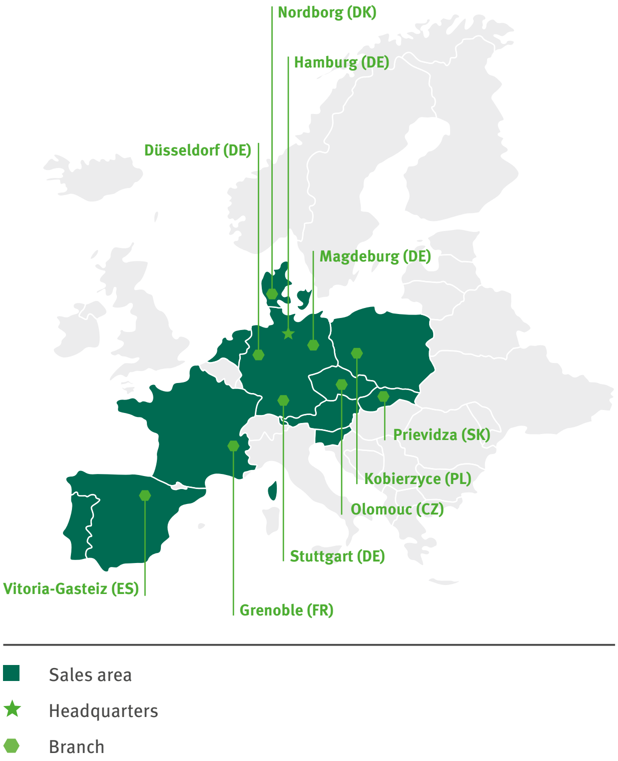
II. Corporate strategy and objectives

KROMI's primary corporate objective is to provide machining companies both in Germany and abroad with optimum customer benefits by delivering professional tool supply services. Group revenue and earnings are solely the consequence of all its activities geared to value for our customers. The optimization and efficiency enhancement of machining processes as well as cost reduction in production and administration form the focus of customer value. The continuous development of KROMI's management and employees is based on this fundamental orientation. KROMI pursues the approach of making sustainable contributions to resource conservation on the customer side. This is achieved, in particular, through the provision of tools in line with demand and an effective regrinding process for tools that are to be reused.

As a pioneer in tool management and as a manufacturer-independent technology specialist, KROMI optimizes tool deployment in machining operations. The company analyzes manufacturing processes and data in detail, and identifies improvement potential. This enables KROMI's tool supply, including all the necessary services, to be integrated precisely into the customer's overall process. Pursuing this orientation, the Managing Board is aiming to achieve sustainable growth in the target markets over the coming years.

III. Corporate structure

Our locations in Europe

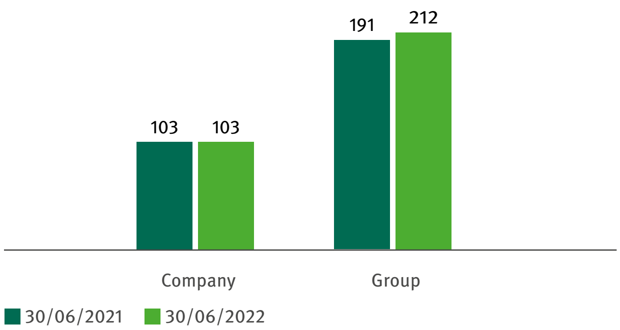


Our locations in Brazil

IV. Segments

The Managing Board believes that is not expedient to apply segmentation based on products, product groups and services, given that the company's products and services are homogeneous. Consequently, KROMI forms its geographic segments according to its customers' production locations in its management reporting, thereby basing itself on its relevant sales markets. A distinction was drawn in the reporting period between Germany, other European countries and Brazil. Activities in Germany and the rest of Europe are reported directly via KROMI Logistik AG, while the results of activities in Brazil are only reflected in the consolidated financial statements.

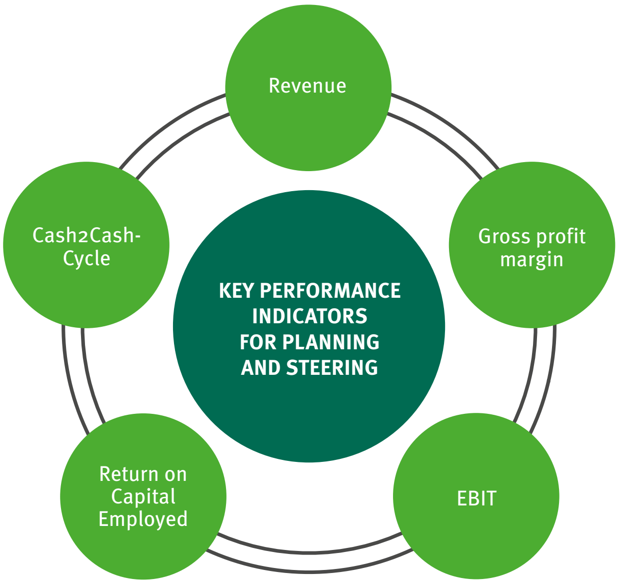
V. Number of employees



VI. Steering system

KROMI utilizes various key figures in order to manage performance with regard to target attainment. This entails applying planning and controlling processes to prepare the requisite key figures and information for decision-makers at various management levels. Detailed annual plans and respective budget figures are determined based on strategic planning. The budget is based on monthly planning, which enables planned/actual analyses, so that countermeasures can be taken at an early stage if required in the event of negative developments. KROMI Logistik AG is integrated into the KROMI Group's control and management system. KROMI Logistik AG's performance indicators correspond to those of the Group.

Key performance indicators for planning and steering:



Key performance indicator and definition	Indication
Revenue (sales revenues)	Growth of customers and industries/Market coverage
Gross profit margin (Revenues less cost of materials in relation to revenue, in %)	Profitability/Changes relating to tool deployment and prices
Operating earnings (EBIT)	Profitability
Return on Capital Employed (ratio of operating earnings to capital employed)	Profitability of capital employed
Cash2Cash Cycle (derived from DPO, DIO and DSO)	Capital employed

The Cash2Cash cycle derives from the performance indicators DPO (days of payables outstanding – average trade payables in the last twelve months divided by the cost of materials in the last twelve months multiplied by 365), DIO (days of inventory outstanding – average inventories in the last twelve months divided by the cost of materials in the last twelve months multiplied by 365) and DSO (days of sales outstanding – average trade receivables in the last twelve months divided by the revenue in the last twelve months multiplied by 365). Beginning with the 2021/2022 fiscal year, ROCE (return on capital employed) will be used as an additional key performance indicator for management purposes. ROCE is calculated as the ratio of the operating result to capital employed (capital employed refers to (i) the non-current assets (corresponds to fixed assets in the separate financial statements) of the KROMI Group, (ii) plus inventories, (iii) plus trade receivables, (iv) plus a purchase price retention from factoring recognized under other assets (corresponds to other assets in the separate financial statements), (v) less trade payables, and (vi) less advance payments received on orders). Contribution margin 2 was no longer defined as a key performance indicator for planning and control in the 2021/2022 business year.

B. Business report

I. Macroeconomic conditions

The spread of new coronavirus variants continued to disrupt economic activity in Europe in 2021. Subsequent to renewed contact restrictions and widespread labor shortages due to quarantine or illness, however, renewed recovery set in as from spring 2022 onwards. In this context, it is evident that overall economic developments are less and less impacted by the coronavirus pandemic and that the resulting economic upswing is counteracting the negative repercussions of the Russia-Ukraine war.[1]

In the first half of 2022, the economic impact of the Russia-Ukraine war was noticeably felt. In particular, the war disrupted supply chains. Sanctions on supplier products further increased transport times and additionally lengthened production chains. Restricted trade activities, interrupted supply flows and overall economic uncertainty were therefore reflected in the economic context and led to significantly higher commodity and especially to higher energy prices. Taken together, these factors fueled the sharp rise in inflation worldwide. As a reaction to rising inflation, the end of the previously expansive monetary policy of the central banks was heralded, resulting in higher interest rates. The uncertain investment climate and general economic uncertainty, as well as the extraordinarily high inflation also counteracted the post-pandemic upward forces in Germany. Due to positive special effects resulting from the pandemic wave, such as a surplus of orders by industrial companies and high household savings by consumers, only a short-term strong plunge in the economic recovery is to be expected. In Brazil, higher consumer prices and high base interest rates are burdening the economy.

[1] https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB_91_2022-Q2_Welt_DE.pdf

Overview Development of price-adjusted gross domestic product according to the Kiel Institute for the World Economy[2,3]

Region	2021	2022*	2023*
World	+5.9 %	+3.0 %	+3.2 %
Euro area	+5.3 %	+3.1 %	+2.7 %
Germany	+2.9 %	+2.1 %	+3.3 %
Brazil	+4.7 %	+0.7 %	+1.5 %

* Forecast

While the recovery of the macroeconomic framework conditions in 2021 had a thoroughly positive impact on KROMI's business activities, the macroeconomic uncertainties described made KROMI's economic activities more difficult in 2022.

II. Sector-related conditions

As a manufacturer-neutral specialist in professional tool management, KROMI's range of products and services is oriented to manufacturing companies both in Germany and abroad. KROMI's focus is on all companies exhibiting significant tool consumption as part of mechanical processing (machining). Such companies especially include machine and plant manufacturers, automotive supply companies, as well as the aviation industry. The economic situation in these sectors consequently offers a good indicator of KROMI's short to medium-term prospects.

a. Mechanical engineering/precision tools

According to the German Engineering Federation (VDMA), supply-side bottlenecks resulted in significantly lower growth of 8 % in the second half of 2021 than in the first half of 2021 (+25 %). Overall, EU machinery production increased by 12 % in 2021 compared to the previous year.[4] Order intake in the German mechanical and plant engineering sector put in a record increase of 32 % in 2021 after a decline in the previous year. However, the upswing in mechanical engineering weakened again as early as the fourth quarter of 2021, according to figures from the industry association. Consequently, the Russia-Ukraine war that emerged led to a correction of growth expectations for 2022 from 7 % to 4 % as early as March.[5] In July 2022, this trend was confirmed: Order intake in the machinery and plant engineering sector dropped by 14 % in real terms compared to the previous year.[6] Accordingly, the VDMA economists now expect real production to grow by only 1 % in 2022, and the forecast for 2023 is even slightly negative at –2 %.[7]

Stimulated by sales in the infrastructure sector, the construction industry and agriculture, the industry association Abimaq expects Brazil's mechanical engineering sector to increase sales by 6 % in 2022. In addition to the domestic market, exports – especially to Latin American countries – will also contribute to production growth.[8]

b. Automotive and automotive supply industry

In 2021, according to the German Association of the Automotive Industry (VDA), the global market recovered after a decline in 2020, but remained significantly below the volumes of previous years. Worldwide, 71.3 million passenger cars were registered, corresponding to growth of 4 % compared to the previous year. A stronger recovery was prevented mainly by the ongoing semiconductor shortages as well as supply chain disruptions.[9] Global passenger car production advanced by 4 % to 71.3 million units in 2021.[10] In China, the world's largest car market, passenger car sales increased by 7 % to 21.1 million new vehicles in 2021.[11] In Europe, however, the market volume edged down by 2 % to 11.8 million new vehicles, the lowest figure since the VDA began collecting data in 2003.[12] In Germany, the car market recorded a double-digit decrease in 2021 for the second year in a row. New registrations fell 10 % to 2.6 million units.[13]In the first half of 2022, 1.2 million new vehicles were registered in Germany, down 11 % on the same period in the previous year.[14] For the full year 2022, the VDA is expecting 2.7 million new cars.[15] With regard to Brazil, passenger car sales in the first half of 2022 are expected to decline by

2 https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB_91_2022-Q2_Welt_DE.pdf
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5 https://www.vdi-nachrichten.com/technik/produktion/maschinenbau-senkt-wachstumsprognose-fuer-2022-auf-4/
6 https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2022/KKB_91_2022-Q2_Welt_DE.pdf
7 https://www.vdma.org/viewer/-/v2article/render/66305450
8 https://www.gtai.de/de/trade/branchen/maschinenbau-247744
9 https://www.vda.de/de/themen/automobilindustrie/neuzulassungen-pkw-und-e-pkw/international
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14 https://www.vda.de/vda/de/presse/Pressemeldungen/2022/220705_PM_Neuzulassungen-gehen-im-Juni-erneut-zur-ck_Produktion-und-Export-steigen-an
15 https://www.handelsblatt.com/unternehmen/industrie/neuzulassungen-autoverband-vda-senkt-erneut-prognose-fuer-das-laufende-jahr/28438680.html

15 % year-on-year to 0.85 million vehicles,[16] while the VDA forecasts that the market in Europe will stagnate at 11.8 million passenger cars[17]. Viewing the current year, the VDA expects an overall global decline of 1 % to a total of 70.2 million vehicles.[18]

c. Aircraft construction and aviation

In 2021, confidence in the aviation industry improved again after a crisis year in 2020, with passenger kilometres travelled recording a 21.9 % gain compared to the previous year.[19] In 2022, this figure is expected to reach 82 % of its pre-crisis level achieved in 2019. Overall, however, the recovery of the aviation industry was sluggish last year, even though the International Air Transport Association (IATA) notes a rise in total global spending on air travel of 32 % to US$ 521 billion in 2021 (2020: US$ 394 billion).[20] The development of passenger and cargo volumes, and consequently the delivery of new aircraft, will continue to depend to a large extent on the dynamics of the infection as well as other factors such as bottlenecks in the supply chains and the Russia-Ukraine war. While the IATA is reporting 1,143 aircraft delivered in 2021, for this year the figure is expected to be 1,622.[21] According to the IATA, total aviation expenditure for 2022 will rise to US$ 813 billion (+56.0 % by comparison with the previous year).[22]

The macroeconomic developments in 2021 and 2022 are reflected in particular in the general conditions in the automotive and automotive supply sectors, as well as in aircraft construction and air traffic. From KROMI's perspective, this means that the same effects on its own business activities will arise as already explained under the general economic conditions. The recovery in 2021 provided a tailwind, while the influences described for 2022 placed burdens on economic activities. In contrast, KROMI takes a positive view of developments in the engineering sector. Both 2021 and 2022 were characterised by significantly above-average growth rates in the sector, which were also reflected in satisfactory demand at KROMI.

III. Business performance – KROMI Logistik AG and KROMI Group in fiscal year 2021/2022

The company's specific business performance mostly corresponds to the performance of the "Germany" and "Rest of Europe" segments in the KROMI Group.

a. Germany: Slight decline in turnover due to difficult market environment

Revenue in Germany fell year on year from EUR 38,589 thousand to EUR 37,645 thousand. The decline is mainly due to the tense overall economic situation in the automotive industry as well as aircraft construction, while the general mechanical engineering sector developed positively.

b. European countries outside Germany: Successful acquisition of new customers and further expansion of existing customer business

In other European countries, KROMI was able to acquire further new customers from the general mechanical engineering sector, among others. Against the backdrop of this stronger market penetration and an expansion of business with existing customers, turnover in the 2021/2022 financial year increased from EUR 29,551 thousand in the previous year to EUR 32,083 thousand despite the volatile market environment.

c. Brazil: Positive business development and significant growth thanks to new customers

Revenue with customers in the automotive supply industry and the mechanical engineering industry in Brazil reported a very pleasing trend in the fiscal year under review, growing to EUR 10,734 thousand, or BRL 62,699 thousand (previous year: EUR 8,262 thousand or BRL 53,160 thousand). In local currency, Brazilian sales were up by 17.9 % – in euros even by 29.9 % – due to the positive order situation with existing customers and the acquisition of new customers.

[16] https://www.vda.de/vda/de/presse/Pressemeldungen/2022/220715_PM_Internationale-Automobilm-rkte-mit-durchwachsenem-Halbjahr
[17] https://www.vda.de/vda/de/presse/Pressemeldungen/2022/220620_PM_Internationale-Automobilmaerkte-VDA-passt-Prognosen-an
[18] https://www.vda.de/vda/de/presse/Pressemeldungen/220620_PM_Internationale-Automobilmaerkte-VDA-passt-Prognosen-an
[19] https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---june-2022---report/
[20] https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---june-2022---report/
[21] https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---october-2021---report/
[22] https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---june-2022---report/

d. Development of key performance indicator in the Group

In the 2021/2022 business year, the forecast for turnover and the operating result was achieved at the upper end of the range. In addition to revenue growth of 5.3 %, a clearly positive operating result of EUR 1,228 thousand was achieved. The forecast for a slight improvement in the gross profit margin, ROCE in the mid-single-digit percentage range and a significantly improved C2C cycle were also achieved. The following presents an overview of trends and developments:

Key performance indicator	Original forecast for 2021/2022	Adjusted forecast 2021/2022	Actual 2021/2022	Previous year 2020/2021
Revenue	Revenue increase of around 10 %	Revenue increase in the low to mid-single-digit percentage range	EUR 80,462 thousand (+5.3%)	EUR 76,402 thousand (+10%)
Gross profit margin	Slight improvement	Slight improvement	22.1 %	21.4 %
Operating result	Significant increase in operating result	Significant increase in operating result	EUR 1,228 thousand	EUR 702 thousand
ROCE	ROCE in the mid-single-digit percentage range	Leave original forecast	4.58 %	2.51 %
DPO (days of payables outstanding)	Significant improvement	Leave original forecast	–35 days	–33 days
DIO (days of inventory outstanding)	Significant improvement	Leave original forecast	104 days	108 days
DSO (days of sales outstanding)	Significant improvement	Leave original forecast	41 days	60 days

Contribution margin 2 was no longer defined as a key performance indicator for planning and control in the 2021/2022 business year.

e. Development of the company's key performance indicators

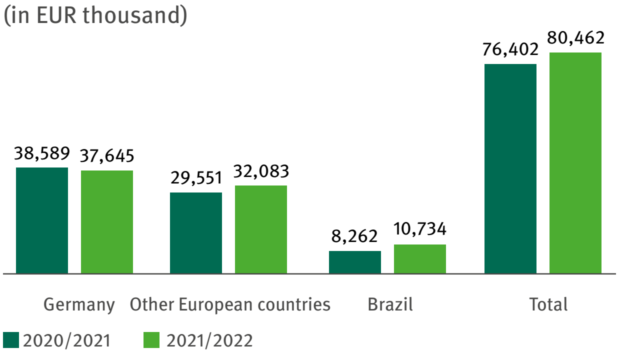
In the 2021/2022 business year, the forecast for turnover and operating result was achieved. In addition to revenue growth of 2.4 %, a clearly positive operating result of EUR 627 thousand was achieved. The forecasts for a slight improvement in the gross profit margin in the mid-single-digit percentage range and a significantly improved C2C cycle were also hit. By contrast, the ROCE forecast for the company was missed due to the turnover increase in the low single-digit percentage range. The following presents an overview of trends and developments:

Key performance indicator	Original forecast for 2021/2022	Adjusted forecast 2021/2022	Actual 2021/2022	Previous year 2020/2021
Revenue	Revenue increase of around 10 %	Revenue increase in the low to mid-single-digit percentage range	EUR 69,804 thousand (+2.4%)	EUR 68,168 thousand (+10.5%)
Gross profit margin	Slight improvement	Slight improvement	22.0 %	21.3 %
Operating result	Significant increase in operating result	Significant increase in operating result	EUR 627 thousand	EUR 154 thousand
ROCE	ROCE in the mid-single-digit percentage range	Leave original forecast	2.53%	0.50 %
DPO (days of payables outstanding)	Significant improvement	Leave original forecast	–34 days	–32 days
DIO (days of inventory outstanding)	Significant improvement	Leave original forecast	104 days	108 days
DSO (days of sales outstanding)	Significant improvement	Leave original forecast	41 days	60 days

IV. Financial position and performance of the Group

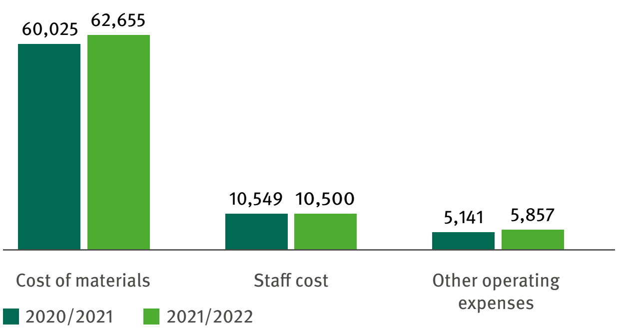
a. Results of operations

Group revenues
(in EUR thousand)



Revenue was up by 5.3 % to EUR 80,462 thousand in the 2021/2022 reporting period (previous year: EUR 76,402 thousand). Despite a difficult market environment in the automotive sector, which is important for KROMI, this growth was primarily achieved through the successful acquisition of new customers in other European countries and in Brazil, as well as growth generated with existing customers.

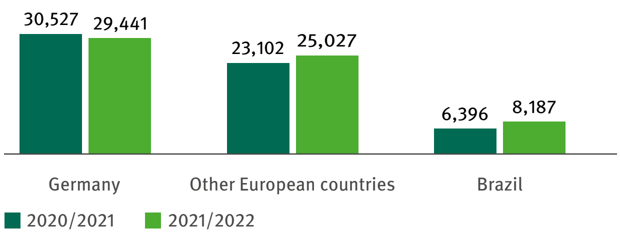
Cost of materials, staff costs and other operating expenses year-on-year
(in EUR thousand)



The cost of materials ratio amounted to 77.9 % as of the reporting date, thereby slightly below the previous year's level (previous year: 78.6 %). At 22.1%, the gross profit margin was correspondingly above the previous year's level (previous year: 21.4 %). Despite the unfavourable macroeconomic conditions with rising raw material prices, the cost of materials ratio and the gross profit margin were slightly improved. This improvement is the result of a continuous analysis and optimization of the product mix as well as purchasing and sales conditions.

The cost of materials in the 2021/2022 business year advanced to a total of EUR 62,655 thousand (previous year: EUR 60,025 thousand) and results from the further expansion of business compared to the same period in the previous year. Beyond the breakdown of the cost of materials, no breakdown of income and expense items by segment is presented.

Cost of materials per segment year-on-year
(in EUR thousand)



Staff costs fell slightly by 0.5 % compared to the previous year. The comparative period was characterized by special charges from the performance program implemented in the 2020/2021 business year. In addition, short-time work effects and government subsidies as part of support measures in connection with the Corona pandemic (in the financial year 2021/2022 in the amount of EUR 15 thousand) had an opposite effect on the previous year's personnel expenses (previous year: EUR 253 thousand). The personnel expense ratio decreased from 13.8 % in the previous year to 13.0 % in the 2021/2022 business year.

At EUR 5,857 thousand, other operating expenses were recorded above the previous year's level (EUR 5,141 thousand). The main reason for this was an insolvency-related impairment on receivables from a customer in the automotive industry (EUR 510 thousand).

At EUR 1,083 thousand, depreciation and amortization were at the previous year's level (EUR 1,022 thousand).

As a consequence, the operating result (EBIT) improved considerably year-on-year and was clearly positive at EUR 1,228 thousand (previous year: EUR 702 thousand). Given the higher operating result and the reduced capital employed, ROCE was increased from 2.5 % in the previous year to 4.6 % in the 2021/2022 business year.

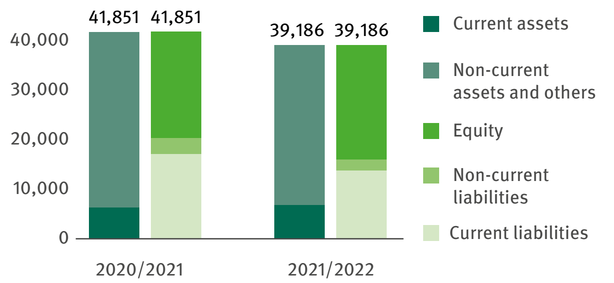
Financial expenses of EUR 501 thousand were slightly up on the previous year's level (EUR 422 thousand). In the current financial year, the financial expenses were influenced by one-time interest on tax arrears due to an external tax audit in the amount of EUR 52 thousand. Financial income amounted to EUR 36 thousand in the reporting period (previous year: EUR 43 thousand).

In the 2021/2022 financial year, tax income in an amount of EUR 310 thousand was reported (previous year: tax expense of EUR 2 thousand). The tax income essentially results from the capitalization of tax loss carryforwards in Brazil in the amount of EUR 949 thousand (previous year: EUR 0 thousand). This was offset by an expected additional payment of EUR 251 thousand (previous year: EUR 0 thousand) from a fiscal audit and current tax expenses of EUR 281 thousand (previous year: EUR 45 thousand).

KROMI thus recorded positive consolidated earnings of EUR 1,073 thousand (previous year: EUR 321 thousand), which were positively impacted overall by the capitalization of tax loss carryforwards, the insolvency-related loss of receivables and the expected back tax payment due to a fiscal audit. As a result of the sector-specific and macroeconomic conditions described above, KROMI does not consider its earnings growth to be satisfactory without taking the aforementioned one-off effects into account.

b. Net assets

Consolidated statement of financial position
(in EUR thousand)



As of the June 30, 2022 reporting date, KROMI's total assets stood at EUR 39,186 thousand, thereby slightly below their level in the previous year (EUR 41,851 thousand).

Non-current assets were up from EUR 6,366 thousand to EUR 6,803 thousand as of June 30, 2022 compared to the previous year. This increase is due to the capitalization of tax loss carryforwards in Brazil in the amount of EUR 932 thousand, as well as investments in property, plant and equipment (primarily the KROMI Tool Center (KTC) and IT equipment) in the amount of EUR 863 thousand. Scheduled depreciation of EUR 1,083 thousand (previous year: EUR 1,022 thousand) ran counter to this effect.

Through further optimization of inventory management, inventories were reduced by 2.5 % compared to the previous year despite the growth in turnover and amounted to EUR 17,980 thousand as of June 30, 2022 (previous year: EUR 18,445 thousand). Trade receivables remained at the previous year's level at EUR 10,365 thousand (previous year: EUR 10,302 thousand) in spite of the expansion of business.

At EUR 2,241 thousand, other current assets were above the previous year's level (EUR 1,844 thousand). The decrease in cash and cash equivalents from EUR 4,887 thousand to EUR 1,797 thousand is mainly due to measures to improve cash management.

The equity and liabilities side of the balance sheet showed improved equity capital of EUR 23,178 thousand as of the reporting date (previous year: EUR 21,437 thousand). Primarily as a result of the positive consolidated result in the 2021/2022 business year, the lower pension provisions and the lower utilization of short-term interest-bearing loans with a resulting balance sheet contraction compared to the same period of the previous year, the equity ratio of 59.1 % as of June 30, 2022 represented a significant improvement (previous year: 51.2 %).

The pension provisions decreased from EUR 2,173 thousand to EUR 939 thousand compared to the previous year, mainly due to the higher interest rate.

Liabilities fell noticeably from EUR 20,414 thousand as of June 30, 2021 to EUR 16,008 thousand as of the reporting date. Current liabilities accounted for EUR 13,841 thousand of this amount as of June 30, 2022 EUR 17,080 thousand). The decrease is mainly due to significantly reduced liabilities to banks in the amount of EUR 1,182 thousand (previous year: EUR 6,095 thousand), since after the expansion of factoring, overdraft facilities were utilized to a much lesser extent. In addition, improvements in working capital and cash management had a positive effect.

The increase in trade payables by EUR 1,389 thousand to EUR 9,333 thousand (previous year: EUR 7,944 thousand) results from the increased material requirements due to the expansion of business as well as from reporting date effects.

The cash/cash cycle improved significantly from 135 days in the previous year to 110 days as at the reporting date due to the above explanations.

The development of net assets described above in the 2021/2022 financial year is considered positive overall against the backdrop of the ongoing Russia-Ukraine war, supply chain disruptions and high inflation, as well as the ongoing coronavirus pandemic and their impact on the overall economy.

c. Financial position

Working capital (current assets less current liabilities) was up slightly from EUR 18,404 thousand to EUR 18,540 thousand in the course of the business expansion.

KROMI was able to meet its payment commitments at all times.

Cash flow from operating activities amounted to EUR 3,341 thousand in the period under review (previous year: EUR 4,797 thousand). The previous year's figure was significantly influenced by the introduction of factoring. In the 2021/2022 business year, the further measures for working capital and cash management, in particular, are having a positive effect.

Cash flow from investing activities amounted to EUR –827 thousand (previous year: EUR –383 thousand), while the cash flow from financing activities was EUR –5,637 thousand (previous year EUR –3,319 thousand). Investments in KTC and various operating and office equipment determined the cash flow from investing activities. Cash flow from financing activities was characterized by the repayment of short-term loans and interest payments.

Cash amounted to EUR 1,797 thousand as of the end of the 2021/2022 fiscal year (previous year: EUR 4,887 thousand).

KROMI currently has at its disposal EUR 10.8 million of working capital credit lines, of which EUR 1.4 million were drawn upon as of June 30, 2022.

In view of the positive cash flow from operating activities, which the company managed to use to repay short-term loans, the evolution of the financial position explained in the 2021/2022 financial year is assessed as positive.

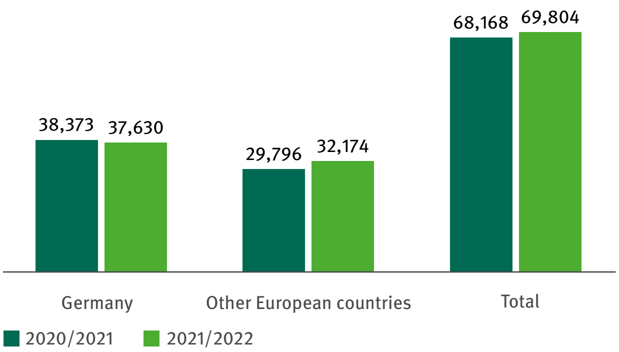
V. Financial position and performance of the company

KROMI Logistik AG prepares its annual financial statements in line with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The company's annual financial statements reflect its activities in Germany and in other European countries.

a. Results of operations

Revenue was up by 2.4 % to EUR 69,804 thousand in the 2021/2022 reporting period (previous year: EUR 68,168 thousand), despite a difficult market environment in the automotive sector, which is important for KROMI. Of this figure, revenues of EUR 37,630 (previous year: EUR 38,373 thousand) were recorded in Germany and EUR 32,174 thousand (previous year: EUR 29,796 thousand) in other European countries.

Revenues of the individual company
(in EUR thousand)

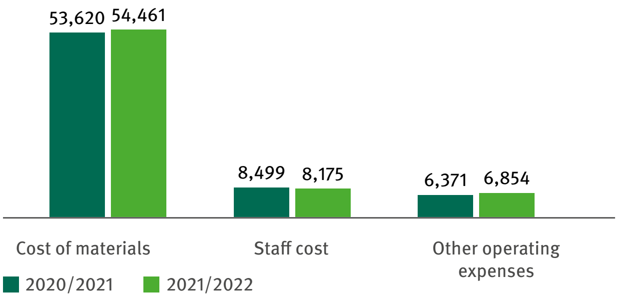


The cost of materials ratio amounted to 78.0 % as of the reporting date, thereby slightly below the previous year's level (previous year: 78.7 %). At 22.0 %, the gross profit margin was consequently slightly above the previous year's level (previous year: 21.3 %). Despite the macroeconomic challenges with rising raw material prices, the cost of materials ratio and the gross profit margin were further improved. This improvement is the result of continuous analysis and optimization of the product mix as well as the terms and conditions of purchasing and sales. The cost of materials in the 2021/2022 business year amounted to EUR 54,461 thousand (previous year: EUR 53,620 thousand). The increased cost of materials in absolute figures follows from the expansion of business compared to the same period in the previous year.

Staff costs fell by 3.8 % compared to the previous year despite the 2.4 % expansion of business. The comparative period was characterized by special charges from the performance program implemented in the 2020/2021 business year. In addition, short-time work effects and government subsidies as part of support measures in connection with the coronavirus pandemic (in the financial year 2021/2022 in the amount of EUR 15 thousand) had an opposite effect on the previous year's staff costs (previous year: EUR 253 thousand). The personnel expense ratio fell from 12.5 % in the previous year to 11.7 %.

At EUR 6,854 thousand, other operating expenses were above the level for the previous year (EUR 6,371 thousand). The main reason for this was an insolvency-related value adjustment on receivables from a customer in the automotive industry (EUR 510 thousand). Adjusted for this special effect, other operating expenses are at the level of the previous year despite the expansion of business.

Cost of materials, staff costs and other operating expenses of the company
(in EUR thousand)



Depreciation and amortization was slightly above the previous year's level at EUR 549 thousand (EUR 499 thousand).

The operating result (revenues to other operating expenses according to income statement items 1 to 7) improved compared to the previous year to EUR 627 thousand (previous year: EUR 154 thousand). As a result, the ROCE improved from 0.5 % in the previous year to 2.53 % in the 2021/2022 fiscal year.

In fiscal year 2021/2022, the carrying amount of the investment in KROMI Logistica do Brasil Ltda., Joinville, was written up in the amount of EUR 596 thousand (previous year: EUR 0 thousand).

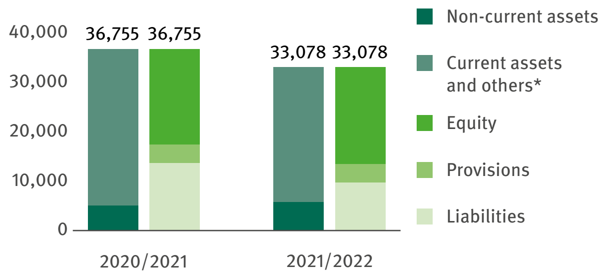
Financing costs of EUR 415 thousand were above the previous year's level (EUR 352 thousand), which is mainly due to interest on tax arrears due to a fiscal audit in the amount of EUR 52 thousand.

Taxes on income stood at EUR 513 thousand in the 2021/2022 fiscal year (previous year: tax income of EUR 5 thousand). The higher tax expense is mainly the result of expected additional payments from a fiscal audit (EUR 251 thousand; previous year: EUR 0 thousand). EUR 0 thousand). The objections made in the fiscal audit were taken into account in the open tax assessments. In addition, there is a current tax expense of EUR 176 thousand (previous year: EUR 1 thousand).

KROMI thus recorded positive net income of EUR 251 thousand (previous year: EUR −218 thousand), which is mainly influenced by the write-up of the carrying amount of the investment in KROMI Logistica do Brasil Ltda, Joinville, the insolvency-related impairment and the expected back tax payment as a result of fiscal audit. As a result of the sector-specific and macroeconomic conditions described above, KROMI does not consider its earnings growth to be satisfactory without taking the aforementioned one-off effects into account.

b. Net assets

Statement of financial position of the company
(in EUR thousand)



*Accruals and deferred tax assets

As of the June 30, 2022 reporting date, KROMI AG's total assets stood at EUR 33,078 thousand, significantly below the figure for the previous year (EUR 36,755 thousand).

Fixed assets increased appreciably from EUR 5,008 thousand in the previous year to EUR 5,712 thousand as of June 30, 2022. This was mainly due to investments in KTC and IT equipment in an amount of EUR 658 thousand as well as the write-up of the carrying amount of the investment in the Brazilian subsidiary (EUR 596 thousand). Scheduled depreciation of EUR 549 thousand (previous year: EUR 499 thousand) ran counter to this trend.

Through further optimization of inventory management, inventories were reduced by 5.5 % compared to the previous year despite the growth in turnover and amounted to EUR 15,168 thousand as of June 30, 2022 (previous year: EUR 16,051 thousand). The trade receivables stood at EUR 8,709 thousand, below the level of the previous year (EUR 9,155 thousand) in spite of the expansion of the business. The implementation of factoring led to the sale of trade receivables to the factoring partner in an amount of EUR 9,071 thousand as of the reporting date (previous year: EUR 7,522 thousand).

Other assets of EUR 1,748 thousand were slightly up on the previous year's figure (EUR 1,499 thousand). This increase is mainly due to the receivables from the purchase price retention related to the trade receivables sold in the course of factoring in an amount of EUR 979 thousand. EUR 752 thousand). The reduction in cash and cash equivalents from EUR 4,357 thousand to EUR 1,056 thousand is mainly due to the introduction of measures to improve cash management.

The equity and liabilities side of the balance sheet showed equity at the previous year's level, standing at EUR 19,650 thousand as of the reporting date (previous year: EUR 19,398 thousand). Mainly as a result of the lower utilization of short-term interest-bearing loans with a resulting contraction of the balance sheet compared to the same period of the previous year, the equity ratio as of June 30, 2022 is 59.4 % (previous year: 52.8 %).

Pension provisions decreased from EUR 1,866 thousand in the previous year to EUR 1,617 thousand, mainly due to the reclassification of a pledged bank account (EUR 350 thousand). Liabilities fell significantly from EUR 13,589 thousand as of June 30, 2021 to EUR 9,639 thousand as of the reporting date. Bank liabilities were reduced from EUR 6,114 thousand to EUR 1,112 thousand, as current account lines were utilized to a much lesser extent after the expansion of factoring. In addition, improvements in working capital and cash management had a positive effect. The increased trade payables of EUR 7,925 thousand (previous year: EUR 6,723 thousand) are due to the increased demand for materials as a result of the business expansion and improved cash management during the financial year. The cash-to-cash cycle has improved markedly from 138 days in the previous year to 110 days as of the reporting date.

The development of the financial position described above is viewed positively in the 2021/2022 financial year against the backdrop of the ongoing Russia-Ukraine war, supply chain disruptions and high inflation, as well as the continuing coronavirus pandemic and their impact on the overall economy.

c. Financial position

Working capital (current assets less current liabilities) was significantly below the previous year's level at EUR 15,457 thousand (previous year: EUR 16,304 thousand).

KROMI was able to meet its payment commitments at all times.

Cash flow from operating activities amounted to EUR 2,774 thousand in the period under review (previous year: EUR 4,624 thousand). The previous year's figure was marked by the introduction of factoring. In the 2021/2022 business year, the measures for working capital and cash management, in particular, are having a positive effect.

Cash flow from investing activities amounted to EUR –657 thousand (previous year: EUR –307 thousand), while cash flow from financing activities amounted to EUR –5,418 thousand (previous year: EUR –2,968 thousand). Investment in KTC and various operating and office equipment shaped the cash flow from investing activities.

Cash amounted to EUR 1,056 thousand as of the end of the 2021/2022 fiscal year (previous year: EUR 4,357 thousand).

KROMI AG currently has at its disposal EUR 10,000 thousand of working capital credit lines, of which EUR 636 thousand were drawn upon as of June 30, 2022.

In view of the positive cash flow from operating activities, which the company managed to use to repay short-term loans, the evolution of the financial position in the 2021/2022 financial year as explained is assessed as positive.

VI. Overall statement on the Group's and the Company's financial position

In retrospect, the 2021/2022 business year proved successful compared with the previous year against the backdrop of numerous macroeconomic challenges, despite the adjustment of the sales forecast during the year.

After production levels had been significantly reduced in KROMI's target industries as part of the lockdowns, the business situation improved steadily again over the course of 2021. As a result, KROMI was also targeting strong revenue growth of around 10 % for fiscal year 2021/2022 compared to fiscal year 2020/2021. Against the backdrop of the massive semiconductor shortage in the automotive industry and global supply chain problems that were already evident in the first half of the fiscal year, as well as the additional challenges posed by the Russia-Ukraine war and increased inflation, KROMI lowered its revenue forecast for the year as a whole in the third quarter of the fiscal year. The Managing Board was then forecasting a year-on-year increase in revenues in the low to mid-single-digit percentage range, as well as a significant increase in operating earnings. With the developments in 2021/2022, this adjusted target was achieved at the upper end of the range despite the still very difficult environment. Although the Managing Board had to adjust its forecast, KROMI was able to maintain its profitable growth trajectory under unfavourable conditions. Nevertheless, the Managing Board is not satisfied with earnings growth to date. However, with a very good equity ratio of around 59 % as of June 30, 2022, as well as optimized receivables and inventory management, the Managing Board believes that KROMI is well equipped to take further measures to sustainably increase profitability.

C. Report on outlook, risks, and opportunities

I. Outlook

a. Managing Board's overall statement on KROMI's development in the 2022/2023 fiscal year

The Managing Board plans to further consolidate and expand the business with both existing and new customers in the future. Additional growth is to be achieved primarily at existing locations, while new markets are to be tapped principally by way of supporting existing customers. Due to the positive development of the company's net assets, financial position and results of operations as well as the diversified customer structure and the efficiency measures taken, the Managing Board is confident that it will be able to maintain KROMI's positive growth in the current fiscal year in spite of the considerable macroeconomic, political and foreseeable social challenges.

b. Expected development of KROMI's market environment

From today's perspective, the general mechanical engineering, aerospace and automotive supply industries are under pressure to transform their businesses through increasing digitization and by radically reducing their use of fossil fuels. According to the German Engineering Federation (VDMA), the production level in mechanical and systems engineering in Germany will increase by a mere 1 % in 2022 compared with the previous year.[23] With regard to 2023, the forecast is even slightly negative at –2 %.[24]

The International Air Transport Association (IATA) is expecting an economic recovery in 2022, although airlines will still need government support. The level prior to the outbreak of the coronavirus pandemic will most likely not be reached.[25] A difficult operating environment is also expected for the aviation sector in 2023. The large pent-up demand for air travel will not continue indefinitely and airlines will need to continue watching their costs to support their financial recovery.[26]

According to the VDA, the market situation in the automotive sector is expected to improve slightly in 2022[27] but it will not be possible to fully make up for the declines in 2020.[28] With a look to the global market, the VDA is assuming sales volumes at the previous year's level for the course of 2022.[29] Thanks to the accelerated implementation of digitization and greater focus on sustainability, as well as an unbroken trend towards outsourcing, KROMI believes that it is fundamentally well positioned with its business model and customers spread across industries and countries to achieve positive growth even in the challenging market environment.

c. Expected trend of the Group and the company

The Russia-Ukraine war, further geopolitical tensions and a mix of high inflation rates, mainly driven by high energy prices, and rising interest rates have led to a deterioration in the economic environment. The International Monetary Fund again reduced its growth forecast for the global economy in July 2022.[30] These effects were already clearly noticeable for KROMI in fiscal year 2021/2022, and negative effects will also be felt in fiscal year 2022/2023. However, KROMI's customers still largely have good order books at present. Assuming there is no worsening of the geopolitical crises, no renewed restrictions as a result of the coronavirus pandemic or other disruptions to supply chains with a correspondingly negative impact on KROMI's target industries, the Managing Board is forecasting revenue growth in the low to mid-single-digit percentage range, a slightly improved gross profit margin and a disproportionately high improvement in consolidated operating earnings (EBIT) by comparison with revenues in fiscal year 2022/2023. For the separate financial statements of the company, on the other hand, the Managing Board expects a disproportionately

[23] https://www.vdma.org/viewer/-/v2article/render/52232744
[24] https://www.vdma.org/viewer/-/v2article/render/66305450
[25] https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---october-2021---report/
[26] https://www.iata.org/en/iata-repository/publications/economic-reports/economic-headwinds-expected-to-continue-in-2023/
[27] https://www.vda.de/de/presse/Pressemeldungen/220603_PM_Pkw-Markt_im_Mai_erneut_ruecklaeufig_Produktion-_im_Plus
[28] https://www.vda.de/vda/de/presse/Pressemeldungen/2021/210119-Europ-ischer-Pkw-Markt-bricht-2020-um-ein-Viertel-ein
[29] https://www.vda.de/vda/de/presse/Pressemeldungen/2022/220902_PM_Internationale-Pkw-Automobilm-rkte--VDA-passt-Prognosen-an
[30] https://www.dw.com/de/iwf-weniger-wachstum-mehr-inflation/a-62601426

high improvement in operating earnings by comparison with revenues. The Managing Board is forecasting ROCE in the mid-single-digit percentage range. The C2C cycle, on the other hand, is expected to remain at the level of the 2021/2022 financial year.

II. Risks and opportunities report

a. Report and explanations pursuant to Section 315 (4) HGB

In general, the risk management system (RMS) and the internal control system (ICS) include, in addition to accounting-related processes, all controls in the company that ensure the completeness and accuracy of the accounting. The goal of the risk management system with regard to the accounting process is to identify and assess risks that could conflict with the goal of ensuring that the annual financial statements and consolidated financial statements and the combined management report comply with regulations. Identified risks are measured in relation to their impact on the annual financial statements and the combined management report. In this connection, the internal controlling system aims to guarantee sufficient certainty by implementing corresponding controls that the separate financial statements, the consolidated financial statements and combined management report are prepared in compliance with regulations despite the identified risks.

b. Accounting-based internal control system

KROMI's Managing Board has set up an internal control system for the wide-ranging organizational, technical and commercial workflows within the Group in order to ensure that financial bookkeeping and accounting are conducted properly. As an integral component of the financial accounting process, this system comprises preventive, supervisory and revelatory security and controlling measures within the financial accounting and operating functions. The clear allocation of responsibilities and controls as well as appropriate access regulations in the IT systems of relevance to the financial statements comprise key financial accounting control elements. One central element is the principle of functional separation, which aims to ensure that major executive (for example, sales), booking (for example, financial accounting) and administrative (for example, IT administration) activities do not stem from a single source. The dual control principle ensures that no major process goes uncontrolled.

c. Risk management and methods

KROMI has developed systems, methods and bodies to implement and secure its business. These aim to enable the Managing Board to recognize at an early juncture any operating and financial risks – whether immaterial, material, or risks that might jeopardize the company as a going concern – and also to mitigate them. This is to ensure that critical information is passed on directly and promptly to the Managing Board and the Supervisory Board. In this context, the risk management system issues the following basic principles and objectives:

- to systematically record and assess risks to create transparency in management circles,
- to create room for maneuver, while avoiding unacceptable risks or reducing risks to an acceptable level,
- to agree within the management group on how the company can limit the probability of relevant risks occurring and derive appropriate measures.

KROMI utilizes the "Jedox" management and controlling system in order to measure, monitor and control business growth and risks. This system is mostly based on data from the ERP system SAP. The process for identifying and assessing risks is explained in a risk manual, and the levels of responsibility within the company have been assigned. Existing risk potentials are monitored on an ongoing basis, and adequate activities to limit risks are put in place if possible.

Within the framework of the six-monthly risk identification and assessment process, risks are classified by the relevant risk managers. Here, the risks are quantified and grouped according to their probability of occurrence and their potential damage, i. e. the outflow of liquidity if the risk materializes. In addition, risk minimization measures are defined. Depending on their relevance, the risks identified are divided into "immaterial", "material" and "existential" risks.

The risks identified are also aggregated every six months with their weighted financial impact, and compared with the KROMI Group's risk coverage potential. The risk coverage potential is given by free cash and cash equivalents and the credit lines that have not yet been utilized. Such a review of risk-bearing capacity was last carried out in June 2022, and concluded that KROMI is in a position to bear the risks to which it is exposed.

d. Risks

KROMI's Managing Board is directly responsible for the early recognition, controlling and communication of risks. This enables the company to respond to potential risks both rapidly and comprehensively. In its overall assessment of the risk situation, the Managing Board is of the opinion that the following risks and their treatment will be of particular importance in the 2022/2023 fiscal year:

i. Market risks and geopolitical risks

KROMI's customers are primarily active in the general engineering, automotive supplies and aviation sectors in Germany as well as in other European countries and in Brazil. Demand for their products is subject at present to strong influences due to cyclical, pandemic-related and technological reasons, at times entailing sharp fluctuations in demand for the services and products KROMI offers. In addition, there are business relationships with customers that are of particular importance if KROMI is to meet its targets. The sectors in which KROMI's customers operate and the importance of individual customers for KROMI may have a negative impact on KROMI's net assets, financial position and results of operations.

Geopolitical risks have an indirect impact on KROMI, causing production cutbacks for some customers which could lead to lower tool purchases. In addition, increases in the cost of energy and raw materials for manufacturing these tools may lead to an increase in KROMI's purchasing costs. In addition, these risks affect the entire economic cycle with the result that bottlenecks may occur and deliveries may be delayed. If KROMI is only able to procure goods late or not at all, there is a risk that it will only be able to meet its customer obligations late or not at all. Due to the impossibility of forecasting further developments and their potential impact on KROMI, this risk is classified as material for the time being.

Moreover, the automotive industry, large parts of the mechanical engineering sector and aircraft construction are facing significant restructuring in the coming years as a consequence of new legal requirements for climate protection and sustainability. The management will continue to monitor the consequences for the manufacturing divisions that are important for KROMI. KROMI will carefully monitor the impact on its customers, continuously analyze the repercussions for its own business, and adapt to the new conditions.

ii. Liquidity risk

KROMI's business model requires the provision of working capital. Maintaining a sufficient liquidity reserve is achieved through careful liquidity management. Rolling liquidity planning is used to calculate the liquidity needed. These instruments allow financial requirements to be coordinated and covered on time with lending banks. In spite of its successful liquidity management, KROMI assesses its liquidity risk in the 2022/2023 financial year as material but not existential.

iii. Risk of receivables default/risk of customer insolvency

KROMI steers and minimizes its receivables default risk through consistent debtor management. KROMI's customers primarily comprise established industrial companies with good credit ratings. A risk relating to payment behavior and solvency nevertheless generally exists. Significant effects for financial position and performance would arise especially given a default on a receivable by a customer or a corporate group with a receivables position of more than 10 % of the overall receivable. Only one corporate group meets this criterion at present. Between two and four months can elapse between the tools being removed from the dispensers and payment actually being received, including the agreed payment targets. KROMI counters receivables default risk through diversification of its portfolio of customers. In addition, a trade credit insurance policy was taken out in the 2018 / 2019 fiscal year to further hedge against the insolvency risk, which to a large extent hedges customer receivables. Before a new customer contract is concluded, the customer's credit standing is also checked on the basis of generally available information. As part of receivables management, all customers are subject to a regular review by the Managing Board and financial management and, if necessary, further measures are initiated, ranging from switching to advance payment, shortening payment terms through to terminating the business relationship. KROMI is currently working on supplementing this regular credit check with operational risk factors for customers. Equally, all customers are subject to a fixed and automated receivables management/ reminder system. Despite all the countermeasures that have been introduced, KROMI cannot completely rule out defaults, which means that the risk is considered to be material.

iv. Information technology risks

IT systems form a key component of KROMI's business processes. The utilization of IT entails risks in relation to the availability, reliability and stability of business processes, as well as data confidentiality, which could have a negative effect on KROMI's financial position and performance, as well as its reputation. IT-related risks are monitored constantly. Measures needed to reduce risks are implemented where required. The IT systems are regularly evaluated in relation to their security level, based on the relevant business processes and the data to be processed. Various risk scenarios are taken into account in this context, such as system downtime and hacker attacks. As a result of these analyses, redundant systems are installed at various locations and additional external back-up systems are deployed. The IT design within KTC supply ensures that KTC dispenser supply is permanently ensured for the customer in the event of a defect or temporary server downtime. Data losses are avoided through additional external data back-ups. To further minimize this risk, and to maintain efficient and secure business processes, KROMI also constantly checks its IT systems, and is constantly developing them further. Despite the measures implemented, KROMI classifies the risk as material.

e. Opportunities

i. Opportunities arising from the outsourcing trend in manufacturing industry

Manufacturing companies are increasingly focusing on their core competencies. A growing trend prevails toward outsourcing peripheral production areas. Cost pressure, high inventory levels of "C items" (products of low value but which are indispensable for regular production processes), the tying up of capital, and a lack of transparency are reasons that motivate industrial companies to pursue outsourcing, including the outsourcing of precision tools. This generates considerable market potential for KROMI. Customers' frequent lack of tool know-how and the lack of databases to optimize tool deployment also represent a strong need for external advice.

ii. Growth with existing multinational customers

KROMI's multinational customer structure offers continuously high growth potential. KROMI realizes growth through expanding tool management for existing customers that also rely on KROMI's services for new locations in Germany and abroad. This offers KROMI's customers the opportunity to streamline their own structures and thereby remain competitive, particularly in a difficult economic environment.

iii. Market opportunities as a manufacturer-independent pioneer

As a sector pioneer and trailblazer, KROMI has established a reputation within the tool management niche. This market share is nevertheless relatively insignificant compared with the respective market. As a consequence, the market offers excellent growth opportunities which should strengthen even further due to growing outsourcing trends in industry. KROMI is also striving to enter new target industries, such as medical technology. Moreover, unlike its competitors, KROMI is not tied to specific manufacturers, and instead offers tool management spanning all manufacturers.

iv. Qualified personnel

Highly qualified staff form an important success factor for KROMI. With its business, KROMI is operating in a sector exhibiting constantly growing technical and organizational requirements. Experience and expertise consequently play a major role, and offer KROMI a great opportunity to put in further growth. Moreover, detailed technical knowledge is required, particularly in production and materials science. To date, KROMI employees have mostly stayed with the company over a long period. Ensuring that employees remain with the Group for a long period on average will also continue to be a key objective for KROMI in the future. Above and beyond this, KROMI competes with other companies for new, highly qualified staff. A number of measures have been adopted in order to be able to continue to recruit appropriate applicants in the future and in order to retain existing employees. As in the past, KROMI plans to continue provide work experience as part of combined work and study courses for students from various specialist areas.

f. Overall statement on the company's opportunity and risk situation

KROMI's overall risk and opportunities position derives from the specific risks and opportunities presented above, which are continuously reported and controlled with the help of the risk management system that is in place. Based on current information, the Managing Board is of the view that KROMI is currently not exposed to any risks that extend above and beyond those that are inseparably connected with its business as well as the expected expansion of business. All risks are monitored continuously where possible, and corresponding hedging and securing measures are implemented. As a consequence, no risks are currently identifiable that could jeopardize the company's overall financial stability.

KROMI's long-term business model proved its worth overall in the 2021/2022 fiscal year. However, KROMI identifies a stronger trend towards greater transparency in relation to performance and costs among its customers and in the market. KROMI has responded to this development. In this context, KROMI identifies major opportunities to serve its existing customers on an even more individual basis, and to acquire further customers through meeting this demand situation for the future KROMI model. KROMI is in a sound position thanks to constantly recurring cash inflows, available credit lines as well as the quality and credit standing of its diversified customer base. On the reporting date, there were no known risks that jeopardized KROMI's continued existence. KROMI's risk-bearing capacity will also be intact in the future on the basis of current financial planning.

D. Corporate governance declaration pursuant to Sections 289 f and 315 d. HGB[31]

KROMI Logistik AG is a listed German public stock corporation (Aktiengesellschaft), and its corporate governance is primarily determined by the German Stock Corporation Act, as well as by the requirements of the German Corporate Governance Code in its respective current version.

The corporate governance declaration is published on KROMI's Investor Relations website at
http://ir.kromi.de/websites/kromi/German/7050/erklaerung-zur-unternehmensfuehrung.html

E. Takeover law disclosures

I. Composition of subscribed capital

KROMI's subscribed capital amounts to a total of EUR 4,124,900.00. It comprises 4,124,900 no par value bearer shares. The shares are ordinary shares and carry an equal participating interest in the company's share capital. The company has no plans for differing share classes. As a consequence, the ownership of one share grants the owner one vote during voting held at the company's Annual General Meeting.

II. Direct or indirect interests exceeding 10 % of voting rights

As of June 30, 2022, the following direct or indirect interests exceeding 10 % of the voting rights in the share capital of KROMI Logistik AG had been notified.

	Number of voting rights	Interest in voting rights	Of which attribution according to Section 34 (1) WpHG	
			Interest	Held by:
Investment-aktiengesellschaft für langfristige Investoren TGV	**3,433,325**	83.23 %	83.23 %	Norman Rentrop

Investmentaktiengesellschaft für langfristige Investoren TGV has its registered office in Bonn, Germany.

III. Holders of shares with special rights

No shares with special rights exist.

IV. Type of control of voting rights in the event of employee equity participations

No employee participation programs exist. If employees hold participating interests in the company, they exercise their controlling rights directly.

V. Restrictions on voting rights or restrictions on transfers

As far as the Managing Board is aware, no restrictions exist relating to voting rights or the transfer of shares, including such arising from agreements between shareholders.

VI. Statutory provisions and provisions of the Articles of Incorporation on the appointment and dismissal of members of the Managing Board, amendments to the Articles of Incorporation

The appointment and recall from office of members of the Managing Board is based on Section 84 of the German Stock Corporation Act (AktG) and Article 6 of the Articles of Incorporation of KROMI. These stipulate that the Supervisory Board is responsible for appointing and dismissing Managing Board members. The Managing Board comprises one or several persons. The Supervisory Board determines the number of members of the Managing Board.

[31] Information typical of management reports but not audited.

The company's Articles of Incorporation can be amended only by a resolution by the General Meeting in the meaning of Section 179 AktG. Pursuant to Article 21 of the Articles of Incorporation, the Supervisory Board is authorized to make amendments to the Articles of Incorporation that affect only their wording.

VII. Authorization for the Managing Board to issue and repurchase shares

The Managing Board may only issue new shares on the basis of resolutions by the Shareholders' General Meeting.

By way of a resolution by the General Meeting on December 10, 2019, the Managing Board was authorized for a period of five years from the date of entry in the commercial register, subject to the consent of the Supervisory Board, to increase the company's share capital by a maximum of EUR 2,062,000.00 through one or more issues of new no par value bearer shares against cash or non-cash capital contributions (Authorized Capital 2019), and thereby to determine a start of dividend-entitlement differing from the law in accordance with Section 5 (5) of the Articles of Incorporation. As a matter of principle, shareholders are entitled to subscription rights. The new shares may also be underwritten by a bank designated by the Managing Board or by a company operating in accordance with Section 53 (1) Clause 1 or Section 53b (1) Clause 1 or (7) of the German Banking Act (KWG) or a consortium of such issuing banks with the obligation to offer them to the shareholders for subscription (indirect subscription right).

Furthermore, the Managing Board is authorized, in each case with the approval of the Supervisory Board, to exclude shareholders' subscription rights once or on several occasions

i. insofar as this is necessary to compensate for residual amounts;

ii. to the extent necessary to grant the holders of warrant rights or conversion rights or affirmative covenants from bonds or participation rights with warrant or conversion rights or conversion obligations, a right of subscription to new shares to the extent to which they would be entitled as shareholders after exercising the warrant or conversion right, or fulfilling the conversion obligation;

iii. insofar as the new shares are issued against cash capital contributions and the share capital calculated for the issued shares does not exceed a total of 10 % of the share capital either at the time when this authorization becomes effective or at the time when this authorization is exercised (maximum amount), and the issue price of the new shares to be issued is not significantly lower than the market price of the company's already listed shares of the same class at the time when the issue price is finally fixed; or

iv. insofar as the new shares are issued against capital contributions in kind, particularly in the form of companies, parts of companies, participations in companies, receivables or other assets (such as patents, licenses, copyrighted rights of use and exploitation, and other intellectual property rights).

The maximum amount in accordance with section III above is to include shares which (i) are issued or sold by the company during the term of this authorization, excluding subscription rights, on the basis of other authorizations in direct or analogous application of Section 186 (3) Clause 4 AktG, or (ii) are issued or are to be issued to service bonds or participation rights with conversion or warrant rights, or a conversion obligation, provided that the bonds are issued during the term of this authorization, excluding subscription rights, in analogous application of Section 186 (3) Clause 4 AktG.

VIII. Agreements subject to the condition of a change of control as well as remuneration agreements

Mr Paulini's employment contract includes an extraordinary termination right if a shareholder of KROMI Logistic AG combines (directly and/or indirectly) more than 50 % of the voting rights of all KROMI shares for the first time. In the case of termination, Mr Paulini would receive a severance payment equivalent to the remuneration that he would have received until the end of the regular duration of his employment contract (discounted at 10 % p. a.).

IX. Final statement on the dependent company report pursuant to Section 313 (3) AktG

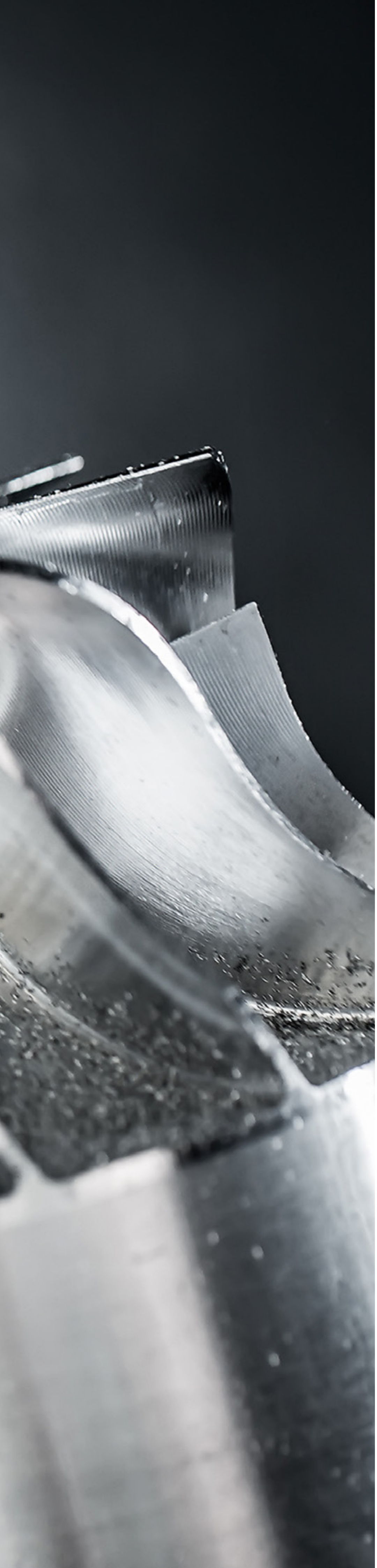
On June 30, 2022, Investmentgesellschaft für langfristige Investoren TGV held 83.23 % of the voting rights in KROMI Logistik AG. As a consequence, KROMI Logistik AG is a dependent company of TGV in the meaning of Section 312 AktG and is subject to the corresponding reporting requirements. Accordingly, the Managing Board of KROMI Logistik AG hereby issues the following negative report, serving at the same time as a final statement pursuant to Section 312 (3) AktG:

In the fiscal year from July 1, 2021 to June 30, 2022, KROMI Logistik AG performed no transactions with Investmentaktiengesellschaft für langfristige Investoren TGV or companies related with it, or measures at the instigation or in the interests of Investmentaktiengesellschaft für langfristige Investoren TGV or companies related to it, and neither realized nor refrained from realizing any other measures at the instigation or in the interests of Investmentaktiengesellschaft für langfristige Investoren TGV or companies related to it, including such in relation to Investmentaktiengesellschaft für langfristige Investoren TGV and companies related to it concerning subsidiaries of KROMI Logistik AG.

Hamburg, September 23, 2022

Managing Board of KROMI Logistik AG

Bernd Paulini　　　　Christian Auth



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

A. Consolidated balance sheet in accordance with IFRS as of June 30, 2022 and June 30, 2021

	Notes	30/06/2022	30/06/2021
Non-current assets	**IV. a.**	**6,803**	**6,366**
Intangible assets	IV. a. i.	347	393
Property, plant and equipment	IV. a. i.	4,189	3,864
Rights of use	IV. a. ii.	770	828
Other non-current financial assets	IV. a. iii.	370	473
Deferred tax assets	IV. d. v.	1,127	808
Current assets	**IV. b.**	**32,383**	**35,485**
Inventories	IV. b. i.	17,980	18,445
Trade receivables	IV. b. ii.	10,365	10,302
Other current financial assets	IV. b. iii.	1,484	1,080
Other current, non-financial assets	IV. b. iii.	757	764
Income tax receivables		0	7
Cash and cash equivalents	IV. b. iv.	1,797	4,887
Assets		**39,186**	**41,851**

In EUR thousand (unless otherwise stated)

	Notes	30/06/2022	30/06/2021
Equity	**IV. c.**	**23,178**	**21,437**
Subscribed capital	IV. c. i.	4,125	4,125
Share premium	IV. c. ii.	15,999	15,999
Retained earnings	IV. c. iii.	1,007	1,007
Other reserves	IV. c. iv.	3,960	3,293
Consolidated unappropriated net loss		−1,917	−2,990
Equity due to shareholders		**23,174**	**21,434**
Non-controlling interests	IV. c. v.	4	3
Non-current liabilities	**IV. d.**	**2,166**	**3,334**
Provisions for pensions	IV. d. i.	939	2,173
Non-current interest-bearing loans	IV. d. ii.	682	500
Non-current leasing liabilities	IV. d. iii.	415	407
Other non-current financial liabilities	IV. d. iv.	59	194
Deferred tax liabilities	IV. d. v.	71	60
Current liabilities	**IV. e.**	**13,842**	**17,080**
Income tax liabilities	IV. e. i.	441	0
Current interest-bearing loans	IV. e. ii.	1,182	6,095
Trade payables	IV. e. iii.	9,333	7,944
Current leasing liabilities	IV. e. iv.	358	443
Other current financial liabilities	IV. e. v.	703	575
Other current non-financial liabilities		1,825	2,023
Equity and liabilities		**39,186**	**41,851**

In EUR thousand (unless otherwise stated)

B. Consolidated income statement in accordance with IFRS from July 1, 2021 to June 30, 2022 and from July 1, 2020 to June 30, 2021

	Notes	01/07/2021 to 30/06/2022	01/07/2020 to 30/06/2021
Sales revenue	V. a.	80,462	76,402
Other operating income	V. b.	782	996
Other own work capitalized		79	41
Cost of materials	V. c.	−62,655	−60,025
Staff costs	V. d.	−10,500	−10,549
Depreciation/amortization		−1,083	−1,022
Other operating expenses	V. e.	−5,857	−5,141
Operating result (EBIT)		**1,228**	**702**
Financial income	V. f.	36	43
Financial expenses	V. g.	−501	−422
Earnings before tax (EBT)		763	323
Taxes on income and earnings	V. h.	310	−2
EAT (Group earnings after tax)		**1,073**	**321**
Consolidated net profit/loss due to shareholders of KROMI Logistik AG		1,072	321
Group net profit/loss due to non-controlling interests		1	0
Earnings per share			
Shareholders' consolidated earnings		1,072	321
Number of shares (weighted average for the fiscal year)		4,124,900	4,124,900
Earnings per share in EUR (undiluted and diluted)		**0.26**	**0.08**

In EUR thousand (unless otherwise stated)

C. Consolidated statement of comprehensive income in accordance with IFRS for the period from July 1, 2021 to June 30, 2022 and from July 1, 2020 to June 30, 2021

	01/07/2021 to 30/06/2022	01/07/2020 to 30/06/2021
Group net profit/loss	**1,073**	**321**
Changes in components not reclassified to the income statement in the future:		
Revaluation of pensions provisions	832	−76
deferred taxes attributable thereto	−512	17
Changes in components that are potentially reclassified to the income statement in the future:		
Currency translation	307	111
Changes in cash flow hedge reserve	45	18
deferred taxes attributable thereto	−5	−6
Other comprehensive income after taxes	**667**	**64**
Consolidated total comprehensive income	**1,740**	**385**
of which attributable to		
shareholders of KROMI Logistic AG	1,739	385
non-controlling interests	1	0

In EUR thousand (unless otherwise stated)

D. Consolidated cash flow statement in accordance with IFRS for the period from July 1, 2021 to June 30, 2022 and from July 1, 2020 to June 30, 2021

	01/07/2021 to 30/06/2022	01/07/2020 to 30/06/2021
Operating activities		
Group net profit/loss	**1,073**	**321**
+/– Expense/income from income taxes	–310	2
+/– Interest paid/received	465	425
+/– Depreciation and amortization/write-ups of non-current assets	1,083	1,022
+/– Receipt of income tax refunds/income tax payments	–85	–23
+/– Increase/decrease in provisions	–928	307
– Decrease due to reclassification to plan assets	–350	0
+/– Loss/gain on non-current asset disposals	0	–14
+/– Decrease/increase in inventories	465	–506
+/– Decrease/increase in trade receivables	–62	818
+/– Decrease/increase in other assets	287	–739
+/– Increase/decrease in trade payables	1,388	3,342
+/– Increase/decrease in other liabilities	315	–158
Cash flow from operating activities	**3,341**	**4,797**
Investing activities		
– Payments for the acquisition of non-current assets	–863	–440
+ Cash inflow from non-current asset disposals	0	14
+ Cash inflow from interest payments	36	43
Cash flow employed in investing activities	**–827**	**–383**
Financing activities		
+ Cash inflow from the take-up of loan liabilities	403	0
– Cash outflows from the repayment of loan liabilities	–5,134	–2,376
– Cash outflows from the repayment of leasing liabilities	–502	–521
– Cash outflows for interest payments	–404	–422
Cash flow from financing activities	**–5,637**	**–3,319**
Net increase / decrease in cash and cash equivalents	–3,123	1,095
+/– Exchange-rate-related change in cash and cash equivalents	33	13
+ Cash and cash equivalents at the start of the period	4,887	3,779
Cash and cash equivalents at the fiscal year-end	**1,797**	**4,887**

In EUR thousand (unless otherwise stated)

E. Consolidated statement of changes in equity from July 1, 2020 to June 30, 2022 and from July 1, 2020 to June 30, 2021

	Subscribed capital	Capital reserves	Retained earnings	Consolidated unappropriated net loss	Other reserves	Equity due to shareholders	Non-controlling interests	Equity
Notes								
01/07/2020	**4,125**	**15,999**	**1,007**	**–3,310**	**3,229**	**21,050**	**2**	**21,052**
Group net profit/loss				321		321	0	321
Other comprehensive income					64	64	0	64
Consolidated total comprehensive income				321	64	385	0	385
30/06/2021	**4,125**	**15,999**	**1,007**	**–2,990**	**3,293**	**21,434**	**3**	**21,437**
01/07/2021	**4,125**	**15,999**	**1,007**	**–2,990**	**3,293**	**21,434**	**3**	**21,437**
Group net profit/loss				1,072		1,072	1	1,073
Other comprehensive income					667	667	0	667
Consolidated total comprehensive income				1,072	667	1,739	1	1,740
30/06/2022	**4,125**	**15,999**	**1,007**	**–1,917**	**3,960**	**23,174**	**4**	**23,178**

In EUR thousand (unless otherwise stated)

F. Notes to the consolidated financial statements for the 2021/2022 fiscal year

I. Introduction

The KROMI Group (also referred to below as “KROMI”) operates in the trade and sale of machining tools and associated services. KROMI focuses predominantly on customers in the machining metal-working segment that have a high requirement for tools. These include, in particular, automotive suppliers, companies in the aviation sector, and companies in the general engineering segment. All domestic and foreign subsidiaries and offices are purely service companies solely responsible for tool supply and tool optimization on the customer’s premises. The only exception is the subsidiary in Brazil.

The company has its registered office at Tarpenring 11, 22419 Hamburg, Germany. KROMI is registered at the Hamburg District Court under commercial register sheet number 98256.

II. Information on the principles and methods for the consolidated financial statements

a. Basics

KROMI has prepared consolidated financial statements according to the internationally recognized principles of International Financial Reporting Standards (IFRS) as of June 30, 2022, and has applied all of the International Accounting Standards (IAS) and IFRS approved by the International Accounting Standards Board (IASB) prior to June 30, 2022, to the extent that these had been endorsed by the European Commission and published in the Official Gazette of the European Union before these consolidated financial statements were published and for which application is mandatory.

These consolidated financial statements generally apply the historical cost principle. Derivative financial instruments measured at fair value represent an exception to this. The reporting currency is the euro. The figures in the consolidated financial statements are mostly presented in thousands of euros (EUR thousand) and have been rounded. The financial statements of subsidiaries for which the functional currency is not the euro were translated into euros by translating the financial statements prepared in local currencies at historical or average rates of exchange or the rate of exchange on the balance sheet date.

The conditions set out in Article 4 of Regulation No. 1606/2002 of the European Parliament in conjunction with the amended Section 315e of the German Commercial Register (HGB) governing exemption from the requirement to prepare consolidated financial statements in accordance with German commercial law, have been met. All of the notes and information required pursuant to Section 315e (new version) of the German Commercial Code (HGB) extending beyond the requirements of the IASB in order to achieve comparability with consolidated financial statements prepared according to the German Commercial Code were included.

The consolidated financial statements have been prepared based on the going concern principle.

The consolidated balance sheets were prepared on an accrual basis in accordance with IAS 1. The consolidated income statement was prepared applying the nature of expense method. In order to improve the clarity of presentation, consolidated balance sheet items and consolidated income statement items are summarized and discussed in the notes to the consolidated financial statements.

The Group has exercised its option under IAS 1 to present a statement of comprehensive income to the extent that the consolidated income statement is presented as a separate element of the financial statements.

b. New accounting standards

i. Standards applied for the first time

The Group applied the new and revised IFRS standards and interpretations listed below in the 2021/2022 fiscal year:

Standard / Interpretation	Title	Significant impact On KROMI Logistik AG
IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16	Changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Reform of interest rate benchmarks (Phase 2)	none
IFRS 4	Changes to IFRS 4 – postponement of IFRS 9	none
IFRS 16	Changes to IFRS 16 – rent concessions in connection with COVID-19 after June 30, 2021	none

ii. Standards to be applied in the future

Furthermore, the IASB and the IFRS Interpretations Committee have adopted further standards, interpretations and amendments listed below that are not yet mandatory for the 2021/2022 fiscal year, or have not yet been endorsed by the European Union.

Standard / Interpretation	Title	Application obligation	Takeover by EU	Significant impact on KROMI Logistik AG
IFRS	Annual Improvements to IFRS (2018– 2020 cycle)	01/01/2022	02/07/2021	none
IFRS 3	Changes to IFRS 3 – Reference to conceptual framework	01/01/2022	02/07/2021	none
IAS 16	Changes to IAS16 – Revenue before the intended use	01/01/2022	02/07/2021	none
IAS 37	Changes to IAS 37 – Onerous contracts: Costs for the fulfillment of a contract	01/01/2022	02/07/2021	none
IFRS 17	Insurance contracts incl. changes to IFRS17	01/01/2023	23/11/2021	none
IFRS 17	Changes to IFRS 17 – First-time application of IFRS 17 and IFRS 9 – Comparative information	01/01/2023	To be determined	none
IAS 1	Changes to IAS1 – Classification of liabilities as current or non-current	01/01/2023	To be determined	none
IAS 1	Changes to IAS1 – Disclosure on Accounting Policies	01/01/2023	03/03/2022	none
IAS 8	Changes to IAS 8 – Definition of Accounting Estimates and Errors	01/01/2023	03/03/2022	none
IAS 12	Changes to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	01/01/2023	To be determined	none

c. Principles of consolidation, group of consolidated companies

The Group treats business combinations by applying the purchase method if the Group has gained control. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

The group of consolidated companies includes the financial statements of

- KROMI Logistik AG, Hamburg, the Group's parent company,
- KROMI Slovakia s.r.o., Prievidza, a wholly-owned Slovakian company,
- KROMI CZ s.r.o., Liberec, a wholly-owned Czech company,
- KROMI Logistica do Brasil Ltda, Joinville, a Brazilian company in which the company holds a 99.9 % interest, and
- Kromi Logistik Spain S.L., Vitoria, a Spanish company in which the company holds a 99 % interest.

The annual financial statements of domestic and foreign companies included in the consolidated financial statements, have been prepared as of the reporting date for the consolidated financial statements (June 30), and are based on standard accounting and measurement methods. Intra-group profits and losses, revenues, expenses and income as well as receivables, liabilities and provisions between the parent company and its subsidiaries have been eliminated.

d. Currency translation

Transactions denominated in foreign currencies are translated applying the cash exchange rate on the transaction date. As a rule, cash items denominated in foreign currencies are carried on the balance sheet applying the exchange rate on the balance sheet date. Currency translation differences are all recognized in profit or loss.

The reporting currency for the consolidated financial statements is the euro, which is also the parent company's functional currency. The euro is the functional currency of KROMI Slovakia s.r.o. and KROMI Logistik Spain S.L. The Czech kroner is the functional currency of KROMI CZ s.r.o. The functional currency for KROMI Logistica do Brasil Ltda is the Brazilian real. The assets and liabilities of the subsidiary are translated into the reporting currency applying the closing rate on the respective balance sheet date. Equity is translated applying historical exchange rates. Items in the income statement are translated applying monthly average rates of exchange. Differences from currency translation are taken directly to equity and carried under a separate consolidated equity item. Please refer to the statement of changes in equity. The exchange rate for euros (EUR) to the Brazilian real (BRL) constitutes a material factor for currency translation in the KROMI Group. Currency translation in the years stated was based on the following exchange rates in each case:

EUR in BRL	30/06/2022	30/06/2021
Exchange rate on balance sheet date	5.42	5.90
Annual average exchange rate	5.91	6.43

III. Summary of key accounting policies

a. Consolidated balance sheet items

With the exception of goodwill, purchased **intangible assets** are measured at cost on the date when they are included in the financial statements, and amortized straight-line over their respective useful lives. Straight-line amortization is carried through profit or loss. These relate exclusively to assets of limited useful life. The amortization of capitalized software licenses is based on a useful life of one to three years. The amortization rate is consequently between 33 % and 100 % p.a.

Acquired **goodwill** relates to the transfer of intangible assets from Tarpenring 11 Vermogensverwaltungsgesellschaft mbH. In accordance with IAS 38, goodwill is not amortized.

Expenses for **research and development activities** that can be capitalized under IAS 38 were not incurred during the period under review.

Property, plant and equipment are carried at cost at the time of addition. Own work capitalized is recognized in the amount of directly attributable production personnel costs. If these property, plant and equipment assets are subject to wear and tear, they are reduced by straight-line depreciation.

Depreciation is measured based on the following estimated useful lives:

	Useful life (years)	Depreciation rate (%)
Buildings	33	3
Other property, plant and equipment	1–13	8–100

A financial asset is initially recognized at fair value. Transaction costs are included to the extent that the asset is not an asset measured at fair value through profit or loss.

No collateral is held for financial assets.

Other non-current receivables include reinsurance policies taken out to finance issued pension commitments that do not comprise qualified insurance policies. The reinsurance policies are measured at the fair value of the reinsured assets. Calculations are based on actuarial surveys based on biometric information. Changes in the fair value of these policies are recognized in the financial result. In addition, this item includes a bank account pledged to the former Chief Financial Officer, which arises from the agreement to pay out the settlement amount in installments over a period of five years.

Merchandise stocks are carried under **inventories**. Inventories are carried at cost including any acquisition cost reductions, and if necessary taking into consideration any lower net realizable value. Consumables are measured at the moving average price. In addition to customary retention of title, the inventories at the main warehouses in Hamburg, Magdeburg, Düsseldorf and Stuttgart have been assigned as collateral to the financing partners by way of a storage assignment under the collateral pool agreement.

Trade receivables are carried at amortized cost, which as a rule corresponds to their nominal values, taking all identifiable risks into consideration. Valuation allowances are formed for individual identifiable risks. Insofar as trade receivables have been sold to the factoring partner on the basis of the factoring implemented in the 2020/2021 fiscal year, such trade receivables are not recognized on the balance sheet. In addition, trade receivables are tested for impairment.

Risks are estimated by the Managing Board, assuming the future cash flow from the respective balance sheet item that is anticipated on the date the financial statements are prepared, taking IFRS 9 into consideration. If payments are regarded as being unlikely, this risk is reflected through percentage reductions (valuation allowances). The Managing Board believes that the valuation allowances provide sufficient cover for the existing risks. Moreover, the unassigned trade receivables are ceded to the financing partners as collateral by way of a global assignment under the collateral pool agreement.

Other current assets are carried at amortized cost. As a rule this corresponds to the nominal value, reflecting any lower value on the balance sheet date.

The acquisition of an asset is recognized as soon as control has been transferred to the company. Assets are derecognized as soon as economic ownership has transferred to the acquiring party, or a final and certain loss of value has occurred.

Cash and cash equivalents are carried at nominal value.

Current and **deferred taxes** are **accounted for** in accordance with the requirements of IAS 12. Deferred tax assets and liabilities are to be carried for temporary differences that derive from differences in the carrying amounts for assets and liabilities between the IFRS financial statements and the respective tax base. Deferred taxes are calculated based on future national tax rates for the respective temporary differences. The temporary differences are due almost exclusively to KROMI Logistik AG. The corporation tax rate to be applied to domestic companies in Germany is 15% in the period under review (previous year: 15.0%). The solidarity surcharge stands at 5.5% (previous year: 5.5 %) in relation to corporation tax. The company's average trade tax rate totals approximately 16.5 % (previous year: 16.5%). After tax rates have been compounded, a lump-sum tax rate of 32% is applied to calculate deferred tax assets (previous year: 32.0%). A 34% tax rate is applied for the Brazilian subsidiary (previous year: 34.0%).

A distinction is drawn between tax claims (deferred assets) and tax liabilities (deferred liabilities). These are generally non-current pursuant to IAS 1.70. Deferred tax assets resulting from tax loss carryforwards are capitalized to the extent that it is probable that taxable earnings will arise in the foreseeable future against which the tax loss carryforwards can be offset.

Subscribed share capital is carried at its nominal value. Payments and contributions by shareholders exceeding the subscribed share capital are carried under the **share premium account.** The costs of procuring equity are carried as a deduction from equity (netted with the share premium account), net of any associated income tax benefits, pursuant to IAS 32.35.

The **currency translation item** includes the currency translation differences from translating the financial statements of subsidiaries from their functional currencies to euros. These differences are carried directly to equity.

In accordance with IAS 37, **provisions** are formed for all identifiable obligations to third parties for which it is probable that fulfillment of the obligations will lead to an outflow of resources and for which a reliable estimate of the amount of the obligation can be made. If the amount and occurrence of the obligation are sufficiently certain, these are carried under liabilities.

Liabilities are measured at the settlement amount, which generally corresponds to the repayment amount, and applying the effective interest method.

Financial liabilities are recognized as soon as the event that originates the liability has occurred. Financial liabilities are derecognized as soon as the liability has been fully redeemed, or if it is certain that it is no longer likely to be utilized.

The primary financial instruments in the KROMI Group are exclusively allocated to the amortized cost measurement model underlying IFRS 9.

KROMI has deployed derivative financial instruments in the form of an interest rate swap in order to hedge against interest rate risks (cash flow hedge). This derivative financial instrument was recognized at fair value on the date when the contracts were entered into, and is remeasured at fair value in subsequent periods. Derivative financial instruments are recognized as financial assets if their fair value is positive and as financial liabilities if their fair value is negative. The interest rate swap expired on June 30, 2022.

At the start of hedging, both the hedging relationship and the Group's risk management objectives and strategy relating to the hedging were formally determined and documented. This documentation includes determining the hedging instrument, the underlying transaction and the type of risk hedged, as well as a description of how the company values the efficacy of the hedging instrument's fair value changes in compensating the risks arising from changes to the cash flows of the hedged transaction, which relate back to the hedged risk. The interest rate swap was assessed as highly effective.

Gains or losses arising from changes to the fair value of the interest rate swap are reported under other comprehensive income, within the cash flow hedging reserve.

The amounts reported in other comprehensive income were rebooked to the income statement in the period in which the hedged transaction affects net income, in other words, when the hedged interest expenses were reported.

The interest rate swap was fully classified as non-current in the previous year in line with the total term of the hedged loan, and taking into consideration materiality aspects.

Government grants are recognized at fair value when reasonable assurance exists that the grant will be received and the Group will comply with all attached conditions.

Government grants are recognized in the income statement over the period in which the entity recognizes the related costs which the government grants are intended to compensate.

Government grants received as part of support measures are netted against the corresponding expenses if they are recognized in profit or loss.

b. Leases

A lease is a contract that grants the right to control the use of an asset (the leased asset) for a specified period of time in return for payment.

Whether an agreement contains a lease is determined on the basis of the economic content of the agreement on the date when the agreement was concluded, and requires an estimate as to whether the satisfaction of the contractual agreement depends on the utilization of a certain asset or certain assets, and whether the agreement grants the right to the utilization of the assets, even if such a right is not expressly determined within an agreement.

Leases are recognized as rights of use, and corresponding lease liabilities on the date when the leased asset is available for use by the Group. All lease payments are divided into repayment and financing expenses. Financial expenses are recognized in profit or loss over the lease term. The right of use is amortized straight-line over the period of the useful life.

Assets and liabilities from leases are initially recognized at present value. The leasing liabilities include the present value of the following lease payments:

- Fixed payments (including de facto fixed payments, less any lease incentives to be received)
- Variable lease payments linked to an index or (interest) rate
- Expected residual value payments from the lessee's residual value guarantees
- The exercise price of a purchase option, if it is sufficiently certain that the lessee will exercise it
- Penalties for termination of the lease, if the term reflects the fact that the lessee will exercise a termination option

Lease payments are calculated at the Group's incremental borrowing rate, i.e. the interest rate that KROMI would have to pay if it had to borrow funds to acquire an asset with a comparable value and under comparable conditions in a comparable economic environment.

Rights of use are measured at cost, which is comprised as follows:

- the amount of the initial measurement of the lease liability,
- all lease payments rendered prior to the provision, less any lease incentives received,
- all initial direct costs incurred by the lessee, and
- the estimated costs incurred by the lessee in dismantling or removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the lease agreement.

As part of the subsequent measurement of lease liabilities, the carrying amount is increased by the interest expense for the lease liability and the carrying amount is reduced by the lease payments made.

Subsequent measurement of the rights of use is at amortized cost. The rights of use are amortized straight-line over either the useful life or the lease term, whichever is shorter.

Payments for current leases and leases based on low-value assets are expensed straight-line. Leases with a term of up to twelve months are regarded as current leases. Examples of low-value assets include computer equipment such as printers and telephones, as well as electric bicycles.

In determining the leases' terms, the Group takes into consideration all facts and circumstances that provide an economic incentive to exercise renewal and termination options. Changes to the term arising from the extension or termination option are only included in the contract term if an extension or non-exercise of a termination option is sufficiently certain.

c. Recognition of revenues and expenses

Revenue recognition is based on IFRS 15. Income from the sale of merchandise and the provision of services is carried under revenues. In the case of merchandise, revenue is recognized, upon delivery of the goods to the customer and thus when the control associated with ownership has passed to the buyer, it is probable that the consideration will be received, costs can be reliably estimated and there is no other control over the goods. Revenues are recognized less price discounts. To the extent that goods are delivered when customers remove merchandise from the KTC dispensers (KROMI Tool Centre, comprising a control stand and tool dispenser unit) installed at customers' facilities, revenues are recognized when the customers remove the merchandise. Income from services is recognized when the respective service is performed. Revenues are measured in the amount of the income received.

The cost of materials is recognized as soon as the merchandise is sold or written off due to zero value. Measurement is performed by applying the moving average price. Impairments to non-current assets and receivables are recognized as soon as the impairment has occurred. Amortization/depreciation is calculated based on normal useful lives, and valuation allowances are applied to receivables in line with the prospective loss on the receivable. Other expenses are recognized as soon as the consideration has been paid. These are measured in the amount of the agreed consideration.

Borrowing costs are expensed in the period in which they are incurred. The company did not incur borrowing costs that can be directly allocated to the purchase, construction or production of a qualified asset. Borrowing costs comprise interest payments and other costs which a company incurs in connection with the drawing down of borrowings.

d. Employee benefits from pension plans

Any defined benefit plans that exist for employees are structured as a direct commitment. As a consequence, no assets are removed from the balance sheet, but rather the existing benefit obligations that have been accrued on a pro rata basis on the balance sheet date are carried at their present values as provisions on the balance sheet, and are offset with plan assets arising from reinsurance policies. The benefit commitment on the balance sheet date is measured applying actuarial principles and the projected unit credit method. In this method, not only the acquired entitlements that are known on the balance sheet date, but also future expected pension increases are taken into account. Calculations are based on actuarial surveys which in turn are based on biometric information according to the Heubeck 2018 G mortality tables. Actuarial gains and losses are carried directly to equity in the year in which they arise. The current service cost is carried as staff costs, and the interest portion is carried as financial expense.

The state pension plans to which the Group contributes are classified as defined contribution plans. In addition, the Group has made additional benefit commitments through a congruently reinsured benefit fund, which are also classified as a defined contribution plan. The contributions paid in each case are carried under personnel expenses. The defined contribution plans do not result in any assets and liabilities that should be allocated to the Group.

e. Currency translation

The consolidated financial statements are prepared in euros, the Group’s functional and reporting currency. The financial statements of subsidiaries prepared in foreign currency are translated in accordance with the functional currency concept. The functional currency of foreign companies is usually the particular currency of the country.

f. Contingent liabilities

Contingent liabilities as defined by IAS 37 are stated in the notes to the consolidated financial statements to the extent that the outflow of resources is not unlikely, or the amount of the obligation cannot be reliably determined.

g. Estimates and assumptions

The preparation of consolidated financial statements requires the use of estimates and judgement-based assumptions that impact the amounts carried in the consolidated financial statements and the information provided in this regard. Although these estimates have been made according to the best of the Managing Board’s knowledge, actual results may differ from these estimates.

When applying accounting and valuation policies in the Group, the management made the following estimates that have a material effect on the amounts in the consolidated financial statements:

As of the balance sheet date, deferred tax assets on loss carryforwards amounted to EUR 932 thousand (previous year: EUR 135 thousand). The loss carryforwards were incurred in Brazil and they total BRL 14,854 thousand. The loss carryforward was measured at the average Brazilian tax rate of 34 %. The use of loss carryforwards in Brazil is limited to 30 % of the taxable income for the year, but not subject to any time limit. Furthermore, on the balance sheet date, valuation allowances of EUR 2,142 thousand had been applied to trade receivables pursuant to IFRS 9 (previous year: EUR 1,552 thousand). The increase in valuation allowances is essentially due to a specific insolvency-related bad debt allowance. In view of the high level of uncertainty associated with such a procedure, KROMI is assuming an insolvency rate of 0 %. Valuation allowances also increased pursuant to IFRS 9 due to an adjusted risk assessment as a result of macroeconomic uncertainties. The management believes that existing risks are sufficiently covered as a consequence. Actual results and developments may differ from these estimates and assumptions.

IV. Notes on individual consolidated balance sheet items

a. Non-current assets

i. Intangible assets and fixed assets

The gross acquisition costs and cumulative amortization/depreciation changed as follows in the year under review and in the previous year:

	Intangible assets		Land	Other Property,
in EUR thousand	**Goodwill**	**Other**	**and buildings**	**plant and equipment**
Cost on 01/07/2021	150	1,268	3,157	8,017
Currency differences	0	0	0	17
Additions – individual acquisitions	0	3	0	860
Disposals	0	0	0	-167
Cost on 30/06/2022	**150**	**1,271**	**3,157**	**8,727**
Amortization/depreciation on 01/07/2021	0	1,025	801	6,509
Currency differences	0	0	0	6
Additions	0	49	70	475
Disposals	0	0	0	–166
Amortization/depreciation on 30/06/2022	**0**	**1,074**	**871**	**6,824**
Carrying amount on 01/07/2021	150	243	2,356	1,508
Carrying amount on 30/06/2022	**150**	**197**	**2,286**	**1,903**

	Intangible assets		Land	Other Property,
in EUR thousand	**Goodwill**	**Other**	**and buildings**	**plant and equipment**
Cost on 01/07/2020	150	1,246	3,157	7,709
Currency differences	0	0	0	27
Additions – individual acquisitions	0	22	0	577
Disposals	0	0	0	–137
Reclassifications	0	0	0	–159
Cost on 30/06/2021	**150**	**1,268**	**3,157**	**8,017**
Amortization/depreciation on 01/07/2020	0	938	731	6,261
Currency differences	0	0	0	1
Additions	0	87	70	368
Disposals	0	0	0	–121
Reclassifications	0	0	0	0
Amortization/depreciation on 30/06/2021	**0**	**1,025**	**801**	**6,509**
Carrying amount on 01/07/2020	150	308	2,426	1,449
Carrying amount on 30/06/2021	**150**	**243**	**2,356**	**1,508**

Intangible assets include software amounting to EUR 197 thousand (previous year: EUR 243 thousand) acquired to run the server and PC systems, as well as licenses purchased to implement a new inventory management system and a customer base acquired in return for payment. Goodwill is also recognized in an amount of EUR 150 thousand (previous year: EUR 150 thousand) from the acquisition of intangible assets from Tarpenring 11 Vermögensverwaltungsgesellschaft mbH. The goodwill is not subject to scheduled amortization in accordance with IAS 38.

As in the previous year, the impairment test to be carried out annually did not lead to any impairment. The goodwill is assigned to the “Domestic” segment. The recoverable amount is based on the value in use determined by discounting future cash flows planned from its continued use. Cash flows have been entered in the model for a period of 3 years. In addition, the main assumptions used to estimate the recoverable amount are the discount rate of 10.45 % (previous year: 9.4 %) and a sustainable growth rate of 2 % (previous year: 2 %).

Other property, plant and equipment relates to dispensers and general office equipment including office furniture, computers and vehicles.

Liabilities to banks in an amount of EUR 3,578 thousand (previous year: EUR 3,578 thousand) are secured by mortgages on the properties.

ii. Rights of use

The leasing liabilities shown on the balance sheet relate to leased buildings and vehicles, which are shown on the balance sheet under rights of use. The following table shows the composition of the rights of use that have been recognized on the balance sheet as part of leases:

	Rights of use	
in EUR thousand	**Buildings**	**Vehicles**
Cost on 01/07/2021	759	983
Currency differences	16	0
Additions – individual acquisitions	225	214
Disposals	74	0
Cost on 30/06/2022	**926**	**1,197**
Amortization/depreciation on 01/07/2021	318	597
Currency differences	14	0
Additions	205	294
Disposals	74	0
Amortization/depreciation on 30/06/2022	**463**	**891**
Carrying amount on 01/07/2021	441	387
Carrying amount on 30/06/2022	**463**	**307**

	Rights of use	
in EUR thousand	**Buildings**	**Vehicles**
Cost on 01/07/2020	673	734
Currency differences	7	0
Additions – individual acquisitions	153	250
Disposals	73	0
Cost on 30/06/2021	**759**	**984**
Amortization/depreciation on 01/07/2020	195	282
Currency differences	5	0
Additions	191	315
Disposals	73	0
Amortization/depreciation on 30/06/2021	**318**	**597**
Carrying amount on 01/07/2020	478	452
Carrying amount on 30/06/2021	**441**	**387**

For details of the leasing liabilities, reference is made to Note iv. D. iii. Non-current leasing liabilities as well as IV.e.iv Current leasing liabilities.

iii. Other non-current financial assets

This item comprises the reinsurance concluded to finance the pension commitments made, which do not comprise plan assets, in an amount of EUR 311 thousand (EUR 296 thousand). This item also contains a bank balance pledged to the former CFO in an amount of EUR 59 thousand (previous year: EUR 177 thousand). The balance is reduced by the payment in installments (over a period of five years) of the originally agreed severance amount of EUR 631 thousand.

b. Current assets

i. Inventories

As of June 30, 2022, inventories with an acquisition cost of EUR 434 thousand are measured at the lower net realisable value of EUR 406 thousand. Inventory impairments were therefore recognized in an amount of EUR 53 thousand (previous year: EUR 0 thousand) in the fiscal year.

ii. Trade receivables

Composition:

in EUR thousand	30/06/2022	30/06/2021
Gross receivables	12,507	11,854
Less valuation allowances	−2,142	−1,552
	10,365	**10,302**

Trade receivables relate to receivables from customers from the delivery of goods and the provision of services. Receivables do not carry interest and are generally due within one year.

As of 30/06/2022, trade receivables in an amount of EUR 9,071 thousand (previous year: EUR 7,522 thousand) were sold to the factoring partner to improve liquidity. The liquidity benefit is offset by the financing costs of the factoring agreement.

The additions to the valuation allowances for trade receivables in the meaning of IFRS 9 totaled EUR 73 thousand in the fiscal year under review (previous year: EUR 22 thousand). In addition, individual impairment losses were recognized on trade receivables in an amount of EUR 517 thousand (previous year: EUR 0 thousand) in the 2021/2022 fiscal year. No further need arose for valuation allowances. Valuation allowances changed as follows:

in EUR thousand	Valuation allowances
As of 30/06/2020	**1,530**
Expensed additions	22
Utilization/reversal	0
As of 30/06/2021	**1,552**
Expensed additions	590
Utilization/reversal	0
As of 30/06/2022	**2,142**

The KROMI Group applied the simplified impairment model in the meaning of IFRS 9 for trade receivables that were not assigned to the factoring partner as part of the factoring agreement on the balance sheet date. For the retrospective analysis, industry-specific default rates were determined on the basis of past bad debt losses, while for the prospective analysis the existing trade credit insurance, overall economic trends and the age structure of the receivables were included in the calculations.

A provision for possible loan losses was consequently recognized for all receivables in the amount of the expected losses over the remaining term. The term structure of the trade receivables on June 30, 2022 was as follows:

in EUR thousand	As of 30/06/2022	As of 30/06/2021
Carrying amount of gross receivables	**12,507**	**11,854**
Of which impaired	2,142	1,552
Of which not overdue	9,806	8,656
Of which overdue and unimpaired		
Up to 3 months	532	1,612
Between 3 months and 6 months	17	9
Between 6 months and 12 months	0	4
More than 12 months	10	21
Total overdue	**559**	**1,646**

As of the reporting date, there are overdue receivables amounting to EUR 559 thousand (previous year: (EUR 1,646 thousand) with no bad debt allowance. Of the overdue unimpaired receivables, receivables in an amount of EUR 540 thousand (previous year: EUR 1,471 thousand) had been received at the time when this annual report was prepared. In the management's assessment, the non-overdue receivables are recoverable.

The carrying amounts of the gross trade receivables (before valuation allowances) are denominated in the following currencies:

in EUR thousand	30/06/2022	30/06/2021
Receivables in EUR	10,617	10,447
Receivables in BRL	1,890	1,407
	12,507	**11,854**

iii. Other current assets

in EUR thousand	30/06/2022	30/06/2021
Financial assets		
Purchase price retention (factoring)	979	752
Receivables from paid insurance claims	180	0
Deposits	81	81
Creditor accounts in debit	33	31
Other	211	216
	1,484	**1,080**
Non-financial assets		
Industrial product tax (Brazil)	311	291
Value added tax	169	275
Prepaid expenses	152	136
Deferred bonus payments	125	62
	757	**764**
	2,241	**1,844**

All other current receivables are due within one year. No overdue or impaired items are included. Of the trade receivables sold in the course of factoring, there are other current assets in the form of receivables from purchase price retentions vis-à-vis the factoring partner amounting to EUR 979 thousand (previous year: EUR 752 thousand) as of the reporting date. Receivables from paid insurance claims were recognized in an amount of EUR 180 thousand (previous year: EUR 0 thousand) on the basis of an existing commercial credit insurance policy in connection with an individual impairment loss on trade receivables as a result of a customer insolvency.

iv. Cash and cash equivalents

The cash and cash equivalents comprise current account balances and cash in hand of EUR 2,147 thousand (previous year: EUR 4,887 thousand). From the management's perspective, all of these funds are designated for fulfilling payment obligations and consequently form a liquidity reserve.

The cash and cash equivalents are denominated in the following currencies:

in EUR thousand	30/06/2022	30/06/2021
Cash and cash equivalents in EUR	1,144	4,475
Cash and cash equivalents in BRL	613	374
Cash and cash equivalents in CZK	40	38
	1,797	**4,887**

c. Equity

For details of the changes in equity please refer to the statement of changes in equity.

Composition of the other reserves:

	Adjustment item for currency translation and other reserves	
in EUR thousand	**30/06/2022**	**30/06/2021**
Currency translation differences	3,709	3,402
Cash flow hedges	0	−40
Remeasurement of pensions	251	−69
	3,960	**3,293**

i. Subscribed share capital and authorized share capital
The subscribed share capital of KROMI amounted to a total of EUR 4,124,900 on June 30, 2022 (previous year: EUR 4,124,900). It comprises 4,124,900 no par value bearer shares (previous year: 4,124,900). All of the shares are ordinary shares and carry an equal participating interest in the company's share capital. No differing share classes exist. One share grants the holder one vote at the General Meeting.

By way of a resolution by the General Meeting on December 10, 2019, the Managing Board was authorized, subject to Supervisory Board consent, for the period through to January 3, 2025, to increase the company's share capital by up to a total of EUR 2,062 thousand through one or more issues of new no par value bearer shares against cash and/or non-cash capital contributions (Authorized Capital).

All of the shares had been fully paid in on the balance sheet date.

ii. Share premium
The share premium relates to the difference of EUR 10 thousand resulting from the formation of the company (spin-off to start up on January 1, 2002) to the extent that the net assets at carrying amounts exceeded the nominal amount of the issued interests, as well as EUR 12,653 thousand from the premium from the issue of new shares as part of the IPO in March 2007 after deducting the costs of procuring equity as defined by IAS 32, net of the associated income tax benefits, as well as EUR 3,336 thousand from the premium from the issue of new shares as part of the capital increase carried out in June 2009 after deducting the costs of procuring equity as defined by IAS 32 net of the associated income tax benefits.

iii. Retained earnings
Retained earnings relate to the adjustments from the first-time application of IFRS as of January 1, 2002, totaling EUR 7 thousand and from the addition to other retained earnings of EUR 1,000 thousand from the profit from the 2007/2008 fiscal year as approved by the General Meeting on December 9, 2008.

iv. Other reserves
Other reserves comprise reserves for the remeasurement of pension provisions and the adjustment item from currency translation. The adjustment item is derived from differences in the equity values of the foreign subsidiaries based on exchange rate changes in the period between the first-time consolidation date and the balance sheet date, as well as differences from translating the income statement at the monthly average rate. In the previous year, they also included reserves for cash flow hedges comprising the fair value of the interest rate swap that was designated as a hedging instrument and which was effective as such, less related deferred taxes.

v. Non-controlling interests
Non-controlling (minority) interests are carried at the proportionate amount of the identifiable net assets of the respective subsidiary.

vi. Information about capital management

The Group's capital structure mostly comprises current liabilities from ongoing business, and equity. Equity is almost entirely attributable to the parent company's shareholders, and mostly comprises shares issued, the share premium account, retained earnings and other earnings. The equity ratio stood at 59.1% as of June 30, 2022 (previous year: 51.2%).

KROMI pursues the objective of sustainably securing its capital over the long term, and generating an appropriate return on capital employed. The company actively pursues this objective by constantly monitoring its margins per customer, and through additional key indicators. However, the Group's accounting capital is only applied as a passive control criterion, while revenue, gross profit margin, EBIT, ROCE and the cash-to-cash cycle, consisting of the DPO, DIO and DSO ratios, are applied as active control parameters.

d. Non-current liabilities

i. Provisions for pensions

Existing pension commitments relate to several individual commitments which comprise defined benefit plans in the meaning of IAS 19. Such commitments are realized through direct pension commitments. In each case, a monthly retirement and invalidity pension in a fixed euro amount is committed. In addition, in the case of some commitments, a widow's pension exists equivalent to 60% of the pledged retirement pension. The pensions are increased regularly to reflect a guaranteed adjustment rate.

To finance the pension obligations, exclusively reinsurance policies are concluded that are partially offset as plan assets with the provision.

The actuarial obligation value changed as follows during the fiscal year:

	Commitment target value	
in EUR thousand	**30/06/2022**	**30/06/2021**
Balance at start of period	**2,995**	**2,929**
Current service cost	66	65
Interest cost	45	46
Expense for pension benefit	**111**	**111**
Pension payments	**–72**	**–72**
Balance at end of period (expected)	**3,034**	**2,968**
Actuarial gains (–) / losses (+) arising and amortized during the period	–841	27
Balance at end of period (actual)	**2,193**	**2,995**
Less plan assets	–1,254	–822
Balance at end of period (netted)	**939**	**2,173**

The following actuarial assumptions were applied when calculating the provision:

in % p. a.	**30/06/2022**	**30/06/2021**
Actuarial interest rate	3.47	1.52
Future pension increases	1.00–2.00	1.00–2.00
Anticipated employee turnover rate	0.00	0.00

Biometric basis (mortality): Heubeck 2018 G mortality tables

Notable risks pertaining to the Group pension plans arise especially from capital market trends that influence financial assumptions such as the interest rate, as well as changes to demographic assumptions such as a change in life expectancy.

Sensitivity calculation relating to the interest rate:

	Actuarial interest rate	Defined benefit Obligation	Current service cost (for the following fiscal year)
Basis calculation	3.47 %	€ 2,193,199	€ 46,344
Sensitivity −0.5 percentage points	2.97 %	€ 2,371,062	€ 50,660
Sensitivity +0.5 percentage points	3.97%	€ 2,034,570	€ 42,483

Sensitivity calculations relating to mortality:

		Defined Benefit Obligation	Current service cost (for the following fiscal year)
Basis calculation	Life expectancy based on Heubeck 2018 mortality tables:	€ 2,193,199	€ 46,344
Sensitivity	1 year higher life expectancy	€ 2,288,964	€ 48,239
Sensitivity	1 year lower life expectancy	€ 2,095,476	€ 44,403

In each case, the sensitivity calculations presented above take into consideration the change to an assumption where the other assumptions remain unchanged compared with the original basis calculation. In other words, the sensitivity analysis does not take account of potential correlation effects between the individual assumptions. Consequently, the interest rate was raised and lowered by 0.5 percentage points in each case, and life expectancy was increased and reduced by one year with all the other assumptions remaining unchanged compared with the basis calculation.

A sensitivity calculation relating to pension trends has not been presented as the related levels include a contractually guaranteed adjustment. A sensitivity calculation relating to staff turnover has also not been presented, as little turnover is anticipated due to there being very few related staff.

The duration of the existing pension commitments amounts to 17.00 years (previous year: 18.00 years).

Plan assets:
This item comprises the re-insurance concluded to finance the pension commitments which constitute qualified insurance policies as defined by IAS 19, as well as a pledged bank account to secure the pension commitment made.

The plan assets changed as follows in the year under review:

	Present value of asset	
in EUR thousand	**30/06/2022**	**30/06/2021**
Balance at start of period	**822**	**745**
Interest income	13	12
Contributions paid by employer	77	75
Payments rendered	0	0
Balance at end of period (expected)	**912**	**832**
Remeasurement	−8	−10
Reclassification to plan assets	350	0
Balance at end of period (actual)	**1,254**	**822**

The income expected from the insurance policies totals 3.0 % p.a. (previous year: 3.0 % p. a.). This expectation is based on the general interest rate level.

Changes in pension provision:

Reporting date in EUR thousand	30/06/2022	30/06/2021
Net obligation at start	**2,173**	**2,184**
Expense for pension benefit	97	99
Remeasurement	−832	37
Pension payments	−72	−72
Employer contributions	−77	−75
Reclassification to plan assets	−350	0
Net obligations at the end	**939**	**2,173**

During the year under review, the Group also granted benefits through a congruently reinsured benefits fund, which are also classified as a defined contribution plan. During the year under review, an amount of EUR 48 thousand was expensed for these benefit commitments (previous year: EUR 48 thousand). The benefit commitments do not result in any assets or liabilities that should be allocated to the Group.

A total of EUR 861 thousand was paid to statutory or state pension plans for defined contribution plans in the 2021/2022 fiscal year (previous year: EUR 902 thousand).

ii. Non-current interest-bearing loans

In order to finance a property acquisition, a EUR 1,500 thousand loan with a term until June 30, 2027 was taken out in the 2011/2012 fiscal year. This loan is secured by land charges. Repayment is on a quarterly basis in an amount of EUR 25 thousand. The short-term portion of the loan in an amount of EUR 100 thousand is reported among current interest-bearing loans. The variable interest rate is 3-month EURIBOR +1.05 %, which was hedged through an interest rate swap until June 30, 2022 (see iv. other non-current financial liabilities). The interest payments are due quarterly.

iii. Non-current leasing liabilities

Non-current leasing liabilities of EUR 415 thousand were reported as of June 30, 2022 (previous year: EUR 407 thousand). The recorded leasing liabilities relate to liabilities from leasing agreements with a term of more than one year.

For information about the rights of use of assets capitalized as part of leases and the associated depreciation charges, please refer to Note IV.a.ii. Rights of use.

iv. Other non-current financial liabilities

Other non-current liabilities include liabilities in the amount of EUR 59 thousand (previous year: EUR 177 thousand) in connection with the departure of the CFO as of December 31, 2018.

KROMI had derivative financial instruments in the form of an interest rate swap in the fiscal year in order to hedge against interest rate risks (cash flow hedge).

An interest rate swap for a nominal capital amount of EUR 1,500 thousand was entered into in the 2011/2012 fiscal year to hedge the purchase financing for a property. On the basis of the agreement, the Group made a quarterly fixed interest payment of 2.3 % of the nominal capital amount, and receives a variable interest rate equivalent to 3-month EURIBOR. The interest rate swap carried a term until June 30, 2022.

The derivative financial instrument was recognized at fair value on the date when the contracts were entered into, and was remeasured at fair value in subsequent periods. The negative fair value of the interest rate swap of EUR 16 thousand is calculated applying the mark-to-market method, and was reported as a financial liability as of June 30, 2021.

v. Deferred taxes

Deferred taxes result from temporary differences between the carrying amounts of assets and liabilities in the tax-relevant accounts and the carrying amounts in the IFRS financial statements, as well as from tax loss carryforwards. They are attributable to balance sheet items and loss carryforwards as follows:

			Changes	
in EUR thousand	30/06/2022	30/06/2021	Income statement	Other comprehensive income
Deferred tax assets				
Pension provisions	195	668	39	–512
Interest rate swap (cash flow hedge)	0	5	0	–5
Loss carryforwards	932	135	814	–17
	1,127	**808**	**853**	**–534**
Deferred tax liabilities				
Goodwill and customer base	71	60	11	0
	71	**60**	**11**	**0**

e. Current liabilities

i. Income tax liabilities

As of the June 30, 2022 reporting date, tax liabilities for income taxes to be assessed amount to EUR 176 thousand (previous year: EUR 0 thousand). In addition, tax liabilities for income taxes from previous years amount to EUR 265 thousand (previous year: EUR 0 thousand).

ii. Current interest-bearing loans

Composition:

in EUR thousand	30/06/2022	30/06/2021
Bank loans	571	582
Current accounts	611	5,513
	1,182	**6,095**

Current interest-bearing loans in an amount of EUR 471 thousand (previous year: EUR 482 thousand) are accounted for by the Brazilian subsidiary.

The current accounts are due on demand. The interest rates amounted to between 1.14 % (in Germany) and 20.5 % (in Brazil) as of June 30, 2022.

iii. Trade payables

Liabilities from deliveries of goods received are carried under trade payables. These are due for payment after the balance sheet date. The supplier payables do not carry interest, and are all due within between one and three months.

The carrying amounts of the trade accounts payable are denominated in the following currencies:

	30/06/2022	30/06/2021
Liabilities in EUR thousand	7,946	6,747
Liabilities in BRL thousand	1,387	1,197
	9,333	**7,944**

iv. Current leasing liabilities

Current leasing liabilities of EUR 358 thousand were reported as of June 30, 2022 (previous year: EUR 443 thousand). The recorded leasing liabilities relate to liabilities from leasing agreements with a term of up to one year.

For information about the rights of use of assets capitalized as part of leases and the associated depreciation charges, please refer to Note IV.a.ii Rights of use.

v. Other current liabilities

Composition:

in EUR thousand	30/06/2022	30/06/2021
Financial liabilities		
Personnel-related deferrals	1,202	1,429
Other	703	575
	1,905	**2,004**
Non-financial liabilities		
Personnel-related deferrals	284	227
Tax liabilities	293	279
Liabilities for social security	46	88
	623	**594**
	2,528	**2,598**

Financial personnel-related deferrals mostly relate to bonuses and liabilities from the current payroll. A further liability applies in an amount of EUR 118 thousand (previous year: EUR 118 thousand) in connection with the departure of the CFO as of December 31, 2018. Non-financial personnel-related deferrals essentially comprise outstanding holiday entitlements.

All other current liabilities do not bear interest and are due within one year.

V. Notes to the consolidated income statement

a. Revenue

KROMI sold goods and associated services during the period under review. The revenue is composed as follows:

in EUR thousand	01/07/2021–30/06/2022	01/07/2020–30/06/2021
Deliveries and services in Germany	37,942	38,614
Deliveries and services in other European countries	32,345	30,075
Deliveries and services in Brazil	10,734	8,262
Sales reductions	−559	−549
	80,462	**76,402**

Revenue of BRL 62,699 thousand (EUR 10,734 thousand) was generated in Brazil in the 2021/2022 fiscal year (previous year: BRL 53,160 thousand (EUR 8,262 thousand).

In accordance with IFRS 15, revenues were reduced to reflect any sales deductions beyond the balance sheet date, such as expected cash discount drawings by customers.

Revenues are broken down into time-related revenues in an amount of EUR 76,874 thousand (previous year: EUR 73,406 thousand) and period-related revenues in an amount of EUR 3,588 thousand (previous year: EUR 2,996 thousand).

b. Other operating income

Composition:

in EUR thousand	01/07/2021–30/06/2022	01/07/2020–30/06/2021
Income from the release of provisions	84	275
Benefits in kind – vehicles	291	326
Income from paid insurance claims	221	21
Other	186	374
	782	**996**

c. Cost of materials

Composition:

in EUR thousand	01/07/2021–30/06/2022	01/07/2020–30/06/2021
Merchandise utilization / procured services	61,242	58,998
Industrial product tax and VAT (Brazil)	2,654	2,155
Inventory valuation	67	82
Less discounts	−831	−830
Less bonus payments	−477	−380
	62,655	**60,025**

d. Staff costs

Composition:

in EUR thousand	01/07/2021–30/06/2022	01/07/2020–30/06/2021
Wages and salaries	8,426	8,546
Social security expenses and pensions	2,074	2,003
	10,500	**10,549**

During the fiscal year from July 1, 2021 to June 30, 2022, the Group employed an average of 197 staff (previous year: 201), in addition to the members of the Managing Board. As of June 30, 2022, the Group employed a total of 212 staff in addition to the members of the Managing Board (previous year: 191). The staff includes 16 individuals in management, 183 salaried employees and 13 workers (previous year: 15 individuals in management, 163 salaried employees and 13 workers).

In the fiscal year under review, government subsidies granted as part of support measures were netted with the corresponding expenses if they were recognized in profit or loss. Income from supportive government measures in connection with the coronavirus pandemic in the amount of EUR 15 thousand (previous year: EUR 253 thousand) was recognized in staff costs.

e. Other operating expenses

Composition:

in EUR thousand	01/07/2021–30/06/2022	01/07/2020–30/06/2021
Distribution costs	1,878	1,748
Operating costs	1,861	1,187
Administration costs	1,313	1,254
Expenses arising from currency differences	15	79
Miscellaneous	790	873
	5,857	**5,141**

“Miscellaneous” includes bad debt allowances on trade receivables amounting to EUR 517 thousand (previous year: EUR 0 thousand).

f. Financial income

In the 2021/2022 fiscal year, financial income comprised EUR 36 thousand of interest income from current accounts (previous year: EUR 43 thousand).

g. Financial expenses

Composition:

in EUR thousand	01/07/2021–30/06/2022	01/07/2020–30/06/2021
Interest expense to banks	383	353
Interest expenses on leasing liabilities as per IFRS 16	21	23
Interest on tax arrears	52	0
Interest on pension commitments	45	46
	501	**422**

h. Taxes on income and earnings

Income taxes in the period under review derived from the following items:

in EUR thousand	01/07/2021–30/06/2022	01/07/2020–30/06/2021
Trade tax current year	94	1
Corporation tax current year	78	0
Solidarity surcharge current year	4	0
Foreign income taxes	106	43
Current year tax expense	**282**	**44**
Corporation tax for previous years	94	0
Solidarity surcharge for previous years	5	0
Trade tax for previous years	151	–12
Tax expense for previous years (previous year: previous years' tax income)	**250**	**–12**
Deferred tax income – temporary differences	–842	–30
Deferred tax income	**–842**	**–30**
	–310	**2**

The average Group tax rate for the 2021/2022 fiscal year stood at 32.0 % (previous year: 32.0 %).

The following presents the reasons for the divergences between the expected and actual tax expenses:

in EUR thousand	01/07/2021–30/06/2022	01/07/2020–30/06/2021
Profit before tax	763	323
Expected tax expense (tax rate: 32%)	**244**	**103**
Taxes for prior years	250	–12
Effects from the reversal of deferred taxes on tax loss carryforwards	135	–61
Effects from the capitalization of deferred taxes on tax loss carryforwards	–949	0
Foreign subsidiaries' tax rate differences	6	43
Other	4	–71
Actual tax income (prev. year: tax expense)	**–310**	**2**

The tax loss carryforwards in Germany were released in full in the 2021/2022 financial year (previous year: EUR 841 thousand). In the previous year, these loss carryforwards equated to deferred tax assets of EUR 135 thousand. At the same time, loss carryforwards in Brazil were capitalized which led to a tax income of EUR 949 thousand.

The tax losses can be offset for an indefinite period against the future taxable earnings of the company in which the loss arises. The possibility of utilization was estimated based on planning.

i. EBIT, EBIT margin, gross profit

The Group reported operating earnings of EUR 1,228 thousand during the fiscal year under review (previous year: EUR EUR 702 thousand). This also corresponds to earnings before interest and taxes (EBIT). The EBIT margin (as a percentage of revenue) consequently amounted to 1.53 % (previous year: 0.92 %). Gross profit (revenues less cost of materials) increased from EUR 16,377 thousand to EUR 17,807 thousand.

VI. Contingent liabilities and financial commitments

a. Contingent liabilities

KROMI has issued a guarantee letter for EUR 200,000 to Deutsche Bank S.A. – Banco Alemao, São Paulo, Brazil, for loans granted to KROMI Logistica do Brasil Ltda, Joinville, Brazil, for its current working capital borrowing facilities.

b. Financial commitments

The defined contribution benefit plans result in monthly payments to a benefit fund of around EUR 4 thousand for the period in which an employment relationship exists with the beneficiary.

VII. Financial risks and financial instruments

a. Categories of financial instruments

The Group's financial assets are its cash and cash equivalents and receivables. The primary financial instruments carried under assets are receivables to the extent that these are based on a contract, and to the extent that these are not connected to a retirement benefits plan. These receivables reported on the balance sheet derive essentially from deliveries and services. Other current financial assets result essentially from receivables from purchase price retentions in connection with factoring, paid insurance claims and security deposits.

Non-current financial assets in connection with a retirement benefits plan (reinsurance policies) are recognized on the balance sheet at fair value (FVTPL) in an amount of EUR 312 thousand (previous year: EUR 296 thousand). Fair value is determined in accordance with the measurement hierarchy of IFRS 13 Level 3 (using recognized measurement methods and unobservable input factors).

The primary financial instruments carried as liabilities comprise all sub-segments of liabilities with the exception of commitments for retirement benefits, deferred income, deferred taxes and income tax liabilities. In addition, this does not include items that are not based on a contract (e.g. commitments to social security entities or tax authorities). The primary financial instruments carried under liabilities are almost exclusively interest-bearing loans, trade accounts payable carried under liabilities, leasing liabilities and other financial liabilities carried under liabilities on the balance sheet.

The interest rate swap deployed for hedging purposes in the previous year was recognized on the balance sheet at fair value (FVOCI) in other non-current financial liabilities in an amount of EUR 16 thousand. Fair value was determined by the mark-to-market method, i.e. in accordance with the measurement hierarchy of IFRS 13 Level 2 (using recognized measurement methods and measurement parameters derived from market pricing).

With the exception of the derivative financial instrument in the previous year, financial instruments in the KROMI Group are allocated exclusively to the amortized cost (AC) measurement model underlying IFRS 9. The short terms of these liabilities, however, and in the case of two longer-term loans, its variable interest rate, mean that their fair value does not differ materially from their carrying amounts on the balance sheet.

Net earnings by measurement category are as follows:

EUR thousand	Financial assets (AC)	Derivative financial instruments (FVTPL)	Financial liabilities (AC)	Net earnings from financial instruments 2021/2022	Net earnings from financial instruments 2020/2021
From financial result					
Financial income	36	0	0	36	38
Financial expenses	–185	0	–219	–404	–376
From subsequent measurement					
Fair value measurement	0	16	0	16	14
Valuation allowances	–590	0	0	–590	–22
Foreign currency differences	–8	0	–7	–15	–79
Total	**–747**	**16**	**–226**	**–957**	**–425**

b. Default risk

Default risk is the risk of a counterparty not being able to fulfil its contractual obligations, resulting in a financial loss for the Group. The credit and default risk for financial assets corresponds at most to the amounts carried as assets.

The Group's default risk derives primarily from its trade receivables. The amount carried on the balance sheet includes valuation adjustments applied to doubtful receivables that the Managing Board has formed based on its estimate of its ability to collect the outstanding amounts.

The KROMI Group endeavors to limit default risks through appropriate diversification of its customer portfolio as well as through credit insurance.

c. Liquidity and interest rate risk

No material liquidity or interest rate risks exist within the KROMI Group. Except for two non-current loans, the liabilities carry residual terms of less than one year. The non-current loans amounting to EUR 682 thousand (previous year: EUR 500 thousand) as of the reporting date, attract variable interest rates. One loan was hedged through an interest rate swap until June 30, 2022.

Due to the low residual debt of the loan, no material effects are expected on equity or profit or loss from any potential change in the interest rates, and hence no sensitivity analysis was presented for materiality reasons and no new interest rate swap was concluded.

The remaining contractual maturities of financial liabilities on the reporting date including estimated interest payments are shown below. These are undiscounted gross amounts including contractual interest payments.

EUR thousand	Carrying amount 30/06/2022	Contractual cash flows Total amount	Within 1 year	1–5 years	More than 5 years
Non-derivative financial liabilities					
Non-current interest-bearing loans	682	877	0	877	0
Non-current leasing liabilities	415	512	0	351	161
Other non-current financial liabilities	59	59	0	59	0
Current interest-bearing loans	1,182	1,268	1,268	0	0
Trade payables	9,333	9,333	9,333	0	0
Current leasing liabilities	358	398	398	0	0
Other current financial liabilities	1,905	1,905	1,905	0	0
Derivative financial liabilities					
n/a					

The Group has a credit line of EUR 10.8 million. The utilization of this credit line amounted to EUR 1.4 million as of June 30, 2022.

d. Foreign currency risks

The foreign currency results reported during the year under review originated mostly from intra-group transactions between KROMI and its Brazilian subsidiary. No other material currency translation risks exist as almost all delivery agreements in Europe are concluded in euros and in Brazil in Brazilian real.

e. Market risk

Market risk is the risk that changes occur to market prices such as exchange rates, interest rates and share prices, thereby affecting the Group's income or the value of financial instruments that it holds. The aim of market risk management is to manage and control market risk within acceptable bandwidths, while at the same time optimizing returns.

The Group purchased an interest rate swap in order to manage market risks. The interest rate swap expired on June 30, 2022.

VIII. Notes to the consolidated statement of cash flows

Changes to liabilities resulting from finance activities

EUR thousand	Non-current interest-bearing loans	Current interest-bearing loans	Lease liabilities (current and non-current)
Balance on July 1, 2021	**500**	**6,095**	**850**
Changes to cash flows from finance activity			
+ Cash inflows from the take-up of current loans	0	0	0
– Cash outflows from the repayment of current loans	0	–5,034	0
+ Cash inflows from the take-up of loans	282	121	0
– Cash outflows from the repayment of loans	–100	0	0
– Cash outflows from the repayment of leasing liabilities	0	0	–502
– Interest paid	–19	–364	–21
Overall change in cash flow from finance activity	**163**	**–5,277**	**–523**
Other changes			
New lease contracts	0	0	439
Effects of exchange rate fluctuations	0	0	–14
Interest expenses	19	364	21
Total other changes	**19**	**364**	**460**
Balance as of June 30, 2022	**682**	**1,182**	**773**

IX. Segment reporting

According to IFRS 8, the identification of operating segments with a reporting requirement is based on the management approach. Accordingly, external segment reporting is based on the internal financial reporting to the top-level management body. In the KROMI Group, the Managing Board of KROMI Logistik AG is responsible for evaluating and managing the segments' business performance, and is the top-level management body in the meaning of IFRS 8.

KROMI's company purpose is trading with, and the distribution of, machining tools and associated services. This forms the basis for the Group's income. The management believes that segmentation based on products and areas of expertise is not pertinent, as these are homogeneous. As a consequence, the Managing Board forms segments based on its sales markets. The figures are based on customers' locations in Germany (domestically), European countries besides Germany, and Brazil as the markets that the Group currently supplies. The European countries especially include Denmark, France, Austria, Poland, Slovakia, Spain and the Czech Republic, which account for the predominant share of the revenue generated with European customers. The other countries to which deliveries are made played a subordinate role in the fiscal year elapsed. Almost all revenues are invoiced in euros, so that, to this extent, no currency risks are to be reported.

The valuation principles for segment reporting are based on the IFRS principles applied in the consolidated financial statements. As a consequence, no reconciliation statements require presentation. If it proved impossible to assign individual items to the segment reporting according to the above (primary) criteria, the company has made reasonable assumptions for the distribution of key assets. Where it was not possible to make any plausible or reasoned assumptions that were very likely to lead to the results similar to those actually obtained, the respective item was not included in the segment reporting, and was shown only in the reconciliation statement.

The allocation of external revenues and trade receivables is based on the respective customer's location. The allocation of non-current assets and inventories to regions is performed according to the location of the respective assets. Other assets are either financial assets that serve the company as a whole, or assets which cannot be feasibly distributed, and which are consequently shown only in the reconciliation statement to the company's total assets.

Liabilities in the KROMI Group are mostly not segment liabilities, as these serve the company as a whole or the financing of the company as a whole (for example, provisions for pensions, deferred taxes, interest-bearing loans). The remaining segment liabilities (trade payables) were not distributed, as a reasonable basis for distribution is impossible.

KROMI assesses the segments' performance using, for example, segment earnings. Segment earnings comprise revenues less the cost of materials. Revenues and advance payments between segments are not netted. As a consequence, segment reporting only includes income and expenses with external customers and suppliers.

	Germany		EU countries outside Germany		Brazil		Total	
in EUR thousand	**07/21–06/22**	**07/20–06/21**	**07/21–06/22**	**07/20–06/21**	**07/21–06/22**	**07/20–06/21**	**07/21–06/22**	**07/20–06/21**
Revenue (from external customers)	**37,645**	**38,589**	**32,083**	**29,551**	**10,734**	**8,262**	**80,462**	**76,402**
Less cost of materials	−29,441	−30,527	−25,027	−23,102	−8,187	−6,396	−62,655	−60,025
Segment result	8,204	8,062	7,056	6,449	2,547	1,866	17,807	16,377
Plus other operating income							782	996
Plus other own work capitalized							79	41
Less staff costs							−10,500	−10,549
Less amortization/depreciation							−1,083	−1,022
Less other operating expenses							−5,857	−5,141
Less financial result							−465	-379
Plus income taxes							310	−2
Group net profit/loss							**1,073**	**321**

	Germany		EU countries outside Germany		Brazil		Total	
in EUR thousand	**30/06/22**	**30/06/21**	**30/06/22**	**30/06/21**	**30/06/22**	**30/06/21**	**30/06/22**	**30/06/21**
Segment assets	**13,317**	**13,381**	**14,434**	**15,463**	**5,130**	**4,160**	**32,880**	**33,004**
of which non-current segment assets	3,440	3,434	565	444	531	379	4,536	4,257
of which current segment assets	9,877	9,947	13,869	15,019	4,599	3,781	28,344	28,747
plus cash and cash equivalents							1,797	4,887
plus assets not allocable to the segments							4,509	3,960
Total assets							**39,186**	**41,851**

KROMI generates approx. 14.2 % or EUR 11,453 thousand (previous year: 15.6 % or EUR 11,944 thousand) of its revenues with one group. Of this total, EUR 4,462 thousand is attributable to Germany (previous year: EUR 3,257 thousand) and EUR 6,991 thousand is to European countries besides Germany (previous year: EUR 8,687 thousand).

X. Earnings per share

The subscribed share capital of KROMI amounted to a total of EUR 4,124,900.00 on June 30, 2022 (previous year: EUR 4,124,900.00). It comprises 4,124,900 no par value bearer shares. All of the shares are ordinary shares and carry an equal participating interest in the company's share capital.

Shares	**30/06/2022**	**30/06/2021**
Number of shares – start of period	4,124,900	4,124,900
Number of shares – end of period	4,124,900	4,124,900

Basic earnings per share are calculated by dividing the consolidated earnings by the weighted average number of ordinary shares in circulation in the year under review. Earnings per share are calculated based on the following data:

in EUR thousand	**01/07/2021–30/06/2022**	**01/07/2020–30/06/2021**
Group net profit/loss	1,073	321
Number of shares in fiscal year	4,124,900	4,124,900
Earnings per share (basic)	**0.26**	**0.08**

Diluted earnings per share correspond to the basic earnings per share.

The Managing Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital by up to a total of EUR 2,062 thousand (Authorized Capital).

No dividends were paid in the period from July 1, 2021 to June 30, 2022.

XI. Related party disclosures

KROMI Logistik AG is the ultimate parent company.

Pursuant to IAS 24, the following information is provided on related parties. Related parties are divided into the following groups and are comprised as follows:

a) Direct and indirect shareholders of KROMI Logistik AG with a controlling or significant influence:

- Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn
- Norman Rentrop, Bonn

b) Individuals in key positions:

- Ulrich Bellgardt (Chairman of the Supervisory Board)
- Jens Grosse-Allermann (Deputy Supervisory Board Chairman)
- Prof. Eckart Kottkamp (Supervisory Board member)
- Stephan Kleinmann (Supervisory Board member)
- Felix Höger (Supervisory Board member)
- Bernd Paulini (Managing Board member) Member of the Group Executive Committee
- Christian Auth (Managing Board member) Member of the Group Executive Committee
- Jens Kumpert (authorized company officer) Member of the Group Executive Committee
- Marcel Ziebell (authorized company officer; until 30 September 2021)
- Jenis Acosta (Managing Director of KROMI Logistica do Brasil Ltda), Member of the Group Executive Committee

The Managing and Supervisory boards' remuneration is detailed under Note XII.

Compensation of key management members:

in EUR thousand	2021/2022	2020/2021
Short-term benefits	1,259	1,618
Other long-term benefits	191	169
Post-employment benefits	93	113
	1,544	**1,900**

XII. Information on the executive bodies of KROMI Logistik AG

i. Managing Board

The following individuals were appointed as members of the Managing Board of KROMI Logistik AG for the fiscal year ending on June 30, 2022:

- Bernd Paulini (Chairman), Lüblow
  further supervisory board mandates/memberships of executive bodies: none

- Christian Auth (CFO), Hamburg
  further supervisory board mandates/memberships of executive bodies: none

Total remuneration paid to the Managing Board amounted to EUR 704 thousand in the 2021/2022 fiscal year (previous year: EUR 880 thousand).

Non-share-based remuneration of EUR 82 thousand dependent on the occurrence or non-occurrence of future conditions was granted to the Managing Board members in the 2021/2022 fiscal year (previous year: EUR 126 thousand). The level of the payment is dependent on achieving the targets for ROCE and revenues in the fiscal year. Payment is allocated over a three-year retention period, and paid in three instalments amounting to a maximum of one third each. The retained components are only paid if the company reports a sustained positive trend in its value. Negative performance contributions by a Managing Board member, or a negative overall performance by the company (malus condition) can reduce the level of as yet unpaid, retained components or they can lapse entirely. The Supervisory Board decides on this at its own discretion, taking into consideration statutory regulations and the circumstances of the specific case.

Compensation of EUR 55 thousand was granted in the year under review (previous year: EUR 47 thousand), which was dependent on the occurrence or non-occurrence of future conditions and for which the original commitments were made in previous fiscal years.

Former members of the Managing Board received compensation amounting to EUR 72 thousand (previous year: EUR 72 thousand) from pension payments.

As of the reporting date, provisions of EUR 648 thousand (previous year: EUR 1,406 thousand) have been formed for pension payments to former members of the Managing Board.

The Managing Board's shareholdings as at June 30, 2022 were as follows:

	Shareholding in number of shares	
Name	**30/06/2022**	**30/06/2021**
Bernd Paulini	94,766	94,766
Christian Auth	3,191	3,191

ii. Supervisory Board

The Supervisory Board is composed of the following members:

- Ulrich Bellgardt (Chairman), Management Consultant, residing in Solothurn, Switzerland
  Further supervisory board mandates / memberships of executive bodies
  - Deputy Chairman of the Supervisory Board of WashTec AG, Augsburg

- Jens Grosse-Allermann (Deputy Chairman), member of the Managing Board of Investmentaktiengesellschaft für langfristige Investoren TGV, Bonn, as well as member of the Managing Board of Fiducia Treuhand AG, Bonn, residing in Cologne
  Further supervisory board mandates/memberships in executive bodies:
  - WashTec AG, Augsburg, until May 16, 2022
  - GESCO AG, Wuppertal

- Prof. Dr. Eckart Kottkamp, consultant, residing in Grosshansdorf
  Further supervisory board mandates/memberships in executive bodies:
  - Basler AG, Ahrensburg (Deputy Chairman of the Supervisory Board), until May 23, 2022
  - Chairman of the Advisory Board of PEP NewCo IV GmbH (LKE Group, Marl)

- Stephan Kleinmann, Independent Certified Public Auditor / Tax Adviser, residing in Berlin, (until August 31, 2022 Managing Partner of Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg)
  Further supervisory board mandates/memberships in executive bodies:
  - none

- Felix Höger, Managing Director of Höger Management GmbH, residing in Bornheim
  Further supervisory board mandates/memberships in executive bodies:
  - NELEX AG, Cologne
  - Chairman of the Supervisory Board of DE-CIX Group AG, Cologne

Total remuneration paid to the Supervisory Board amounted to EUR 308 thousand in the 2021/2022 fiscal year, (previous year: EUR 187 thousand). This increase is essentially due to the addition to the provision for long-term variable remuneration of the Supervisory Board as well as the appointment of a further member to the Supervisory Board effective December 8, 2020.

Since the profitability targets in the Supervisory Board's previous variable remuneration in fiscal 2020/2021 were not achieved, no comparable provision was formed in the previous year.

Non-share-based remuneration of EUR 100 thousand dependent on the occurrence or non-occurrence of future conditions was granted to members of the Supervisory Board in the 2021/2022 fiscal year (previous year: EUR 0 thousand). The level of the variable remuneration depends on the degree to which the defined performance target is met as well as on the extent of the Supervisory Board member's own investment in shares of the company. The performance targets comprise on the one hand ROCE targets and on the other earnings per share targets (EPS) as of June 30, 2024.

In the reporting year, members of the Supervisory Board were not granted any compensation (previous year: EUR 0 thousand), which was dependent on the occurrence or non-occurrence of future conditions and for which the original commitments were made in previous fiscal years.

The members of the Supervisory Board held the following number of shares in the company as of the balance sheet date:

	Shareholding in number of shares	
Name	**30/06/2022**	**30/06/2021**
Ulrich Bellgardt	9,000	9,000
Jens Große-Allermann	0	0
Stephan Kleinmann	3,500	3,500
Prof. Dr. Eckart Kottkamp	3,500	3,500
Felix Höger	0	0

XIII. Auditor's fee

The total fee charged by the auditor of the consolidated financial statements for the financial year amounts to EUR 96 thousand (previous year: EUR 90 thousand) and is fully attributable to auditing services in the financial year.

XIV. Notices received pursuant to Section 33 (1) and (1a) of the German Securities Trading Act (WpHG)

Notification of voting rights

1. Details of issuer
KROMI Logistik AG
Tarpenring 11
22419 Hamburg
Germany
Legal Entity Identifier (LEI): 529900L3GACMYY4MMX62

2. Reason for notification

X	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
	Other reason

3. Details of person subject to the notification obligation

Legal entity: Kromi Beteiligungsgesellschaft mbH

City of registered office, country: Hamburg, Germany

4. Names of shareholders

holding 3 % or more voting rights, if different from 3.

5. Date on which threshold was crossed or reached:

25/11/2021

6. Total positions

	Proportion of voting rights (7.a.)	Proportion of instruments (7.b.1. + 7.b.2.)	Total of both (7.a. + 7.b.)	Total number of voting rights pursuant to Sec. 41 WpHG (Securities Trading Act)
New	2.18 %	0 %	2.18 %	4,124,900
Previous notification	3.27 %	0 %	3.27 %	/

7. Details on total positions

a. Voting rights attached to shares (Sections 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	attributed (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	attributed (Sec. 34 WpHG)
DE000A0KFUJ5	90,000	0	2.18 %	0 %
			%	%
Total	**90,000**		**2.18 %**	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
				%
				%
Total				**%**

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
					%
					%
			Total		%

8. Information in relation to the person subject to the notification obligation

X	Person subject to the notification obligation (3.) is not controlled nor does it control any other undertaking(s) that directly or indirectly hold(s) an interest in the (underlying) issuer (1.).
	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Company	Voting rights in % if 3 % or higher	Instruments in % if 5 % or higher	Total in % if 5 % or higher

9. In case of proxy voting according to Sec. 34 (3) WpHG
(only in case of attribution of voting rights in accordance with Sec. 34 (1) sent. 1 No. 6 WpHG)
Date of General Meeting:
Holding total positions (6.) after General Meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:
None

Notification of voting rights

1. Details of issuer
KROMI Logistik AG
Tarpenring 11
22419 Hamburg
Germany
Legal Entity Identifier (LEI): 529900L3GACMYY4MMX62

2. Reason for notification

X	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
X	Other reason: Exercise of financial instruments

3. Details of person subject to the notification obligation
Natural person (first name, surname):
Norman Rentrop, date of birth: 26/10/1957

4. Names of shareholders
holding 3 % or more voting rights, if different from 3.
Investmentaktiengesellschaft für langfristige Investoren TGV

5. Date on which threshold was crossed or reached:
18/12/2019

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1 + 7.b.2)	Total (sum of 7.a. + 7.b.)	Total number of voting rights pursuant to Sec. 41 WpHG
New	81.73 %	3.27 %	85 %	4,124,900
Previous notification	75.55 %	4.36 %	79.91 %	/

7. Details on total positions

a. Voting rights attached to shares (Sections 33, 34 WpHG)

ISIN	absolute		in %	
	direct (Sec. 33 WpHG)	attributed (Sec. 34 WpHG)	direct (Sec. 33 WpHG)	attributed (Sec. 34 WpHG)
DE000A0KFUJ5	90,000	3,371,359	%	81.73 %
			%	%
Total	**3,371,359**		**81.73 %**	

b.1. Instruments according to Sec. 38 (1) no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		%

b.2. Instruments according to Sec. 38 (1) no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Put option of sellers		01/09/2021–30/11/2021	Cash	135,000	3.27 %
			Total	135,000	3.27 %

8. Information in relation to the person subject to the notification obligation

	Person subject to the notification obligation (3.) is not controlled nor does it control any other undertaking(s) that directly or indirectly hold(s) an interest in the (underlying) issuer (1.).
X	Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Company	Voting rights in % if 3 % or higher	Instruments in % if 5 % or higher	Total in % if 5 % or higher
Norman Rentrop	%	%	%
Investmentaktiengesellschaft für langfristige Investoren TGV	81.73 %	%	85 %

9. In case of proxy voting according to Sec. 34 (3) WpHG

(only in case of attribution of voting rights in accordance with Sec. 34 (1) sent. 1 No. 6 WpHG)

Date of General Meeting: Holding total positions (6.) after General Meeting:

Proportion of voting rights	Proportion of instruments	Total of both
%	%	%

10. Other explanatory remarks:

None

XV. Events after the reporting date

No events occurred after the reporting date that would have led to a different assessment of the financial position and results of operations if they had occurred before the reporting date.

XVI. Proposal for the appropriation of profits of KROMI Logistik AG

KROMI Logistik AG, Hamburg, reports an unappropriated net loss of EUR 3,109 thousand according to its annual financial statements prepared as of June 30, 2022 according to the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). For the purposes of passing a resolution at the Annual General Meeting, the company's Managing Board proposes to the Supervisory Board that the unappropriated net loss be carried forward to a new account.

XVII. Statement pursuant to Section 161 of the German Stock Corporation Act (AktG) relating to the Corporate Governance Code

The Managing and Supervisory boards herewith declare that the statement in accordance with Section 161 of the German Stock Corporation Act (AktG) was issued and made publicly accessible to shareholders on the company's website on June 24, 2022 at http://ir.kromi.de/websites/kromi/German/7100/entsprechenserklaerung.html

XVIII. Date of authorization for issue

The Managing Board authorized the consolidated financial statements of KROMI Logistik AG for issue on September 23, 2022 (date of authorization by the Managing Board for presentation to the Supervisory Board).

Hamburg, September 23, 2022

Managing Board of KROMI Logistik AG

Bernd Paulini Christian Auth

Independent auditor's report

To KROMI Logistik AG, Hamburg

Report on the audit of the consolidated financial statements and of the combined management report

Audit opinions
We have audited the consolidated financial statements of KROMI Logistik AG, Hamburg, and of its subsidiaries (the Group), comprising the consolidated balance sheet as of June 30, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year from July 1, 2021 to June 30, 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Furthermore, we have audited the report on the position of the company and the Group (hereinafter referred to as the "combined management report") of KROMI Logistik AG for the fiscal year from July 1, 2021 to June 30, 2022.

In accordance with German legal requirements, we have not audited the content of the components of the Group management report mentioned in the "Other information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply in all material respects with IFRSs as adopted by the EU, the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB) and in accordance with these requirements give a true and fair view of the Group's net assets and financial position as of June 30, 2022 and of its results of its operations for the fiscal year from July 1, 2021 to June 30, 2022, 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 pertaining to future development. Our audit opinion on the combined management report does not include the contents of the components of the combined management report mentioned in the section "Other information".

Pursuant to Section 322 (3) Clause 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the audit opinions
We conducted our audit of the consolidated financial statements and the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter "EU Audit Regulation") and German generally accepted standards for the audit of financial statements as promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility under these rules and principles is further described in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the combined management report" of our audit opinion. 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, pursuant to Article 10 (2) (f) EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) 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 issues in the audit of the consolidated financial statements

Particularly important matters are those which in our due judgement were the most significant matters in our audit of the consolidated financial statements for the financial year from July 1, 2021 to June 30, 2022. These matters were considered in connection with our audit of the consolidated financial statements as a whole and the formulation of our audit opinion; we do not provide a separate audit opinion on these matters.

■ Accrual of revenues for withdrawals from KROMI Tool Centers

For the accounting principles applied to revenues, we refer to Chapter III.c. of the Notes.

RISK FOR THE FINANCIAL STATEMENTS

The Group's revenues amount to EUR 80.5 million in the 2021/2022 financial year of which a significant proportion is accounted for by deliveries through the withdrawal of goods from dispensers set up on customers' premises (so-called KROMI Tool Centers). The Group's main markets are in Europe and Brazil. Revenues represent one of the most important target indicators for the Group and they also form a significant basis for decisions on the part of users of the financial statements.

Revenue is recognized at the time the goods are withdrawn from the dispenser by the customer. The withdrawal is registered with the aid of a special IT system tailored to goods management.

There is a risk for the financial statements that revenues will be recognized prematurely as of the reporting date.

OUR AUDIT APPROACH

To verify whether revenues are accrued correctly for withdrawals from KROMI Tool Centers, we examined the design and set-up of processes for recognising revenues and internal controls with respect to correct accrual. By observing inventory processes, we satisfied ourselves that stocks according to the accounting system are reconciled to physical stocks.

For all withdrawals from dispensers in the financial year, we matched withdrawal lists generated by the system with their recognition in the accounting system. For the period after the reporting date, we analyzed whether any revenues for withdrawals had been cancelled and assessed them.

We also obtained third-party confirmation from customers for selected revenue entries for a defined period before the reporting date on the basis of a mathematical, statistical procedure, and satisfied ourselves that revenues were correctly accrued. Any missing feedback from the third-party confirmation method was compensated by alternative audit procedures by matching revenues with the underlying withdrawal reports, invoices and payment receipts. We analyzed overdue trade receivables to ascertain whether revenues had been recognized with no actual withdrawals. In addition, we analyzed sales trends throughout the course of the year, in particular to see whether any conspicuous fluctuations occurred around the reporting date.

OUR CONCLUSIONS

The KROMI Group's approach to accruing revenues for withdrawals from KROMI Tool Centers is appropriate.

Other information

The legal representatives and the Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report that have not been audited:

- the combined corporate governance declaration for the Company and the Group referred to in the combined management report.

The other information also includes the annual report that is likely to have been made available to us after the date of the auditor's report.

The other information does not include the consolidated financial statements, the audited disclosures in the combined management report and our associated auditor's report.

Our audit opinions on the consolidated financial statements and the combined management report do not extend to the other information and, accordingly, we do not express an opinion or any other form of audit conclusion thereon.

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

- is materially inconsistent with the consolidated financial statements, the disclosures in the combined management report that were audited in relation to their content, or the knowledge we obtained in the audit, or

- appears to be presented incorrectly in some other way.

Responsibility of the legal representatives and of the Supervisory Board for the consolidated financial statements and the combined management report

The legal representatives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB, and for the presentation of the Group's financial position and performance in accordance with these requirements. In addition, the legal representatives are responsible for internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing matters relating to the entity as a going concern, if relevant. Furthermore, they are responsible for accounting under the going concern assumption unless an intention exits to liquidate the Group or to discontinue operations, or no realistic alternative exists.

Moreover, the legal representatives are responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements, and suitably presents the opportunities and risks pertaining to future development. In addition, the legal representatives are responsible for the precautions and measures (systems) they deem necessary in order to enable the preparation of a combined management report in accordance with the applicable German legal provisions and to provide sufficient and suitable evidence for the statements in the combined management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for preparing the consolidated financial statements and the combined management report.

Auditor's responsibility for the audit of the consolidated financial statements and the combined management report
Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the combined management report as a whole provides a suitable view of the Group's position, and is consistent, in all material respects, with the consolidated financial statements and the findings of our audit, complies with German legal requirements, and suitably presents the opportunities and risks pertaining to future development, as well as to express an opinion that includes our audit opinion on the consolidated financial statements and the combined management report.

Sufficient assurance is a high level of assurance, albeit 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 the audit of financial statements as promulgated by the Institute of Public Auditors in Germany (IDW) will always reveal a material misstatement. Misstatements can arise from violations or inaccuracies, and are regarded as material if it could reasonably be expected that they will individually or collectively influence the economic decisions of users made on the basis of these consolidated financial statements and the combined management report.

During the audit, we exercise our best judgment and maintain a critical stance. Furthermore,

- we identify and evaluate the risks of material misstatement, whether intentional or not, in the consolidated financial statements and in the combined management report, plan and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements will not be detected is greater for violations than for inaccuracies, as violations may involve fraudulent collusion, falsification, intentional incompleteness, misrepresentation, or the overriding of internal controls.

- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the audit of the combined management report in order to plan audit procedures that are appropriate in the circumstances, albeit not for the purpose of expressing an opinion on the effectiveness of these systems.

- we evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates made by the legal representatives, as well as related disclosures.

- we draw conclusions about the appropriateness of the going concern assumption applied by the legal representatives and, on the basis of the audit evidence obtained, whether a material uncertainty exists in connection with events or circumstances that could 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 express an opinion on the related consolidated financial statements and on the combined management report or, if the information is inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances may, however, result in the Group no longer being able to continue its business activities.

- we assess the overall presentation, structure and the content of the consolidated financial statements, including the disclosures, as well as whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements give a true and fair view of the Group's financial position and performance in accordance with IFRS as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB.

- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group in order to express an opinion on the consolidated financial statements and the combined management report. We are responsible for the direction, monitoring and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

- we assess the consistency of the combined management report with the consolidated financial statements, its legal pronouncements, and the combined management report as a whole.

- we perform audit procedures on the forward-looking statements in the combined management report as presented by the legal representatives. On the basis of sufficient and suitable audit evidence, we especially verify the significant assumptions on which the legal representatives' forward-looking statements are based and assess the proper derivation of the forward-looking statements from such assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. A significant unavoidable risk exists that future events will differ materially from the forward-looking statements.

Among other matters, we discuss the planned scope and timing of the audit and significant findings of the audit with those individuals responsible for supervision, including any deficiencies in the internal control system that we identify during our audit.

We make a declaration to those individuals responsible for supervision that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that are reasonably believed to affect our independence and the safeguards that have been put in place to that effect.

From among the matters discussed with those individuals responsible for supervision, we identify those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are consequently the most important matters for the audit. We describe these matters in the auditor's report unless the law or other regulations exclude the publication of such matters.

Other statutory and other legal requirements

Report on the audit of the electronic reproduction of the consolidated financial statements and the combined management report prepared for the purpose of disclosure in accordance with Section 317 (3a) HGB

Pursuant to Section 317 (3a) HGB, we have performed a reasonable assurance engagement to determine whether the reproduction of the consolidated financial statements and the combined management report (hereinafter also referred to as the "ESEF documents") contained in the file provided "529900L3GACMYY4MMX62-2022-06-30-de.zip" (SHA256 hash value: 44092c65f27091bfa75b80c5a1c1ec95ebcae54a6109e 7f75f1368bf856 3531a) and prepared for disclosure purposes comply in all material respects with the electronic reporting format ("ESEF format") requirements of Section 328 (1) HGB. In accordance with German legal requirements, this audit extends only to the transfer to the ESEF format of the information contained in the consolidated financial statements and the combined management report and consequently neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned attached file and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 (1) HGB regarding the electronic reporting format. Above and beyond this opinion as well as our opinions on the accompanying consolidated financial statements and the accompanying combined management report for the fiscal year from July 1, 2021 to June 30, 2022 included in the “Report on the audit of the consolidated financial statements and of the combined management report” presented above, we do not express any opinion on the information included in these reproductions or on the other information included in the aforementioned file.

We conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the aforementioned attached file in accordance with Section 317 (3a) HGB, taking the draft IDW Auditing Standards into consideration: Audit of electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 (3a) HGB (IDW PS 410 (10.2021)). Our responsibility in this context is described in further detail below. Our auditing practice meets the requirements of the quality assurance system of the IDW quality assurance standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1) were applied.

The Company’s legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with Section 328 (1) Clause 4 No. 1 HGB and for the marking up of the consolidated financial statements in accordance with Section 328 (1) Clause 4 No. 2 HGB.

Furthermore, the Company’s legal representatives are responsible for such internal controls as they deem necessary to enable the preparation of ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of Section 328 (1) HGB.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance concerning whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. During the audit, we exercise our best judgment and maintain a critical stance. Furthermore,

- we identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- we gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, albeit not for the purpose of expressing an opinion on the effectiveness of such controls.

- we assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation complies with the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, concerning the technical specification for that file.

- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited combined management report.

- we assess whether the markup of ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering in accordance with Articles 4 and 6 of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date.

Other information pursuant to Article 10 EU Audit Regulation
We were appointed as auditors of the consolidated financial statements by the Annual General Meeting on December 7, 2021. We were appointed by the Supervisory Board on January 10, 2022. We have been the Group auditor of KROMI Logistik AG without interruption since the 2014 fiscal year.

We declare that the audit opinions contained in this opinion are consistent with the additional report to the Audit Committee pursuant to Article 11 EU Audit Regulation.

Other matter – use of the auditor's report

Our auditor's report must always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted to ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and they do not replace them. In particular, the ESEF report and our audit opinion contained in it may only be used in conjunction with the audited ESEF documents provided in electronic format.

Auditor responsible

The auditor responsible for the audit is Marc Müllensiefen.

Hamburg, September 28, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

signed Müllensiefen	signed von der Decken
Auditor	Auditor

Responsibility statement (declaration pursuant to Section 114 (2) No. 3 of the German Securities Trading Act [WpHG])

To the best of our knowledge, we declare that, according to the principles of proper consolidated reporting applied, the consolidated financial statements give a true and fair view of the Group's financial position and performance, the Group management report presents the Group's business including the results and the Group's position such as to give a true and fair view, and the major opportunities and risks pertaining to the Group's anticipated growth for the remaining fiscal year are described.

Hamburg, September 23, 2022

Managing Board of KROMI Logistik AG

Bernd Paulini Christian Auth

Imprint

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