People and Possibilities

BLG LOGISTICS

Financial Report
2022

Short Profile

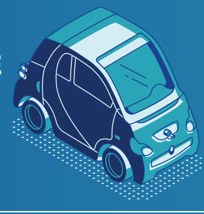
BLG LOGISTICS is a seaport-oriented logistics service provider with an international network. For 145 years, we have stood for logistics with heart and mind. For our customers in industry and retailing we shape trends in logistics by developing and delivering innovative, highly complex and sustainable logistics solutions with a high level of professional competence.

Today, the BLG Group has a presence in all the world's growth markets, with almost 100 locations and offices in Europe, America, Africa and Asia. Our CONTRACT, AUTOMOBILE and CONTAINER Divisions operate globally and are regionally rooted.

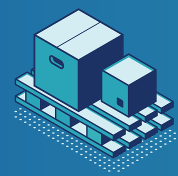
BLG LOGISTICS aims to become a climate-neutral company by 2030. We are the first German logistics provider with scientifically recognized climate protection targets. As an employer, we therefore take a personal, appreciative and foresightful approach. Including all its shareholdings, BLG LOGISTICS currently offers around 20,000 jobs worldwide. The BLG Group has its headquarters in the Free Hanseatic City of Bremen.

Sales by business area

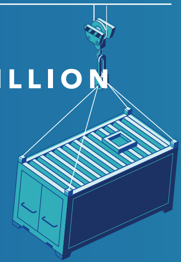
€ 580 MILLION
AUTOMOBILE



€ 548 MILLION
CONTRACT

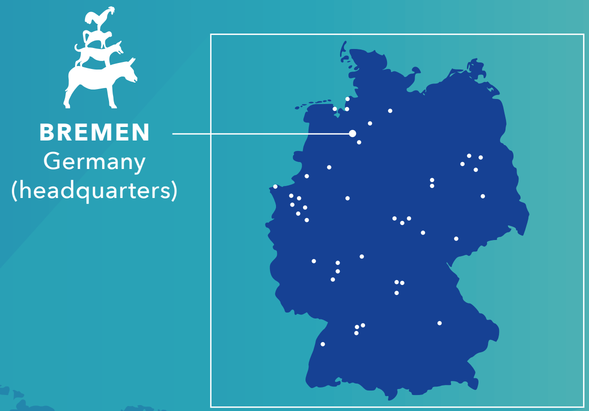


€ 345 MILLION
CONTAINER[1]



[1] Corresponds to 50 percent of the total revenue of the EUROGATE Group

BLG Worldwide



Countries with business activities

* Representative office

** Since February 2022, business operations have been restricted or suspended due to the current conflict.

100
LOCATIONS

10
COUNTRIES

20,000
JOBS

Contents

Read it online!

The online version contains lots of additional information, video clips and a KPI calculator. Here, you'll also find the Financial Report, Sustainability Report and the Online Magazine.

→ reporting.blg-logistics.com/2022/en

The new C3 logistics center takes logistics services to a whole new level. You can read about what this means in practice in our online magazine story "In Focus: Customer, Climate and Comfort".

To Our Shareholders

Key Figures for BLG LOGISTICS

EUR thousand		2022	2021	Absolute change	Percentage change
Revenue and earnings					
Revenue		1,118,980	1,050,438	68,542	6.5
EBIT		64,582	61,507	3,075	5.0
EBT		55,722	52,226	3,496	6.7
EBT margin	Percent	5.0	5.0	0.0	0.0
Asset and capital structure					
Total assets		1,336,518	1,218,177	118,341	9.7
Cash investments		42,367	68,544	-26,177	-38.2
Equity		277,727	156,289	121,438	77.7
Equity ratio	Percent	20.8	12.8	8.0	62.4
Net debt		526,144	556,974	-30,830	-5.5
RoCE	Percent	6.3	6.2	0.1	1.6
Cash flows					
Cash flow from operating activities		78,434	67,565	10,869	16.1
Cash flow from investing activities		-20,102	34,515	-54,617	-158.2
Cash flow from financing activities		-70,857	-26,150	-44,707	-171.0
Key figures for the BLG share					
Earnings per share	EUR	0.25	0.30	-0.05	-16.7
Dividend	EUR	0.28	0.30	-0.02	-6.7
	Percent	10.8	11.5	-0.7	-6.1
Dividend yield	Percent	2.8	2.7	0.1	3.7
Human resources					
Employees (in accordance with Section 267 (5) HGB; incl. the CONTAINER Division)	Number	11,492	11,952	-460	-3.8
Jobs worldwide	Number	20,000	20,000	0	0.0

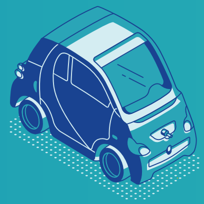
Overview of the Divisions

AUTOMOBILE

The AUTOMOBILE Division is a leading technical and logistics service provider for the international automotive industry. BLG LOGISTICS' AUTOMOBILE Division offers multimodal transport concepts with global logistics reach and dovetails individualized and innovative technical service packages.

		2022	2021
Revenue	EUR thousand	**579,768**	517,975
EBT	EUR thousand	**-11,696**	-1,076
EBT margin	Percent	**-2.0**	-0.2
Employees	Number	**3,235**	3,397

11.9%
revenue increase

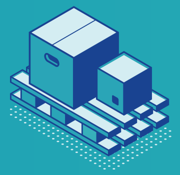


CONTRACT

The CONTRACT Division manages complex projects and offers our customers reliable logistics solutions. BLG LOGISTICS works at our logistics centers and our customers' production facilities and plants at over 40 locations in Europe and overseas.

		2022	2021
Revenue	EUR thousand	**548,192**	542,799
EBT	EUR thousand	**11,256**	8,717
EBT margin	Percent	**2.1**	1.6
Employees	Number	**6,266**	6,599

1.0%
revenue increase

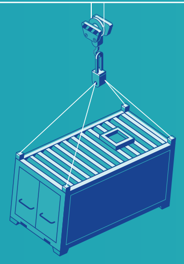


CONTAINER

EUROGATE, in which BLG LOGISTICS holds a 50 percent stake, operates a network of 12 container terminals, in some cases with partners, from the North Sea to the Mediterranean. Secondary services are also available in the form of intermodal and container-related services.

		2022	2021
Revenue	EUR thousand	**345,098**	305,955
EBT	EUR thousand	**80,030**	69,825
EBT margin	Percent	**23.2**	22.8
Employees	Number	**1,605**	1,582

12.8%
revenue increase



Report of the Supervisory Board 2022

Dear Sir or Madam,

After thinking at the beginning of 2022 that we could slowly put the coronavirus pandemic behind us, we have since February 24, 2022 been waking up to a new world every day. The war in Ukraine, energy costs, inflation, skills shortages, climate change and enduring pandemic conditions – these multiple crises made for a very challenging business environment. Nevertheless, we were once again able to close the 2022 financial year better than originally expected. We would therefore like to express our special thanks to all BLG LOGISTICS employees during this challenging period, as they made a major contribution to this.

In the 2022 financial year, the Supervisory Board of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) actively engaged in the duties assigned to it by law, the Articles of Incorporation and rules of procedure, and regularly and extensively discussed the company's position and development. The Supervisory Board continuously oversaw and supported the work of the Board of Management in the financial year. The detailed reports made by the Board of Management in written and oral form constituted the basis for this. In addition, the Chairman of the Supervisory Board regularly exchanged information and ideas with the Board of Management, so that the Supervisory Board was always informed promptly and comprehensively about the intended business policy, corporate planning, the sustainability objectives, the current earnings situation, including the risk situation and risk management, as well as the position of the company and the BLG Group.

In accordance with the recommendations and suggestions of the German Corporate Governance Code (Code), the Supervisory Board supported the Board of Management in the management of the company and advised it on management matters and on sustainability matters.

Whenever management decisions or measures required approval according to law, the Articles of Incorporation or the rules of procedure, the members of the Supervisory Board – where appropriate prepared by its committees – reviewed the draft resolutions at meetings or adopted them on the basis of written information. In accordance with the recommendations of the Code, the Supervisory Board also sometimes meets without the participation of the Board of Management. The Supervisory Board was intensively involved in decisions of major significance for BLG LOGISTICS from an early stage.

Dr. Klaus Meier
Chairman of the Supervisory Board

Meeting attendance 2022	Supervisory Board	Investment Committee	Human Resources Committee	Audit Committee	**Total in percent**
Dr. Klaus Meier	5/5	2/2	7/7		100.0
Christine Behle	5/5	2/2	7/7		100.0
Sonja Berndt	5/5	2/2	7/7		100.0
Heiner Dettmer	5/5		7/7		100.0
Fabian Goiny	5/5			2/2	100.0
Melf Grantz	5/5		7/7		100.0
Tim Kaemena	2/2				100.0
Udo Klöpping	2/2				100.0
Wybcke Meier	4/5				80.0
Dr. Tim Nesemann	5/5			2/2	100.0
Beate Pernak	5/5	2/2	6/6		100.0
Martin Peter	4/4			2/2	100.0
Jörn Schepull	5/5		7/7		100.0
Dr. Claudia Schilling	5/5	2/2	7/7		100.0
Dietmar Strehl	4/5	1/2		2/2	77.8
Reiner Thau	5/5			2/2	100.0
Vera Visser	1/1				100.0
Dr. Patrick Wendisch	5/5			2/2	100.0
Total in percent	**97.5**	**91.7**	**100.0**	**100.0**	**98.1**

The economic and risk situation and the development prospects of BLG LOGISTICS described in the reports of the Board of Management, the separate divisions and business areas as well as major equity investments in Germany and abroad were the subject of detailed discussion.

The Supervisory Board convened at four regular meetings and one extraordinary meeting in 2022. The meetings of the Supervisory Board and its committees are generally held in person with the option of video sharing. In the reporting period, a total of 16 meetings of the Supervisory Board and its committees were held; eight as video conferences, the remainder face to face.

The meetings held as video conferences were brief meetings convened at short notice and, in the case of the first meetings of the Supervisory Board and its Human Resources Committee in 2022, a precautionary measure due to the coronavirus pandemic.

The overall attendance rate was 98.1 percent; no member of the Supervisory Board took part in fewer than half of the meetings. Average attendance (physical and virtual) at committee meetings in 2022 was 98.7 percent. The members of the Supervisory Board elected by the shareholders and by the employees in some cases prepared for the meetings in separate consultations. Details of attendance rates are shown in the table.

The Mediation Committee (committee in accordance with Section 27 (3) MitbestG (German Codetermination Act)) did not convene in the 2022 financial year. There were no conflicts of interest on the part of members of the Board of Management and the Supervisory Board that required immediate disclosure to the Supervisory Board and about which the Annual General Meeting had to be informed.

The Code recommends that members of the Board of Management shall only assume sideline activities, especially supervisory board mandates outside the enterprise, with the approval of the Supervisory Board. The assumed mandates did not give rise to any identifiable conflicts of interest; on the contrary, they were deemed to be consistently in the interest of BLG LOGISTICS.

Issues discussed in the Supervisory Board

The consultations of the Supervisory Board at its meetings in 2022 repeatedly focused on the current business development and the challenges posed by the war in Ukraine, high energy prices and general inflation as well as by the supply bottlenecks at the production facilities of BLG LOGISTICS' customers. Furthermore, important matters regarding the strategy and business activities of BLG LOGISTICS and its divisions, as well as personnel matters, were discussed. In addition, the necessary transformation at AutoTerminal Bremerhaven was closely supervised and regularly discussed. In its individual meetings, the Supervisory Board continued to focus on strategic issues and geopolitical assessments, such as the expansion of the business areas as well as BLG LOGISTICS' further growth through new business, partnerships and investments, the company's current risk exposure, including the risk management system and the risk-aware management of the company's development.

In particular, at its meeting of February 24, 2022, the Supervisory Board discussed the new remuneration report in accordance with Section 162 AktG (German Stock Corporation Act) as well as the form for holding the Annual General Meeting (physical or virtual). Furthermore, information was provided on initiatives relating to Mission Climate that aim to make BLG LOGISTICS a climate-neutral company by 2030, and on sustainable procurement at BLG LOGISTICS.

In addition, at its April 21, 2022 meeting the Supervisory Board dealt intensively with the annual and consolidated financial statements, with the agenda for the 2022 Annual General Meeting, and with the preparation of the non-financial Group statement.

Moreover, at the meeting of September 15, 2022, the new organization of the CONTRACT Division was presented.

The Supervisory Board convened for one extraordinary meeting on November 10, 2022, at which it principally resolved on the creation and filling of a Chief Operating Officer (COO) position on the Board of Management of BLG AG.

The Declaration of Compliance with the Code was adopted at the meeting of September 15, 2022 and, with the necessary amendments due to the creation of the new COO position, again on December 15, 2022.

All major business transactions, the position of the company, the development of the financial position, financial performance and cash flows, as well as the budget-to-actual variance analyses for corporate planning (incl. forecasts) were discussed intensively and in a timely manner with the Board of Management. Corporate planning as well as short-term earnings and financial planning were discussed in detail at the meeting on December 15, 2022. In addition, the heads of the Internal Audit and Compliance departments reported to the Supervisory Board at the meeting.

The composition of the Supervisory Board changed as follows compared with December 31, 2021:

Klaus Pollok resigned as a member of the Supervisory Board with effect from December 31, 2021. He was replaced as of January 1, 2022 by Fabian Goiny. Fabian Goiny had been elected as a substitute member for Klaus Pollok in 2018.

Vera Visser resigned as a member of the Supervisory Board with effect from February 28, 2022. Martin Peter was appointed to succeed her as a member of the Supervisory Board by court order of the District Court of Bremen on March 11, 2022.

Udo Klöpping resigned as a member of the Supervisory Board with effect from July 15, 2022. Tim Kaemena was appointed to succeed him as a member of the Supervisory Board by court order of the District Court of Bremen on September 8, 2022.

No former members of the Board of Management of BLG AG are represented on the Supervisory Board.

The following changes were made to the composition of the Board of Management in the 2022 financial year:

At its meeting on February 24, 2022, the Supervisory Board resolved to extend the contract with Frank Dreeke for two years, until he reaches the statutory retirement age for Board of Management members. He is now appointed until December 31, 2024.

Andrea Eck, originally appointed until December 31, 2024, left the company at her own request with effect from December 31, 2022. She resigned from her seat on the Board of Management at the end of August 31, 2022. CEO Frank Dreeke had assumed responsibility for management of the AUTOMOBILE Division in the interim. At an extraordinary meeting on November 10, 2022, the Supervisory Board resolved to create the new position of Chief Operating Officer (COO) in the company, who is responsible for overseeing operating business at Board of Management level. In line with the "one face to the customer" principle, the two Board of Management divisions AUTOMOBILE and CONTRACT were merged. When it came to filling this position, the Supervisory Board decided in favor of Matthias Magnor, who has been responsible on the Board of Management for the CONTRACT Division since October 1, 2021. He took over the position of COO with effect from December 1, 2022.

At its meeting on December 15, 2022, the Supervisory Board resolved to extend the contract with Christine Hein for a further five years. She is now appointed until October 31, 2028.

Work of the committees

To perform its duties efficiently, the Supervisory Board has additionally set up four committees. These committees of the Supervisory Board are the Audit Committee, Human Resources Committee, Investment Committee and Mediation Committee in accordance with Section 27 (3) MitbestG (German Codetermination Act). They prepare the resolutions of the Supervisory Board in the plenary session and, where permissible, decide in individual cases in its place. Separate rules of procedure apply to the Audit Committee and the Investment Committee. All committees have equal representation.

The **Audit Committee** held two meetings in the 2022 financial year. The main subject of the meeting on April 19, 2022 was the extensive discussion and examination of the annual financial statements, the consolidated financial statements and the management reports for the 2021 financial year. Representatives from the auditing firm were present at the meeting when the annual financial statements were addressed and they reported on the findings of their audit. In addition, the Audit Committee discussed the appropriation of the net retained profits (HGB) as well as the invitation to the Annual General Meeting and submitted resolutions to the Supervisory Board.

The Audit Committee oversees the selection, independence, rotation and efficiency of the auditor as well as the services it provides and is concerned with conducting an evaluation of the quality of the audit process. Any questions in this regard are discussed in the plenary session. Furthermore, the Chairman of the Audit Committee, regularly consults with the auditor and informs the full Supervisory Board of the progress of the audit. In addition, a newly designed questionnaire was used for the first time to review the quality of the audit of the annual financial statements. As a result and since then, no impediments to the selection of PricewaterhouseCoopers GmbH, Wirtschaftsprüfungs-gesellschaft, Bremen, as statutory auditor for the 2022 financial year have become known.

BLG LOGISTICS changes the auditor regularly. Within the scope of the respective tendering process, the Audit Committee considers the expertise, experience and independence of the candidates.

At its meeting on December 13, 2022, the Audit Committee dealt primarily with corporate planning, including medium-term earnings and financial planning, and the approval of non-audit services. A further focus of the activity was on reporting on the audit and on the compliance system.

The **Human Resources Committee** held seven meetings in the reporting year. At all meetings, it dealt primarily with personnel matters relating to the Board of Management. One focus of the consultations, in addition to determining the remuneration for the members of the Board of Management, was on the severance agreement with Andrea Eck and the subsequent deliberations on the creation of a COO position already elaborated above. Furthermore, at the meeting on February 24, 2022, the Supervisory Board consulted on the extension of Frank Dreeke's contract, and at the meeting on December 15, 2022 on the extension of Christine Hein's contract.

The **Investment Committee** held meetings on June 24, 2022 and on December 22, 2022, at which it resolved on investments relating to the expansion of services for existing customers.

The **Mediation Committee** (committee in accordance with Section 27 (3) MitbestG (German Codetermination Act)) did not convene in the reporting year.

The meetings and resolutions of the committees were prepared on the basis of reports and other information provided by the Board of Management. Members of the Board of Management regularly took part in the committee meetings. The chairs of the committees reported to the Supervisory Board on the activities and their results following the meetings and submitted resolution recommendations.

Training and self-assessment

The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties, for example to bring them up to speed with changes in the legal framework and new technologies, and are supported in this by BLG LOGISTICS. In-house training courses or information events for targeted further training are offered as required. No in-house training courses were offered in the 2022 reporting year, but are planned for the subsequent year. New Supervisory Board members have the opportunity to meet with members of the Board of Management and managers from the individual divisions to exchange views on fundamental and topical issues and thus obtain an overview of the main topics relevant to the company (onboarding).

The Supervisory Board evaluates, at regular intervals, how effectively the Supervisory Board as a whole and its committees fulfill their tasks. The results are discussed in depth by the Supervisory Board and, where appropriate, necessary action is taken. The last review based on a questionnaire to be completed anonymously and evaluation of the results in plenary session took place in financial year 2021. This did not give rise to any indications of significant deficits then or since.

Corporate governance and declaration of compliance

The Supervisory Board worked on the application of the German Corporate Governance Code within the company. The 22nd declaration of compliance with the recommendations of the Code, dated September 15, 2022 and prepared by the Supervisory Board and the Board of Management pursuant to Section 161 of the German Stock Corporation Act (AktG), corresponds to the published amended version of April 28, 2022. This had to be amended due to the creation of the new position of COO, so that the Supervisory Board and the Board of Management jointly drew up the 23rd declaration of compliance on December 15, 2022 on the above basis. The joint declaration of compliance is permanently accessible on the BLG LOGISTICS website at www.blg-logistics.com/ir in the Download area and is also included in the corporate governance statement.

Audit of the annual and consolidated financial statements

The representatives of PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Bremen, the auditing firm duly elected as auditor, were present at the Supervisory Board's accounts meeting for the 2022 financial year and at the preparatory meeting of the Audit Committee and reported in detail on the findings of their audit.

The annual financial statements, management report and financial statements for the purpose of fulfilling the duty of BLG AG to prepare the consolidated financial statements and group management report of BLG LOGISTICS have been prepared by the Board of Management in accordance with the statutory provisions and in compliance with German legally required accounting principles and have been audited and issued an unqualified auditor's report by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Bremen, the auditing firm elected by the Annual General Meeting.

The auditing firm has reviewed the report on relationships to affiliated companies (dependent company report) prepared by the Board of Management for the 2022 financial year and issued the following auditor's report:

"After conducting our examination and assessment in accordance with our obligations, we confirm that

1. the factual statements contained in the report are correct,

2. benefits derived by the company from the legal transactions specified in the report were not unreasonably high."

The annual financial statements and management report, the financial statements for the purpose of fulfilling the duty to prepare consolidated financial statements, including the management report, the consolidated financial statements and group management report as well as the audit reports of the company's auditor were made available to all members of the Supervisory Board in due time.

For its part, the Supervisory Board has reviewed the annual financial statements, the consolidated financial statements, the financial statements for the purpose of fulfilling the duty to prepare consolidated financial statements, the management reports and the group management report of the Board of Management as well as the proposal of the Board of Management concerning appropriation of the net retained profits (HGB). The Supervisory Board concurs with the result of the audit of the annual financial statements, the consolidated financial statements and the financial statements for the purpose of fulfilling the duty to prepare consolidated financial statements, including the management reports, conducted by the auditing firm. The Supervisory Board has approved and adopted the annual financial statements prepared by the Board of Management. The Supervisory Board has also approved the financial statements for the purpose of fulfilling the duty to prepare consolidated financial statements prepared by the Board of Management and the consolidated financial statements. The Supervisory Board concurs with the management reports and in particular with the evaluation of BLG LOGISTICS' further development. This also applies to the dividend policy and the decisions regarding reserves at BLG AG.

Furthermore, the Supervisory Board has reviewed the report of the Board of Management on the relationships with affiliated companies and the result findings of the audit of this report conducted by the auditing firm. The Supervisory Board concurs with the findings of the audit of the dependent company report conducted by the auditing firm. According to the final findings of the review of the dependent company report by the Supervisory Board, there are no objections to the final statement of the Board of Management in the latter report.

Non-financial report

BLG LOGISTICS has prepared a non-financial Group statement in accordance with Section 315b HGB since the 2017 financial year. This statement for the 2022 financial year is integrated as a separate non-financial report in the 2022 sustainability report and its contents have been reviewed by the Supervisory Board. The review did not give rise to any objections. ➚ *reporting.blg-logistics.com*

In this once again exceptionally challenging year, the Supervisory Board would like to thank the members of the Board of Management and all employees for their high level of commitment and unswerving efforts to keep our company on a path to success. The Supervisory Board is convinced that BLG LOGISTICS will continue to master the challenges together going forward and can secure its earnings power on a long-term basis.

Bremen, April 2023

For the Supervisory Board

Meier

Dr. Klaus Meier
Chairman

Letter from the Board of Management

Dear Sir or Madam,
Let us start with some good news: in the third year of the pandemic, the logistics industry again demonstrated its systemic relevance, and we had an important part to play in this. BLG LOGISTICS proved to be a robust and reliable logistics partner for customers in retailing and industry in a very turbulent economic and political environment in 2022. The year 2022 will go down in history as the year of multiple crises. Pandemic, climate change, supply chain disruptions and skills shortages were the main challenges at the start of the year. Then, at the end of February, Russia's attack on Ukraine turned the world as we had known it upside down.

Despite these complex challenges, BLG LOGISTICS succeeded in expanding existing business, developing partnerships, initiating collaborations and convincing customers. The CONTRACT Division was able to acquire a number of high-profile customers and open locations in Magdeburg and Cologne. BLG was also successful in other areas: at Neustädter Hafen we were pleased to garner new business, while in Bremerhaven we further developed existing partnerships.

At the end of the year, the Supervisory Board and the Board of Management jointly appointed the Head of the CONTRACT Division, Matthias Magnor, as Chief Operating Officer, placing responsibility for and management of the AUTOMOBILE and CONTRACT operating divisions in one hand. With this modern Board of Management structure, we are laying the important strategic groundwork for the future of the BLG Group. Climate protection and the conservation of resources are also integral aspects of the operating divisions. Our Mission Climate progressed at pace in 2022, culminating at the end of the year in the commissioning of C3 Bremen, a lighthouse project for sustainable logistics real estate.

Interaction between people and technology, embracing new possibilities and opening up new perspectives and horizons characterized our 2022 financial year. Together with around 20,000 employees worldwide, we continued to write the success story of sustainable and future-proof logistics. We are aware that values such as flexibility, robustness and adaptability require above all people who are prepared to commit themselves to serving our customers every day. These enterprising people are BLG's greatest asset. We will introduce you to some of these enablers in more detail in our online magazine accompanying the 2022 Annual Report.

Despite all the challenges, we are shaping the future with confidence, innovative strength and entrepreneurial courage, because what is special about BLG LOGISTICS is what we do every day. Our colleagues worldwide bring their experience and passion to bear in order to create logistical possibilities and solutions for our customers. We think and act globally, but have our roots in Bremen on the banks of the River Weser, because we know that there is no future without a past.

Frank Dreeke
Chairman of the Board of Management (CEO)

Michael Blach
CONTAINER Division

Christine Hein
Finances (CFO)

Matthias Magnor
AUTOMOBILE & CONTRACT (COO) Divisions

Ulrike Riedel
Labor Relations Director (CHRO)

Christine Hein
Finances
(CFO)

Michael Blach
CONTAINER
Division

Frank Dreeke
Chairman of the Board of
Management (CEO)

Ulrike Riedel
Labor Relations
Director (CHRO)

Matthias Magnor
AUTOMOBILE & CONTRACT
Divisions (COO)

Annual Financial Statements 2022 BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-

Income statement

EUR thousand	2022	2021
1. Remuneration of BLG LOGISTICS GROUP AG & Co. KG	1,318	1,282
2. Other operating income	8,976	6,919
	10,294	**8,201**
3. Personnel expenses		
a) Wages and salaries	-5,205	-5,662
b) Social security, post-employment and other employee benefit costs	-1,764	-689
	-6,969	**-6,351**
4. Other operating expense	-2,704	-1,133
5. Other interest and similar income	686	731
6. Interest and similar expenses	-88	-54
7. Taxes on income of which from the recognition of deferred tax assets EUR 180 thousand (previous year: EUR 48 thousand)	-254	-240
8. Earnings after taxes/net income for the year	**965**	**1,154**
9. Withdrawals from (previous year: transfers to) other revenue reserves	110	-2
10. Net retained profits	**1,075**	**1,152**

Balance sheet

EUR thousand **Assets**	**12/31/2022**	12/31/2021
A. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	26,867	24,044
2. Receivables from other long-term investees and investors	324	116
3. Other assets	71	0
	27,262	**24,160**
II. Bank balances	22	21
	27,284	**24,181**
B. Deferred tax assets	1,222	1,042
C. Excess of plan assets over post-employment benefit liability	0	345
	28,506	**25,568**

EUR thousand **Equity and Liabilities**	**12/31/2022**	12/31/2021
A. Equity		
I. Subscribed capital	9,984	9,984
II. Revenue reserves		
1. Legal reserve	998	998
2. Other revenue reserves	9,011	9,121
	10,009	**10,119**
III. Net retained profits	1,075	1,152
	21,068	**21,255**
B. Provisions		
1. Provisions for pensions and similar obligations	1,510	0
2. Provisions for taxes	165	550
3. Other provisions	4,467	3,434
	6,142	**3,984**
C. Liabilities		
1. Trade payables	59	4
2. Liabilities to affiliated companies	474	0
3. Other liabilities	763	325
	1,296	**329**
	28,506	**25,568**

Notes for the 2022 financial year

The registered office of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) is in Bremen. The company is entered in the register of the District Court of Bremen under the number HRB 4413.

General disclosures

The annual financial statements have been prepared in accordance with the provisions of Sections 242 et seq. and 264 et seq. of the German Commercial Code (HGB) and the relevant provisions of the German Stock Corporation Act (AktG).

The income statement was prepared according to the total cost (nature of expense) method (Section 275 (2) HGB).

To improve the clarity of the presentation, disclosures on entries relating to more than one item were made with explanatory notes on a separate line.

Disclosures on recognition and measurement

The following accounting policies were applied essentially unchanged for the preparation of the annual financial statements.

Receivables and other assets are reported at their nominal value. Credit risks are taken into account through recognition of specific loss allowances, wherever necessary.

Bank balances are recognized at their nominal value.

Financial assets that are immune from access by all other creditors and that serve exclusively to fulfill post-employment benefit obligations are measured at fair value and netted against provisions for pensions and similar obligations.

Reinsurance cover for pension provisions is recognized using the asset value of the overall claims reported by the insurance companies. In this respect, the asset value corresponds both to the amortized cost (payments received plus accumulated interest and surplus credits) and the fair value as of the balance sheet date. The fair value of the fund units in the premium deposit account is determined at market prices at the reporting date.

Pension provisions are measured according to the projected unit credit method using the 2018 G (previous year: 2018 G) mortality tables issued by Prof. Klaus Heubeck. If at the end of the reporting period there is a match between the insurance payments made and the accrued pension benefits, pension provisions are recognized in the amount of the carrying amount of the corresponding pension liability claims from life insurance policies ("primacy of the assets side"). The average market interest rate, which is calculated for an assumed residual term of 15 years, is used as a standard basis for discounting.

In accordance with Section 246 (2) sentence 2 HGB, these are netted against the present value of the pension obligations under provisions for pensions and similar obligations.

The actuarial valuation was based on the following parameters:

Actuarial parameters	Pensions
Discount rate	1.8%
Expected development of salaries and wages	2.3%
Expected pension increases	2.3%

The provisions are recognized at the settlement amount necessary to cover all identifiable risks and uncertain liabilities on the basis of prudent business judgment.

Long-term provisions with a residual term of more than one year are discounted using the average market interest rate for matching maturities based on the past seven years, as published by the Deutsche Bundesbank. Long-term provisions for pension obligations with a residual term of more than one year are discounted using the average market interest rate for matching maturities based on the past ten years, as published by the Deutsche Bundesbank.

Liabilities are recognized at their settlement amounts.

Any differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income items according to commercial law and their tax carrying amounts that are expected to be reversed in later financial years are measured at the individual tax rates in the period in which the difference is reversed and the resulting tax burden or relief is recognized as deferred taxes.

The measurement of deferred tax assets depends on the estimation of the probability of the reversal of the measurement differences and the utilization of the loss carryforwards which resulted in deferred tax assets. This is dependent upon the generation of future taxable profits during the periods in which those tax measurement differences are reversed.

The option of recognizing deferred tax assets pursuant to Section 274 (1) sentence 2 HGB was applied. Deferred taxes are offset and not discounted.

Balance sheet disclosures

Receivables and other assets

Receivables from affiliated companies were owed in full from BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG). EUR 5,227 thousand (previous year: EUR 5,227 thousand) thereof constituted short-term loans. EUR 19,125 thousand (previous year: EUR 18,639 thousand) was attributable to receivables from cash management. Another EUR 2,515 thousand (previous year: EUR 178 thousand) related to trade receivables. As in the previous year, all receivables have a residual term of up to one year.

Receivables from other long-term investees and investors related as in the previous year to trade receivables.

Provisions for pensions and similar obligations

The provisions reported related to pension obligations for the members of the Board of Management. It has been agreed with each eligible current member of the Board of Management that in the event of their leaving the company prematurely without a benefit event occurring, there would no longer be a pro rata reduction in the defined benefit if the vesting conditions were met.

In order to enable insolvency-protected reinsurance cover or refinancing for the higher obligations resulting from the adjustment while maintaining the existing reinsurance policies, a two-tier model with additional premium deposit accounts to cover the outstanding premium payments for the reinsurance was introduced. In this model, the outstanding premium payments to the reinsurance are invested as a lump sum in a deposit (see also the following table). The instalment premiums to the reinsurer are financed from a corresponding sale of the fund units. As with the reinsurance policy, the fund units are pledged to the beneficiaries and were recognized at market value at December 31, 2022.

Following the excess of plan assets over post-employment benefit liability that arose in the previous year, the net pension obligation as at December 31, 2022 was as follows:

EUR thousand	12/31/2022
Fair value of pension obligations	11,447
Fair value of reinsurance policies	-6,862
Fair value deposit for outstanding premium payments to the reinsurance	-3,075
Net pension obligation	**1,510**

The addition to the pension provision includes an effect recognized as income from the first-time application of IDW Accounting Practice Statement: Measurement under German commercial law of provisions for post-employment benefit obligations resulting from reinsured direct commitments (IDW RH FAB 1.021) in the amount of EUR 112 thousand.

The difference between the recognition of provisions for pension obligations based on the corresponding average market interest rate for the past ten financial years and the recognition of provisions for pension obligations based on the corresponding average market interest rate for the past seven financial years amounted to EUR 336 thousand.

Interest income from plan assets and interest expenses from unwinding the discount were recognized in the amount of EUR 111 thousand (previous year: EUR 169 thousand).

Equity

As in the previous year, the share capital amounted to EUR 9,984,000.00 and, as in the previous year, was divided into 3,840,000 no-par value registered shares with voting rights. The accounting par value of each no-par value share is thus EUR 2.60. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation.

Revenue reserves

The legal reserve is allocated in full in an amount of EUR 998,400.00.

An amount of EUR 110 thousand was withdrawn from other revenue reserves and appropriated to net retained profits (previous year: transfer to revenue reserves of EUR 2 thousand).

Existing revenue reserves fully covered the amounts subject to a restriction on distribution of EUR 336 thousand (previous year: EUR 1,035 thousand) in accordance with Section 253 (6) HGB (difference relating to the recognition of pension obligations) as well as the amounts subject to a restriction on distribution of EUR 1,222 thousand (previous year: 1,042 thousand) in accordance with Section 268 (8) sentence 2 and 3 HGB (deferred tax assets and difference between purchase cost and fair market value of the above premium deposit account).

Other provisions

Other provisions included EUR 3,916 thousand (previous year: EUR 3.040 thousand) for the variable remuneration of the Board of Management. Of this amount, EUR 2,346 thousand (previous year: EUR 1,764 thousand) had a maturity of more than one year.

In the reporting year, other provisions of EUR 373 thousand (previous year: EUR 215 thousand) were recognized for costs in connection with the Annual General Meeting, the publication of the annual financial statements and the consolidated financial statements as well as the audit of the annual financial statements. EUR 178 thousand was set aside for fixed Supervisory Board remuneration (previous year: EUR 180 thousand).

Liabilities

As in the previous year, all liabilities (including liabilities to affiliated companies) have a residual term of up to one year.

EUR 738 thousand of the other liabilities (previous year: EUR 224 thousand) related to taxes.

Deferred taxes

Deferred taxes were measured at the tax rate for BLG AG in the amount of 15.825 percent. The deferred tax assets were mainly based on differences from pension provisions. The option of recognizing excess deferred tax assets was applied.

Contingent liabilities

The company is the personally liable general partner of BLG KG. A capital contribution does not have to be made.

Due to the company's equity base and the net income expected for BLG KG in subsequent years, there was no identifiable risk of being subject to recourse.

Shareholdings

The underlying exchange rates for the shareholdings listed below attributable to BLG KG pursuant to Section 285 sentence 1 no. 11 HGB through its subsidiary BLG KG were as follows:

EUR	Reporting date 12/31/2022	2022 average
1 US dollar	0.9376	0.9497
1 Chinese yuan renminbi	0.1359	0.1413
1 Indian rupee	0.0113	0.0121
1 Malaysian ringgit	0.2128	0.2161
1 Polish zloty	0.2136	0.2134
1 Russian ruble	0.0132	0.0139
1 South African rand	0.0553	0.0581
1 Ukrainian hryvnia	0.0253	0.0293

List of shareholdings pursuant to Section 285 sentence 1 no. 11 HGB

Name, registered office	Ownership interest in percent	Indirect (I) / Direct (D) interest	Currency	Equity in thousands	Equity in thousands
BLG LOGISTICS GROUP AG & Co. KG, Bremen	0.00	D	EUR	279,837	–26,778
Companies included on the basis of full consolidation (in accordance with consolidated financial statements)					
BLG Automobile Logistics GmbH & Co. KG, Bremen	100.00	I	EUR	55,434	–35,514
BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen	100.00	I	EUR	1,014	–3,953
BLG AutoRail GmbH, Bremen	50.00	I	EUR	12,472	972
BLG AutoTec GmbH & Co. KG, Bremerhaven	100.00	I	EUR	–2,996	–3,384
BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven	100.00	I	EUR	–3,858	–15,942
BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven	100.00	I	EUR	957	1,213
BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen	100.00	I	EUR	9,815	2,045
BLG AutoTerminal Gdansk Sp. z o. o., Gdansk, Poland	100.00	I	PLN	22,627	14,182
BLG AutoTransport GmbH & Co. KG, Bremen	100.00	I	EUR	9,147	4,585
BLG Cargo Logistics GmbH, Bremen[1]	100.00	I	EUR	19,683	0
BLG Handelslogistik GmbH & Co. KG, Bremen	100.00	I	EUR	2,203	1,209
BLG Industrielogistik GmbH & Co. KG, Bremen	100.00	I	EUR	14,600	1,318
BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa[2]	84.07	I	ZAR	41,409	28,452
BLG Logistics Solutions GmbH & Co. KG, Bremen	100.00	I	EUR	1,850	373
BLG Logistics, Inc., Atlanta, USA	100.00	I	USD	–6,750	–1,788
BLG RailTec GmbH, Uebigau-Wahrenbrück[1]	50.00	I	EUR	5,550	0
BLG Sports & Fashion Logistics GmbH, Hörsel	100.00	I	EUR	–4,716	241

[1] Profit and loss transfer due to control and profit and loss transfer arrangements

[2] The share of voting rights amounts to 75.04%; non-voting preference shares are additionally held.

[3] The share of voting rights amounts to 40.00%; non-voting preference shares are additionally held.

[4] Previous year’s figures

Name, registered office	Ownership interest in percent	Indirect (I) / Direct (D) interest	Currency	Equity in thousands	Equity in thousands
Companies included on the basis of the equity method (in accordance with consolidated financial statements)					
ATN Autoterminal Neuss GmbH & Co. KG, Neuss	50.00	I	EUR	638	–3,078
AutoLogistics International GmbH, Bremen	50.00	I	EUR	–3,620	20
Autovision South Africa (Pty) Ltd., Port Elizabeth, South Africa	41.19	I	ZAR	–28	–28
BLG CarShipping Koper d.o.o., Koper, Slovenia	100.00	I	EUR	82	9
BLG GLOVIS BHV GmbH, Bremerhaven	50.00	I	EUR	253	203
BLG Interrijn Auto Transport RoRo B.V., Rotterdam, Netherlands	50.00	I	EUR	410	397
BLG Logistics (Beijing) Co., Ltd., Beijing, People's Republic of China	100.00	I	CNY	1,622	0
BLG Parekh Logistics Pvt. Ltd., Mumbai, India	50.00	I	*INR*	51,491	2,139
BLG SWIFT LOGISTICS Sdn. Bhd., Kuala Lumpur, Malaysia[3]	60.00	I	MYR	2,921	–781
BLG ViDi LOGISTICS TOW, Kiev, Ukraine	50.00	I	UAH	132,070	4,477
BLG-Cinko Auto Logistics (Tianjin) Co., Ltd., Tianjin, People's Republic of China	50.00	I	CNY	118	105
dbh Logistics IT AG, Bremen[4]	27.32	I	EUR	8,835	2,091
DCP Dettmer Container Packing GmbH & Co. KG, Bremen[4]	50.00	I	EUR	654	–438
EUROGATE GmbH & Co. KGaA, KG, Bremen	50.00	I	EUR	458,404	245,559
Hansa Marine Logistics GmbH, Bremen[4]	100.00	I	EUR	176	17
Hizotime (Pty) Ltd, East London, South Africa	41.19	I	ZAR	10,475	258
ICC Independent Cargo Control GmbH, Bremen[4]	50.00	I	EUR	101	24
Kloosterboer BLG Coldstore GmbH, Bremerhaven	49.00	I	EUR	768	645
Schultze Stevedoring GmbH & Co. KG, Bremen[4]	50.00	I	EUR	100	1,869
SWIFT MEGA CARRIERS Sdn. Bhd., Kuala Lumpur, Malaysia	60.00	I	MYR	773	4
ZLB Zentrallager Bremen GmbH & Co. KG, Bremen[4]	33.33	I	EUR	465	1,058

[1] Profit and loss transfer due to control and profit and loss transfer arrangements

[2] The share of voting rights amounts to 75.04%; non-voting preference shares are additionally held.

[3] The share of voting rights amounts to 40.00%; non-voting preference shares are additionally held.

[4] Previous year's figures

Name, registered office	Ownership interest in percent	Indirect (I) / Direct (D) interest	Currency	Equity in thousands	Equity in thousands
Companies not included (in accordance with consolidated financial statements)					
ATN Autoterminal Neuss Verwaltungs-GmbH, Neuss	50.00	I	EUR	29	0
BLG AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa	84.07	I	ZAR	1,028	212
BLG Automobile Logistics Beteiligungs-GmbH, Bremen	100.00	I	EUR	104	–1
BLG Automobile Logistics Italia S.r.l. i. L., Gioia Tauro, Italy	98.97	I	EUR	–472	9
BLG AutoTec Beteiligungs-GmbH, Bremerhaven	100.00	I	EUR	28	1
BLG AutoTerminal Cuxhaven Beteiligungs-GmbH, Cuxhaven	100.00	I	EUR	13	1
BLG AutoTerminal Deutschland Beteiligungs-GmbH, Bremen	100.00	I	EUR	50	–1
BLG AutoTransport Beteiligungs-GmbH, Bremen	100.00	I	EUR	25	0
BLG Freight, LLC, Hoover, USA	100.00	I	USD	–266	-293
BLG Handelslogistik Beteiligungs GmbH, Bremen	100.00	I	EUR	33	1
BLG Industrielogistik Beteiligungs-GmbH, Bremen	100.00	I	EUR	34	1
BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia	100.00	I	RUB	407,975	–20,394
BLG Logistics of Alabama, LLC, Vance, USA	100.00	I	USD	---	---
BLG Logistics Solutions Beteiligungs-GmbH, Bremen	100.00	I	EUR	28	1
DCP Dettmer Container Packing GmbH, Bremen[4]	50.00	I	EUR	111	8
EUROGATE Beteiligungs-GmbH, Bremen	50.00	I	EUR	40	1
EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen	50.00	I	EUR	74	1
Schultze Stevedoring Beteiligungs-GmbH, Bremen[4]	50.00	I	EUR	31	1
ZLB Zentrallager Bremen GmbH, Bremen[4]	33.33	I	EUR	51	2

[1] Profit and loss transfer due to control and profit and loss transfer arrangements

[2] The share of voting rights amounts to 75.04%; non-voting preference shares are additionally held.

[3] The share of voting rights amounts to 40.00%; non-voting preference shares are additionally held.

[4] Previous year's figures

Income statement disclosures

Compensation from BLG KG

This item included the liability remuneration governed by the partnership agreement (EUR 1,063 thousand, previous year: EUR 1,026 thousand) and the remuneration (EUR 256 thousand, previous year: EUR 256 thousand) for the activities as general partner of BLG KG.

Other operating income

Other operating income breaks down as follows:

EUR thousand	2022	2021
Income from the recharging of Board of Management remuneration	6,815	5,804
Income from the reimbursement of pension obligations	1,793	687
Income from the recharging of Supervisory Board remuneration	256	243
Income from the recharging of expenses	2	56
Income from the reversal of provisions	35	53
Other	75	76
Total	**8,976**	**6,919**

As in the previous year, income from the reversal of provisions related to prior periods.

Personnel expenses

Personnel expenses related to the remuneration for the Board of Management.

EUR 1,764 thousand in social security, post-employment and other employee benefit costs related to pension costs (previous year: EUR 689 thousand).

Other operating expense

Other operating expense breaks down as follows:

EUR thousand	2022	2021
Other personnel expenses	1,564	91
Administrative expenses	743	643
Remuneration for the Supervisory Board	256	243
Legal, advisory and audit fees	112	154
Prior-period expenses for reimbursement of variable remuneration	28	0
Other	1	2
Total	**2,704**	**1,133**

Other personnel expenses in the reporting year included expenses from severance agreements in the amount of EUR 1,451 thousand.

Other interest and similar income

As in the previous year, this item related in full to interest income from affiliated companies.

Interest and similar expenses

As in the previous year, this item related in full to interest cost. EUR 7 thousand (previous year: EUR 0 thousand) related to the interest cost in respect of variable remuneration components due to the Board of Management for prior periods.

Other disclosures

Off-balance-sheet transactions

There were no transactions that were not contained in the balance sheet as of December 31, 2022.

Other financial liabilities

There were no other financial liabilities as of December 31, 2022.

Auditor's remuneration

The total remuneration for the auditor's services in the 2022 financial year amounted to EUR 88 thousand. Of this amount, EUR 80 thousand related to the audit and EUR 8 thousand to other assurance services (audit of the remuneration report pursuant to Section 162 AktG).

Related party disclosures

Transactions with shareholders

Relationships with the Free Hanseatic City of Bremen (municipality)

As of December 31, 2022, the Free Hanseatic City of Bremen (municipality) was the majority shareholder of BLG AG with a 50.4 percent share of the subscribed capital. The Free Hanseatic City of Bremen (municipality) received a dividend as a result of the resolution on the appropriation of net retained profits for 2021.

Transactions with affiliated companies, joint ventures and associates

There were no transactions with affiliated companies, joint ventures and associates in the reporting year conducted other than on an arm's length basis.

Board of Management and Supervisory Board

Composition of the Supervisory Board

In accordance with the Articles of Incorporation, the Supervisory Board of BLG AG comprises 16 members, namely eight Supervisory Board members elected in accordance with the provisions of the German Stock Corporation Act (AktG) and eight Supervisory Board members representing the employees, who are elected in accordance with the provisions of the German Codetermination Act (MitbestG).

The composition of the Supervisory Board and the memberships of the Supervisory Board members in other bodies in accordance with Section 125 (1) sentence 5 AktG are presented in Annex 1 to the notes.

The composition of the Supervisory Board changed as follows compared with December 31, 2021:

Klaus Pollok resigned as a member of the Supervisory Board with effect from December 31, 2021. He was replaced as of January 1, 2022 by Fabian Goiny. Fabian Goiny had been elected as a substitute member for Klaus Pollok in 2018.

Vera Visser resigned as a member of the Supervisory Board with effect from February 28, 2022. Martin Peter was appointed to succeed her as a member of the Supervisory Board by court order of the District Court of Bremen on March 11, 2022.

Udo Klöpping resigned as a member of the Supervisory Board with effect from July 15, 2022. Tim Kaemena was appointed to succeed him as a member of the Supervisory Board by court order of the District Court of Bremen on September 8, 2022.

Composition of the Board of Management

The composition of the Board of Management and the memberships of the Board of Management members in other bodies in accordance with Section 125 (1) sentence 5 AktG are presented in Annex 2 to the notes.

The following changes were made to the composition of the Board of Management compared with December 31, 2021:

At its meeting on February 24, 2022, the Supervisory Board resolved to extend the contract with Frank Dreeke for two years, until he reaches the statutory retirement age for Board of Management members. He is now appointed until December 31, 2024.

Andrea Eck, originally appointed until December 31, 2024, left the company at her own request with effect from December 31, 2022. She resigned from her seat on the Board of Management at the end of August 31, 2022. CEO Frank Dreeke had assumed responsibility for management of the AUTOMOBILE Division in the interim. At an extraordinary meeting on November 10, 2022, the Supervisory Board resolved to create the new position of Chief Operating Officer (COO) in the company, responsible for overseeing operating business at Board of Management level. In line with the "one face to the customer" principle, the two Board of Management divisions AUTOMOBILE and CONTRACT were merged. When it came to filling this position, the Supervisory Board decided in favor of Matthias Magnor, who has been responsible on the Board of Management for the CONTRACT Division since October 1, 2021. He took over the position of COO with effect from December 1, 2022.

At its meeting on December 15, 2022, the Supervisory Board resolved to extend the contract with Christine Hein for a further five years. She is now appointed until October 31, 2028.

Transactions with the Board of Management and the Supervisory Board
Transactions with the Board of Management and Supervisory Board were limited to services rendered in connection with the Board positions and employment contracts and the remuneration paid for these services.

The members of the Supervisory Board received remuneration of EUR 291 thousand in the 2022 financial year (previous year: EUR 286 thousand), of which EUR 164 thousand (previous year: EUR 165 thousand) was attributable to fixed components. The meeting allowances came to EUR 78 thousand (previous year: EUR 63 thousand, the remuneration for services on committees to EUR 14 thousand (previous year: EUR 14 thousand) and the remuneration for in-Group Supervisory Board seats to EUR 35 thousand (previous year: EUR 44 thousand).

The members of the Supervisory Board representing the employees received EUR 37 thousand (previous year: EUR 34 thousand) in contributions to statutory retirement plans in the reporting year.

As of December 31, 2022, as in the previous year, members of the Supervisory Board had not been granted any loans or advance payments. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Supervisory Board. Travel expenses were reimbursed to the customary extent.

For the 2022 financial year, the Board of Management received total remuneration of EUR 3,870 thousand (previous year: EUR 3,892 thousand). This included basic remuneration, fringe benefits and variable remuneration components payable in the short term. In addition, provisions of EUR 1,494 thousand (previous year: EUR 1,743 thousand) were recognized as of December 31, 2022 for long-term variable remuneration components for the 2022 financial year. Of this amount, EUR 516 thousand related to the transitional arrangement for Board of Management members appointed before 2020. On attainment of the target in the reporting year, the respective entitlement for the reporting year was recognized in the provisions. This amount was included in the measurement of the multi-year remuneration components for the 2022 reporting year (transitional arrangement and long-term component). The actual payment was measured against the target attainment determined by the Supervisory Board on the basis of the applicable remuneration system over the multi-year period to be measured of two years (transitional arrangement) or four years (long-term component). The determination was based on financial (70 percent weighting) and environmental and social (30 percent weighting) performance criteria.

The members of the Board of Management were granted pension entitlements, some of which are against companies of the BLG Group. Otherwise, the entitlements are against related entities. Pension obligations toward former Board of Management members are likewise obligations against related entities.

As of December 31, 2022, the present value of pension obligations pursuant to the German Commercial Code (HGB) for active members of the Board of Management at December 31, 2022 amounted to EUR 4,751 thousand (previous year: EUR 5,150 thousand).

Further information and remarks concerning the individual remuneration of the Board of Management and Supervisory Board members is publicly accessible on our website ➚ *www.blg-logistics.com/en/investor-relations* in the Download area.

For former members of the Board of Management, expenses totaling EUR 1,451 thousand were also recognized in connection with severance agreements. The present value of pension obligations pursuant to HGB for former members of the Board of Management totaled EUR 6,696 thousand as of December 31, 2022.

As was the case in the previous year, members of the Board of Management had not been granted any loans or advance payments as of December 31, 2022. Similarly, as in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

The Supervisory Board and Board of Management remuneration systems are available on our website ➚ https://www.blg-logistics.com/en/investor-relations under Corporate governance.

Director’s dealings
According to Article 19 of the EU Market Abuse Regulation, members of the Board of Management, the first tier of management and the Supervisory Board are required as a matter of principle to disclose their own transactions with shares of BLG AG or related financial instruments.

The shareholdings of these persons amount to less than one percent of the shares issued by the company. There were no purchases and sales requiring disclosure during the reporting year.

Voting rights notifications
The following voting rights notifications from direct or indirect investments in the capital of BLG AG were reported to the Board of Management of BLG AG:

On February 7, 2019, the Free Hanseatic City of Bremen (municipality) notified us pursuant to Section 33 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that its share of voting rights in BLG AG amounted to 50.42 percent (corresponding to 1,936,000 voting rights) as of January 31, 2019.

On February 7, 2019, Peter Hoffmeyer notified us pursuant to Section 33 (1) WpHG that the voting rights share of Panta Re AG, Bremen, in BLG AG exceeded the threshold of 10 percent on January 31, 2019, and at that time amounted to 12.61 percent (corresponding to 484,032 voting rights). All voting rights are attributable to Peter Hoffmeyer pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

On November 18, 2016, the Waldemar Koch Foundation, Bremen, notified us pursuant to Section 21 (1) WpHG (old version) that its share of voting rights in BLG AG exceeded the threshold of 5 percent on November 15, 2016, and at that time amounted to 5.23 percent (corresponding to 200,814 voting rights.)

On April 8, 2002, Finanzholding der Sparkasse in Bremen, Bremen, notified us pursuant to Section 41 (2) sentence 1 WpHG (old version) that as of April 1, 2002 its share of voting rights in BLG AG amounted to 12.61 percent (corresponding to 484,032 voting rights)

Further details are published on our website at www.blg-logistics.com/en/investor-relations/share.

Proposal on the appropriation of net profit
The Board of Management and Supervisory Board will submit the following dividend distribution proposal to the Annual General Meeting on June 7, 2023: distribution of a dividend of EUR 0.28 per no-par value registered share (which corresponds to around 10.8 percent per no-par value share) for the 2022 financial year, corresponding to the net retained profits of EUR 1,075 thousand.

Consolidated financial statements
The company, together with BLG KG as the joint parent enterprise, prepared consolidated financial statements as of December 31, 2022 in accordance with IFRSs, as adopted by the European Union, as well as the additionally applicable provisions of German commercial law as set forth in Section 315e (3) HGB in conjunction with Section 315e (1) HGB. Furthermore, it prepared financial statements for the purpose of fulfilling the actual duty to prepare consolidated financial statements (financial statements in accordance with Section 315e HGB). Both sets of financial statements are published in the Company Register and are available at the headquarters of the company in Bremen.

German Corporate Governance Code
The 22nd declaration of compliance with the German Corporate Governance Code, as amended on April 28, 2022, was issued by the Board of Management on August 30, 2022 and by the Supervisory Board of BLG AG on September 15, 2022. On this basis, the Board of Management issued a 23rd declaration of compliance with the Code, as amended on April 28, 2022 on November 29, 2022 and the Supervisory Board of BLG AG followed suit on December 15, 2022, as the creation of the position of a Chief Operating Officer had made amendments necessary.

Report on post-balance sheet date events
No events of particular significance that could be expected to materially influence the financial position, financial performance and cash flows at December 31, 2022 occurred between the end of the reporting period and the preparation of the annual financial statements on March 30, 2023.

Bremen, March 30, 2023

BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

THE BOARD OF MANAGEMENT

Frank Dreeke
Michael Blach
Christine Hein
Matthias Magnor
Ulrike Riedel

Combined Management Report 2022

The management report pertaining to the annual financial statements pursuant to Section 315e HGB of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen (BLG AG) was combined with the management report prepared in accordance with the German Commercial Code (HGB) of BLG AG pursuant to Section 315 (5) HGB in conjunction with Section 298 (2) HGB. The management report is therefore referred to as the combined management report. The financial statements of BLG AG, which are prepared in accordance with the requirements of the HGB, and the combined management report are published together. Unless otherwise stated, the information provided applies to both sets of financial statements. Disclosures that contain information relating solely to the HGB financial statements of BLG AG are denoted separately.

Fundamental information about the company

BLG AG, a listed company, is the sole personally liable general partner of BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG). In this function, the company has assumed the management of BLG KG. BLG AG maintains a branch office in Bremerhaven.

BLG AG does not hold any share capital in BLG KG and is also not entitled to participate in the company's profits. All limited partnership shares of BLG KG are held by the Free Hanseatic City of Bremen (municipality). BLG AG receives remuneration for the liability it has assumed and for its management activities. The business of BLG KG is managed by the Board of Management of BLG AG as a governing body of the general partner. The Board of Management is fully accountable for managing the business in accordance with Section 76 (1) of the German Stock Corporation Act (AktG) and is not subject to instructions from the shareholders.

For the liability it has assumed, BLG AG receives remuneration from BLG KG in the amount of 5 percent of the equity reported in the annual financial statements for the respective prior period in accordance with Sections 266 et seq. HGB. This liability remuneration must be paid regardless of BLG KG's net income for the year. For its management activities, BLG AG receives remuneration in the amount of 5 percent of the net income of BLG KG prior to deduction of this remuneration. The remuneration amounts to a minimum of EUR 256 thousand and a maximum of EUR 2,500 thousand. In addition, expenses directly incurred by BLG AG in connection with management activities at BLG KG are reimbursed by the latter. Further information on transactions with affiliated companies and related parties can be found in the notes to the financial statements.

Non-financial report

BLG LOGISTICS has prepared a non-financial Group statement in accordance with Section 315b HGB since the 2017 financial year. This statement is integrated into the sustainability report as a separate non-financial report, which can be downloaded from ➚ *reporting.blg-logistics.com*.

Report on economic position

Report on financial position, financial performance and cash flows

In accordance with its corporate function, BLG AG lent all cash funds available to it to BLG KG for proportionate financing of the working capital necessary for the provision of its services. This essentially takes place via the central cash management of BLG KG, in which BLG AG is included. The interest on the funds provided was based on unchanged conditions. As a result of slightly lower average cash management balances, interest income from this decreased by EUR 45 thousand compared with the previous year.

In the reporting year, BLG AG received liability remuneration (EUR 1,063 thousand, previous year: EUR 1,026 thousand) and remuneration for management activities (EUR 256 thousand, previous year: EUR 256 thousand) from BLG KG. Remunerations accruing to the members of the Board of Management and the Supervisory Board are reimbursed in full by BLG KG.

Earnings per share of EUR 0.25

The earnings per share are calculated by dividing the net income for the year by the average number of shares outstanding during the financial year. Unchanged from the previous year, there were 3,840,000 registered shares outstanding during the 2022 financial year.

In the outlook as of December 31, 2021 and in the interim report as of June 30, 2022, earnings (EBT) for the financial year 2022 were forecast to be at a similar level to or slightly lower than in the financial year 2021. Earnings before taxes in the 2022 financial year were ultimately down year on year by EUR 175 thousand. This is explained primarily by the fact that provisions had to be recognized for higher costs for the planned physical Annual General Meeting in 2023. Furthermore, the above-mentioned lower interest income and lower income from the reversal of provisions also had an impact on earnings compared with the previous year.

Due to accumulated losses brought forward during the coronavirus crisis and low net investment income at BLG KG, the remuneration for the management of BLG KG was again at the minimum level (EUR 256 thousand, previous year: EUR 256 thousand).

Refinancing for pensions/fair-value remeasurement

In order to enable insolvency-protected reinsurance cover or refinancing for the pension obligations, a two-tier model with additional premium deposit accounts to cover the outstanding premium payments for the reinsurance was introduced. As a result of the fair-value remeasurement, the carrying amount of the premium deposit account in the balance sheet at December 31, 2022, after taking the planned premium withdrawals for 2022 into account, had to be adjusted downward by a substantial amount to reflect the price development. On the income side, this did not lead to additional expense for BLG AG, as the costs incurred from this were assumed by BLG KG. This write-down was not taken into account for tax purposes and resulted in significantly higher corporate income tax expense year on year. This was offset by higher income from deferred taxes.

Furthermore, due in particular to the significant rise in interest rates, the measurement of pension provisions as of December 31, 2022 resulted in a significantly lower obligation being recognized, and the net amount of the pension obligation and the asset value was therefore reported in the annual financial statements on the assets side in accordance with Section 315e HGB. Accordingly, the settlement amount recognized toward BLG KG in the annual financial statements was adjusted in accordance with Section 315e to reflect the measurement differences between HGB and IFRSs (previous year: benefit entitlement, reporting year: obligation). In the German GAAP annual financial statements, the rise in interest rates was less marked, so that the net amount of the pension obligation and the asset value was recognized as a liability on the liabilities side.

Provisions for variable remuneration

The new, currently valid remuneration system for members of the Board of Management was introduced retroactively from January 1, 2021. The previous system was thus also terminated with retroactive effect from December 31, 2020 and the variable remuneration components agreed under it will, accordingly, no longer be paid out.

The switch to the new Board of Management remuneration system in accordance with the provisions of the Act on the Implementation of the Second Shareholders' Rights Directive (ARUG II) with short-term and long-term target components leads to a significant increase in provisions, as the transfers for the long-term remuneration components are no longer made in installments over time, but become due in the full amount when the target agreement is reached.

On the basis of the remeasurement as of December 31, 2022, the existing provision for variable remuneration for the financial year 2021 was adjusted slightly. Furthermore, on the basis of the target figures achieved to date, provisions of EUR 2,423 thousand (EUR 2,551 thousand under German commercial law) were recognized for variable remuneration for the financial year 2022, which represented a corresponding increase compared with the previous year. The variable compensation for Andrea Eck was settled at the end of December 2022 as part of the severance agreement. The expenses arising from the severance agreement were reported under other operating expense, which, accordingly, increased significantly year on year. All expenses relating to the Board of Management remuneration were reimbursed by BLG KG by way of offsetting and were included in other operating income.

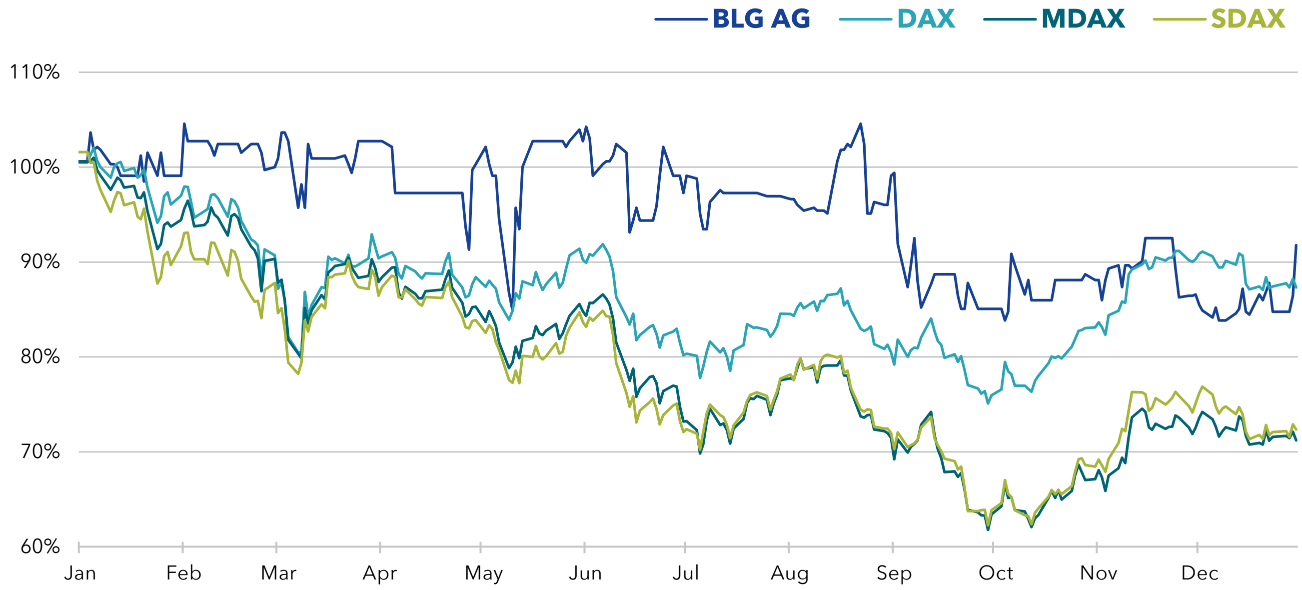
There were no other significant changes in income and expenses or in financial position and cash flows compared with the previous year.

The BLG share

Weak year on the stock exchanges
With the coronavirus pandemic slowly appearing to have been overcome, 2022 was characterized by geopolitical crises and a high level of uncertainty. Worldwide, losses on the stock markets were great, leading to one of the worst years since the financial crisis of 2008. At the beginning of the year, many share prices were at an all-time high, making a downward correction likely. The outbreak of the war in Ukraine intensified this value adjustment, which continued through the turn of the year 2022/2023. High inflation also impacted on the stock markets. The central banks reacted by raising the key interest rates, in some cases substantially, to counter inflation.

BLG share[1] falls 8.2 percent
After opening the 2022 financial year at EUR 10.93, the BLG share initially moved sideways while the major German indices lost value against the backdrop of the global economic environment. The highest closing price of the year for the BLG share was EUR 11.43 on August 22, 2022. In the last quarter of the 2022 financial year, the share price level fell and remained consistently below the opening price. The lowest price of EUR 9.17 was measured in early October as well as on three days in December 2022.

Performance of BLG share relative to benchmarks



Due to the share's low trading volume, even a small number of transactions can affect the price. The BLG share price fell by a total of 8.2 percent in the reporting year and was thus still above the level of the major German indices (DAX, minus around 13 percent, MDAX, minus around 29 percent, SDAX, minus around 28 percent). On the basis of the annual closing price of EUR 10.03 on December 30, 2022, market capitalization of the BLG share stood at EUR 38.5 million.

[1] All market prices of BLG AG in this management report indicated as average on the listed stock exchanges

BLG share reference data

ISIN	DE0005261606
WKN	526160
Ticker symbol	BLH
Share capital	EUR 9,984,000
Authorized capital	3,840,000 shares
Class	No-par value registered shares
Listed in	Berlin, Hamburg, Frankfurt

Dividend of EUR 0.28

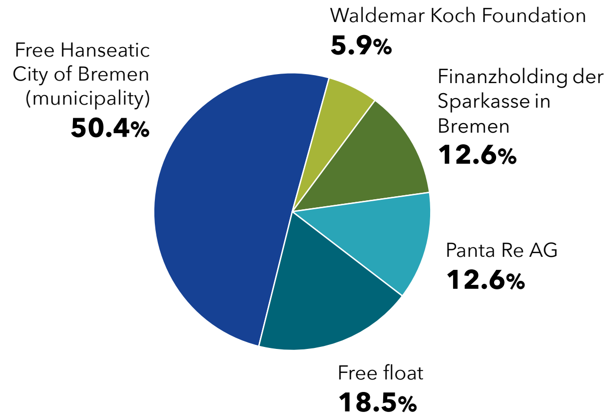
Due to the unchanged remuneration year on year (minimum remuneration amounting to EUR 256 thousand) from BLG KG, the annual financial statements of BLG AG showed net retained profits in accordance with HGB of EUR 1,075 thousand for the 2022 financial year, which was lower than in the previous year (EUR 1,152 thousand). This includes a proposed withdrawal of EUR 110 thousand from other revenue reserves (previous year: appropriation of EUR 2 thousand). According to German law, net retained profits form the basis for the dividend distribution.

On this basis, for the 2022 financial year, the Board of Management and the Supervisory Board will propose to the Annual General Meeting on June 7, 2023 that a dividend of EUR 0.28 per share (previous year: dividend of EUR 0.30 per share) be distributed on the dividend-eligible share capital of EUR 9,984,000.00, corresponding to 3,840,000 shares (registered shares). This represents a distribution payout of EUR 1,075 thousand and a distribution ratio of 111.4 percent. Based on the year-end share price of EUR 10.03, this results in a dividend yield of 2.8 percent for the 2022 financial year.

We will continue in the future to pursue the goal of an earnings-related and consistent dividend policy. Accordingly, we will allow our shareholders to participate appropriately in share in earnings in line with our business performance.

		2022	2021	2020	2019	2018
Earnings per share	EUR	0.25	0.30	0.29	0.38	0.66
Dividend per share	EUR	0.28	0.30	0.11	0.40	0.45
Dividend	Percent	10.8	11.5	4.2	15.4	17.3
Dividend yield	Percent	2.8	2.7	0.9	3.1	3.8
Share price at year-end	EUR	10.03	10.93	12.33	12.97	11.87
High	EUR	11.43	12.87	14.47	14.10	15.10
Low	EUR	9.17	10.83	11.70	11.93	11.13
Distribution amount	EUR thousand	1,075	1,152	422	1,536	1,728
Distribution ratio	Percent	111.4	99.8	37.8	105.6	68.0
Price/earnings ratio		39.9	36.4	42.4	34.3	17.9
Market capitalization	EUR million	38.5	42.0	47.3	49.8	45.6

Shareholder structure of BLG AG as of December 31 2022



The share capital of BLG AG amounted to EUR 9,984,000.00 and was divided into 3,840,000 no-par value registered shares with voting rights (registered shares). Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation.

As of December 31, 2022, the Free Hanseatic City of Bremen (municipality) was the main shareholder of BLG AG with a share of 50.4 percent. Other large institutional investors are Finanzholding der Sparkasse in Bremen and Panta Re AG, Bremen, each with a share of 12.6 percent, and the Waldemar Koch Foundation, Bremen, with a share of 5.9 percent. A total of 18.5 percent of shares are in free float, corresponding to around 710,000 shares; 1.1 percent of the free float is held by institutional investors; the remaining 17.4 percent is held by private investors.

Corporate governance statement

In accordance with German statutory requirements, the auditor only audited the existence of disclosures on corporate governance within the meaning of Section 289 HGB. To avoid duplication, they are reported elsewhere in the financial report together with the corporate governance statement in accordance with Section 289f HGB; see Chapter 04 “Further Information” of this financial report.

Takeover-related disclosures in accordance with Section 289a (1) HGB

Takeover-related disclosures are also reported in the corporate governance statement; see Chapter 04 “Further Information” of this financial report.

Remuneration report and remuneration system

The applicable remuneration system of the Board of Management pursuant to Section 87a (1) and (2) sentence 1 of the German Stock Corporation Act (AktG), which was approved by the Annual General Meeting on June 2, 2021, and the system for the remuneration of the members of the Supervisory Board (Section 113 (3) AktG), which was also approved by the Annual General Meeting on June 2, 2021, are publicly available under www.blg-logistics.com/en/investor-relations (under Corporate Governance). The remuneration report, including the auditor's audit opinion pursuant to Section 162 AktG, is made publicly available in the Download area at the same Internet address.

Risk report

Opportunity and risk management
Corporate activity is accompanied by opportunities and risks. Responsible handling of potential risks is a key element of sound corporate governance for BLG AG. At the same time, it is important to identify and take advantage of opportunities. Our opportunities and risks policy aims to increase the company's value without taking any inappropriately high risks.

The Board of Management of BLG AG assumes responsibility for formulating risk policy principles and earnings-oriented management of overall risk. The Board of Management regularly informs the Supervisory Board of decisions holding potential risk in connection with the dutiful discharge of its responsibilities under company law.

Potential risks are identified at an early stage within the framework of continuous risk controlling and a risk management and reporting system geared to the corporate structure under company law. In this regard, we give special consideration to risks jeopardizing the company's continued existence as a going concern arising from strategic decisions. Currently no going concern risks jeopardizing the company's future development can be identified in the context of an overall analysis. Our financial base in connection with extending the range of services in all strategic divisions of the Group continues to offer good opportunities for BLG AG's stable corporate development.

The risk management system, compliance management system and internal control system of BLG AG are integrated into the respective systems of the BLG Group – in particular by reason of the former's status as personally liable general partner of BLG KG. Therefore, the following presents a summarized description of the systems at Group level of BLG LOGISTICS. For more information, see the group management report pertaining to the 2022 consolidated financial statements published by BLG AG and BLG KG as joint parents. ➚ reporting.blg-logistics.com

Risk-rewards culture

The BLG Group aims to achieve profitable growth while giving consideration to sustainability-related objectives.

Our risk-rewards culture as part of the corporate culture of BLG LOGISTICS sets out the company's basic policy and rules of conduct for managing risks and opportunities. It greatly influences risk awareness when making business decisions and forms the basis for the implementation of appropriate and effective measures to enable us to pursue our opportunities responsibly and sustainably.

Our risk-rewards culture therefore constitutes the basis for the success of our risk management. Risk management works provided that transparency and a willingness to actively communicate and collaborate are practiced as part of an actual risk culture.

Dovetailing of the compliance and risk management system and internal control system[1]

Responsible, continuous and systematic management of operating risks, but also of opportunities, is of fundamental importance for BLG LOGISTICS. To this end, we rely on the close dovetailing of the compliance and risk management systems and the internal control system (ICS). The three systems are described in more detail below.

Main features of the compliance organization
Compliance means conforming to all statutory and internal company regulations, such as guidelines and organizational instructions, with the goal to avoid and minimize liability.

In its Code of Conduct, BLG LOGISTICS already committed to complying at all times with the relevant laws and the company's internal guidelines.

Based on these fundamental values as well as our own ethical principles, we aim to be a reliable and fair partner for our customers, business partners and shareholders.

The goal of compliance is to ensure that an organization operates in a manner that is legally and ethically irreproachable, including the prevention of legal violations within the organization. The task of the compliance officer to support the management and the employees responsible for BLG LOGISTICS' business processes in achieving these goals derives from this.

[1] The disclosures in this section are so-called non-management report disclosures and have not been audited by the auditor.

In accordance with the rules of procedure of the Board of Management of BLG AG, the compliance officer reports to the Board of Management member responsible for compliance, the Chief Compliance Officer. At the invitation of the Board of Management, the compliance officer reports at meetings of the full Board of Management on the current status of compliance activities at BLG LOGISTICS. Also at the invitation of the Board of Management, the compliance officer reports directly to the Supervisory Board of BLG AG.

Thanks to the compliance management system, misconduct within the organization is prevented and appropriate measures are taken to counter compliance risks or legal violations within the organization or from within BLG LOGISTICS.

The full Board of Management supports the compliance officer in the discharge of their duties.

The compliance officer has set up a regular Compliance Committee.

BLG LOGISTICS' compliance officer is the point of contact for the external compliance ombudsperson, and at the same time assumes the role of internal ombudsperson.

In the event of a violation of relevant laws or internal guidelines of BLG LOGISTICS, the compliance officer supports the internal investigations of the Audit department.

Should sanctions be required, the compliance officer, in coordination with the Human Resources department, proposes the necessary measures in the Compliance Committee. The Human Resources department then implements the proposals in coordination with the Board of Management, the responsible management and the Compliance Committee.

One particular focus of supplier compliance in the reporting year was the preparation, organized as part of a cross-divisional project, for the German Supply Chain Due Diligence Act, which came into force on January 1, 2023.

The objective of this act is to improve compliance with human rights internationally by specifying the human rights due diligence obligations that companies must observe along the supply chain. It also stipulates environmental requirements. Derived from this, the law defines requirements for responsible management.

Basic elements of risk management

In line with the risk strategy of the BLG Group, the basic conceptual elements of the risk management system are rolled out centrally using a standardized approach to ensure coverage of clear risk accountability and described in the Group guideline on risk management. This leads to systematic and comparable risk identification/documentation, risk analysis/assessment, risk control/monitoring and communication/reporting.

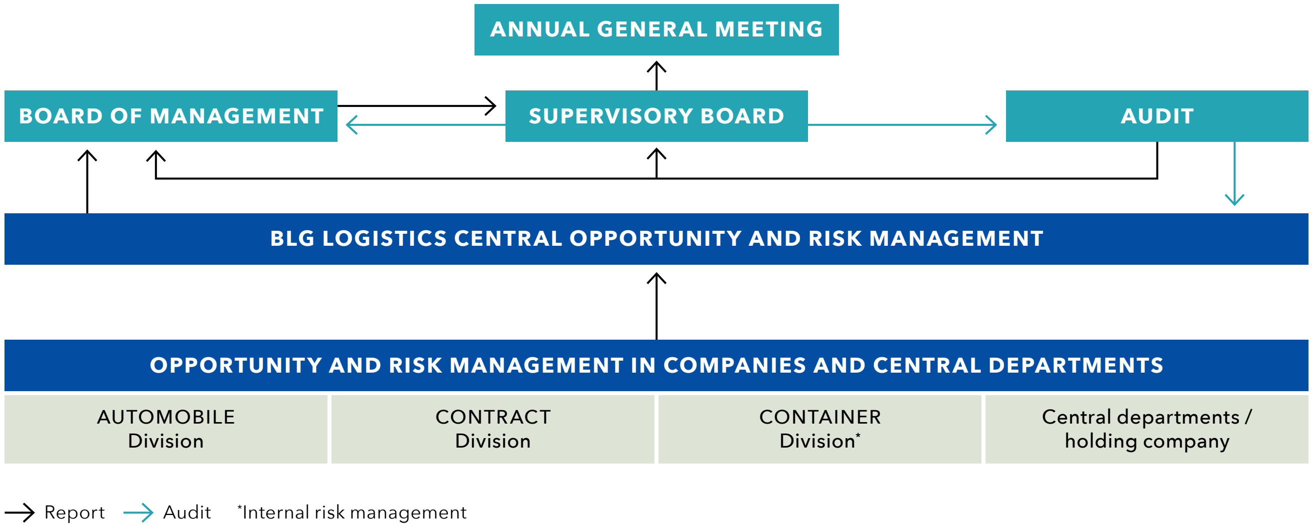
The objective of risk management is to create a shared awareness and positive understanding among management and all employees in managing operating risks in order to ensure the company's risk-bearing capacity. The aim is to identify and assess risks, manage these risks efficiently through appropriate and effective measures, monitor them, and ensure ongoing risk reporting as a basis for sound decision-making. In this way, risk management is intended to contribute to achieving the aims of the corporate strategy and objectives.

The objectives of risk management are:

- Identify risks early and prevent crises and insolvencies (support continuity of the organization)
- Improve planning reliability and risk costs through optimal risk management
- Sound preparation of business decisions with risk analyses to improve the company's success
- Achieve sustainability-related corporate goals and monitor sustainability-related risks with regard to the three ESG dimensions (Environment, Social, Governance), taking into account the principle of dual materiality (i.e., BLG LOGISTICS' impact on, for example, the climate or other environmental issues is also monitored).

Risk management organization

The areas of responsibility and roles with regard to the measures pursuant to Section 91 (2) and (3) AktG are clearly defined in the BLG Group's organizational charts and specified, communicated and documented in the risk management tool. BLG LOGISTICS ensures that those vested with responsibility fulfill the required personal and professional criteria and receive regular training from central Risk Management. As part of the annual planning process, BLG sees to it that sufficient resources are made available for measures designed to promptly identify, evaluate, control and monitor developments that could jeopardize the organization's continued existence as a going concern. The key provisions governing the organizational structure and workflows are documented and made binding.



Risk management organization encompasses the following components:

The organizational structure describes the tasks and responsibilities of all persons responsible for the risk management process and the measures taken to maintain the implemented system at a consistently high level and to communicate developments to those responsible in a structured and systematic manner.

Opportunity and risk management at BLG LOGISTICS

The risk management process is the process of assessing risks by identifying, documenting, analyzing, evaluating, controlling, monitoring as well as communicating and reporting risks.

The platform for an effective risk management system is the risk management tool, which enables risk managers to exchange information, prepare assessments and consolidate risks in a timely and flexible manner.

The divisions feed reports into the risk management tool on a continuous basis. The risks entered in the risk management tool are then evaluated and monitored by centrally responsible risk managers, who submit detailed risk reports to the Board of Management and the Supervisory Board at least four times a year.

Internal control system

The internal control system (ICS) as the set of all systemically defined controls and monitoring activities has the objective of ensuring the security and efficiency of business transactions, the reliability of financial reporting, and the compliance of all activities with laws and policies. An effective and efficient internal control system is crucial to successfully managing risks in our business processes. In its design, the internal control system at BLG LOGISTICS considers all material business processes and goes beyond controls in the accounting process. The non-financial ICS covers areas such as environmental violations, occupational health and safety and anti-corruption.

The ICS and the elements that contribute to it are regularly the focus of audit activities by the Internal Audit department. These are carried out either within the scope of the risk-based annual audit plan or within the scope of audits scheduled during the year at the request of management.

Integrated governance, risk and compliance approach[2]

Risk management within the BLG Group is based on an integrated governance, risk and compliance model, which enables responsible management of risks and opportunities.

First line of defense:
Operational management
Operational management of the individual business areas and central departments forms the front line of defense. They manage and are responsible for their processes and identify and assess risks locally at the level of the operating companies. Countermeasures are initiated promptly, and the residual potential impact is assessed. Material risks are reported in the risk management system on the basis of the published internal risk management guideline. The outcomes are continuously incorporated into risk reporting, thus also providing the Board of Management with an overall picture of the current risk situation during the course of the year via the documented reporting lines.

Second line of defense:
Central risk management system, compliance management system, internal control system
Central risk management is closely dovetailed with the two other governance control systems, the compliance management system and the internal control system. All three systems serve to support and systemically monitor operational management. These three core governance control systems provide the organizational framework and control the implementation of the framework guidelines in the operational processes, thus ensuring compliance with laws and our internal corporate standards and rules. Giving consideration to the findings from the other two control systems, the compliance management system and the internal control system, central Risk Management draws up the central risk map and acts as an important node for passing on relevant information to the Internal Audit department as well as for preparation of the annual financial statements.

Third line of defense:
Audit by the Group Internal Audit department
The Group Internal Audit department supports the Board of Management in overseeing the various divisions and business units within the Group. It regularly checks the early risk identification system and the structure and implementation of risk management as part of its independent audit activities.

Fourth line of defense:
Audit by the independent auditor
The risk management system is assessed with regard to the accounting process by the independent auditor within the scope of the audit of the annual financial statements.

Description of the main features of the internal control and risk management system with regard to the accounting process in accordance with Section 289 (4) HGB

Definition and elements of the internal control and risk management system
BLG AG's principles of risk management are documented in a guideline. The regulations and necessary documentation as well as reporting cycles defined there are supported by standard software to ensure a uniform process standard.

The internal control system of BLG LOGISTICS with regard to the accounting process includes all principles, procedures and measures to ensure the appropriate and legally compliant recognition, measurement and presentation of business transactions in financial accounting and reporting as well as non-financial information within the scope of sustainability reporting. The objective is to avoid any material misstatements in accounting and external reporting.

Since the internal control system is an integral component of risk management, they are presented summarized.

The internal monitoring and management systems are components of the internal control system. The Board of Management of BLG AG has assigned responsibility for the internal management system in particular to the central

[2] The disclosures in this section are so-called non-management report disclosures and have not been audited by the auditor.

Management Accounting, Finance and Accounting departments (Financial Services).

The internal monitoring system comprises controls that are both integrated into and independent of the financial reporting process. The controls integrated into the process particularly include the dual control principle and IT-supported controls, as well as the involvement of internal departments such as Legal or Tax departments and of external experts.

Controls that are independent of the financial reporting process are carried out by the Internal Audit department, the Quality Management department and the Supervisory Board, in the latter case principally through its Audit Committee. In line with the Supervisory Board's profile of skills and expertise, consideration has also been given to ensuring that its members have appropriate expertise in sustainability aspects that are material for BLG LOGISTICS. The Audit Committee concerns itself in particular with the financial accounting for the company and the Group, including reporting. The activities of the Audit Committee also focus on the risk situation, overseeing the further development of risk management and on compliance issues. This also includes the effectiveness of the internal control system.

Audit activities that are independent of the financial reporting process are also performed by external auditing bodies such as the German public auditing firm or the tax auditor. With regard to the financial reporting process, the audit of the annual and consolidated financial statements and the financial statements pursuant to Section 315e HGB by the German public auditing firm forms the main component of the process-independent review.

Accounting-related risks
Accounting-related risks can arise, for example, through the conclusion of unusual or complex business dealings or the establishment of business combinations as well as the processing of non-routine transactions.

Potential risks also result from discretionary scope in the recognition and measurement of assets and liabilities, or from the effect of estimates on the annual financial statements, such as for provisions or contingent liabilities.

Financial accounting and reporting process and measures to ensure compliance with the applicable legal requirements
Business transactions are generally accounted for in the single-entity financial statements of the subsidiaries of BLG AG using the standard software SAP R/3.

To ensure consistent recognition and measurement, BLG AG has issued accounting guidelines for financial reporting in accordance with the International Financial Reporting Standards (IFRSs). In addition to general principles, these guidelines cover in particular accounting principles and policies and regulations on the statement of profit or loss and other comprehensive income, consolidation principles and special topics. Guidelines for uniform Group-wide accounting have also been drawn up to ensure the implementation of consistent, standardized and efficient accounting and financial reporting across the Group. In addition, a code of practice for the notes and the management report has been defined that aims to ensure consistent reconcilability of the various sets of financial statements.

Impairment tests for the Group's cash-generating units are carried out centrally. This ensures that consistent and standardized measurement criteria are used. The same applies to the specification of the parameters to be used for the measurement of pension provisions and other provisions based on expert opinions.

When preparing the debt consolidation, internal balances are regularly reconciled in order to clarify and remedy any differences in good time.

Special software is used for tax accounting. Current and deferred taxes are calculated at the level of the individual subsidiaries and the recoverability of the deferred tax assets is tested. Current and deferred taxes to be recognized are thus calculated at the Group level in the statement of financial position and in the statement, of profit or loss and other comprehensive income, taking into account the effects of consolidation.

The audited financial statements in accordance with Section 315e HGB are converted into the ESEF-compliant format for submission to the German Federal Gazette (Bundesanzeiger) using dedicated software, and the necessary checks are carried out and documented in accordance with a published ESEF technical concept based on the dual control principle.

Qualifying notes
The internal control and risk management system as well as the compliance management system, i.e., the set of all

governance systems, ensure the compliance of the financial accounting and reporting process with legally required accounting principles and with the relevant legal requirements as well as the sustainability-related objectives. Discretionary decisions, erroneous controls or fraud may, however, limit the effectiveness of the internal control and risk management system and the compliance management system, so that the established systems cannot guarantee with absolute certainty that the risks will be identified and managed.

Effectiveness of the internal control system and risk management system, including compliance[3]

With the integrated governance, risk and compliance approach, the Board of Management has created and implemented a management framework for BLG AG, which aims to ensure appropriate and effective internal control and risk management. The measures implemented as part of this approach are similarly aimed at the effectiveness and appropriateness of internal control and risk management as well as compliance management and are explained in more detail in this report. In the context of anchoring the three lines of defense business model and the legal framework, independent reviews and audits simultaneously take place, in particular through audits carried out by the Internal Audit department, and their reporting to the Board of Management and Supervisory Board, and by the Supervisory Board's Audit Committee, as well as through other external audits.

Based on its review of the internal control and risk management system and compliance management system, as well as the reporting by the Internal Audit department, the Board of Management is not aware of any circumstances which contradict the appropriateness and effectiveness of these systems.

Risks and opportunities of future development

Risks for the company arise from its status as personally liable general partner of BLG KG, Bremen. There is currently no identifiable risk of being subject to recourse. A risk but also an opportunity arises from the development of earnings of BLG KG, including its equity investments, on which the amount of the company's remuneration for management activities depends. Market, macroeconomic, political and other risks (e.g., high competitive pressure, economic development, supply chain disruptions, inflation and interest rates, further repercussions of the war in Ukraine) can have a direct impact. In this regard, we also refer to the group management report prepared by BLG AG and BLG KG as part of their jointly prepared consolidated financial statements for the 2022 financial year. A credit risk results from the receivables from loans and cash management with respect to BLG KG. There is currently no identifiable credit risk.

Due to the continuing impact of loss carryforwards resulting from the effects of the coronavirus pandemic and lower investment income from subsidiaries, the management remuneration (remuneration for work) in financial year 2022 remained at the minimum level. For 2023, BLG KG could again be exposed to revenue risks due to the global multiple crisis situation, despite the fact that BLG expects a further reduction in the above loss carryforwards (see ▸Outlook). As a result of the rise in interest rates, BLG AG stands to benefit from higher income from cash management with BLG KG. No further risks isolated to BLG AG are currently identifiable, as its business activities essentially consist of the liability and management function for BLG KG. Based on current knowledge, neither climate change and the related requirements and restrictions, nor the high cost of energy, human resources and materials have a bearing on the risk assessment exclusively for BLG AG. This also applies to the effects of the ongoing war between Russia and Ukraine.

[3] The disclosures in this section are so-called non-management report disclosures and have not been audited by the auditor.

Outlook

Report on forecasts and other statements regarding expected development

Due to the ongoing war between Russia and Ukraine, high energy prices and generally high inflation, coupled with the cooling of the economy, there is also a high level of uncertainty concerning planning for the 2023 financial year. It is still too early to reliably estimate the further impact this will have on the world economy, global trade flows and BLG LOGISTICS' customers, so that it is again not possible to make an accurate forecast for the current year.

Based on what we know to date, BLG AG forecasts that the general economic conditions described above will again pose challenges for BLG KG's business development and earnings in the 2023 financial year. Rising interest rates could also lead to additional burdens for BLG KG.

Nevertheless, BLG AG expects to see a further decrease in the loss carryforwards from the subsidiaries of BLG KG, which had ensued as a result of the coronavirus pandemic. On the back of these loss carryforwards, the remuneration for the assumed management of BLG KG was again at the minimum level in the reporting year. This is expected to rise above the minimum level of remuneration again in 2023.

In addition, BLG AG will benefit from rising interest rates to the extent that higher interest on cash management receivables from BLG KG will generate additional interest income.

Overall, BLG AG therefore expects earnings for the 2023 financial year to be significantly higher than in 2022. With respect to the dividend, we plan in the future to allow our shareholders to participate appropriately in earnings in line with our business performance.

Apart from historical financial information, this annual report contains forward-looking statements on the future development of the business and the business performance of BLG AG, which are based on estimates, forecasts and expectations, and can be identified by wording such as "assume," "expect" and similar terms. These statements may, of course, vary from actual future events or developments. We are not under any obligation to update these forward-looking statements with new information.

Final statement of the Board of Management in accordance with Section 312 (3) of the German Stock Corporation Act

BLG AG received appropriate consideration for each legal transaction indicated in the report on relationships with affiliated companies. No other measures were taken or omitted. This assessment is based on the circumstances known to us at the time the reportable transactions were conducted.

Bremen, March 30, 2023

BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

THE BOARD OF MANAGEMENT

Responsibility Statement of the Legal Representatives on the 2022 Annual Financial Statements and Management Report

BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the annual financial statements present a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and that the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the material opportunities and risks associated with the expected development of the company.

Bremen, March 30, 2023

THE BOARD OF MANAGEMENT

Frank Dreeke
Chairman of the Board of Management (CEO)

Michael Blach
CONTAINER Division

Christine Hein
Finances (CFO)

Matthias Magnor
AUTOMOBILE & CONTRACT Divisions (COO)

Ulrike Riedel
Labor Relations Director (CHRO)

Independent Auditor's Report

To BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-, Bremen

Report on the audit of the annual financial statements and the management report

Audit opinions
We have audited the annual financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, which comprise the balance sheet as at December 31, 2022, and the statement of profit or loss for the financial year from January 1 to December 31, 2022, and the notes to the annual financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, which is combined with the group management report for the financial year from January 1 to December 31, 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed 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 annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the company as of December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal regulations and suitably presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the parts of the management report listed in the "Other information" section referred to above.

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

Basis for the audit opinions
We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB, and in compliance with the EU Audit Regulation (No. 537/2014; hereinafter "EU-AR") and with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors – IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and the management report" section of our auditor's report. We are independent of the company in accordance with the requirements of European law, German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) lit. (f) EU-AR that we have provided no prohibited non-audit services referred to in Article 5 (1) EU-AR. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements
Key audit matters are such matters that, in our professional judgment, were the most significant in our audit of the annual financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the following matter was the most significant in our audit:

❶ Measurement of receivables from affiliated companies

We have structured our presentation of this key audit matter as follows:

① Matter and problem

② Audit approach and findings

③ Reference to further information

We present the key audit matter below:

❶ Measurement of receivables from affiliated companies

① In the company's annual financial statements, receivables of EUR 26.9 million (94.3% of total assets) are reported under "Receivables from affiliated companies" in the balance sheet. These relate primarily to receivables from cash pooling agreements, short-term loans and trade receivables from BLG LOGISTICS GROUP AG & Co. KG, Bremen. Receivables are measured under commercial law at the lower of purchase cost or market value. The market value of the receivables from BLG LOGISTICS GROUP AG & Co. KG are generally based on the latter's expected ability to pay. BLG LOGISTICS GROUP AG & Co. KG's ability to pay depends primarily on expected future cash flows from its equity investments. On the basis of the expected future cash flows provided by the projections compiled by the legal representatives of BLG LOGISTICS GROUP AG & Co. KG and other documentation, there was no need for write-downs in the reporting year.

The result of this measurement is highly dependent on how the legal representatives estimate BLG LOGISTICS GROUP AG & Co. KG's ability to pay on the basis of the expected business performance of its equity investments. The measurement therefore involves material uncertainties. In this context and on account of the size and the associated risk of a significant effect on the company's financial position, financial performance and cash flows in the event of impairment, the measurement of the receivables from BLG LOGISTICS GROUP AG & Co. KG was particularly significant for our audit.

② To assess the recoverability of the receivables from affiliated companies, we examined the principles of company law and the contractual provisions. In addition, we assessed the ability to pay and the earnings situation of the equity investments of BLG LOGISTICS GROUP AG & Co. KG by way of case-by-case audit procedures. Among other things, we verified the impairment test carried out by the company and assessed it on the basis of corporate planning by the equity investments and other documents. Overall, we were satisfied that the estimates and assumptions made by the legal representatives for the measurement of the receivables from BLG LOGISTICS GROUP AG & Co. KG are sufficiently documented and substantiated.

③ The company's disclosures on receivables from affiliated companies are included in the "Disclosures on recognition and measurement" and "Balance sheet disclosures" sections of the notes to the financial statements.

Other information
The legal representatives are responsible for the other information. The other information includes the following components of the management report, the contents of which were not audited:

- the statement on corporate governance pursuant to Section 289f HGB and Section 315d HGB included in the "Corporate governance statement" section of the management report;
- the sections "Alignment of the compliance and risk management system and internal control system,"

"Integrated governance, risk and compliance approach," and "Effectiveness of the internal control system and risk management system including compliance" of the management report.

- The other information also includes all other parts of the financial report – not including further cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

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

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

- is materially inconsistent with the annual financial statements, with the content of the audited management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report
The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the net assets, liabilities, financial position and financial performance of the company in compliance with the German Legally Required Accounting Principles. In addition, the legal representatives are responsible for such internal controls as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., manipulation of financial accounting and asset misappropriation) or error.

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

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

The Supervisory Board is responsible for overseeing the company's financial reporting process for the preparation of the annual financial statements and of the management report.

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

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in compliance with Section 317 HGB, and in compliance with the EU-AR and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

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

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

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

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

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

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the company's position it provides.

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

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

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and the safeguards that have been put in place to address them.

From among the matters we discussed with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report, unless law or regulation precludes public disclosure of the matter.

Other statutory and other legal requirements

Report on the audit of the electronic reproductions of the annual financial statements and of the management report prepared for the purpose of disclosure pursuant to Section 317(3a) HGB

Audit opinion
We performed a reasonable assurance audit pursuant to Section 317 (3a) HGB to determine whether the reproductions of the annual financial statements and the management report (hereinafter also referred to as "ESEF documents") contained in the attached file ESEFHGB22_BLGAG.zip and prepared for disclosure purposes comply in all material respects with the requirements of Section 328 (1) HGB on the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit covers only the conversion of the information contained in the annual financial statements and in the management report into the ESEF format and therefore neither covers the information contained in these reproductions nor any other information contained in the above-mentioned file.

In our opinion, the reproductions of the annual financial statements and of the management report contained in the aforementioned attached file and prepared for the purposes of disclosure comply in all material respects with the requirements of Section 328 (1) HGB regarding the electronic reporting format. Other than this opinion and our opinions on the accompanying financial statements and on the accompanying management report for the financial year from January 1 to December 31, 2022 included in the "Report on the audit of the annual financial statements and the management report" above, we do not express any opinion on the information contained in these reproductions or on any other information contained in the aforementioned file.

Basis for the audit opinion
We conducted our audit of the reproductions of the annual financial statements and the management report contained in the above-mentioned attached file in accordance with Section 317 (3a) HGB and in compliance with the IDW Auditing Standard: "Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure pursuant to Section 317 (3a) HGB" ("Prüfung der für Zwecke der Offenlegung erstellten elektronischen Wiedergaben von Abschlüssen und Lageberichten nach § 317 Abs. 3a HGB (IDW PS 410 (06.2022))" and with the International Standard on Assurance Engagements 3000 (Revised). Our responsibility under this standard is further described in the section "Auditor's responsibility for the audit of the ESEF documents." Our auditing firm has applied the quality assurance system requirements of the IDW Quality Assurance Standard: "Requirements for Quality Assurance in Auditing Practice" ("Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1))".

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents
The legal representatives of the company are responsible for the preparation of the ESEF documents containing the electronic reproductions of the annual financial statements and of the management report in accordance with Section 328 (1) sentence 4 no. 1 HGB.

The legal representatives of the company are also responsible for such internal control as they have determined necessary to enable the preparation of the ESEF documents that are free from material – intentional or unintentional – non-compliance with the electronic reporting format requirements pursuant to Section 328 (1) HGB.

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

Auditor's responsibility for the audit of ESEF documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material – intentional or unintentional – non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material – intentional or unintentional – non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, as amended at the balance sheet date, regarding the technical specification for that file.

- Evaluate whether the ESEF documents enable an XHTML reproduction that is consistent with the content of the audited annual financial statements and the audited management report.

Further information pursuant to Article 10 EU-AR
We were elected as auditor of the annual financial statements by the Annual General Meeting on June 1, 2022. We were engaged by the Supervisory Board on December 1, 2022. We have been the auditor of the annual financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, without interruption since the 2018 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-AR (audit report).

Other matter – use of the audit report

Our auditor's report must always be read in conjunction with the audited annual financial statements and the audited management report as well as with the audited ESEF documents. The annual financial statements and the management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not replace these. In particular, our report on the audit of the electronic reproductions of the annual financial statements and of the management report prepared for the purpose of disclosure pursuant to Section 317 (3a) HGB and our audit opinion contained therein may be used only in conjunction with the audited ESEF documentation provided in electronic form.

German public auditor responsible for the engagement

The German public auditor responsible for the engagement is Stefan Geers.

Bremen, March 30, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Ull	Stefan Geers
German Public Auditor	German Public Auditor

Who makes sure every day that transported goods reach their destination? Functioning logistics needs people. We introduce you to some of them. You can read more about this in our online magazine story "Enablers".

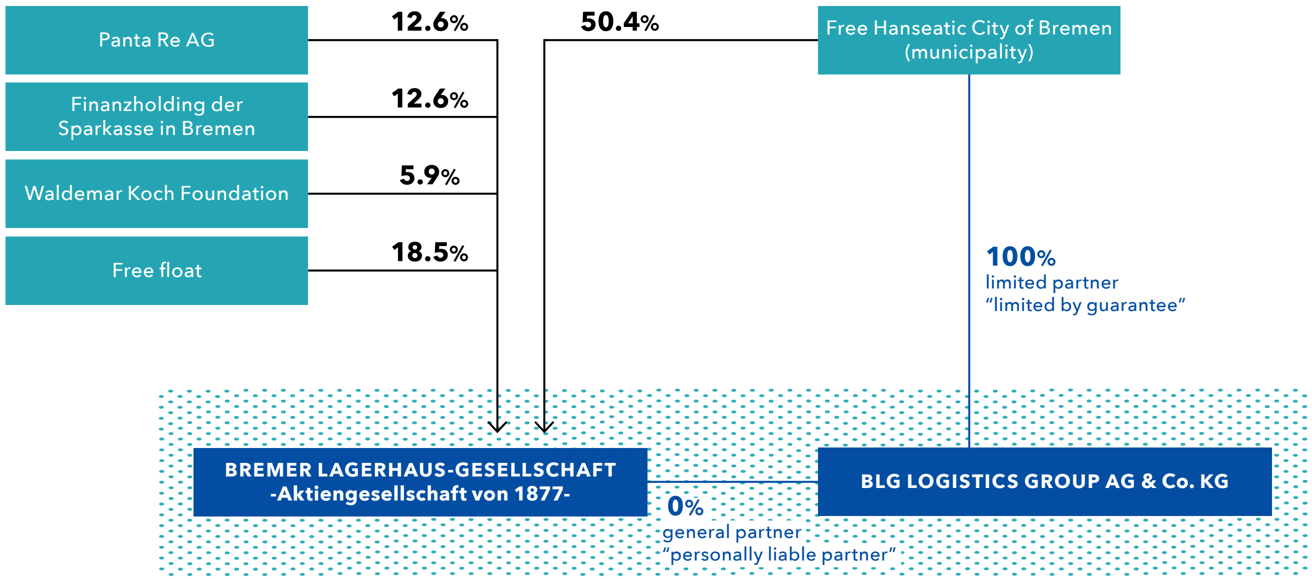
Group Management Report

Group Management Report

Fundamental Information about the Group

As the personally liable general partner of BLG LOGISTICS GROUP AG & Co. KG (BLG KG), the listed company BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) has assumed the management of the BLG Group. These two companies, which are closely linked in legal, commercial and organizational respects, have prepared the consolidated financial statements as joint parents.

BLG AG does not hold any share capital in BLG KG and is also not entitled to participate in the company's profits. It receives remuneration for the liability it has assumed and for its business management activities. All limited partnership shares of BLG KG are held by the Free Hanseatic City of Bremen (municipality). The business of BLG KG is managed by the Board of Management of BLG AG as a governing body of the general partner. The Board of Management is fully accountable for managing the business in accordance with Section 76 (1) of the German Stock Corporation Act (AktG) and is not subject to instructions from the shareholders.



Legal structure of the Group as of December 31, 2022.

Business model and organizational structure

The BLG Group operates externally under the brand BLG LOGISTICS. BLG LOGISTICS is a seaport-oriented logistics service provider with an international network. We have a presence in all the world's growth markets, with over 100 companies and offices in Europe, the Americas, Africa and Asia. We offer our customers in industry and retailing complex logistics system services.

As a strategic management holding company, BLG KG focuses on strategic developments at Group level. As a result, the holding company's influence on the operating business is greater than that of a pure financial holding company, but it is also significantly less than in the case of an operational management holding company. The Board of Management members responsible for the three divisions AUTOMOBILE, CONTRACT and CONTAINER play a special role as an interface to the operating units. The Board of Management determines the Group strategy by creating strategic guidelines at Group level; together with the operations managers, the relevant Board of Management member determines the strategy at division level within the framework of the Group strategy and is responsible for the strategic management of the division. Fulfillment of the respective strategies is supported by the central departments.

In accordance with its defined mission, BLG LOGISTICS aims to make logistics simpler for its customers, so that they can focus on being successful in the market.

BLG LOGISTICS operates in three divisions. The reporting also follows this structure.

The AUTOMOBILE and CONTRACT Divisions are subdivided into business areas and/or regions. Responsibility for the operational management of the business areas/regions, including earnings responsibility, lies with the relevant business area/regional managers. The Group management of the EUROGATE GmbH & Co. KGaA, KG subgroup is responsible for the CONTAINER Division.

AUTOMOBILE Division

The AUTOMOBILE Division is a leading technical and logistics service provider for the international automotive industry. In the 2022 financial year, our worldwide AUTOMOBILE network handled, transported or technically processed 4.7 million vehicles.

In this division, BLG LOGISTICS offers multimodal transport concepts with global logistics reach and dovetails customized and innovative technical service packages. Distribution takes place by road, rail and inland waterway. In addition to the seaport terminals in Bremen, Bremerhaven, Cuxhaven, Hamburg (all Germany) and in Gdansk (Poland), the AUTOMOBILE Division also operates several inland terminals on the Rhine and the Danube. Our truck fleet bases extend right across Europe.

BLG AutoRail is a specialist provider of vehicle transport services by rail, with its own fleet of 1,500 open double-deck railroad cars including 200 flat wagons. This means that the logistics supply chain from the vehicle manufacturers to the end customer is fully covered.

Our wheels never stop turning: BLG's AUTOMOBILE Division consistently supplements its logistics network with smart digital solutions and sustainable concepts for climate-friendly transport.

CONTRACT Division

The CONTRACT Division manages complex projects and offers our customers reliable logistics solutions. The focus of our know-how and experience lies in procurement, production and distribution logistics as well as in reverse and spare parts logistics. We offer storage, transport, packing and unpacking services, handle conventional orders, e-commerce issues and also a variety of value-added services.

As logistics architects, we design, configure, implement and operate customized logistics solutions, ranging from highly automated logistics centers to manual in-house handling. Project management is our core competence, and sustainability plus agreed, reliable quality are our top priorities.

Our customers are strong brands from industry and retailing, medium-sized companies and the major German and international car manufacturers. We work at our logistics centers and our customers' production facilities and plants at over 40 locations in Europe and overseas. Be it automotive parts, railroad components, sportswear, printers, fashion, furniture, foodstuffs, sanitary fixtures and fittings or frozen products – our teams of experts put together customized service packages for a wide variety of goods.

CONTAINER Division
The CONTAINER Division is represented by the EUROGATE joint venture. The EUROGATE Group, in which BLG LOGISTICS holds a 50 percent stake, is a shipping line-independent container terminal group with operations predominantly in Europe. Together with the Italian terminal operator CONTSHIP Italia, the company operates a network of 11 container terminals from the North Sea to the Mediterranean. Secondary services are also available in the form of intermodal and container-related services.

Changes in the group of consolidated companies

AUTOMOBILE Division
Against the background of the de facto loss of control in connection with the Russian war of aggression, BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia, was deconsolidated with effect from December 31, 2022.

In June 2022, BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven, founded BLG GLOVIS GmbH, Bremerhaven, as a joint venture with the shipping company Hyundai GLOVIS. Hyundai GLOVIS will in the coming years use BLG AutoTerminal Bremerhaven as a European hub for its automobile transports between Asia and Europe. The aim of the joint venture is to bundle volumes and thus optimize the logistics chains of automobile manufacturers, taking into account transit times, costs and environmental influences.

Under contract of May 18, 2022, BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen, sold its shares in Autoterminal Slask Logistic Sp. z o. o., Dabrowa Gornicza, Poland.

CONTRACT Division
Owing to the discontinuation of business operations, BLG AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa, was deconsolidated with effect from December 31, 2022.

In order to expand its business activities, BLG Logistics of South Africa (Pty) Ltd., Port Elizabeth, South Africa founded Autovision South Africa (Pty) Ltd., Port Elizabeth, South Africa, together with partners. The object of the joint venture is the provision of value-creating activities, such as painting car parts.

Research and development

In order to make our customers' logistics processes fit for the future, we are committed to developing new solutions on an ongoing basis. At the same time, we focus on continuous process optimization across the entire service portfolio.

The focus in the reporting year was on the further development of the innovation process, which resulted in closer cooperation between the innovation team and the operating divisions. In the future, the Technology department will assume responsibility in the CONTRACT Division for the development of MVPs (minimum viable products) based on new technologies and their subsequent implementation. This covers topics such as autonomous driving, robots, cobots, AMR (autonomous mobile robots) and new work. For digitalization activities in the context of data strategies (data warehouse), AI/BI or digital workflows, "digital services" have been pooled in a newly established team within the central IT department since 2022, thus giving them a clearer focus.

We are also continuing to collaborate in research and development projects with partners from science and industry on brand new, particularly complex concepts. Seven such projects were undertaken in 2022.

The "INSERT" project, funded by the European Regional Development Fund, was successfully completed on November 30, 2022 after a project duration of 2.5 years. The goal was to develop an AI-based assistance system for drafting initial concepts for production and logistics planning. Through collaboration with the planner and the prototype developed in the project, it was possible to significantly shorten planning processes and enhance the planning quality of the developed concepts. The four project partners are conducting a close dialog on possible follow-up activities and the further development of the new tool.

Building on the results of the earlier successful "Isabella" project, the "Isabella 2.0" project launched on July 1, 2020 was continued in the reporting year. The goal is to integrate the loading and unloading of trucks, railroad cars and ships into the previously developed intelligent management approach. To this end, further digitalization needs were identified and solutions designed. For example, a dedicated app is being developed to display the loading plan, including loading sequence management. A dashboard for visualizing Isabella processes is also in the pipeline. Training programs with existing and newly developed content will be supported in the future by a virtual training environment.

The development of the demonstrator was the focus of the "KITE" research project in 2022. In the demonstrator, vehicles, existing transport orders, freight exchange orders and AI-generated forecast orders are combined to optimize transport routes. The goal is to reduce emissions, for example, by avoiding empty runs. In addition, the AI identifies upselling opportunities that will allow currently unserved regions to be developed in a targeted manner. A broad database of historical transport data was created for the artificial intelligence.

The "PortSkill 4.0" project launched in 2021 was also continued in the reporting year. One focus here was to survey and analyze the existing job profiles in the port environment. Studies and analyses were also conducted on the basis of expert interviews, surveys, workshops and literature research to determine whether and to what extent technical developments and innovations are suitable for possible application in the port environment. The next step is to collate the results of the two analyses to define future job profiles in the port and, on this basis, develop initial training concepts.

"MEXOT," a new IHATEC (Innovative Port Technologies) research project was launched on January 1, 2022. The aim is to ensure the holistic ergonomic design of technical workstations and upstream picking activities. For this purpose, passive exoskeletons are being fitted with measuring sensors and coupled with customizable driverless transport vehicles (DTV), for example to enable (semi-)automated materials allocation. The ergonomics data will be used to develop an incentive platform that gives employees direct personal feedback and integrates gamification approaches to increase motivation.

The "Mobility2Grid (M2G) research campus" and "HyBit" projects were also launched in the reporting year. Mobility2Grid is funded by the Federal Ministry of Education and Research (BMBF) and was launched on March 1, 2022. In collaboration with many other research and industry partners, the goal through to February 28, 2027 is to develop efficient and networked systems for a climate-neutral city. The ultimate goal of BLG LOGISTICS is to demonstrate the feasibility of an electric tractor unit with a megawatt charging system in continuous operation. Its use is being trialed with the plant supplies for a customer based at the supplier logistics center in Falkensee.

The "HyBit" research project started on September 1, 2022 and is the initial step toward development of a hydrogen hub in Bremen. The central research question is how hydrogen hubs can contribute to a sustainable and climate-neutral Europe. BLG LOGISTICS' project activities focus on cluster mobility and logistics. The aim of the project is to develop a methodology for analyzing and assessing various hydrogen deployment options, which BLG LOGISTICS will test under real-world conditions. BLG LOGISTICS will also participate in identifying potential pilot applications for the use of hydrogen and roughly map these out. HyBit involves a consortium of 18 partners and will run for 4.5 years.

In 2022, BLG LOGISTICS thus participated in a total of seven cooperation projects with a total project volume of EUR 57.6 million.

Relevant legal and economic factors

BLG LOGISTICS has to observe a wide range of national and international legislation. In addition to regulations under public law, capital market law, employment law including occupational health and safety legislation, transport and customs laws and competition law are particularly relevant to us.

Collective pay agreements in Germany are one of the most important economic factors for BLG LOGISTICS, as a large proportion of the workforce is employed in Germany and personnel expenses for our own as well as external staff represent a major cost item. Because our business model is capital-intensive in all divisions, the cost of capital also plays a significant role.

Group control

Management indicators
The key management indicators of BLG LOGISTICS that we apply throughout the Group form the basis for our operational and strategic management decisions. We use them to set targets, measure the company' performance and determine the variable compensation of managerial staff and non-tariff employees – among other factors.

The core management indicators are:

Revenue

Group revenue is derived from the consolidated statement of profit or loss and other comprehensive income and does not include the revenue of the CONTAINER Division.

EBIT

On account of the significant contribution of the CONTAINER Division to earnings, income from equity investments is also included in EBIT.

Earnings before income and taxes (EBIT) is calculated at BLG LOGISTICS as follows:

+	Revenue
+	Other income
–	Cost of materials
–	Personnel expenses
–	Depreciation, amortization and impairments
–	Other expenses
+/–	Net investment income

EBT

Earnings before taxes (EBT) is the basis for determining profitability, independently of tax effects that cannot be influenced.

This is also suitable for measuring profitability in an international comparison.

EBT margin

Dividing EBT by revenue produces the EBT margin. This is an indicator of a company's efficiency and profitability.

RoCE

Return on capital employed (RoCE) is a key indicator that measures how efficiently and profitably a company uses its capital. It is calculated by dividing EBIT by the capital employed. Capital employed at BLG LOGISTICS includes the following components:

+	Non-current assets (incl. financial assets)
+	Inventories
+	Trade receivables
–	Trade payables

The key performance indicators revenue, EBIT, EBT and EBT margin are also determined within the scope of internal monthly reporting as well as within the scope of corporate planning and forecasts. RoCE is only reported on a Group-wide basis and will only in the future be included in monthly reporting.

In addition to the above-mentioned indicators, the variable remuneration of the Board of Management and, from the 2023 financial year, also of non-tariff employees, is also measured against the targets for CO_2 emissions, the 1,000-employee rate based on work-related accidents, and the proportion of trainees in the total workforce. The other financial and non-financial key performance indicators are individual management variables depending on the operating business unit. This includes measurement variables such as vehicle handling, processed quantities, energy consumption or container handling. In order to assess future developments, we rely on a continuous dialog with customers and closely monitor overall economic developments in order to be able to react to changes in a timely manner.

For explanations regarding the forecast key performance indicators and the degree to which they were reached in the 2022 financial year, please refer to the Report on Economic Position. The forecast for the current year is explained in the Outlook.

Non-financial performance indicators

The number of persons employed in the divisions, excluding the Board of Management as well as apprentices and trainees, is shown in the table, broken down by division, pursuant to Section 267 (5) HGB (annual average):

Employees by division	**2022**	2021	Percentage change
AUTOMOBILE Division	**3,235**	**3,397**	**-4.8**
of which blue-collar workers	2,767	2,920	
of which white-collar workers	468	477	
CONTRACT Division	**6,266**	**6,599**	**-5.0**
of which blue-collar workers	4,959	5,292	
of which white-collar workers	1,307	1,307	
CONTAINER Division	**1,605**	**1,582**	**1.5**
of which blue-collar workers	1,149	1,122	
of which white-collar workers	456	460	
Segment employees	**11,106**	**11,578**	**-4.1**
of which blue-collar workers	8,875	9,334	
of which white-collar workers	2,231	2,244	
Services	**386**	**374**	**3.2**
of which blue-collar workers	0	0	
of which white-collar workers	386	374	
Employees incl. CONTAINER Division	**11,492**	**11,952**	**-3.8**
of which blue-collar workers	8,875	9,334	
of which white-collar workers	2,617	2,618	
Less employees of the CONTAINER Division	**-1,605**	**-1,582**	**1.5**
of which blue-collar workers	-1,149	-1,122	
of which white-collar workers	-456	-460	
Employees of BLG LOGISTICS	**9,887**	**10,370**	**-4.7**
of which blue-collar workers	7,726	8,212	
of which white-collar workers	2,161	2,158	

As an international seaport-oriented logistics service provider, BLG LOGISTICS requires committed, motivated and skilled employees in order to be successful in the market over the long term and to meet the continuous challenges of globalization and demographic change. Since the 2019 financial year, this has been underscored by a wide range of measures and campaigns under the motto "#SuccessDependsOnEverybody" spanning all levels from temporary employees to the Board of Management and all areas and locations of BLG LOGISTICS.

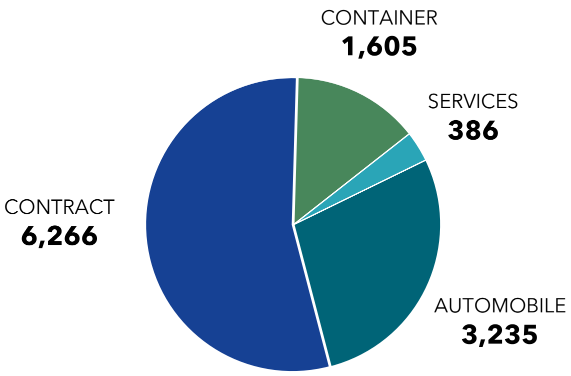
In order to attract, develop and retain its employees, BLG LOGISTICS aims to consistently maintain its image as an attractive company on the labor market. That is why our personnel policies include options for maintaining a work-life balance and specific health management mechanisms, as well as performance-related pay and targeted training opportunities.

The successful implementation of a clear and forward-looking strategy largely depends on BLG LOGISTICS' management. Our leadership principles and our corporate values support us in achieving a shared understanding of leadership at all levels.

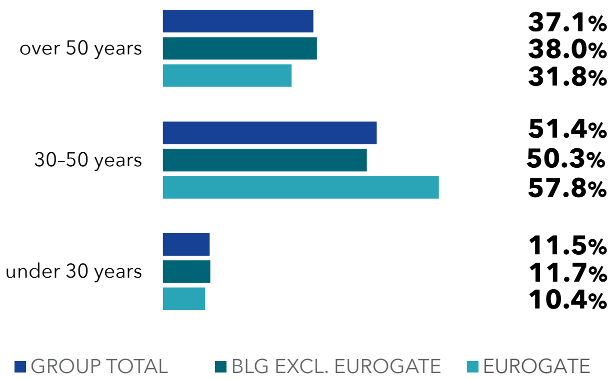
In the reporting year, the average number of employees (excluding the CONTAINER Division) decreased by 483 persons year on year, which is equivalent to 4.7 percent.

This reflected in particular the loss of the Leipzig location in the CONTRACT Division, which was no longer included in the statistics for the 2022 financial year due to a switch of service provider, as is customary in contract logistics. On the other hand, new employees were hired in the 2022 financial year at new locations in BLG LOGISTICS' retail logistics business area. In the AUTOMOBILE Division, the aftereffects of the coronavirus pandemic (falling demand, difficulties in obtaining parts, reluctance to buy, etc.) resulted in lower staffing requirements, so that, for example, vacant positions were not immediately filled and fixed-term contracts were not extended.

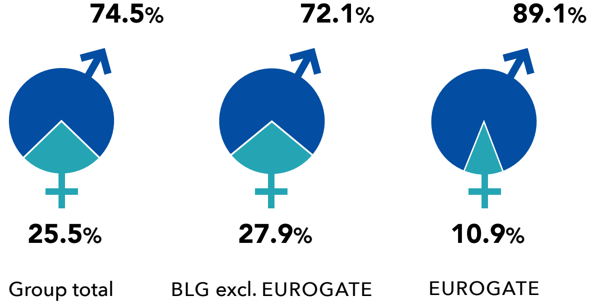
Employees 2022



Employees by age group



Employees by gender*



* In the past, we have only categorized our workforce into men and women, but we are aware that not everybody self-identifies with either of these genders. To date, only a few of our own workforce have identified as diverse. As we are currently talking about a proportion of less than 0.1 percent, we do not yet explicitly include this group in our statistics. However, in the interests of equal representation, we will continue to monitor this aspect.

Non-financial report

In accordance with the provisions of the Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Reports (CSR Directive Implementation Act), BLG LOGISTICS has prepared a non-financial Group statement in accordance with Section 315b HGB since the 2017 financial year. This statement is integrated into the sustainability report as a separate non-financial report, which can be downloaded from ➚ reporting.blg-logistics.com. Our 2022 sustainability report also details other non-financial topics.

Report on Economic Position

Macroeconomic conditions

Multiple crisis environment hampers global economy
At the beginning of 2022, it appeared that we could slowly put the coronavirus pandemic and production obstacles such as supply bottlenecks for components behind us, and the outlook for the business year was quite positive.

This did not, however, hail in a period of strong economic expansion. The Russian invasion of Ukraine in February 2022 had an unprecedented impact on the global economy. The escalation in Ukraine brought about a crunch on energy supplies and sent energy prices through the roof – especially in the summer of 2022. Many other goods also became more expensive, and inflation in many countries rose to levels not seen in 50 years.

In addition to the continuing uncertainties triggered by the war in Ukraine, monetary policy, which was tightened in the face of inflationary pressure, also had a braking effect on the global economy. The major central banks responded to the significant rise in inflation by raising key interest rates at a historically steep rate.

After a weak first half-year, the rise in global output temporarily strengthened in the third quarter, driven in particular by the absence of curbing effects such as the extensive pandemic-related lockdowns in China.

The situation on the energy markets also eased noticeably toward the end of the year, while governments introduced further fiscal measures to provide relief for private households and companies. Nevertheless, global economic momentum diminished significantly by year-end, with the major national economies in particular now facing a phase of weak economic activity.

Sources for this section:
Deutsche Bundesbank, Monthly Report, January and February 2023
IfW Kiel, Kiel Institute Economic Outlook, No. 97 (2022|Q4)
IMK, IMK Report No. 178, December 2022

German GDP up by around 1.9 percent in 2022

Year-on-year comparison of change in real GDP

The situation in Germany was similar to that described for the global economy. High inflation and uncertainty surrounding the war in Ukraine also weighed on the German economy. By year-end, the situation had brightened to the extent that wholesale prices for electricity and gas had fallen – although they remained at a high level. According to surveys by the ifo Institute, the business climate also improved. Despite the economic cooling off, the labor market is proving robust, mainly on the back of continued high demand for skilled labor.

Overall, gross domestic product (GDP) rose by around 1.9 percent in this environment, slightly exceeding the pre-pandemic level. The catch-up effects in connection with the post-pandemic reopening of the economy were, however, constrained by Russia’s war of aggression on Ukraine and the resulting new supply chain problems, coupled with high inflation and uncertainties regarding energy supplies.

Sources for this section:
Deutsche Bundesbank, Monthly Report, January and February 2023
IfW Kiel, Kiel Institute Economic Outlook, No. 98 (2022|Q4)

Situation in the logistics sector

The demands on logistics are changing at an ever-increasing pace. These changes are being driven by ongoing globalization, shorter product life cycles, digitalization and urbanization. As a result, the sector continues to benefit from the increasing demand for logistics services, which is amplified by the growth in e-commerce business and reverse logistics processing in the business-to-consumer segment. Challenges concern in particular continued pressure on margins, demographic trends and growing competition in the search for specialists, managers and young talents. Other factors are the importance of online retailing, which has once again been amplified during the coronavirus pandemic, increasing customer requirements with regard to speed, flexibility and the quality of supply, and raised environmental awareness among the population. The sector is currently experiencing staff shortages particularly in the areas of warehouse workers, vehicle drivers, engine drivers and IT managers.

In addition, when it comes to outsourcing activities, logistics companies are expected to be very willing to invest and highly innovative. A key focus here is to invest in transshipment, distribution and order-picking centers in conveniently situated locations. Contracts with customers are frequently concluded with terms of only a few years and space and handling equipment are often rented or leased.

Increasing customer requirements have greatly expanded the use of end-to-end information and communication technology along the process chains. Logistics service providers must increasingly adapt to changes such as the growing role of advancing automation and digitalization of process chains.

The logistics industry in Germany is the largest sector of the economy after the automotive industry and commerce. This is attributable to the fact that as a logistics location, Germany generates a large share of its economic output in industry and the retail sector. Other reasons include the traditionally high export share, its central position in Europe and the resulting hub function that it fulfills. The quality of its transport infrastructure and the available expertise in logistics technology also contribute to making Germany an attractive logistics location.

The war in Ukraine, energy costs, inflation, skills shortages, climate change and enduring pandemic conditions – these multiple crises of 2022 also made for a very challenging business environment in the logistics sector.

The business model of the global economy is based on finely tuned and seamlessly interwoven logistics spanning the globe. This global network of supply chains is very fragile and was already put to the test with COVID-19. In line with economic activity, the SCI LOGISTICS BAROMETER performance indicator was at a similarly negative level at the end of 2022 as at the beginning of the coronavirus pandemic in March 2020, a development significantly influenced by the war in Ukraine. Looking back, the business situation continued to stabilize in the final months of the 2022 financial year, with a majority characterizing the current economic situation as "normal" (71 percent) or "good" (16 percent) in December 2022. The shortage of skilled workers and the resulting dearth of suitable applicants pose additional difficulties for the logistics industry.

The German Logistics Association (BVL) Logistics Indicator also developed negatively in 2022 (see also the graphic chart in the Outlook) and the business climate remained well short of its full potential. Demand momentum fell off sharply in recent months and the order backlog was frequently characterized as too low, with the catch-up effects seen in the previous months having been largely absorbed and in many sectors fears of a prolonged period of weak demand setting in. This was compounded by increasing cost pressure due to persistently high inflation.

Global goods flows by container ship suffered considerable disruptions in the 2021 financial year and well into 2022. The reasons for this are manifold and were presented in the prior-period Annual Report. At year-end 2022, supply chains were increasingly returning to normal – in particular due to lower transport volumes as a result of consumer restraint, the threat of recession, and other factors.

Sources for this section:
BVL Logistics Indicator, 4th Quarter 2022, including commentary
SCI Verkehr, SCI Logistics Barometer, December 2022
NDR.de dated 12/29/2022 "Schifffahrtsbilanz 2022: Schwierige Zeiten für Reeder," retrieved on February 1, 2023; 4:05 p.m.

Board of Management's overall assessment of the business environment

BLG LOGISTICS started 2022 with the hope of light at the end of the coronavirus tunnel, unaware that the next crises were brewing on the horizon. Since February, we have been waking up in a new world every day. The crisis has become the norm rather than an exception. The war in Ukraine, energy costs, inflation, skills shortages, climate change and enduring pandemic conditions – these multiple crises made for a very challenging business environment.

Nevertheless, BLG LOGISTICS closed the 2022 financial year considerably better than anticipated, which was a respectable achievement given the large number of crises and challenges. However, we know that the economic uncertainties will continue to grow in 2023 – and are preparing accordingly.

The situation in the AUTOMOBILE Division remains tense. The reasons for this are in many cases due to problems in the industry:

- stocks of slow movers and unfinished vehicles waiting for missing parts such as semiconductors, cable harnesses and wiring systems, leading to heavily utilized storage areas and low productivity;
- bottlenecks in the provision of traction locomotives for road and rail vehicles;
- lower volumes and fewer sailings due to plant closures, parts shortages and erratic shipping schedules.

The causes thus often lie beyond the ports, yet this is where the problems are most visible. Ports are the hubs of logistics. Rail and road converge on the quayside, and in the latter case the situation is additionally complex. While demand for transport capacities by rail is, on the one hand, high, there are constraints due to bottlenecks in the provision of traction locomotives by rail transport companies. These are mainly due to a shortage of locomotive drivers, a large number of construction sites on the Europe-wide track network and the prioritization of other goods on the railroads. The limitations on rail capacities are leading to high demand for truck transport as an alternative. However, in the trucking sector, too, capacities are very tight, resulting among other things from the high shortage of truck drivers.

BLG AutoTerminals Bremerhaven has been undergoing restructuring since mid-2022. As part of this process, an employment protection contract was agreed with the collective bargaining parties. The primary goal is to ensure the long-term stability of the Bremerhaven site even without a collective agreement to safeguard employment. To achieve this, efficient processes and modern structures are essential for a site the size of our terminal.

The CONTRACT Division provides contract logistics at more than 40 locations in Germany and around the world. In the past, contract logistics was divided into the industrial logistics and retail logistics business areas, but now the division has been given a new organizational structure. From 2023 on, the locations and countries will be integrated into a regional structure.

Consumer goods and e-commerce services in particular were again in demand. We responded to rising energy prices at an early stage and concluded cost-sharing agreements with our customers.

Since December 1, 2022, Matthias Magnor has been responsible as Chief Operating Officer (COO) for the AUTOMOBILE and CONTRACT Divisions. The closer cooperation between these two divisions allows us to network capacities and expertise and at the same time leverage synergy effects.

Although handling volumes in the CONTAINER Division at the two smallest EUROGATE terminals in Germany were slightly above plan in 2022, the three largest terminals, and thus the German sites as a whole, fell well short of expectations. However, this was more than offset by extremely high storage fees. While positive, these storage fees are one-time effects and therefore only have a temporary impact.

The industry is currently undergoing structural and lasting changes. Competition for container volumes is becoming increasingly tough, making it imperative to forge ahead with implementing the transformation measures aimed at stabilizing the future of the EUROGATE Group.

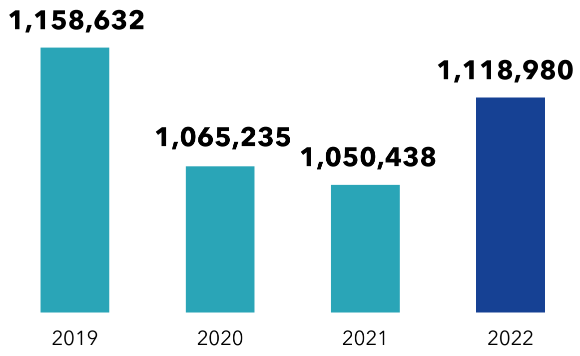
The trend on the part of the shipping lines to commission additional ultra-large container vessels continues unabated. Given this trend, the EUROGATE is also expected to see an increase in the number of ultra-large container ships calling at its terminals.

BLG LOGISTICS has leveraged the opportunities presented to us by the pandemic and initiated many changes that make us – even in times of multiple crises – robust, adaptable and fit for the future. Nevertheless, the market environment remains volatile. To enable us to meet these challenges, we are continuing to relentlessly tackle topics such as flexibility, digitalization, automation and sustainability and are working intensively to constantly improve BLG LOGISTICS' economic position.

This assessment is based on the results of the consolidated financial statements for 2022 and takes into account business performance up to the time the group management report was drawn up in 2023. The business development at the beginning of 2023 was in line with our expectations.

Business performance

Financial performance



Revenue development in EUR thousand

In the 2022 financial year, Group revenue increased by EUR 68,542 thousand year on year to EUR 1,118,980 thousand. This increase was attributable with EUR 61,793 thousand to the AUTOMOBILE Division, and was mainly due to higher revenues in the transport segment and to storage fees.

Furthermore, handling volumes and thus revenue development at the Neustädter Hafen site in Bremen increased.

The increase in the CONTRACT Division amounted to EUR 5,393 thousand. This was due in particular to the expansion of our business in the Sports & Fashion area.

In the CONTAINER Division, handling volumes (in TEUs) decreased by 2.8 percent overall on the back of the tense global economic situation. Nevertheless, disruptions in the global supply chains and the shipping companies' diverging schedules resulted in a significant temporary increase in storage fees, so that revenue in the 2022 financial year rose by EUR 39,143 thousand to EUR 345,098 thousand. Since the EUROGATE Group, which represents the CONTAINER Division, is included in the consolidated financial statements using the equity method, this revenue is not included in the reported Group revenue.

Revenue by segment EUR thousand	**2022**	2021	Absolute change	Percentage change
AUTOMOBILE	579,768	517,975	61,793	11.9
CONTRACT	548,192	542,799	5,393	1.0
CONTAINER	345,098	305,955	39,143	12.8
Reconciliation[1]	-354,078	-316,291	-37,787	-11.9
Group total	**1,118,980**	**1,050,438**	**68,542**	**6.5**

[1] The "Reconciliation" line presented here and in the following tables includes the derecognition of the CONTAINER Division (due to equity accounting) and the figures for the central departments (Services).

Indicators relating to financial performance EUR thousand	2022	2021	Absolute change	Percentage change
Revenue	**1,118,980**	**1,050,438**	**68,542**	**6.5**
Other income	53,868	55,199	-1,331	-2.4
Net income (net loss) of companies accounted for using the equity method[2]	75,596	62,302	13,294	21.3
Cost of materials	-462,018	-423,763	-38,255	-9.0
Personnel expenses	-475,075	-479,303	4,228	0.9
Other expenses	-159,770	-122,541	-37,229	-30.4
Depreciation and amortization expense, impairment losses	-86,999	-80,825	-6,174	-7.6
EBIT	**64,582**	**61,507**	**3,075**	**5.0**
Net financial income/net finance costs	-8,860	-9,281	421	4.5
EBT	**55,722**	**52,226**	**3,496**	**6.7**
EBT margin (in %)	**5.0**	**5.0**	**0.0**	**0.0**
Consolidated net profit for the period	51,606	50,566	1,040	2.1

Other income was down only slightly year on year (EUR 1,331 thousand). Income from the disposal of property, plant and equipment was EUR 7,089 thousand lower than in the previous year due principally to the sale of the high-bay warehouse facility at the Bremen location in the previous year (retail logistics business area). In contrast, income from the reversal of provisions relating to various one-off items rose by EUR 6,235 thousand.

Net profit from equity-accounted entities primarily included the net investment income from the measurement of EUROGATE GmbH & Co. KGaA, KG (EUROGATE) accounted for using the equity method with EUR 76,705 thousand (previous year: EUR 61,879 thousand). For further information, please refer to the remarks below relating to the CONTAINER Division. This was contrasted in the reporting year by expenses for write-downs of the carrying amounts of investments accounted for using the equity method in the amount of EUR 2,109 thousand.

With 9.0 percent, the cost of materials increased slightly more than revenue (6.5 percent) due to general price increases in particular for external staff, materials and energy in an environment of high inflation.

Personnel expenses decreased in the reporting year to EUR 475,075 thousand (previous year: EUR 479,303 thousand). This corresponded to the reduction in the number of employees (excluding the CONTAINER Division) by 483. This reflected in particular the loss of the Leipzig location in the CONTRACT Division, which was no longer included in the 2022 financial year due to a switch of service provider, as is customary in contract logistics.

Other expenses in the reporting year increased by EUR 37,229 thousand and, in addition to general cost increases due to high inflation, reflected expenses for the recognition of provisions for expected losses and infrastructure measures in the reporting year. Consulting costs also increased slightly as a result of our involvement in various projects to make us future proof.

Depreciation and amortization expense and impairment rose by EUR 6,174 thousand in the 2022 financial year. While depreciation and amortization expense was slightly lower (EUR 1,446 thousand) year on year, impairment losses rose substantially. In the reporting year impairment losses amounting to EUR 7,836 thousand were attributable to write-downs of software.

Net financial income/net finance costs improved compared with the previous year by EUR 421 thousand to EUR –8,860 thousand. The improvement was attributable to higher interest income from lease contracts with customers. Higher interest rates for non-current loans and other financial liabilities resulting from the increase in the general level of interest rates had an opposite effect.

[2] On account of the significant contribution of the CONTAINER Division to earnings, income from equity investments is included in EBIT.

EBIT by segment EUR thousand	**2022**	2021	Absolute change	Percentage change
AUTOMOBILE	-2,293	7,573	-9,866	-130.3
CONTRACT	12,415	12,489	-74	-0.6
CONTAINER	90,560	74,152	16,408	22.1
Reconciliation	-36,100	-32,707	-3,393	-10.4
Group total	**64,582**	**61,507**	**3,075**	**5.0**

EBT by segment EUR thousand	**2022**	2021	Absolute change	Percentage change
AUTOMOBILE	-11,696	-1,076	-10,620	-987.0
CONTRACT	11,256	8,717	2,539	29.1
CONTAINER	80,030	69,825	10,205	14.6
Reconciliation	-23,868	-25,240	1,372	5.4
Group total	**55,722**	**52,226**	**3,496**	**6.7**

Overall, net profit increased slightly compared with the previous year. This was attributable exclusively to the high net investment income from the CONTAINER Division, which compensated for the lower-than-expected earnings in the AUTOMOBILE Division. EBIT rose accordingly year on year by EUR 3,075 thousand to EUR 64,582 thousand. Earnings before taxes (EBT) similarly increased by EUR 3,496 thousand to EUR 55,722 thousand. Due to the likewise increased revenue (+ EUR 68,542 thousand), the EBT margin in the reporting year remained constant compared to the previous year at 5.0 percent.

Income taxes in the reporting year were EUR 4,116 thousand (previous year: EUR 1,660 thousand). The increase is explained by higher expenses for prior periods (EUR 3,537 thousand) and lower income from tax reimbursements (EUR 1,216 thousand). In contrast, income from deferred taxes rose significantly by EUR 1,684 thousand.

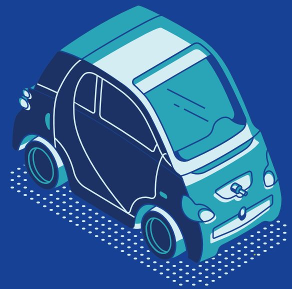
As a result of the developments described, consolidated net profit for the period increased by EUR 1,040 thousand to EUR 51,606 thousand.

AUTOMOBILE Division

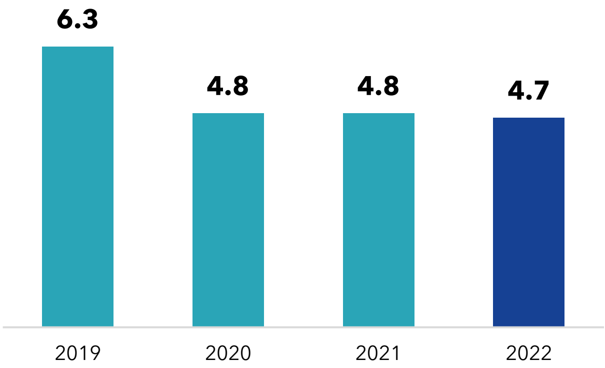
In 2022, we handled, transported or technically processed

4.7 million

vehicles



The AUTOMOBILE Division is a leading technical and logistics service provider for the international automotive industry. In this business area, the company offers multimodal transport concepts with global logistics reach and dovetails individualized and innovative technical service packages.



Vehicles handled (in millions)

Along the global value chains of the automotive industry, various factors influenced developments in the AUTOMOBILE Division in the 2022 financial year. Especially at the beginning of the year, the effects of the coronavirus pandemic were still being felt as a result of the zero-COVID strategy in China, putting pressure on the availability of components. With the start of the war in Ukraine, the pressure on supply chains further intensified, and sales markets came under additional strain. In Russia in particular, demand for new vehicles fell significantly with the start of the war. The energy crisis and rising inflation made the situation on the procurement markets very challenging. Enormous price increases weighed on the value chain and also dampened consumer spending. Despite the challenging conditions, volumes of 4.7 million vehicles were handled, almost matching the previous year's level.

EUR thousand	**2022**	2021
Revenue	579,768	517,975
EBIT	-2,293	7,573
EBT	-11,696	-1,076
EBT margin (in %)	-2.0	-0.2

In the seaport terminals business area, overall throughput in financial year 2022 remained at the low level of the previous year. As in the prior period, the Bremerhaven car terminal handled 1.7 million vehicles. Handling volumes at AutoTerminal Cuxhaven were also almost identical. In addition to the weak volume situation, absenteeism rates were above average, with the result that expenses for external staff additionally depressed earnings. Lower productivity and the above-mentioned price situation on the energy market also exerted pressure on the earnings situation. At the Cuxhaven terminal, additional business for storage, warehouse maintenance, handling and washing of vehicles made a positive contribution to earnings. Overall, exceptional effects from the write-down of software projects, restructuring expenses and provisions for infrastructure measures weighed on the business area's earnings.

The high & heavy segment was unable to reproduce the positive development of the previous year. Partly as a result of the war in Ukraine and various lockdowns in China, the throughput volume of 1.1 million metric tons was around 0.3 million metric tons below the previous year.

Capacity utilization at the Neustädter Hafen site in Bremen was high, in particular due to high volumes of steel and forestry products. Tonnage (ship-side handling) increased from 1.3 million metric tons to 1.6 million metric tons with a corresponding positive effect on earnings. Additional expenses for replacement equipment and maintenance caused by the permanently high capacity utilization, as well as increased energy costs, depressed the result somewhat, but could not spoil the positive overall picture.

The challenges described above and their impact on volumes nevertheless had a significant impact on the situation at the seaport terminals and meant that the business area closed the year with a clear overall loss.

The inland terminals business area increased vehicle handling by 7 percent compared to the previous year and exceeded expectations at the Kelheim, Dodendorf and Hamburg sites. Reduced volumes with the regular customer base due to the challenges on the automotive market were offset by additional (technical) value-added activities on the vehicles and a range of spot business.

The Neuss terminal consistently experienced significant capacity utilization problems due to reduced volumes from the main customer there. Although spot business was temporarily able to cushion the decline in revenue somewhat, the location nevertheless fell far short of expectations.

The AutoTransport business area handled spot transports at very adequate rates in the 2022 financial year. However, in the course of the year, there was also increased price pressure from subcontractors, who were able to push through higher charges on the back of scarce market capacities. The divestment of the Schöps branch office generated income of EUR 470 thousand. The rail business area, on the other hand, faced a number of challenges.

A lack of available lines due to construction works, a shortage of skilled locomotive drivers and at times high absenteeism rates had a significant impact on productivity and earnings, with the result that expectations in the rail segment were not met.

The Southern/Eastern Europe business area, and in particular the representative offices in Russia and Ukraine, were hard hit by the outbreak of the war. Operations temporarily came to a complete standstill. The imposed sanctions and fluctuating exchange rates also negatively affected the earnings situation. In response to the developments in both countries, the investment in Ukraine was written down in full and the investment in Russia was deconsolidated. While the Gdansk site benefited from extraordinary business, it was unable to compensate for the losses in the other areas.

Due to the challenges described above, especially in the seaport terminals business area, EBT in the AUTOMOBILE Division for the 2022 financial year decreased from EUR –1,076 thousand to EUR –11,696 thousand, which was well below the previous year's figure and thus also below expectations.

CONTRACT Division

We are present for our customers at

> 40

locations in Europe and overseas.

The CONTRACT Division manages complex projects and offers its customers reliable logistics solutions. We work at our logistics centers and our customers' production facilities and plants at over 40 locations in Europe and overseas.

EUR thousand	2022	2021
Revenue	548,192	542,799
EBIT	12,415	12,489
EBT	11,256	8,717
EBT margin (in %)	2.1	1.6

In the multiple crisis environment, the CONTRACT Division succeeded overall in achieving its targets in financial year 2022. In many places, the order situation and volumes processed were above expectations, although the high prices, for example for energy, had a negative impact.

Conditions in the CKD (Completely Knocked Down) and body-in-white areas at our largest industrial logistics site in Bremen were difficult in 2022. These were affected in 2022 by low volumes, productivity difficulties and the loss of volumes for Russia. It was possible to mitigate the effects of this through countermeasures such as cost reductions and process improvements.

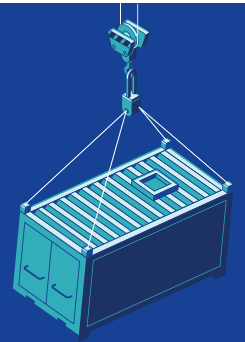
In some cases, there were also production interruptions at our customers in the industrial logistics business area in 2022, which had negative repercussions on the volume and earnings situation.

At our overseas industrial logistics locations, BLG LOGISTICS saw a very positive development in 2022, particularly in South Africa. The site – including new business – was able to close the year much better than originally expected. In contrast, business in the US closed the 2022 financial year below plan, due in particular to declining volumes among manufacturers and a delayed start to new business. Volumes at the joint ventures in India and Malaysia were below expectations. BLG LOGISTICS withdrew from these two joint ventures at the beginning of 2023.

The retail logistics business area also developed positively in the 2022 reporting year. At individual locations, supply chain disruptions (lack of product availability, shortage of sea containers, etc.) and production interruptions by manufacturers severely restricted operations. However, despite high costs for energy and similar, overall it was possible to compensate for this through good volumes and new business at other locations.

Overall, the CONTRACT Division was able to meet the earnings expectations in a challenging environment, and EBIT increased year on year by EUR 2,539 thousand to EUR 11,256 thousand.

CONTAINER Division



Net investment income was up

+24.2%

year on year.

The CONTAINER Division of BLG LOGISTICS is represented by half of the company shares in the joint venture EUROGATE GmbH & Co. KGaA, KG. This company operates – in some cases with partners – container terminals in Bremerhaven, Hamburg and Wilhelmshaven (Germany), at the Italian locations La Spezia, Ravenna and Salerno, in Limassol (Cyprus), as well as in Tangier (Morocco) and Ust-Luga (Russia). The EUROGATE Group also has holdings in several inland terminals and railroad transport companies.

In addition, EUROGATE became a shareholder in the "Damietta Alliance Container Terminal S.A.E:" joint venture in 2022, which will be responsible for realizing the construction, development and operation of a new terminal in the port of Damietta/Egypt. The joint venture has three main shareholders: Hapag-Lloyd Damietta GmbH (39%), Eurogate Damietta GmbH (29.5%) and Contship Damietta Srl (29.5%). Two further partners, Middle East Logistics & Consultants Group and Ship & C.R.E.W. Egypt S.A.E., each hold 1.0% of the shares.

The CONTAINER Division's business mainly involves container handling. Intermodal services, such as the carriage of sea containers to and from the terminals, repairs, depot storage and trading of containers as well as cargomodal services and technical services are also offered as secondary services.

EUR thousand	**2022**	2021
Revenue	345,098	305,955
EBIT	90,560	74,152
EBT	80,030	69,825
EBT margin (in %)	23.2	22.8

The financial year 2022 was significantly impacted by the consequences of the coronavirus pandemic as well as specific market and cost developments. In particular, the ongoing disruptions in global supply chains, the massive shipping delays resulting in significantly longer-than-average container dwell times at the container terminals and the associated impact on operational processes hampered progress on the current transformation project designed to increase efficiency and productivity across the Group, and led to delays in its implementation.

In addition, prolonged collective bargaining negotiations accompanied by strikes also had a negative knock-on effect on operating performance in the 2022 financial year and led to significant cost increases. On top of this, the sharp rise in energy prices due to Russia's invasion of Ukraine led to substantially reduced earnings.

Despite a decline in throughput volumes (Germany –8.3 percent, in total –2.8 percent) EUROGATE reported a noticeable increase in revenue of around 13 percent. In addition to the significant increase in average revenue due to additional and unexpectedly high storage fee and reefer revenues, the earnings development also reflected positive transformation effects. On the other hand, considerably higher material costs and personnel expenses as well as a transfer to provisions for potential contract penalties in the amount of (proportionately) EUR 17.4 million had a negative impact on earnings in 2022.

Also included in the result was a reversal of a write-down on non-current financial assets of (proportionately) EUR 35.4 million, which related to the reversal of an impairment loss on the equity-method carrying amount of EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG.

At the end of April 2022, the European Commission approved the takeover by Hapag-Lloyd Aktiengesellschaft, Hamburg, announced in September 2021, of 30 percent of the shares in EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG previously held by APM Terminals, a wholly-owned subsidiary of A.P. Møller – Mærsk A/S of Copenhagen, Denmark, as well as of 50 percent of the shares in Rail Terminal Wilhelmshaven GmbH. The share transfer to HL Terminals GmbH, a 100 percent subsidiary of Hapag-Lloyd Aktiengesellschaft, took place on April 29, 2022.

EUROGATE continues to hold the remaining shares. This significantly improved the prospects for the future commercial development of the company, which was the basis for the reversal of the impairment loss in the current financial year.

The carrying amount of the investment in JSC Ust-Luga Container Terminal was written down in full with (proportionately) EUR 8.1 million.

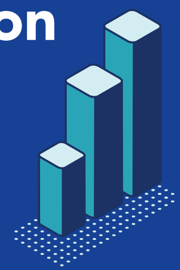
At EUR 76,705 thousand, the share of earnings from the equity-accounted entities was higher than the previous year's figure of EUR 61,879 thousand.

Comparison of financial performance in 2022 with the forecast for the 2022 financial year

1,119 million
revenue

55.7 million
EBT

5.0%
EBT margin



Earnings for the financial year 2022

At the time of preparing the previous year's report, we were just a few weeks into the war between Russia and Ukraine and it was not possible to reliably forecast the further impact on volumes, earnings and production. We were also still not over the Omicron wave of the coronavirus pandemic, which led to local restrictions and high sickness rates. Moreover, we were already feeling the impact of high energy prices and supply chain disruptions.

In this very uncertain environment, we initially assumed that revenue could be maintained at the 2022 level, but that earnings (EBIT and EBT) would be significantly reduced. We also forecast the development of RoCE and EBT margin accordingly.

	Forecast 2022	Actual 2022
EBT	Significant reduction	Slight improvement
EBIT	Significant reduction	Slight improvement
Revenue	At previous year's level	Slight improvement
EBT margin	Significant reduction	At previous year's level
RoCE	Significant reduction	Slight improvement

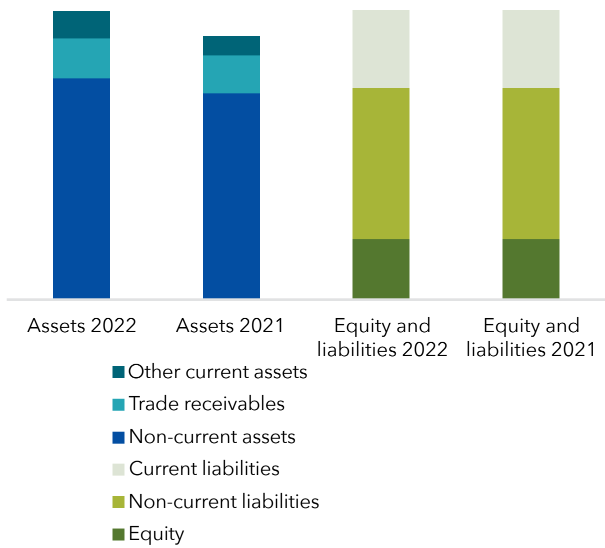
In the AUTOMOBILE Division, the projections for the year proved true. Supply chain disruptions and high sickness rates severely impacted production and led to additional expenses. High prices for personnel, materials and energy additionally weighed on earnings, but nevertheless revenue was significantly higher, especially in the transport segment and additional income from storage fees.

In the CONTRACT Division, the main challenges were in the CKD and body-in-white segments at the Bremen location. Nevertheless, the order situation and volumes processed were above plan in many places, with the result that both revenue and earnings were higher than expected.

Despite a sharp rise in costs for personnel, materials and energy, supply chain disruptions and their huge impact on productivity, and despite a decline in throughput, the CONTAINER Division achieved earnings well above expectations. This was attributable in particular to additional and unexpectedly high storage fee and reefer revenues, as well as to first positive transformation effects.

Overall, the EBT of the BLG Group thus showed a slight improvement of EUR 3,496 thousand, bringing it to EUR 55,722 thousand. Accordingly, EBIT and RoCE also increased marginally. As revenue also increased, the EBT margin remained constant compared to the previous year at 5.0 percent.

Financial position



Structure of the statement of financial position

In the reporting year, total assets amounted to EUR 1,336,518 thousand and were therefore significantly above the previous year's figure of EUR 1,218,177 thousand.

In respect of property, plant and equipment, total capital expenditure on non-current intangible assets and property, plant and equipment amounted to EUR 72,498 thousand (of which EUR 30,131 thousand non-cash). This compares to divestments of EUR 1,537 thousand and depreciation, amortization and impairment losses in the amount of EUR 86,999 thousand, which was EUR 6,174 thousand higher (above all due to impairments recognized

Indicators relating to financial position EUR thousand	**2022**	2021	Absolute change	Percentage change
Total assets	1,336,518	1,218,177	118,341	9.7
Capital intensity (in %)	41.3	46.7	-5.3	-11.3
Working capital ratio (in %)	88.2	83.3	4.9	5.9
Equity	277,727	156,289	121,438	77.7
Equity ratio (in %)	20.8	12.8	8.0	62.4
Net debt	526,144	556,974	-30,830	-5.5

in the amount of EUR 7,836 thousand). The capital intensity ratio

decreased by 5.4 percentage points to 41.3 percent compared to December 31, 2021.

Significant changes arose on the assets side in equity investments in companies accounted for using the equity method. These rose by EUR 72,601 thousand in the reporting year to EUR 234,950 thousand. This was attributable in particular to net investment income from EUROGATE (EUR 76,705 thousand). Current financial receivables also increased significantly with EUR 33,928 thousand to EUR 55,059 thousand.

Primarily due to the positive Group earnings and remeasurement effects in other comprehensive income as a result of the rise in interest rates, equity as of December 31, 2022 increased by EUR 121,438 thousand. The remeasurement effects were attributable with EUR 62,210 thousand to actuarial gains and losses credited or charged directly to equity from the measurement of gross pension obligations in accordance with IAS 19 and the difference between the expected and actual return on plan assets, and with EUR 19,266 thousand to net gains from changes in the fair value of the effective portion of cash flow hedges credited directly to equity. The equity ratio increased accordingly from 12.8 percent in the previous year to 20.8 percent in the reporting year.

A detailed breakdown of the fair values of financial assets and liabilities and disclosures on hedging instruments can be found in note 32 to the consolidated financial statements.

Cash flows

Based on the earnings before taxes of EUR 55,722 thousand achieved in 2022, cash flows of EUR 78,434 thousand were generated from operating activities (previous year: EUR 67,565 thousand. The free cash flow of EUR 58,332 thousand was in clearly positive territory; however, it was EUR 43,748 thousand below the previous year's figure of EUR 102,080 thousand.

Indicators relating to cash flows EUR thousand	**2022**	2021	Absolute change	Percentage change
Cash inflow from operating activities	78,434	67,565	10,869	16.1
Cash in-/outflow from investing activities	-20,102	34,515	-54,617	-158.2
Free cash flow	**58,332**	**102,080**	**-43,748**	**-42.9**
Cash in-/outflow from financing activities	-70,857	-26,150	-44,707	-171.0
Net cash change in cash and cash equivalents	**-12,525**	**75,930**	**-88,455**	**-116.5**
Effect of exchange rate movements on cash and cash equivalents	-1,550	-549	-1,001	-182.3
Cash and cash equivalents at start of financial year	11,440	-63,941	75,381	117.9
Cash and cash equivalents at end of financial year	**-2,635**	**11,440**	**-14,075**	**-123.0**
Composition of cash and cash equivalents				
Cash	18,403	33,010	-14,607	-44.3
Current liabilities to banks	-21,038	-21,570	532	2.5
Cash and cash equivalents at end of financial year	**-2,635**	**11,440**	**-14,075**	**-123.0**

Due to the indirect method for determining cash inflows from operating activities, in particular changes in the line items relating to liabilities – with a slight increase in earnings before taxes – had a positive effect compared with the previous year. In contrast, increased earnings of companies accounted for using the equity method (+ EUR 15,403 thousand), among other factors, had a negative effect. In addition, the negative impact of the change in trade receivables as of the reporting date (year-on-year change EUR –42,397 thousand) was substantially higher compared with the previous year.

Cash flows from investing activities changed by EUR –54,617 thousand to EUR –20,102 thousand in the reporting year. This was attributable mainly to the disposal of the high-bay warehouse facility at the Bremen location in the previous year, which resulted in high proceeds from the disposal of property, plant and equipment and intangible assets (total deviation from the previous year EUR –80,615 thousand). This was offset by a reduction of EUR 25,765 thousand in cash payments to acquire property, plant and equipment and intangible assets.

Cash flows from financing activities decreased significantly by EUR 44,707 thousand to EUR –70,857 thousand in the reporting year. The background to this was, on the one hand, the boost to equity by the shareholder of EUR 53,000 thousand in the previous year and the EUR 13,412 thousand lower cash proceeds from borrowings. This compared to lower cash payments from the redemption of financial borrowings (EUR 12,084 thousand) and the repayment of lease liabilities (EUR 10,391 thousand).

In total, cash and cash equivalents deteriorated by EUR 14,075 thousand to EUR –2,635 thousand in the financial year.

Outstanding investments are financed taking into account the operating cash flows generated in the segments, and, subject to the capital market situation, from non-current debt (loans) and through leases.

A detailed statement of cash flows can be found in the consolidated financial statements. Disclosures on the statement of cash flows can also be found in note 37 to the consolidated financial statements.

As of the reporting date, credit facilities to the value of EUR 63.0 million had been agreed but not utilized. Under existing factoring contracts, a volume of EUR 24.9 million was unused as of December 31, 2022.

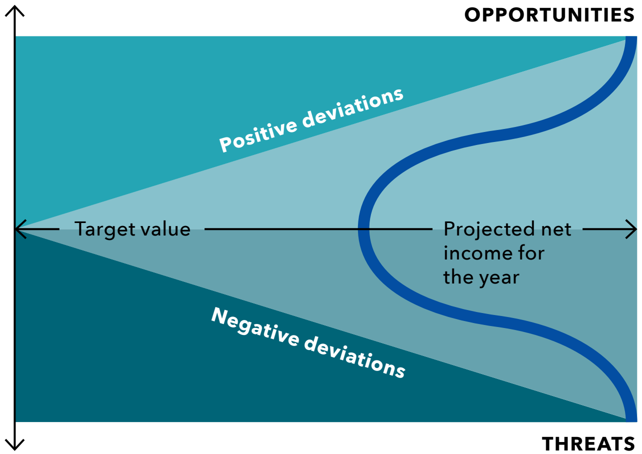
Financial debt was almost unchanged from the previous year. In contrast, the increase of EUR 9,193 thousand in non-current finance receivables due to additional lease receivables compared to the previous year was neutralized mainly by lower current account credit balances (decrease of EUR 14,955 thousand). Current finance receivables increased principally as a result of higher finance receivables from partner accounts in companies accounted for using the equity method (EUR 26,866 thousand).

Net debt **EUR thousand**	**2022**	2021	Absolute change	Percentage change
Non-current loans	139,441	136,689	2,752	2.0
Other non-current financial liabilities	526,874	529,479	-2,605	-0.5
Current financial liabilities	161,519	162,574	-1,055	-0.6
Financial debt	**827,834**	**828,742**	**-908**	**-0.1**
Non-current finance receivables	228,228	217,627	10,601	4.9
Current finance receivables*	55,059	21,131	33,928	160.6
Cash and cash equivalents	18,403	33,010	-14,607	-44.3
Net debt	**526,144**	**556,974**	**-30,830**	**-5.5**

* Presentation in the previous year excluding this item

Opportunity and Risk Report

Risks



Possible deviations from planned targets represent risks – both negative ("threats") and positive deviations ("opportunities").

Opportunity and risk management principles

Corporate activity is accompanied by opportunities and risks. For BLG LOGISTICS, the responsible management of possible opportunities and risks is a core element of sound corporate governance. Our opportunities and risks policy aims to increase the company's value without taking any inappropriately high risks.

Risk-rewards culture

The BLG Group aims to achieve profitable growth while giving consideration to sustainability-related objectives.

Our risk-rewards culture as part of the corporate culture of BLG LOGISTICS sets out the company's basic policy and rules of conduct for managing risks and opportunities. It greatly influences risk awareness when making business decisions and forms the basis for the implementation of appropriate and effective measures to enable us to pursue our opportunities responsibly and sustainably.

Our risk-rewards culture therefore constitutes the basis for the success of our risk management. Risk management works provided that transparency and a willingness to actively communicate and collaborate are practiced as part of an active risk culture.

Dovetailing of the compliance and risk management system and internal control system[1]

Responsible, continuous and systematic management of operating risks, but also of opportunities, is of fundamental importance for BLG LOGISTICS. To this end, we rely on the close dovetailing of the compliance and risk management systems and the internal control system (ICS). The three systems are described in more detail below.

Main features of the compliance organization
Compliance means conforming to all statutory and internal company regulations, such as guidelines and organizational instructions, with the goal to avoid and minimize liability.

In its Code of Conduct, BLG LOGISTICS already committed to complying at all times with the relevant laws and the company's internal guidelines.

[1] The disclosures in this section are so-called non-management report disclosures and have not been audited by the auditor.

Based on these fundamental values as well as on our own ethical principles, we aim to be a reliable and fair partner for our customers, business partners and shareholders.

The goal of compliance is to ensure that an organization operates in a manner that is legally and ethically irreproachable, including the prevention of legal violations within the organization. The task of the compliance officer to support the management and the employees responsible for BLG LOGISTICS' business processes in achieving these goals derives from this.

In accordance with the rules of procedure of the Board of Management of BLG AG, the compliance officer reports to the Board of Management member responsible for compliance, the Chief Compliance Officer. At the invitation of the Board of Management, the compliance officer reports at meetings of the full Board of Management on the current status of compliance activities at BLG LOGISTICS. Also at the invitation of the Board of Management, the compliance officer reports directly to the Supervisory Board of BLG AG.

Thanks to the compliance management system, misconduct within the organization is prevented and appropriate measures are taken to counter compliance risks or legal violations within the organization or from within BLG LOGISTICS.

The full Board of Management supports the compliance officer in the discharge of their duties.

The compliance officer has set up a regular Compliance Committee. BLG LOGISTICS' compliance officer is the point of contact for the external compliance ombudsperson, and at the same time assumes the role of internal ombudsperson.

In the event of a violation of relevant laws or internal guidelines of BLG LOGISTICS, the compliance officer supports the internal investigations of the Audit department.

Should sanctions be required, the compliance officer, in coordination with the Human Resources department, proposes the necessary measures in the Compliance Committee. The Human Resources department then implements the proposals in coordination with the Board of Management, the responsible management and the Compliance Committee.

One particular focus of supplier compliance in the reporting year was the preparation, organized as part of a cross-divisional project, for the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG), which came into force on January 1, 2023.

The objective of this act is to improve compliance with human rights internationally by specifying the human rights due diligence obligations that companies must observe along the supply chain. It also stipulates environmental requirements. Derived from this, the law defines requirements for responsible management.

Basic elements of risk management

In line with the risk strategy of the BLG Group, the basic conceptual elements of the risk management system are rolled out centrally using a standardized approach to ensure coverage of clear risk accountability, and are described in the Group guideline on risk management. This leads to systematic and comparable risk identification/documentation, risk analysis/assessment, risk control/monitoring and communication/reporting.

The objective of risk management is to create a shared awareness and positive understanding among management and all employees in managing operating risks in order to ensure the company's risk-bearing capacity. The aim is to identify and assess risks, manage these risks efficiently through appropriate and effective measures, monitor them, and ensure ongoing risk reporting as a basis for sound decision-making. In this way, risk management is intended to contribute to achieving the aims of the corporate strategy and objectives.

The objectives of risk management are:

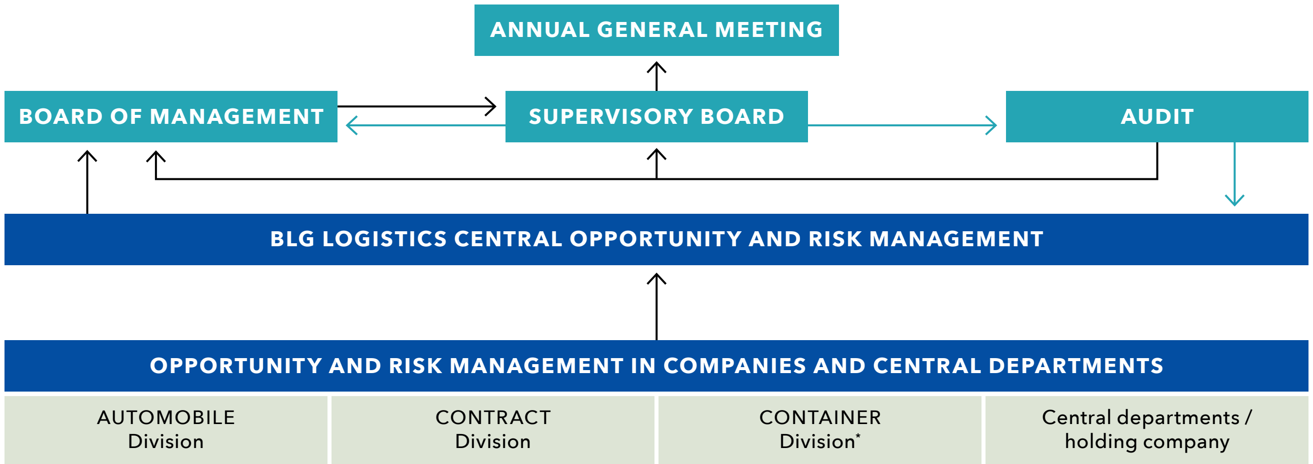
- Identify risks early and prevent crises and insolvencies (support continuity of the organization)
- Improve planning reliability and risk costs through optimal risk management

- Sound preparation of operating decisions with risk analyses to improve the company's success
- Achieve sustainability-related corporate goals and monitor sustainability-related risks with regard to the three ESG dimensions (Environment, Social, Governance), taking into account the principle of dual materiality (i.e., BLG LOGISTICS' impact on, for example, the climate or other environmental issues is also monitored).

Risk management organization

The areas of responsibility and roles with regard to the measures pursuant to Section 91 (2) and (3) AktG are clearly defined in the BLG Group's organizational charts and specified, communicated and documented in the risk management tool. BLG LOGISTICS ensures that those vested with responsibility fulfill the required personal and professional criteria and receive regular training from central Risk Management. As part of the annual planning process, BLG sees to it that sufficient resources are made available for measures designed to promptly identify, evaluate, control and monitor developments that could jeopardize the organization's continued existence as a going concern. The key provisions governing the organizational structure and workflows are documented and made binding.

Opportunity and risk management at BLG LOGISTICS



*Internal risk management

Risk management organization encompasses the following components:

The organizational structure describes the tasks and responsibilities of all persons responsible for the risk management process and the measures taken to maintain the implemented system at a consistently high level and to communicate developments to those responsible in a structured and systematic manner.

The risk management process is the process of assessing risks by identifying/documenting, analyzing/evaluating, controlling/monitoring and communicating/reporting risks.

The platform for an effective risk management system is the risk management tool, which enables risk managers to exchange information, prepare assessments and consolidate risks in a timely and flexible manner.

The divisions feed reports into the risk management tool on a continuous basis. The risks entered in the risk management tool are then evaluated and monitored by centrally responsible risk managers, who submit detailed risk reports to the Board of Management and the Supervisory Board at least four times a year.

Aims and methods of financial risk management

The principal financial instruments used to finance the Group include non-current loans, current borrowings, lease liabilities, other borrowings, factoring and cash, including short-term deposits with banks. BLG LOGISTICS has access to a range of other financial instruments, such as trade receivables and payables, that arise directly as part of its operations.

Financial risk management is the responsibility of the Treasury department, whose tasks and objectives are described in a guideline approved by the Board of Management. The central task besides managing liquidity and arranging financing is the minimization of financial risks at Group level. This includes preparing and analyzing financing and hedging strategies and contracting hedging instruments.

The material risks for the Group resulting from financial instruments are credit risks (of receivables), foreign currency risks, liquidity risks and interest rate risks. The Board of Management creates risk management guidelines for each of these risks, which are summarized in the "Financial risks" section, and verifies compliance with these guidelines. At Group level the existing market price risk for all financial instruments is also monitored.

Hedge accounting is applied if derivative financial instruments are used as hedging instruments and the requirements for hedge accounting in accordance with IFRS 9 are met. The objective is to reduce inconsistencies in recognition or measurement arising for example from gains or losses from a hedging instrument not being credited or charged to the same account in the financial statements as the gains or losses from the hedged risk. The Group's accounting policies for derivatives and other disclosures on hedge accounting are presented in the "Derivative financial instruments" section.

Capital risk management

An important capital management goal for BLG LOGISTICS is to ensure the ability of the company to continue as a going concern in order to provide income to shareholders and to provide other stakeholders with the benefits to which they are entitled. Additional goals are to optimize liquidity security and maintain an optimum capital structure in order over the long term to reduce the costs of capital in general and the refinancing risk in particular.

BLG LOGISTICS monitors its capital on the basis of the equity ratio and other key performance indicators. Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

Internal control system

The internal control system (ICS) as the set of all systemically defined controls and monitoring activities has the objective of ensuring the security and efficiency of business transactions, the reliability of financial reporting, and the compliance of all activities with laws and policies. An effective and efficient internal control system is crucial to successfully managing risks in our business processes. In its design, the internal control system at BLG LOGISTICS considers all material business processes and goes beyond controls in the accounting process. The non-financial ICS covers areas such as environmental violations, occupational health and safety and anti-corruption.

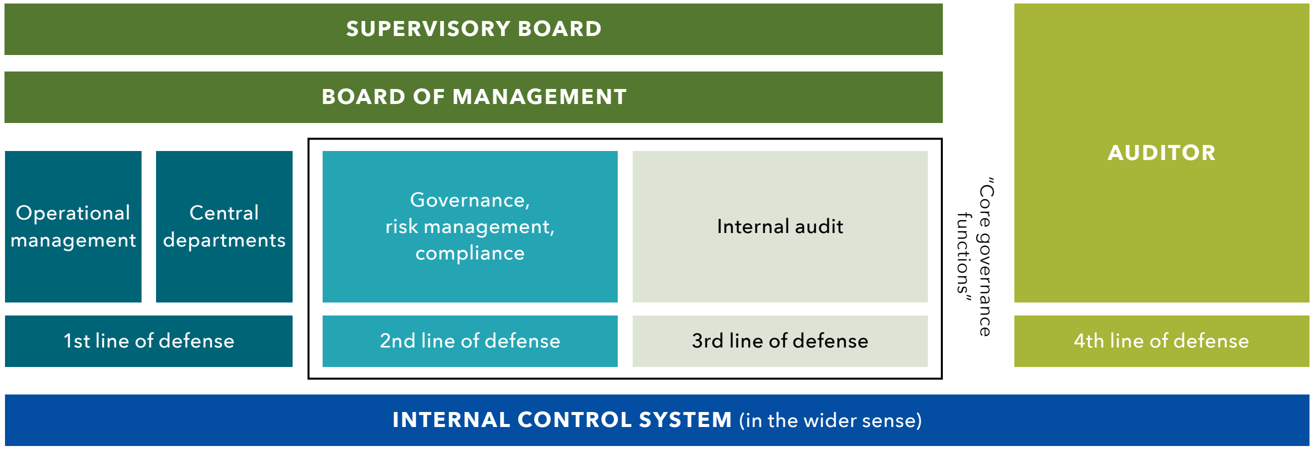
The ICS and the elements that contribute to it are regularly the focus of audit activities by the Internal Audit department. These are carried out either within the scope of the risk-based annual audit plan or within the scope of audits scheduled during the year at the request of management.

Integrated governance, risk and compliance approach[2]

Risk management within the BLG Group is based on an integrated governance, risk and compliance model, which enables responsible management of risks and opportunities.

[2] The disclosures in this section are so-called non-management report disclosures and have not been audited by the auditor.

First line of defense:
Operational management
Operational management of the individual business areas and central departments forms the front line of defense. They manage and are responsible for their processes and identify and assess risks locally at the level of the operating companies. Countermeasures are initiated promptly, and the residual potential impact is assessed. Material risks are reported in the risk management system on the basis of the published internal risk management guideline. The outcomes are continuously incorporated into risk reporting, thus also providing the Board of Management with an overall picture of the current risk situation during the course of the year via the documented reporting lines.



Governance, risk and compliance model at BLG LOGISTICS

Second line of defense:
Central risk management system, compliance management system, internal control system
Central risk management is closely dovetailed with the two other governance control systems, the compliance management system and the internal control system. All three systems serve to support and systemically monitor operational management. These three core governance control systems provide the organizational framework and control the implementation of the framework guidelines in the operational processes, thus ensuring compliance with laws and our internal corporate standards and rules. Giving consideration to the findings from the other two control systems, the compliance management system and the internal control system, central Risk Management draws up the central risk map and acts as an important node for passing on relevant information to the Internal Audit department as well as for preparation of the annual financial statements.

Third line of defense:
Audit by the Group Internal Audit department
The Group Internal Audit department supports the Board of Management in overseeing the various divisions and business units within the Group. It regularly checks the early risk identification system and the structure and implementation of risk management as part of its independent audit activities.

Fourth line of defense:
Audit by the independent auditor
The risk management system is assessed with regard to the accounting process by the independent auditor within the scope of the audit of the annual financial statements.

Description of the main features of the ICS with regard to the accounting process in accordance with Section 315 (4) HGB

Definition and elements of the internal control and risk management system
The internal control system of BLG LOGISTICS with regard to the accounting process includes all principles, procedures and measures to ensure the appropriate and legally compliant recognition, measurement and presentation of business transactions in financial accounting and reporting as well as non-financial information within the scope of sustainability reporting. The objective is to avoid any material misstatements in accounting and external reporting. Since the internal control system is an integral component of risk management, they are presented summarized.

The internal management and monitoring systems are components of the internal control system. Being responsible for the internal management system, the Board of Management of BLG LOGISTICS, has commissioned the Financial Services department in particular with the accounting process.

The internal monitoring system comprises controls that are both integrated into and independent of the financial reporting process. The controls integrated into the process particularly include the dual control principle, the separation of functions between related departments (particularly creditor and treasury management) and IT-supported controls, as well as the involvement of internal departments such as Legal or Tax departments and of external experts.

Controls that are independent of the financial reporting process are carried out by the Internal Audit department, the Quality Management department and the Supervisory Board, in the latter case principally through its Audit Committee. In line with the Supervisory Board's profile of skills and expertise, consideration has also been given to ensuring that its members have appropriate expertise in sustainability aspects that are material for BLG LOGISTICS. The Audit Committee concerns itself in particular with the financial accounting for the company and the Group, including reporting and supervising the auditing of the financial statements. The activities of the Audit Committee also focus on the risk situation, the further development of risk management and compliance issues. This also includes the effectiveness of the internal control system.

Audit activities that are independent of the financial reporting process are also performed by external auditing bodies such as the German public auditing firm or the external tax auditor.

Accounting-related risks
Accounting-related risks can arise, for example, through the conclusion of unusual or complex business dealings or the processing of non-routine transactions.

Potential risks also result from discretionary scope in the recognition and measurement of assets and liabilities, or from the effect of estimates on the annual financial statements, such as for provisions or contingent liabilities.

Financial accounting and reporting process and measures to ensure compliance with the applicable legal requirements
Business transactions are generally accounted for in the separate financial statements of the subsidiaries of BLG LOGISTICS using the standard software SAP R/3. The consolidated financial statements are prepared using the SAP consolidation module EC-CS. The separate financial statements of foreign subsidiaries and domestic subsidiaries not integrated into the SAP system are included on the basis of the standardized, Excel-based reporting packages audited by audit firms, which are transferred into the EC-CS consolidation system.

To ensure consistent recognition and measurement, BLG LOGISTICS has issued accounting guidelines for financial reporting in accordance with International Financial Reporting Standards (IFRSs). Impairment tests for the Group's cash-generating units are carried out centrally. This ensures that consistent and standardized measurement criteria are used. The same applies to the specification of the parameters to be used for the measurement of pension provisions and other provisions based on expert opinions.

When preparing the debt consolidation, internal balances are regularly reconciled in order to clarify and remedy any differences in good time. At Group level, in addition to a validation by the system of the data reported in the separate financial statements, the reporting packages in particular are tested for plausibility and adjusted if necessary.

In addition, disclosure management software is used for preparing the separate financial statements and the consolidated financial statements, which uses a uniform data pool and includes validations, history traceability and a clearly defined workflow. A high degree of automation significantly reduces the risk of error and increases efficiency.

Special software is used for tax accounting. Current and deferred taxes are calculated at the level of the individual subsidiaries and the recoverability of the deferred tax assets is tested.

Qualifying notes

The internal control and risk management system as well as the compliance management system, i.e., the set of all governance systems, ensure the compliance of the financial accounting and reporting process with legally required accounting principles and with the relevant legal requirements as well as the sustainability-related objectives. Discretionary decisions, erroneous controls or fraud may, however, limit the effectiveness of the internal control and risk management system and the compliance management system, so that the established systems cannot guarantee with absolute certainty that the risks will be identified and managed.

Effectiveness of the internal control system, risk management system and compliance management system[3]

With the integrated governance, risk and compliance approach, the Board of Management has created and implemented a management framework for BLG LOGISTICS which aims to ensure appropriate and effective internal control and risk management. The measures implemented as part of this approach are similarly aimed at the effectiveness and appropriateness of internal control and risk management as well as compliance management and are explained in more detail in this report. In the context of anchoring the three-lines-of-defense business model and the legal framework, independent reviews and audits simultaneously take place, in particular through audits carried out by the Internal Audit department, and their reporting to the Board of Management and Supervisory Board, and by the Supervisory Board's Audit Committee, as well as through other external audits.

Based on its review of the internal control and risk management system and compliance management system, as well as the reporting by the Internal Audit department, the Board of Management is not aware of any circumstances which contradict the appropriateness and effectiveness of these systems.

Opportunities

Our business model

As an international Group with three divisions and their business areas, BLG LOGISTICS is exposed to a wide range of trends in the various national and international markets. Based on the business development described in this report and the company's position, the current macroeconomic conditions present various potential opportunities. The effects of sustainable positive economic trends are of overriding importance here. The development of innovative solutions for our customers in the context of future-oriented research projects also has a high priority. For further information, please refer to the ▸"Research and development" section.

We also want to make optimum use of opportunities in the various fields of activity that open up to us in the future. The premise for this remains our network, and the innovative intermodal offering in the AUTOMOBILE Division. The established business models in the retail and industrial logistics business areas offer the CONTRACT Division sales and acquisition opportunities combined with additional automation and digitalization activities in Germany and the rest of Europe. The individual business areas benefit from a continuing growth market because our customers want to improve their own cost structures and make them more flexible through increased outsourcing.

For the CONTAINER Division, the completed adjustment of the Elbe fairway and the still outstanding deepening of the Outer Weser was and continues to be of great importance to secure and position the German seaports in the "North Range" so that ever larger container vessels can operate without problems into and out of Hamburg and Bremerhaven. Following the implementation of the fairway adjustment measures in the Elbe, the nautical problems encountered by the growing number of ever-larger mega carriers had improved somewhat, especially at the Hamburg location.

However, the CONTAINER Division can offer its customers an excellent alternative with Germany's only deep-water port, EUROGATE Container Terminal Wilhelmshaven, and its facilities for the handling of container ships with corresponding deep-water access. The recent investment and equity interest acquired by Hapag Lloyd in this terminal marks another important step in the further development of this location.

[3] The disclosures in this section are so-called non-management report disclosures and have not been audited by the auditor.

Strategic opportunities

**Strategic partnership:
BLG LOGISTICS and DEKRA combine competencies**
BLG LOGISTICS and DEKRA have agreed a strategic partnership between their two companies. Together, the partners will tackle strategic issues in the future and combine their strengths in the areas of digitalization, sustainability and qualification. The partnership will create operational advantages and sales synergies for both companies.

BLG LOGISTICS and the DEKRA companies operate in a constantly changing market environment and want to work together to meet the developments in the areas of lifecycle management and remarketing, digitalization, process optimization, quality improvements, zero emissions and employee qualification – keyword: shortage of skilled workers.

Through the strategic partnership with the specialists from DEKRA, BLG LOGISTICS can offer its customers in the AUTOMOBILE Division further added value: holistic solutions as well as services with unique selling points from a single source.

BLG contract logistics restructured
As from the beginning of October 2022, the BLG CONTRACT Division consists of three new pillars: Contract Operations, Customer & Business Development, and Performance Support. With this move, the company has replaced the former division into the business areas industrial and retail logistics. This reorganization allows BLG LOGISTICS to emphasize its strengths, use its potentials even better, and generally offer greater agility.

BLG LOGISTICS provides contract logistics at more than 40 locations in Germany and around the world. In the future, the locations and countries will be integrated into a regional structure. This will ensure the BLG team is even closer to customers and operates with even better business acumen. Another goal of the new structure is to strengthen the company's competitiveness for a secure future. Furthermore, developments in technology and sustainability will be more strongly anchored in the organization.

BLG LOGISTICS as strong logistics architects
Today, our customers face massive challenges and opportunities. Advancing digitalization is opening up new possibilities in all areas of the value creation chain. At the same time, global competition demands ever-faster responses. To an increasing extent, logistics processes are also a factor in how competitive companies are.

As "logistics architects," the expert teams at BLG LOGISTICS plan, design, implement and operate customized logistics centers, ranging from conventional to highly automated.

We have a large staff of in-house experts who draw on comprehensive experience from a wide range of projects and industries of various sizes. This cross-industry logistics know-how has already enabled us to develop outstanding and innovative concepts and large-scale logistics projects and we see this as a strong argument for our existing and new customers in the future.

**Our Mission Climate
and sustainable logistics center**
The topic of climate protection is right at the top of the agenda – in politics as well as in many companies. We are no exception. In the reporting year, the German government tightened its climate protection targets once again and set Germany the goal of net zero emissions by 2045. As a logistics company, we want to play our part – and at the same time support our customers in improving their own climate footprint.

We are on a shared mission to protect our climate. Our target is to make BLG LOGISTICS a climate-neutral company by 2030. We have had our absolute target (–30 percent CO_2e) across the company (Scopes 1+2) and –15 percent along the supply chain (Scope 3) assessed and certified by the independent Science Based Targets initiative (SBTi).

For example, BLG LOGISTICS is continuing to improve its carbon footprint by championing rail transport. BLG AutoRail can transport more than 200 cars per train, and operates in the German and Austrian rail network using green electricity every kilometer of the way.

At the Güterverkehrszentrum (GVZ) in Bremen, Germany's largest cargo distribution center, BLG LOGISTICS opened a new location for industrial logistics. From "C3 Bremen," BLG LOGISTICS provides sustainable and efficient supplies to the foreign assembly plants of a major car manufacturer.

"C3" stands for customer, climate and comfort. With intelligent intralogistics planning and efficient workflows, logistics processing is tailored to our customers' needs. The processes inside the new facility were designed in line with the lean management principle, supported by cutting-edge automation and digitalization systems. A holistic concept was developed to underscore the building's sustainability credentials. Among other things, it is planned to install a photovoltaic system covering the entire roof. A solar thermal energy system feeds electricity into the heating and hot water system. The new project is not only a design highlight. The communal and outdoor spaces were developed with the wellbeing of people and nature in mind to make the working environment as pleasant as possible. The new building project places a strong focus on employees' health at the workplace.

"Damietta Alliance" develops and operates new container terminal in Damietta, Egypt

A new container terminal is being built in the port of Damietta (Egypt). For this purpose, a joint venture was founded to develop and operate the new "Terminal 2" in the port. The "Damietta Alliance Container Terminal S.A.E." joint venture consists of three core shareholders which are Hapag-Lloyd Damietta GmbH (39%), Eurogate Damietta GmbH (29.5%) and Contship Damietta Srl (29.5%). Two further partners will each hold one percent.

The new Terminal 2 at the port of Damietta is expected to start operations in 2024. It will have a total operational capacity of 3.3 million TEUs and will serve as Hapag-Lloyd's dedicated strategic transshipment hub in the Eastern Mediterranean.

With Terminal 2 being operational in 2024, the partners will be able to use a state-of-the-art terminal with sufficient capacity, high productivity and a dense feeder network.

The concession to operate the facility is granted to the joint venture for 30 years. This gives EUROGATE, the joint venture partners and our respective customers a long-term perspective in the port of Damietta.

Automation at Container Terminal Wilhelmshaven

In the coming years, container handling activities at EUROGATE Container Terminal Wilhelmshaven will be converted from manual operations to an automated system. The respective automation project got underway in January 2022. EUROGATE is investing at least EUR 150 million in the first phase of the project. Automated operation of a first ship berth is planned for as soon as 2027.

We are anticipating that automation will contribute to significant growth in throughput in Wilhelmshaven over the medium term and therefore believe the time and general economic parameters are now right to invest in the expansion and modernization of the terminal. We want to develop an extended, upgraded and efficient automated terminal with streamlined organization geared to new operating requirements.

Automation in our industry is continuing at pace. With this project, we are embracing this development and view it as an opportunity to significantly strengthen our customer focus and our competitiveness. This will, in turn, lead to increased handling volumes, enabling us to secure long-term employment and create new, challenging and sustainable jobs.

We are also consistently pursuing our digitalization and innovation strategy at the other BLG LOGISTICS sites.

Risks

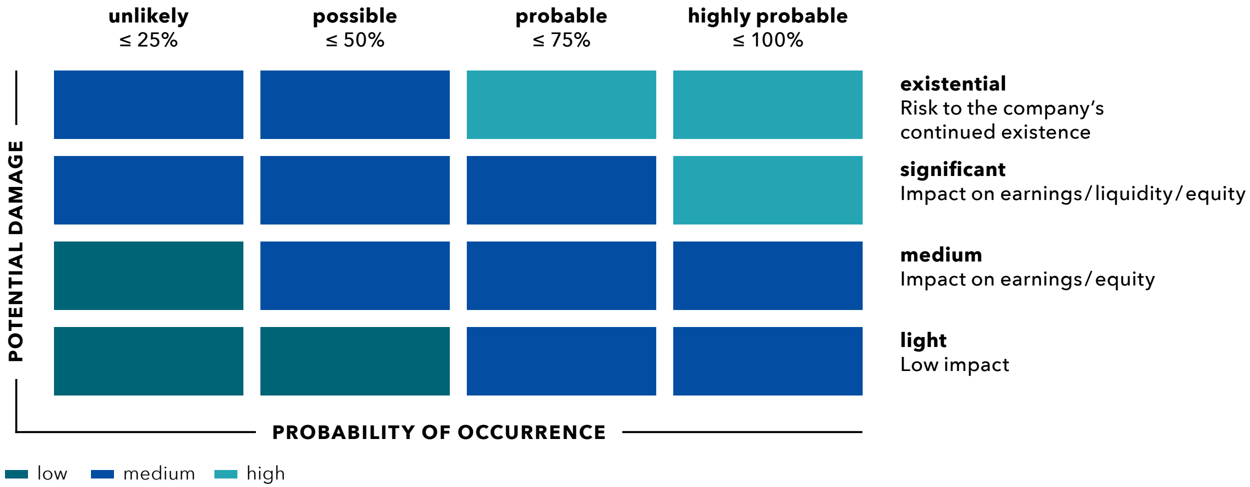
Risk categories and individual risks

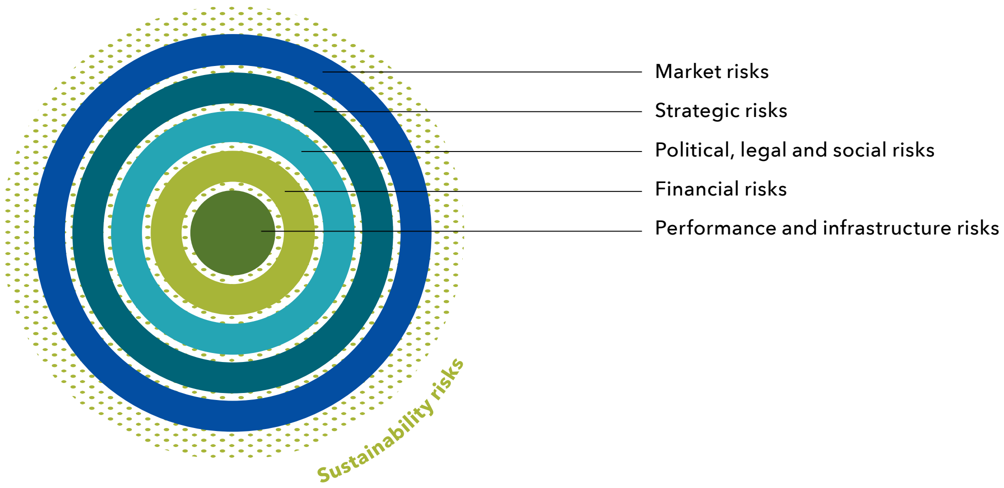
From the risk types defined for BLG LOGISTICS, the material risks for BLG LOGISTICS by risk category are described in the following sections. In selecting materiality, risks are included that would have a noticeable effect on the company's financial position, financial performance and cash flows if they were to occur. Furthermore, in line with the principle of dual materiality, we draw on risk analyses to assess and manage the impacts of our business activities on people and the environment. We consider risks from the area of Environment, Social and Governance (ESG) to be an integral part of the risk categories presented below. In principle, the assessment and derivation of measures is made on the basis of scenarios, taking into account all known influencing factors from opportunities and risks.

An overview of material risks is presented in the table.

Risk	Potential damage	Probability of occurrence	Trend compared with previous year
Strategic risks	significant	unlikely	→
Market risks	existential	unlikely	↗
Political, legal and social risks	medium	possible	↗
Performance and infrastructure risks	significant	possible	↗
Financial risks	medium	possible	→

Risk matrix





Performance and infrastructure risks

Risks from business relationships

In all operating divisions, close customer relationships and the short, demanding contractual periods and conditions, especially with some major customers, make it necessary to monitor changes in economic trends and the demand and product life cycles especially closely.

Infrastructure capacity and security

Fluctuations in volumes or supply gaps at our customers can lead to temporary capacity bottlenecks in individual cases. We have actively searched the market and have found additional third-party indoor and outdoor capacity. This will be leased for a fee, if required.

In contrast, when there is lower usage of our in-house capacity, no short-term alternative usage is normally generated. This results in a negative effect from fixed costs that is not covered by income. These risks are taken into account when drafting and calculating the contract.

Indoor and outdoor facilities and transport and handling equipment are regularly serviced and repaired at fixed intervals. This ensures that we can provide services on an ongoing basis.

Should the still outstanding measure to deepen the Outer Weser fail to materialize or be seriously delayed, this could have a highly adverse effect on the future development of transshipment at the Bremerhaven location.

A possible shortage of gas and energy supplies, particularly in Germany, may lead to production stoppages, short-time work and higher costs for the procurement of replacement materials and components required for production. Supply chain disruptions caused by other events, such as coronavirus lockdowns, can negatively impact procurement as well as demand. BLG LOGISTICS reviews potential disruptions in consultation with customers and assesses their impact on the business in order to initiate countermeasures at an early stage.

Personnel risks

The high personnel- and capital-intensive nature of our logistics services means that there are, in principle, risks relating to the negative effect of high fixed costs when facilities and personnel are not being used. Due to the current high inflation rates and the shortage of skilled workers, future collective bargaining negotiations may result in higher demands on the employee side. We counter this to some extent by integrating price escalator clauses into the contracts with our customers.

Competition among companies for skilled personnel in all areas remains intense. Even today, as a consequence of the increasing shortage of skilled workers, vacancies in the logistics industry and also in the BLG Group cannot always be filled promptly. We attempt to counter this by continuously developing new recruitment approaches and in our human resources management activities emphasizing the attractiveness of BLG LOGISTICS as an employer. We strive to retain skilled employees and managers in the company over the long term. In addition to performance-related pay and extensive social benefits, we are also focusing particularly on future diversification at

BLG LOGISTICS through trainee programs, multi-disciplinary career paths, deployment in different Group companies, and attractive training and development courses. This is aimed at also minimizing personnel risks in respect of socio-demographic change, and the skills and turnover of the workforce.

This long-term human resource development harbors certain personnel cost risks in the event that business development does not occur as planned in the medium term.

Additional flexibility is achieved through the use of blue-collar workers provided by the Gesamt-Hafen-Betriebe (GHBG) employment agency in Bremen and Hamburg and other agency personnel. This ensures that the personnel requirement can, to a certain extent, be adapted flexibly to the development of the business.

The changes in the employment market also have a fundamental influence on staffing levels and therefore on the flexibility and availability of qualified personnel at GHBG. These changes can lead to sustained deficits for GHBG, which it may be possible for affiliated member companies, and thus essentially also for BLG LOGISTICS, to offset. We have made appropriate provision for this.

IT risks

German companies continued to see a rise in the number of cyber incidents, such as IT outages, ransomware attacks or data breaches, in 2022. The conflict in Ukraine and further geopolitical tensions increase the risk of a cyberattack by state-backed criminal groups. At the same time, the increasing shortage of skilled workers makes efforts to improve processes even more challenging.

As information security plays a central role in our business processes, this risk remains significant for BLG LOGISTICS. We have introduced various measures to avoid and mitigate risks and continuously review our processes and technologies.

Raising employees' awareness of the importance of sensitive handling of all business-relevant information is something we take very seriously. We therefore conduct internal communication and training campaigns and ensure that appropriate technical support is in place to guarantee the confidentiality, integrity and availability of information at all times.

Together with the data protection officers, we make sure that personal data is processed exclusively in accordance with the regulations of the EU General Data Protection Regulation and the respective applicable local laws.

Financial risks

Credit risk

The Group's credit risk mainly results from trade receivables and lease receivables. The amounts shown in the consolidated statement of financial position do not include loss allowances for expected credit losses. Owing to the ongoing monitoring of receivables at management level and the use of commercial credit insurance depending on customer creditworthiness, we are not currently exposed to any significant credit risk.

The credit risk in respect of cash and derivative financial instruments is limited because these are currently held exclusively at banks that have been awarded high credit ratings by international rating agencies, which are highly secure thanks to a joint liability scheme and/or at which there are offsetting opportunities via non-current loans.

The maximum credit risk of the Group is represented by the carrying amounts of the financial assets recognized in the statement of financial position (including derivative financial instruments with positive fair value). The Group is also exposed to credit risk through the acquisition of financial guarantees.

At the reporting date, there were no further significant credit risk mitigation agreements or hedges.

Foreign currency risk
With very few exceptions, the Group companies operate in the eurozone and invoice only in euros. In this respect, currency risk could only arise in isolated cases, such as from foreign dividend income or the purchase of goods and services from abroad. An interest rate and currency swap has been concluded to hedge against the foreign currency risk from a variable USD loan granted in the context of Group financing.

Due to the current situation, the exchange rate of the ruble and the hryvnia may have isolated negative effects on earnings, which, however, are not considered material.

Liquidity risk
Liquidity risks may arise from payment bottlenecks and the resulting higher financing costs. The Group's liquidity is ensured by central cash management at the level of BLG KG. All significant subsidiaries are included in cash management. Due to the centralized management of capital expenditure and liquidity management, financial resources (loans/leases) can be provided in good time to meet all payment requirements.

The Group's liquidity needs are covered by cash and committed credit facilities. The issue of sustainability is also becoming increasingly important in the capital market. The definition of sustainability targets as part of the overall strategy, as well as the implementation of the corresponding measures, are increasingly in the focus of potential lenders and can be criteria for granting loans. Our sustainability measures are thus a factor in ensuring that we can meet our liquidity requirements in the future.

In parallel, the BLG Group uses the non-recourse sale of receivables under a factoring agreement as an off-statement of financial position financing instrument to further optimize the structure of the statement of financial position. The obligations of the factor to purchase existing and future receivables are limited to a total maximum amount of EUR 75 million. BLG LOGISTICS is free to decide to what extent the revolving nominal volume is utilized. The risks material to disposal relate to the credit risk and the risk of late payment (late payment risk). The credit risk is transferred in full to the factor in return for payment of a factoring fee. There is no significant late payment risk. The receivables were therefore derecognized in full.

We counter the financial risks arising from the dynamics of the current geopolitical situation with a regular forecast process, from which appropriate measures are derived where necessary.

Interest rate risk
The interest rate risk to which BLG LOGISTICS is exposed arises primarily from non-current loans and other non-current financial liabilities. Interest rate risks are managed with a combination of fixed-interest and variable-interest loan capital. The majority of the liabilities to banks have been concluded over the long term or fixed interest rates have been agreed through to the end of the financing term, either originally as part of the loan agreements or via interest rate swaps which have been concluded within micro-hedges for individual variable-interest loans.

In addition, while interest rates were low and attractive for investments, a portion of the financing requirement of the coming years was hedged by agreeing forward interest rate swaps. Further information is presented in note 32/ the "Derivative financial instruments" section of the consolidated financial statements.

Interest rate risks are disclosed via sensitivity analyses in accordance with IFRS 7. These show the effects of changes in the market interest rate on interest payments, interest income and expense, other income items and on equity. The interest rate sensitivity analyses are based on the following assumptions.

With regard to non-derivative financial instruments with fixed interest rates, market interest rate changes are only recognized through profit or loss if these financial instruments are measured at fair value. All fixed-interest financial instruments measured at amortized cost are not subject to interest rate risks within the meaning of IFRS 7. This applies to all fixed-interest loan liabilities of BLG LOGISTICS, including lease liabilities. When hedging interest rate risks in the form of cash flow hedge-designated interest rate swaps, changes to the cash flows and to the contributions to earnings induced by changes to the market interest rate of the hedged primary financial instruments and the interest rate swaps balance each other out almost completely, effectively eliminating the interest rate risk.

Gains or losses from remeasurement of hedging instruments to fair value are credited or charged directly to the hedging reserve in equity and are therefore included in the equity-related sensitivity calculation. Changes in the market interest rate of non-derivative variable-interest financial instruments whose interest payments are not structured as hedged items as part of cash flow hedges against interest rate risks have an effect on net interest income (expense) and are therefore included in the calculation of income-related sensitivities. The same applies to interest payments from interest rate swaps which are, as an exception, not contained in a hedge accounting relationship in accordance with IFRS 9. In the case of these interest rate swaps, market interest rate changes also have an effect on the fair value and thus affect the remeasurement of financial assets or financial liabilities to fair value and are therefore included in the income-related sensitivity analysis.

From today's perspective, the likelihood of the financial risks described above arising at BLG LOGISTICS is estimated to be low.

Further disclosures on the management of financial risks can be found in note 32.

Political, legal and social risks

Legal and political environment
The Russian invasion of Ukraine in February 2022 heightened the risk situation. On the one hand, concerns about our employees and the uncertainty of business in Ukraine increased, and on the other hand we had to react in line with the sanctions policy against Russia. BLG LOGISTICS assesses the situation on a daily basis from a social and financial point of view in order to be able to take the necessary steps in a timely manner.

Contract risks
Contract risks result from the fact that the maturities of contracts with customers sometimes do not match those relating to property leasing. Contracts with customers sometimes have shorter maturities than rental contracts on real estate.

The subsequent change to market conditions and related effects on the logistics processes agreed with customers have an effect on the contractual relationship agreed with the customer. The range of services offered to the customer and the prices calculated may no longer correspond to services requested and contracted by the customer. The resulting differences lead to risks and deviations from the projections, necessitating renegotiation with the customer. Due to the obligation to fulfill the contract and thus to perform, work for the customer continues during negotiations, because otherwise further risks would arise from compensation obligations for downtime.

Risk provisions have been recognized for risks from onerous contracts. The level of risk may increase significantly as a result of changes in circumstances over time. Based on our current estimation, a risk of this kind should be viewed as low.

Strategic risks

Risks from acquisitions and investments
In recent years, BLG LOGISTICS has grown through various acquisitions both in Germany and abroad. As part of process and quality management, a uniform M&A guideline on the procedure to be followed for all share purchases has been drawn up for this purpose. This draws on both in-house and external advisers, ensuring that all risks associated with an acquisition or investment are taken into consideration and assessed.

Despite this, in particular political, legal or economic risks associated with share purchases in other European countries cannot be ruled out. The social environment when sourcing employee capacity and integrating the relevant third-party company culture into the structures and processes of BLG LOGISTICS must be given particular consideration.

Investments made in the past may entail a need for subsequent decisions, assuming continuation of the strategic decisions and statements made at the time of acquiring the investments. The required subsequent investments associated with these decisions must be considered and evaluated overall under new premises, due to partly changed market and macroeconomic conditions. Should these changed conditions become permanent, BLG LOGISTICS may be required in the future to write-down the investment in full.

Market risks

Dependency on the economic cycle and macroeconomic risks

As a logistics service provider with a global focus, BLG LOGISTICS is highly dependent on production and the associated flow of goods in the global economy. The dependency on both the manufacturing industry and on consumer behavior can be viewed as the largest risk. In addition to the impact and constraints resulting from the war in Ukraine and the coronavirus pandemic, other influencing factors on our business in this area are high energy and raw material costs, persistent foreign trade imbalances and the escalation of political conflicts.

Changes to legislation and in taxes or duties in individual countries may also have a major impact on international trade and result in considerable risks for BLG LOGISTICS.

Inflation

The rise in inflation and the associated increase in risks from higher energy, personnel and material costs impacted on the risk situation of BLG LOGISTICS.

In the past, the contract logistics business model in particular was partly based on the assumption of cost change risks for customers under the contracts concluded for the respective term of the contract. Coverage of these risks was taken into account in the price calculation on the basis of historical data. Price adjustment clauses in the form of inflation-related indexing or "cost-plus" arrangements were not systematically included in the contracts in the past in view of the stable market environment.

Sector risks

In finished vehicle as well as car parts logistics, the increased uncertainty relating to customer volumes expected for BLG LOGISTICS continues. New studies predict that the shortage of semiconductors will persist until 2024, slowing down car production worldwide. The reason for this is the increasing demand for chips due to the ramp-up of electric cars in the coming years. Another risk factor is a prolonged shortage of components, as only some of the bottlenecks can be seen as temporary in relation to disruptions in global retail supply chains in the wake of the coronavirus pandemic and the war in Ukraine.

The main market for BLG LOGISTICS is Western Europe. Due to the opening up of Western Europe to the East, increasing volumes of Eastern European transport capacities are accessing our main market, leading to sustained tough competition and price pressure. There is also a dependency on the volume of exports of the automotive industry in Europe to overseas. In this context, the markets of China, the US, Japan and Korea are of special significance.

Employment in car parts logistics continues to lead to a dependency on German original equipment manufacturers (OEMs). To limit such dependencies, we actively manage the OEM share of our revenue in the overall customer portfolio.

Threat to market position and competitive advantages

The contractually agreed prices for seaport transshipment in the AUTOMOBILE Division, coupled with the persistently strong competition with other ports, represent continuous challenges for us. Due to the increasing shareholdings of shipping companies in other seaport terminals, internal optimization measures taken by shipping companies may result in shifts in volumes at the expense of the Bremerhaven seaport terminal. As a consequence of the war between Russia and Ukraine, certain volumes are again likely to be lost for these regions in 2023. By optimizing planning and control tools, we are constantly working to better anticipate fluctuations in capacity utilization.

For break bulk cargo business and project logistics, the principal risks lie in high competition and price pressure.

In the CONTRACT Division, the main risks are rapid replaceability and substitutability as a service provider in connection with standardized as opposed to custom services. The business areas are heavily dependent on major customers. The logistics services they perform are, as a rule, personnel-intensive. In addition, customers are applying significant price pressure. We are meeting these challenges with comprehensive customized solutions and optimizations, longer contract periods and continuous expansion and further diversification of our customer base.

In addition to the macroeconomic trends, the CONTAINER Division is also exposed to other factors and risks associated with future transshipment and transport demand and corresponding handling volumes of our container terminals. As in the previous years, these include

- commissioning additional terminal handling capacities in the North Range and in the Baltic region,
- commissioning additional large container vessels and the related operational challenges in ship handling,
- changes in the market, network and processes resulting from changes in the structure of the shipping company consortia,
- mergers and the formation of joint ventures, as well as
- price structures in the market.

Added to this is the increasing shift to vertical integration among shipping lines along the entire logistics chain.

Because the container terminals still have capacity reserves, at least in the medium term, the remaining consortia/shipping companies gain market power as a result of consolidation. This also puts pressure on revenue and intensifies the need to identify and implement further cost reductions and efficiency improvements at the container terminals as well as standardization and automation measures.

If the CONTAINER Division falls short of the planned cost savings as well as the productivity and efficiency-enhancing targets set out in the transformation program, this would seriously jeopardize the competitiveness and future viability of the EUROGATE Group.

Given the still outstanding negotiation of a reconciliation of interests at the Hamburg site and the revised savings target, which exceeds original expectations, it will not be possible from today's perspective to fully achieve the corresponding effects by 2024.

Other risks

There are currently no other identifiable risks that could have a long-term negative influence on the company's development. There are currently no potential risks to the company's continued existence as a going concern, such as excessive indebtedness, insolvency or other risks that could significantly impact on the company's financial position, financial performance and cash flows.

Assessment of the overall risk situation

The ongoing war in Ukraine continued to impact on the risk situation of the BLG Group in 2022. Particularly worthy of note was the rise in inflation and the associated increase in risks from higher energy, personnel and material costs. The key interest rate adjustment by the European Central Bank in response to persistent inflation in the euro zone also affects a possible interest rate risk for subsequent years. Given the tense situation, the risk of a cyberattack remains significant. The economic slowdown and associated restrained demand, as well as the difficult availability of components and raw materials, lead to fluctuating volumes in our customer businesses, which are therefore difficult to predict. We are seeing an increasing focus on sustainability issues in the areas of environment, social and governance, which present both opportunities and risks for the BLG Group. These issues can have an impact on the overall risk situation, for example in financing, human resources policy, regulation and procurement.

Our transparent and systematic risk management with its structured processes contributes to efficient management of overall risks in the Group.

From today's perspective and supported by the outcome of a risk-bearing capacity analysis at Group level, there are currently no risks that pose a threat to the continued existence of the company. Based on our medium-term planning and the uncertain geopolitical situation and taking the measures already initiated into account, there are currently no indications of any strategic or operational risks to future development that jeopardize the continued existence of the company as a going concern.

Management and control

Corporate governance statement

In accordance with German statutory requirements, the auditor only audited the existence of disclosures on corporate governance within the meaning of Section 315d HGB. They are shown with the Corporate governance statement in accordance with Section 315d HGB in the Chapter “Further Information” of this financial report.

Takeover-related disclosures in accordance with Section 315a (1) HGB

Takeover-related disclosures are also reported in the Corporate governance statement; see Chapter “Further Information” of this financial report.

Remuneration report and remuneration system

The applicable remuneration system of the Board of Management pursuant to Section 87a (1) and (2) sentence 1 of the German Stock Corporation Act (AktG), which was approved by the Annual General Meeting on June 2, 2021, and the system for the remuneration of the members of the Supervisory Board (Section 113 (3) AktG), which was also approved by the Annual General Meeting on June 2, 2021, are publicly available under https://www.blg-logistics.com/en/investor-relations (under Corporate Governance). The remuneration report, including the auditor's audit opinion pursuant to Section 162 AktG, is made publicly available in the Download area at the same Internet address.

Outlook

Future direction of the Group

Retention of the business model
A fundamental change in our business model is not currently planned. One strategic priority will be the further expansion of the AUTOMOBILE and CONTRACT Divisions. Our goal is to be profitable in all business areas and to continue to grow. We intend to grow our shares in existing markets, open up new markets and win new customers by continuing our acquisition activities, developing collaborations in a targeted manner and establishing strategic partnerships. We will also extend our value chains in the business areas. Moreover, we will seek to improve productivity in all areas, also in the current multiple crisis environment, through consistent process and quality management, the use of opportunities arising from digitalization and automation, and strict cost management.

Expected macroeconomic conditions

Slowdown in global economic growth
Due to high inflation rates, continued tightening of monetary policy in many countries and the European energy crisis resulting from the Russian war of aggression against Ukraine, the global economy expanded only modestly in the final quarter of 2022.

Global consumer and business sentiment brightened somewhat at the turn of the year, as the European energy crisis eased noticeably and inflationary pressure lessened slightly. The end of the zero-Covid policy in China can also be expected to provide a basis for economic recovery.

Nevertheless, a significant slowdown of the global economy is projected for 2023. “Extra savings” accumulated during the pandemic are increasingly being used up, high industrial order backlogs are being worked off, and higher financing costs caused by central bank interest rate hikes are slowing investment and consumption. Forecasts assume – depending on the institute – that the global economy will grow by between 2 and 3 percent.

Euro zone on the brink of recession
By contrast, growth of less than one percent is expected for the euro zone in the coming year, which means that the euro zone is on the threshold of recession. High inflation, rising interest rates and a difficult global economic environment all point to a phase of economic weakness in the first quarters of 2023.

The European Central Bank is also likely to continue to pursue the restrictive basic monetary policy approach that it adopted last summer. As a result, financing conditions for households and companies will deteriorate further.

Overall, however, Europe has adjusted more quickly than expected to higher energy costs and has shown greater resilience to the effects of the Ukraine war than originally assumed. The economy is expected to pick up again especially in the last six months of 2023.

Risk of recession in Germany
The outlook for the economic situation in Germany is muted. Although the situation on the energy markets and the supply bottlenecks in the German economy eased somewhat at the beginning of 2023, industrial production started sluggishly, as did exports due to weakening demand from abroad.

Declining real incomes and persistently high inflation will significantly weaken private consumption in particular. Despite gas and electricity price brakes, the inflation rate in 2023 is expected to be in the mid-single digits.

Although the economic situation is expected to improve slightly in the second half of the year, overall German economic output is likely to decline slightly in 2023 or only just avoid recession. The labor market is expected to remain stable.

The EU’s and the German government’s ambitious targets for lowering greenhouse gas emissions will create a massive need for investments and development in the coming years. This presents huge challenges for the automotive industry in particular, as well as for other large parts of German industry. Furthermore, the medium-term shift away from the combustion engine to electric drive technology entails enormous changes in the production and work sequences.

A possible further escalation of the Ukraine conflict, coupled with strained relations between the US, Europe and Russia as well as the ongoing tensions between the US and China, give rise to additional uncertainties. Problems with energy supplies may also intensify again. It is not yet possible to give a definitive assessment of the future impact on the global economy.

Sources for this section:
Deutsche Bundesbank, Monthly Report, February 2022
IMK, IMK Report No. 178, December 2022
IMK, IMK Report No. 179, January 2023
IfW Kiel, Kiel Institute Economic Outlook, No. 97 (2022|Q4)
Tagesschau.de, “Bessere Aussichten für die Weltwirtschaft,” January 31, 2023, 9:14 a.m.

Logistics sector faces challenging year

The results of the SCI Logistics Barometer (December 2022) show that among the transport and logistics companies surveyed the performance indicator was at a similarly negative level at the end of 2022 as at the beginning of the coronavirus pandemic in March 2020. Despite isolated positive assessments of the current and seasonal business situation, the persistently negative expectations of logistics companies at federal state and national level overshadow the industry’s economic assessment. Even though the rate of cost increases slowed toward year-end, the sector still expects 2023 to be a challenging year. In addition to persistently high costs and a generally negative business trend, respondents anticipate a dip in the previously mostly positive employment trend.

The shortage of skilled workers and the resulting dearth of suitable applicants pose additional difficulties for the industry. Amid the protracted war in Ukraine, high energy costs and global supply chain instability, a high level of skepticism remains in respect of the business development in 2023.

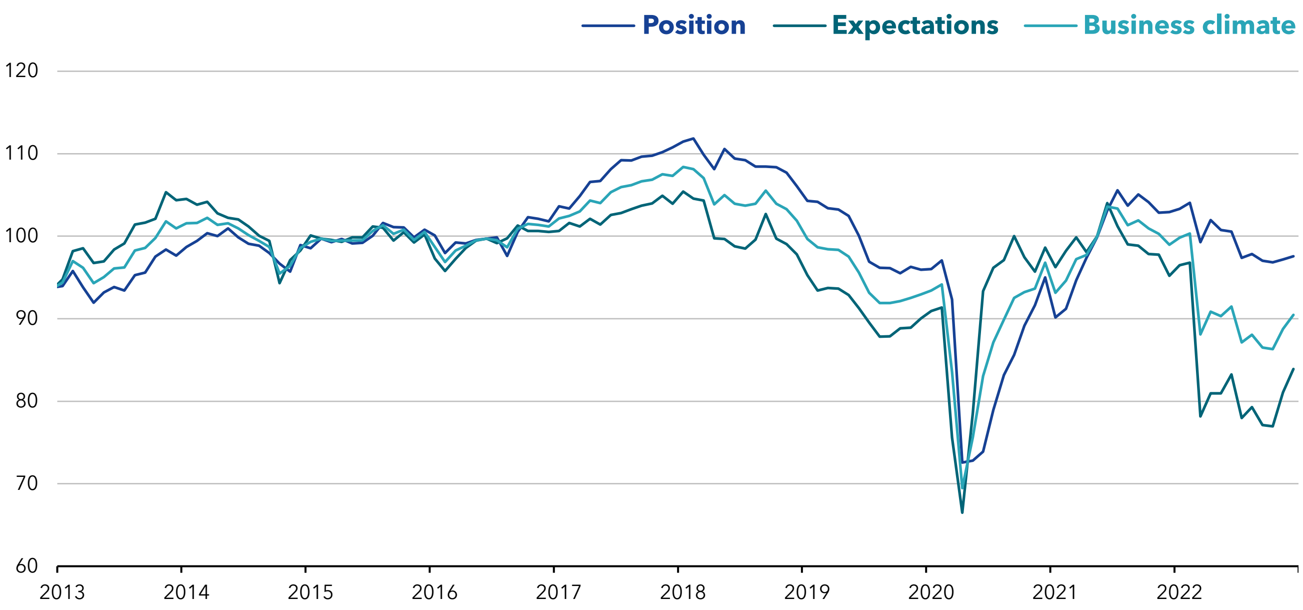
Industry confidence improved in January 2023 according to the SCI Logistics Barometer indicator, with expectations of a more stable cost and price development resulting in a significantly more positive outlook than in the previous months. However, the sudden change in mood should not be overestimated.

The ifo-BVL Logistics Indicator also showed a business climate well below its full potential at the end of 2022 (see also graphic), albeit with a slight improvement over the previous three months. The overall business sentiment was only worse at the start of the coronavirus pandemic in 2020. At the end of 2022, business expectations for the coming six months were also significantly below the normal level.

The respondents noted a sharp fall in demand momentum and frequently characterized the order backlog as too low. They also anticipate lower demand in the subsequent months. Despite signs of a relaxation, price expectations remain at a high level.

As mentioned above, the ifo-BVL Logistics Indicator also infers that the supply bottlenecks have gradually been overcome, or the partially implemented higher inventory levels are having an effect. Some companies are already perceiving inventory levels as too high again. However, that is one of the reasons for the poor outlook of the logistics service providers: the catch-up effects seen in the previous months have been largely absorbed and in many sectors fears of a prolonged period of weak demand are setting in.

Business climate among logistics providers
(Source: Bundesvereinigung Logistik e.V.; 2015 = 100 = normal level)



Logistics providers find it considerably harder than industry and retailing to absorb price adjustments. Cost pressure due to rising energy prices and inflation affects both segments of the economy equally.

The logistics industry will continue to benefit from a strong, export-oriented German industry and Germany's excellent position as a logistics center. Maintaining the infrastructure continues to be a major challenge. Furthermore, climate policy will strongly influence the organization of supply chains in the future, giving rise to additional requirements.

Sources for this section:
BVL Logistics Indicator, 4th Quarter 2022, including commentary
SCI Verkehr, SCI Logistics Barometer, December 2022 and January 2023

Development of BLG LOGISTICS in the following year

AUTOMOBILE Division
Based on the signals from the automobile manufacturers, BLG LOGISTICS assumes that the supply situation for production parts will normalize in the 2023 financial year and that there will no longer be repeated, unplanned production stoppages. Due to high inflation and energy supply uncertainties, sales of new vehicles in Germany are expected to decline. However, this is likely to be offset by higher exports from the manufacturers' German and Eastern European plants, which, in turn, will increase the expected volume of finished vehicles in the entire network compared with financial year 2022.

In the seaport terminals business area, the restructuring process at BLG AutoTerminal Bremerhaven will continue, aimed at improving productivity and increasing technical value creation. We are expecting vehicle throughput at AutoTerminal Bremerhaven to increase compared to the 2022 financial year.

Owing to the low availability of container capacities, the high & heavy segment benefited from a higher share of rolling cargo (RoRo cargo) in fiscal year 2022. Accordingly, we expect handling volumes for 2023 to remain constant.

We also anticipate similar handling volumes to the previous year for BLG AutoTerminal Cuxhaven. A new long-term contract with a major customer is expected to make up for the loss of spot and extraordinary business.

In the inland terminals business area, crowding out is likely to intensify. Nevertheless, we see good opportunities to further expand this business area, especially through business with high technical value creation, which we intend to do by leveraging our high level of expertise and the division's extensive terminal network. A slight to moderate increase in vehicle volumes is projected, particularly as a result of extraordinary business. Standardizing operational processes allows BLG LOGISTICS to further improve productivity in technical services. Capacity utilization problems at the AutoTerminal Neuss joint venture are expected to persist in 2023.

In the car transport business area, we expect road transport volumes to remain at the previous year's level. The projected decline in deliveries to dealers will be offset by rising transport volumes for exports to seaports.

Restrictions in the provision of adequate rail transport capacity are also set to continue in the 2023 financial year. This leads to higher demand for truck transport as an alternative to rail, which can in turn lead to a shortage of capacity from subcontractors and third-party companies. We are maintaining the number of trucks in our own vehicle fleet at a constant level.

Demand for vehicle transport capacity in the rail business area will remain high. However, there will continue to be restrictions in 2023 as a result of the persistently high shortage of locomotive drivers, a large number of construction sites in the Europe-wide track network and the prioritization of other goods on the railroads. Nevertheless, we are predicting that unplanned production stoppages by manufacturers will decrease appreciably in 2023 and BLG LOGISTICS' transport volumes will grow significantly. Export volumes at the seaports will also increase in 2023. At BLG RailTec, we want to further expand the repair business for third parties, above all in the area of mobile maintenance.

In the Southern/Eastern Europe business area, we are specifically planning to expand high & heavy transports at BLG LOGISTICS' location in Poland. The transport business of the joint venture in Ukraine is being sustained to the extent possible.

CONTRACT Division

The CONTRACT Division repositioned itself at the end of 2022 and now consists of three pillars: Contract Operations, Customer & Business Development, and Performance Support. With this move, BLG LOGISTICS has replaced the former division into the business areas industrial and retail logistics.

BLG LOGISTICS provides contract logistics at more than 40 locations in Germany and around the world. In the future, the locations and countries will be integrated into a regional structure. Another goal of the new structure is to strengthen the company's competitiveness for a secure future. Furthermore, developments in technology and sustainability will be more strongly anchored in the organization.

The effects of supply chain disruptions, consumer restraint, the war in Ukraine and high inflation will continue to pose challenges in the coming financial year.

In the past financial year, BLG LOGISTICS was able to negotiate renewals of existing contracts with almost all current customers. We hope to be able to continually expand business in line with our strategic orientation by generating new business, especially with existing customers. In the area of human resources, the aim is to increase the proportion of in-house staff in existing business in order to counteract the high fluctuations in external staff and the associated impact on productivity.

In the CKD (Completely Knocked Down) business area, we anticipate increasing volumes in the coming financial year, which will be handled at the new C3 logistics center in Bremen. On completion of the relocation, business will be consolidated and optimized in one area.

For the overseas industrial logistics business area, we are assuming a stable development of the South Africa location after securing new business in the 2022 financial year. In the US, the startup of new business is still expected to have a negative impact on earnings. BLG LOGISTICS withdrew from its joint ventures in India and Malaysia at the beginning of 2023.

In pursuit of further industry diversification in the area of retail logistics services, BLG LOGISTICS will continue to focus on additional target industries going forward.

At the Neustädter Hafen site in Bremerhaven, BLG Cargo successfully compensated for negative effects from switches in transport routes and ports on the part of the shipping lines through the acquisition of new business. We expect handling volumes for 2023 to remain constant.

CONTAINER Division
In light of the expected economic recession, we believe that supply chains will ease and transport and handling volumes will contract significantly in the 2023 financial year. This is likely to be accompanied by a substantial decline in the division's earnings.

This development is reflected in the volume planning for the individual terminals for the 2023 financial year. In February 2023, the termination of the 2M consortium (of Maersk and MSC) as of January 2025 was announced. How a new setup will look, is currently not known. The two remaining shipping line consortia will remain unchanged for the foreseeable future. For EUROGATE Container Terminal Wilhelmshaven (CTW), a significant volume increase is anticipated in the coming year as a result of the planned start of a first ultra-large ship service operated by the alliance of the new partner Hapag Lloyd in April 2023.

In addition to the macroeconomic trends described above, however, other industry-specific influences will have a decisive impact on the handling volumes of our container terminals. For further information, please refer to the remarks in the Opportunity and Risk Report.

Added to this is the increasing shift to vertical integration among shipping lines along the entire logistics chain.

Three major consortia continue to dominate market activity on the customer side. Whether and to what extent changes in the alliances are likely to occur in the foreseeable future – especially in the 2M consortium – is not apparent at present.

The trend on the part of the shipping lines to commission additional ultra-large container vessels, in the meantime of up to 24,000 TEUs, continues unabated. In light of this trend, the number of ultra-large container ships docking at the terminals of the EUROGATE Group can also be expected to further increase.

The respective infrastructure aspects remain of great importance as locational factors for the container terminals.

In Wilhelmshaven, the nautical conditions remain unchanged and without restriction. Electrification of the double-track rail link was completed on schedule.

Planned capital expenditure
We adjust our investment plans to the constantly changing market conditions, paying particular attention to our liquidity and results of operations. Significant expansion, process optimization and replacement investments are planned in the coming year in the AUTOMOBILE Division, for example for the continuous replacement of older trucks and the buyback of car wagons from leasing in the car transport and rail business area. In the seaport and inland terminals business areas, capital expenditure mainly relates to various measures to expand and modernize spaces and buildings and the upgrading of handling equipment. In addition, investments will be made to optimize the division's IT network. In the CONTRACT Division, capital expenditure relates to the development and expansion of new logistics centers and the expansion of existing business. Another focus is the replacement of technical plant and machinery. An investment volume of around EUR 134 million is planned for the necessary expansion and replacement investments and for investments in process optimization (excluding the CONTAINER Division). This capital expenditure will be mainly financed through borrowing.

Overall statement on the expected development of the Group

At the time of preparing this report, the war between Russia and Ukraine is still ongoing, tensions remain between the US and China and the energy crisis is not yet over. We know that the uncertainties will continue to grow in 2023 – and are preparing accordingly.

In this uncertain environment, based on the forecast for the BLG Group outlined above, we currently expect revenue to be slightly above the previous year's level. Overall, we anticipate a significant reduction in earnings (EBT), mainly on the back of substantially lower investment income from the CONTAINER Division, in the 2023 financial year – although nevertheless still in clearly positive territory. EBIT and RoCE and the EBT margin will develop accordingly. Against the backdrop of the multiple crisis situation described above, this forecast is subject to a high degree of uncertainty.

EUR thousand	**Actual 2022**	Forecast 2023
EBT	55,722	significant decline; positive result
EBIT	64,582	significant decline similar to EBT
Revenue	1,118,980	slightly above previous year's level
EBT margin (in percent)	5.0	significant decline similar to EBT
RoCE (in percent)	6.3	significant decline similar to EBT/EBIT

Expected changes for 2023

↘	↗	↘
EBT and EBIT	Revenue	EBT margin and RoCE
significant decline	slightly above previous year's level	significant decline

We pursue the goal of an earnings-related and consistent dividend policy. Therefore, depending on business performance, we will continue to allow our shareholders to participate appropriately in earnings.

This annual report was prepared on the basis of German Accounting Standard 20 (DRS 20) in the current version. Apart from historical financial information, it contains statements on the future development of the business and the business performance of BLG LOGISTICS which are based on estimates, forecasts and expectations, and can be identified by wording such as "assume," "expect" or similar terms. These statements may, of course, vary from actual future events or developments. We are not under any obligation to update these forward-looking statements with new information.

Remote working, desk sharing, modern office spaces: Sonja Andresen and her team are checking out in a pilot space what the future of work at BLG could look like. You can read more about this in our online magazine story "A journey through time".

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

EUR thousand	Note	**2022**	2021
Revenue	4	1,118,980	1,050,438
Other operating income	5	53,868	55,199
Cost of materials	6	-462,018	-423,763
Personnel expenses	7	-475,075	-479,303
Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases	8	-86,999	-80,825
Other operating expense	9	-159,535	-123,056
Net impairment gains/losses	9, 32	-235	515
Net income (net loss) of companies accounted for using the equity method	10	77,705	62,302
Write-downs of equity investments in companies accounted for using the equity method	10	-2,109	0
Income from non-current finance receivables		37	20
Other interest and similar income	11	9,260	7,336
Interest and similar expenses	11	-18,159	-16,719
Income from other long-term equity investments and affiliated companies		2	82
Earnings before taxes (EBT)		**55,722**	**52,226**
Income taxes	33	-4,116	-1,660
Consolidated net profit for the period		**51,606**	**50,566**
Consolidated net profit was attributable as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		965	1,154
BLG LOGISTICS GROUP AG & Co. KG		49,929	47,148
Non-controlling interests		712	2,264
		51,606	**50,566**
Earnings per share (diluted and basic, in EUR)	21	**0.25**	**0.30**
of which from continuing operations (in EUR)		0.25	0.30
Dividend of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (in EUR)	22	**0.28**	**0.30**

Consolidated Statement of Comprehensive Income

EUR thousand	Note	2022	2021
Consolidated net profit for the period		**51,606**	**50,566**
Other comprehensive income, net of income tax			
Items that are not subsequently reclassified to profit or loss	34		
Remeasurement of net pension obligations		36,148	-370
Proportionate share of equity-accounted investments in items that are not subsequently reclassified to profit or loss		31,180	1,043
Income taxes on items that are not subsequently reclassified to profit or loss		-5,114	-903
		62,214	**-230**
Items that can subsequently be reclassified to profit or loss	34		
Currency translation		140	-47
Change in the measurement of financial instruments		18,544	4,718
Proportionate share of equity-accounted investments in items that can subsequently be reclassified to profit or loss		-399	1,668
Income taxes on items that can subsequently be reclassified to profit or loss		-111	-25
		18,174	**6,314**
Other comprehensive income, net of income tax		**80,388**	**6,084**
Group total comprehensive income		**131,994**	**56,650**
Group comprehensive income was attributable as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		965	1,154
BLG LOGISTICS GROUP AG & Co. KG		130,319	53,235
Non-controlling interests		710	2,261
		131,994	**56,650**

Consolidated Statement of Financial Position

Assets **EUR thousand**	Note	**12/31/2022**	12/31/2021
A. Non-current assets			
I. Intangible assets	12		
1. Goodwill		4,288	5,084
2. Other intangible assets		6,617	7,209
3. Advance payments on intangible financial assets		679	8,311
		11,584	**20,604**
II. Property, plant and equipment	13, 14		
1. Land, land rights and buildings, including buildings on third-party land		373,093	360,146
2. Handling equipment		98,188	96,524
3. Technical plant and machinery		39,135	38,702
4. Other equipment, operating and office equipment		25,938	24,385
5. Advance payments and assets under construction		4,702	28,894
		541,056	**548,651**
III. Equity investments in companies accounted for using the equity method	15	234,950	162,349
IV. Non-current finance receivables	16	228,228	217,627
V. Other non-current assets	18	689	574
VI. Deferred taxes	35	5,064	2,356
		1,021,571	**952,161**
B. Current assets			
I. Inventories	17	17,456	17,109
II. Trade receivables	18	184,012	176,992
III. Current finance receivables	16	55,059	21,131
IV. Other assets	18	36,237	14,930
V. Reimbursement rights from income taxes	35	3,780	2,844
VI. Cash and cash equivalents	19	18,403	33,010
		314,947	**266,016**
		1,336,518	**1,218,177**

Liabilities EUR thousand	Note	**12/31/2022**	12/31/2021
A. Equity	20		
I. Consolidated capital of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-			
1. Subscribed capital		9,984	9,984
2. Retained earnings			
a. Legal reserve		998	998
b. Other retained earnings		10,086	10,273
		21,068	**21,255**
II. Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG			
1. Limited liability capital		51,000	51,000
2. Share premium		103,182	103,182
3. Retained earnings		98,547	58,326
4. Other reserves		-4,669	-66,879
5. Reserve for the fair value measurement of financial instruments		11,178	-8,088
6. Foreign currency translation		-8,869	-9,441
		250,369	**128,100**
III. Non-controlling interests		6,290	6,934
		277,727	**156,289**
B. Non-current liabilities			
I. Non-current loans (not including the current portion)	23	139,441	136,688
II. Other non-current loan liabilities	24	526,874	529,479
III. Deferred government grants	25	2,942	2,826
IV. Other non-current liabilities	28	3,202	2,568
V. Non-current provisions	26	31,154	70,690
VI. Deferred taxes	33	0	218
		703,613	**742,469**
C. Current liabilities			
I. Trade payables	27	101,596	87,697
II. Other current financial liabilities	24	161,519	162,574
III. Current portion of government grants	25	81	81
IV. Other current liabilities	28	51,294	44,240
V. Payment obligations from income taxes	36	5,183	1,642
VI. Current provisions	29	35,505	23,185
		355,178	**319,419**
		1,336,518	**1,218,177**

Segment Reporting

EUR thousand	AUTO-MOBILE 2022	AUTO-MOBILE 2021	CONTRACT 2022	CONTRACT 2021	CONTAINER 2022	CONTAINER 2021	All segments 2022	All segments 2021	Re-conciliation 2022	Re-conciliation 2021	Group 2022	Group 2021
Revenue with external third parties	**579,768**	**517,975**	**548,192**	**542,799**	**345,098**	**305,955**	**1,473,058**	**1,366,729**	**-354,078**	**-316,291**	**1,118,980**	**1,050,438**
Inter-segment sales	3,883	4,804	5,097	5,532	2,257	2,103	11,237	12,439	-11,237	-12,439	0	0
Net income (net loss) of companies accounted for using the equity method	-2,286	-202	606	123	52,668	14,867	50,988	14,788	24,608	47,514	75,596	62,302
EBITDA	45,889	49,836	47,759	47,720	129,201	109,120	222,849	206,676	-71,268	-64,344	151,581	142,332
Depreciation, amortization and impairments	-48,182	-42,263	-35,344	-35,231	-38,641	-34,968	-122,167	-112,462	35,168	31,637	-86,999	-80,825
Segment earnings (EBIT)	**-2,293**	**7,573**	**12,415**	**12,489**	**90,560**	**74,152**	**100,682**	**94,214**	**-36,100**	**-32,707**	**64,582**	**61,507**
Interest income	74	56	4,600	2,707	972	601	5,646	3,364	3,651	3,992	9,297	7,356
Interest expense	-9,477	-8,705	-5,759	-6,560	-11,601	-5,164	-26,837	-20,429	8,678	3,710	-18,159	-16,719
Income from other long-term equity investments	0	0	0	81	99	111	99	192	-97	-110	2	82
Impairment losses on non-current financial assets	0	0	0	0	0	125	0	125	0	-125	0	0
Segment earnings (EBT)	**-11,696**	**-1,076**	**11,256**	**8,717**	**80,030**	**69,825**	**79,590**	**77,466**	**-23,868**	**-25,240**	**55,722**	**52,226**
EBT margin (in %)	**-2.0**	**-0.2**	**2.1**	**1.6**	**23.2**	**22.8**	**5.4**	**5.7**	**not stated**	**not stated**	**5.0**	**5.0**
Other information												
Other non-cash events	4,305	-5,509	7,405	-18,182	-26,778	-2,799	-15,068	-26,490	26,807	-2,248	11,739	-28,738
Impairment	-7,836	0	0	-216	-4,245	-766	-12,081	-982	4,245	766	-7,836	-216
Equity investments in companies accounted for using the equity method	1,663	5,112	2,250	1,930	144,769	93,900	148,682	100,942	86,268	61,407	234,950	162,349
Goodwill included in segment assets	4,288	5,084	0	0	512	512	4,800	5,596	-512	-512	4,288	5,084
Segment assets	549,343	536,425	322,114	307,930	618,951	594,506	1,490,408	1,438,861	-397,684	-388,232	1,092,724	1,050,629
Capital expenditure	28,966	72,782	40,947	44,602	34,037	14,540	103,950	131,924	-31,452	-12,020	72,498	119,904
of which non-cash	2,160	18,705	26,335	31,014	1,324	1,324	29,819	51,043	312	317	30,131	51,360
Segment liabilities	401,833	402,507	279,543	276,008	396,008	378,411	1,077,384	1,056,926	-238,516	-212,815	838,868	844,111
Equity	65,727	58,324	18,920	4,182	229,345	153,819	313,992	216,325	-36,265	-60,036	277,727	156,289
Employees	3,235	3,397	6,266	6,599	1,605	1,582	11,106	11,578	-1,219	-1,208	9,887	10,370

Consolidated Statement of Changes in Equity

		I. Consolidated capital of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-			II. Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG							III. Non-controlling interests	
EUR thousand	Note	Subscribed capital	Retained earnings	**Total**	Limited liability capital	Share premium	Retained earnings	Other reserves	Reserve for the fair-value measurement of financial instruments	Foreign currency translation	**Total**	Total	**Total**
As of December 31, 2020		**9,984**	**10,539**	**20,523**	**51,000**	**50,182**	**22,980**	**-66,630**	**-12,951**	**-10,895**	**33,686**	**5,532**	**59,741**
Changes in financial year													
Group total comprehensive income		0	1,154	1,154	0	0	47,148	0	0	0	47,148	2,264	50,566
Income and expense recognized directly in equity	32, 33	0	0	0	0	0	0	-230	4,863	1,454	6,087	-3	6,084
Group total comprehensive income		**0**	**1,154**	**1,154**	**0**	**0**	**47,148**	**-230**	**4,863**	**1,454**	**53,235**	**2,261**	**56,650**
Dividends/withdrawals		0	-422	-422	0	0	-11,314	0	0	0	-11,314	-859	-12,595
Capital contributions		0	0	0	0	53,000	0	0	0	0	53,000	0	53,000
Other changes		0	0	0	0	0	-488	-19	0	0	-507	0	-507
As of December 31, 2021	20	**9,984**	**11,271**	**21,255**	**51,000**	**103,182**	**58,326**	**-66,879**	**-8,088**	**-9,441**	**128,100**	**6,934**	**156,289**
Changes in financial year													
Group total comprehensive income		0	965	965	0	0	49,929	0	0	0	49,929	712	51,606
Income and expense recognized directly in equity	32, 33	0	0	0	0	0	0	62,210	19,266	-1,086	80,390	-2	80,388
Group total comprehensive income		**0**	**965**	**965**	**0**	**0**	**49,929**	**62,210**	**19,266**	**-1,086**	**130,319**	**710**	**131,994**
Dividends/withdrawals		0	-1,152	-1,152	0	0	-8,765	0	0	0	-8,765	-1,228	-11,145
Other changes		0	0	0	0	0	-943	0	0	1,658	715	-126	589
As of December 31, 2022	20	**9,984**	**11,084**	**21,068**	**51,000**	**103,182**	**98,547**	**-4,669**	**11,178**	**-8,869**	**250,369**	**6,290**	**277,727**

Consolidated Statement of Cash Flows

EUR thousand	Note	**2022**	2021
Earnings before taxes		55,722	52,226
Depreciation, amortization and impairment of and loss allowances on non-current intangible assets, property, plant and equipment, right-of-use assets, financial assets and non-current finance receivables		89,108	80,825
Reversals of impairments of non-current finance receivables		-2,664	0
Proceeds from disposal of property, plant and equipment		-1,075	-7,713
Net income (net loss) of companies accounted for using the equity method		-77,705	-62,302
Net income (net loss) of other investees		-2	-82
Net interest income (expense)		8,862	9,363
Other non-cash events		11,231	-28,738
		83,477	**43,579**
Change in trade receivables		-7,894	34,503
Change in other assets		-12,504	7,475
Change in inventories		-470	-1,659
Change in government grants		115	76
Change in provisions		8,872	-12,729
Change in trade payables		14,342	2,556
Change in other liabilities		11,066	9,497
		13,527	**39,719**
Interest received		3,345	7,923
Interest paid		-17,664	-16,008
Taxes on income and earnings paid		-4,251	-7,648
		-18,570	**-15,733**
Cash flows from operating activities		**78,434**	**67,565**

EUR thousand	Note	**2022**	2021
Proceeds from disposal of property, plant and equipment and intangible assets		1,645	82,260
Cash payments to acquire property, plant and equipment and intangible assets		-42,366	-68,131
Cash payments to acquire companies accounted for using the equity method		-25	-14
Cash payments for advances and loans made to investees		-563	-570
Cash receipts from repayment of advances and loans made to investees		19	12
Proceeds from/payments for company acquisitions minus cash acquired		0	50
Cash receipts from payment of lease receivables		19,921	19,799
Dividends received		1,267	1,109
Cash flows from investing activities		**-20,102**	**34,515**
Proceeds from capital contributions by company owners		0	53,000
Cash receipts from repayment of loans made to company owners		735	2,820
Cash payments for advances and loans made to company owners		-870	-735
Cash payments made to company owners		-11,145	-12,595
Cash proceeds from borrowings		33,829	47,241
Cash payments from redemption of financial borrowings		-30,547	-42,631
Cash payments from repayment of lease liabilities		-62,859	-73,250
Cash flows from financing activities	37	**-70,857**	**-26,150**
Net change in cash and cash equivalents		-12,525	75,930
Change in cash and cash equivalents due to changes in the basis of consolidation		-1,289	0
Change in cash and cash equivalents due to currency translation differences		-261	-549
Cash and cash equivalents at start of financial year		11,440	-63,941
Cash and cash equivalents at end of financial year	37	**-2,635**	**11,440**
Composition of cash and cash equivalents at end of financial year			
Cash		18,403	33,010
Current liabilities to banks		-21,038	-21,570
		-2,635	**11,440**

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Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Principles

1. Principles of Group Accounting

BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen (BLG AG), and BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG), two companies that are legally, commercially and organizationally closely affiliated due to their identical management bodies and special ownership structure, form the head of the BLG Group (BLG LOGISTICS). As BLG AG does not consider control over BLG KG to exist within the meaning of IFRS 10, it prepares consolidated financial statements (combined financial statements) together with BLG KG under the name BLG LOGISTICS with BLG AG and BLG KG as a single parent.

The consolidated financial statements for BLG LOGISTICS for the 2022 financial year were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted and published by the International Accounting Standards Board (IASB) mandatory as of December 31, 2022 and their interpretations by the IFRS Interpretations Committee (IFRIC). All IFRSs and IFRICs were observed that have been published and adopted in the endorsement process of the European Union and whose application is mandatory.

The accounting policies were applied consistently by all Group companies for all periods specified in the consolidated financial statements.

The financial year of BLG AG and BLG KG and of their consolidated subsidiaries is the calendar year. The reporting date of the consolidated financial statements is the closing date of the preparing companies.

The companies BLG AG (HRB 4413) and BLG KG (HRA 21448), which are entered in the Commercial Register of the District Court of Bremen, have their registered office at Präsident-Kennedy-Platz 1, Bremen, Germany.

The consolidated financial statements were prepared in euros. All amounts are in EUR thousand unless otherwise indicated.

The consolidated financial statements were prepared on the basis of historical cost accounting; exceptions arise only for derivative financial instruments and financial instruments classified as “measured at fair value through profit or loss or through other comprehensive income.”

The Board of Management of BLG AG released the consolidated financial statements for publishing and forwarding to the Supervisory Board on March 31, 2023. The Supervisory Board has the task of reviewing the consolidated financial statements and stating whether it approves them.

Judgments and estimates

The preparation of the financial statements in compliance with IFRSs requires estimates and the exercise of discretion in individual matters by management that may have an impact on the amounts reported in the consolidated financial statements.

Judgments

Information on judgments in applying the accounting policies that have the greatest material effect on the amounts reported in the consolidated financial statements is included in the following notes:

- Determining whether control exists (notes 38 and 39)
- Classification of joint arrangements (notes 15 and 39)
- Presentation of factoring (note 32)

Assumptions and estimation uncertainties

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate in particular to the following notes:

- Calculation of useful lives of property, plant and equipment and intangible assets and costs of demolition obligations for property, plant and equipment (notes 12 and 13)
- Impairment testing of assets and measurement of goodwill (note 12)
- Estimations to determine the duration and expected payments for residual value guarantees as well as lease interest rates (note 14)
- Recognition of deferred tax assets (note 33)
- Estimation of parameters for impairment of property, plant and equipment, intangible assets, right-of-use assets and financial assets (notes 4, 12, 14, 16 and 18)
- Material actuarial assumptions (note 26)
- Discretion in measuring provisions and contingent liabilities (notes 29 and 24)

The estimates made were largely based on historical data and other relevant factors, including the going concern principle. Actual results may differ from these estimates.

Determination of fair values

The financial instruments of the Group accounted for at fair value are allocated to different levels of the fair value hierarchy based on the measurement method used; these levels are defined as follows:

- Level 1: Listed (unadjusted) prices in active markets for identical assets and liabilities
- Level 2: Techniques for which all inputs which have a material effect on the recognized fair value are either directly or indirectly observable
- Level 3: Techniques using inputs that have a material effect on the recognized fair value and are not based on observable market data

More information on the assumptions made in determining the fair values can be found in note 32.

Changes in accounting policies

The accounting policies applied were essentially unchanged compared with the policies applied in the previous year. In addition, the Group applied the following new/revised standards and interpretations that are relevant to BLG LOGISTICS and whose application was mandatory for the first time in the 2022 financial year:

Standards	Application required for financial years starting from
Amendments to IFRS 3 "Business Combinations" (Reference to the IFRS Conceptual Framework)	January 1, 2022
Amendments to IFRS 16 "Leases" (COVID-19-Related Rent Concessions beyond June 30, 2021)	April 1, 2021
Amendments to IAS 16 "Property, Plant and Equipment" (Proceeds before Intended Use)	January 1, 2022
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (Onerous Contracts – Cost of Fulfilling a Contract)	January 1, 2022
Various standards: Annual Improvements Project 2018–2020	January 1, 2022

The amendments to IFRS 16 "Leases" (rental concessions in connection with COVID-19) were already applied early by BLG LOGISTICS in 2020. The IASB extended the practical relief on COVID-19-related rent concessions until June 30, 2022.

Effects of changes in accounting policies

The new/revised standards had no material impact. For this reason, the amounts from the previous year have not been restated.

Non-mandatory application of new or amended standards and interpretations

Application of the standards and interpretations in the table which were previously adopted, revised or recently issued by the IASB was not yet mandatory in the 2022 financial year.

BLG LOGISTICS plans to observe the new standards and interpretations in the consolidated financial statements from the date on which their initial application is mandatory. The new standards and interpretations that are relevant to the Group's operations will have an impact on the way in which the Group's financial information is published; however, they will not have any material effects on the recognition and the measurement of assets and liabilities or the presentation of the financial performance in the consolidated financial statements.

Standards	Application required for financial years starting from[1]	Adopted by the EU Commission
Amendments to IFRS 16 "Leases" (Lease Liability in a Sale and Leaseback Transaction)	January 1, 2024	No
IFRS 17 "Insurance Contracts"	January 1, 2023	Yes
Amendments to IFRS 17 "Insurance Contracts" (First-Time Application of IFRS 17 and IFRS 9 – Comparative Information)	January 1, 2023	Yes
Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Making Materiality Judgements" (Practice Statement)	January 1, 2023	Yes
Amendments to IAS 1 "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-Current)	January 1, 2024	No
Amendments to IAS 1 "Presentation of Financial Statements" (Non-Current Liabilities with Covenant)[2]	January 1, 2024	No
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Accounting Estimates)	January 1, 2023	Yes
Amendments to IAS 12 "Income Taxes" (Deferred Tax related to Assets and Liabilities Arising from a Single Transaction)	January 1, 2023	Yes

[1] Date of initial application in accordance with EU law, where already adopted into EU law.

[2] The amendments supplement the amendments to IAS 1 relating to classification of liabilities as current or non-current.

Segment Reporting and Operating Earnings

2. Operations of the BLG Group

As an international seaport-oriented logistics service provider with AUTOMOBILE, CONTRACT and CONTAINER Divisions for its customers in industry and retailing, the BLG Group is represented in over 100 subsidiaries and offices in Europe, North and South America, Africa and Asia.

The services offered range from operation of the seaport terminals in Europe to complex supply chain management with value-added services on an international level. The main services of the divisions, divided into business areas, are presented below.

AUTOMOBILE
The AUTOMOBILE Division offers a full range of finished vehicle logistics services in its seaport terminals, inland terminals, car transport, rail and Southern/Eastern Europe business areas.

The locations of the **seaport terminals** business area serve as hubs and are export ports for European vehicle production overseas such as China, Japan, Korea, the US, Australia, South Africa and Scandinavia. As import ports, these terminals provide all services for the European vehicle market. In addition to passenger car handling, the services also include traditional warehouse logistics and a large number of technical services such as pre-delivery inspection (PDI), special installations and conversions for new and used vehicles. In order to bundle the expertise in heavy goods handling, the logistics for offshore and onshore wind energy and high & heavy cargo handling segments in Bremerhaven were integrated into the seaport terminals business area. Conventional goods handling at Neustädter Hafen in Bremen is also assigned to the seaport terminals. This includes the handling, storage and other logistics services for handling paper, forestry and steel products as well as project business and the handling of other heavy or bulky goods.

The **inland terminals** offer short distances to the European highway network, have their own railway connections, and most have a direct connection to the waterways. This network creates reliable logistics chains from car manufacturers around the world to car dealers and private end customers in the destination countries. The services include passenger car handling, warehouse logistics and technical services, e.g. the preparation of newer used vehicles, auctions, Internet sales.

In addition, through its **Southern/Eastern Europe** business area, BLG LOGISTICS is represented by several maritime and inland terminals in Europe.

In the AutoTransport and rail business areas, the core competence lies in transport by road, rail and inland waterways. The services also include individual transports and special shuttle concepts. Our focus here is on modernizing our fleets in order to be able to offer our customers low-emission transport chains.

In the AUTOMOBILE Division, revenue is normally recognized in the amount permitted to be invoiced, as the invoiced amounts correspond directly with the value of the performance completed to date. The services are mostly invoiced and paid on a monthly basis. This is based on the number of vehicles processed or transported and the agreed unit prices. In some cases, the invoice is issued before the performance obligation is fully met or only after all performance steps have been carried out. The portion of the consideration received from customers for which the services have not yet been performed is recognized as contract liabilities in the statement of financial position. In these cases, the sales are only recognized once the services have been transferred to the customer. Services already performed for which no invoice has yet been issued are recognized as contract assets in the statement of financial position.

CONTRACT
The CONTRACT Division develops customized logistics solutions. The focus of its services is on automotive parts, industrial and production logistics, retail and distribution logistics as well as freight forwarding services.

The **industrial logistics (Europe and overseas)** business areas provide logistics activities for the manufacturing industry. For car manufacturers, this includes the procurement logistics of the suppliers, supplying production lines, as well as consolidation, processing, packaging and shipping in order to supply production plants. Complex system services ensure reliable supplies to assembly lines in Germany and abroad. With the pre-assembly of vehicle components and production-related work processes, the industrial logistics business area functions as an extended workbench of automobile manufacturers.

In industrial companies in other sectors, complex goods flows relating to production are designed and optimized. The range of services also includes the supplies to and waste removal from production lines, on-site logistics for the optimal design of internal goods flows, reverse logistics management and complex assemblies. In addition, forwarding activities are carried out for the planning and scheduling of land transports.

Complex logistics processes are designed, implemented, managed and executed for retail companies in the **retail logistics** business area. In all sectors of the retail logistics business area, solutions are offered to customers from a single source. This applies in particular to the areas of e--commerce, multi-channel retailing, processing and value-added services for goods, the collection and processing of returns, as well as the handling of flat and hanging merchandise in the fashion logistics segment. Customized innovative solutions for high-profile customers are developed with the help of in-house IT expertise and ensure comprehensive information transparency and goods movements. In addition, the retail logistics business area includes the handling and storage of refrigerated and frozen goods at the Bremerhaven container terminal, as well as all related services.

As part of a reorganization of the CONTRACT Division, the previous division into the industrial and retail logistics business areas will be replaced by three areas of competence. In the new organization by region, Contract Operations places the focus on proximity to the customer, While Customer & Business Development focuses on market developments, thus positioning itself competitively and flexibly. Performance Support intrinsically strengthens the organization, making it future-proof and transparent. Overall, the bundling of competencies helps us to be more broadly positioned vis-à-vis customers, to benefit from synergies, and to design solutions that are even more tailored to customers' needs.

In the CONTRACT Division, revenue is usually recognized in the amount permitted to be invoiced, as the invoiced amounts correspond directly with the value of the performance completed to date. The services are mostly invoiced and paid on a monthly basis. Capital-intensive services such as the provision of space and storage facilities are largely invoiced at fixed prices, but sometimes also according to actual use. The invoicing of personnel-intensive services is based on prices per performance unit or a combination of fixed basic remuneration and variable remuneration per performance unit, sometimes using volume tiers.

CONTAINER

The CONTAINER Division is represented by the joint venture EUROGATE GmbH & Co. KGaA, KG, Bremen, in which BLG holds a 50 percent share. EUROGATE has its own subsidiaries and investees. The EUROGATE Group companies are included in the consolidated financial statements using the equity method of accounting.

The focus of the activities of the EUROGATE Group includes handling containers on the European continent. EUROGATE operates, in some cases with partners, container terminals in Bremerhaven, Hamburg and Wilhelmshaven, Germany, at the Italian locations La Spezia, Ravenna and Salerno, in Tangier, Morocco, in Limassol, Cyprus, and in Ust-Luga, Russia. In addition, EUROGATE has investments in several inland terminals and rail transport companies.

Intermodal services (the transport of sea containers to and from the terminals), repairs, depot storage and trading of containers, cargo-modal services and technical services are offered as secondary services.

3. Notes on Segment Reporting

In accordance with IFRS 8, segment information is based on the internal management and reporting structure. With regard to BLG LOGISTICS, this means that segments are reported by division in line with the Group structure, i.e., the CONTAINER Division is still recognized as a separate segment in segment reporting and is eliminated again in the reconciliation column. At the same time, the earnings from companies accounted for using the equity method, which primarily include the earnings of the CONTAINER Division, are reported as part of EBIT in line with internal management. This also applies to the other companies accounted for using the equity method.

Entire companies are each assigned to the AUTOMOBILE, CONTRACT and CONTAINER Divisions. These companies each represent operating segments, which are grouped together for reporting purposes according to division, as they operate in a similar economic environment and are very similar in their services, processes and customer groups.

The AUTOMOBILE and CONTRACT Divisions were subdivided into eight business areas in 2022. Responsibility for the operational management of the business areas, including earnings responsibility, lies with the relevant business area managers of the AUTOMOBILE and CONTRACT Divisions, and with the Group management of the subgroup EUROGATE GmbH & Co. KGaA, KG for the CONTAINER Division.

The AUTOMOBILE Division essentially comprises the companies BLG AutoTerminal Bremerhaven GmbH & Co. KG, BLG AutoTerminal Deutschland GmbH & Co. KG, BLG AutoTransport GmbH & Co. KG and BLG AutoRail GmbH.

The significant companies of the CONTRACT Division are BLG Industrielogistik GmbH & Co. KG, BLG Handelslogistik GmbH & Co. KG and BLG Sports & Fashion Logistics GmbH.

The CONTAINER Division includes the 50-percent stake in the operational management company EUROGATE GmbH & Co. KGaA, KG of the EUROGATE Group.

The operations of the divisions are described in detail in note 2.

BLG AG and BLG KG, as the management and financial holding companies of the BLG Group, are not an operating segment as defined by IFRS 8. These central departments, with their assets, liabilities and results, are included in the reconciliation column. For disclosures regarding employees, the central departments are referred to as “Services.” The relevant disclosures can be found in the Group management report.

BLG LOGISTICS predominantly conducts its activities in Germany. EUR 1,070,318 thousand of Group revenue (previous year: EUR 1,016,393 thousand) was attributable to Germany and EUR 48,662 thousand (previous year: EUR 34,045 thousand) to other countries. This allocation was based on the location at which the Group performs services. EUR 529,555 thousand of the Group’s non-current intangible assets and property, plant and equipment (previous year: EUR 551,089 thousand) was attributable to Germany and EUR 23,084 thousand (previous year: EUR 18,167 thousand) to other countries.

Around 18 percent (previous year: 17 percent) of total Group revenue was generated with the Group’s largest customer in the AUTOMOBILE and CONTRACT Divisions. Of this amount, EUR 196,156 thousand (previous year: EUR 178,956 thousand) was attributable to Germany and EUR 35 thousand (previous year: EUR 2,658 thousand) to other countries. Around 10 percent (previous year: 11 percent) of total Group revenue was generated with the Group’s second-largest customer in the AUTOMOBILE and CONTRACT Divisions. Of this amount, EUR 100,004 thousand (previous year: EUR 109,756 thousand) was attributable to Germany and EUR 7,982 thousand (previous year: EUR 858 thousand) to other countries.

BLG LOGISTICS is managed on the basis of the financial data for the operating segments determined in accordance with IFRSs; the accounting policies apply to the segments in the same way as to the entire Group. The key performance indicators for the segments are revenue, earnings before interest and taxes, earnings before taxes (EBT), and the EBT margin. In addition, RoCE (Return on Capital Employed) is calculated at Group level.

Services between the segments are billed on an arm's length basis.

Depreciation and amortization relate to the segments' property, plant and equipment, including right-of-use assets.

Segment assets do not include equity investments in companies accounted for using the equity method, or deferred or current taxes. There are no segment assets not required for operations. In line with internal control, intra-Group subleases are recognized by the end user only.

Segment liabilities include lease liabilities, current liabilities necessary for financing and provisions, excluding interest-bearing loans.

Capital expenditure relates to additions to property, plant and equipment, right-of-use assets and non-current intangible assets.

The reconciliation of the total of the reportable segments with the Group data was as follows for the main items of segment reporting:

Revenue with external third parties EUR thousand	**2022**	2021
Total of the reportable segments	1,473,058	1,366,729
CONTAINER Division	-345,098	-305,955
Consolidation	-8,980	-10,336
Group revenue	**1,118,980**	**1,050,438**

EBIT EUR thousand	**2022**	2021
Total of the reportable segments	100,682	94,214
Central departments/other EBIT	-52,643	-23,552
CONTAINER Division	-90,560	-74,152
Consolidation	107,103	64,997
Group EBIT	**64,582**	**61,507**

EBT EUR thousand	**2022**	2021
Total of the reportable segments	79,590	77,466
Central departments/other EBT	-21,340	-16,001
CONTAINER Division	-80,030	-69,825
Consolidation	77,502	60,586
Group segment earnings (EBT)	**55,722**	**52,226**

Assets EUR thousand	**2022**	2021
Total of the reportable segments	1,490,408	1,438,861
Central departments/ other assets	746,288	772,313
Equity investments in companies accounted for using the equity method	234,950	162,349
Deferred tax assets	5,064	2,356
Reimbursement rights from income taxes	3,780	2,844
CONTAINER Division	-618,951	-594,506
Consolidation	-525,022	-566,040
Group assets (assets)	**1,336,518**	**1,218,177**

Liabilities EUR thousand	**2022**	2021
Total of the reportable segments	1,077,384	1,056,926
Central departments/ other liabilities	105,761	114,965
Equity	277,727	156,289
Non-current loans (not including the current portion) adjusted	139,441	136,689
Other non-current financial liabilities	60,013	59,172
Deferred tax liabilities	0	218
Current portion of non-current loans	20,469	21,699
CONTAINER Division	-396,008	-378,411
Consolidation	51,731	50,630
Group liabilities (liabilities)	**1,336,518**	**1,218,177**

4. Revenue from Contracts with Customers

Revenue

In accordance with IFRS 15, revenue is recognized either at a point in time or over time when or as the performance obligation is satisfied and control is passed to the customer.

The amount of the revenue is based on the consideration agreed with the customer in exchange for transferring the promised goods or services.

The main services of the divisions, according to business areas, are described in note 2.

In the BLG Group, revenue is normally recognized pursuant to IFRS 15.B16 in the amount permitted to be invoiced, as the invoiced amounts correspond directly with the value of the performance completed to date. BLG LOGISTICS therefore makes use of the practical expedient provided by IFRS 15.121 (b) and does not disclose the amount of the remaining performance obligations for these contracts.

The tables below itemize revenue by service type and by business area and allocate the subdivided revenue to the AUTOMOBILE and CONTRACT Divisions. The CONTAINER Division is not included because it is accounted for using the equity method. A breakdown by revenue generated in Germany and abroad is included in note 3.

By service type EUR thousand	**AUTOMOBILE 2022**	AUTOMOBILE 2021	**CONTRACT 2022**	CONTRACT 2021	**Total 2022**	Total 2021
Freight forwarding and transport services	276,718	250,794	52,070	88,048	328,788	338,842
Handling revenue	127,716	116,314	235,524	217,666	363,240	333,980
Other logistics services and advisory services	63,219	59,967	142,962	132,341	206,181	192,308
Rental and storage income	51,578	41,337	40,957	36,610	92,535	77,947
Material sales	24,782	11,732	12,714	15,015	37,496	26,747
Provision of personnel and equipment	1,452	1,340	22,987	22,105	24,439	23,445
Container packing	2,498	2,912	3,661	3,340	6,159	6,252
Shipping income	4,695	4,092	0	0	4,695	4,092
Other	27,110	29,487	37,317	27,674	64,427	57,161
Total	**579,768**	**517,975**	**548,192**	**542,799**	**1,127,960**	**1,060,774**
Consolidation	-3,883	-4,804	-5,097	-5,532	-8,980	-10,336
Total	**575,885**	**513,171**	**543,095**	**537,267**	**1,118,980**	**1,050,438**

By business area EUR thousand	2022	2021
AUTOMOBILE		
Seaport terminals	267,071	235,527
Inland terminals	59,236	52,353
AutoTransport	129,064	114,172
Rail	98,562	97,421
Southern/Eastern Europe	21,952	13,698
	575,885	**513,171**
CONTRACT		
Industrial logistics (Europe)	261,068	263,862
Industrial logistics (overseas)	30,569	23,157
Retail logistics	251,458	240,028
Freight forwarding	0	10,220
	543,095	**537,267**
Total	**1,118,980**	**1,050,438**

Assets and liabilities from contracts with customers

Contract assets relate primarily to rights to receive consideration from customers arising from the satisfaction of performance obligations for which no invoice has been issued at the end of the reporting period. They are recognized under other assets in the statement of financial position (note 18).

Contract assets are reclassified as trade receivables if the right to receive consideration becomes unconditional. This is the case if the payment is due or will become due automatically as a result of the passage of time.

Loss allowances reported in net profit or loss are recognized on the basis of expected credit losses using the simplified approach. According to this approach, the amount of the loss allowance is to be determined on the basis of the lifetime expected credit losses. Changes in credit risk do not have to be tracked. The loss allowances are reported net as a separate item in the statement of profit or loss. Please also refer to note 32.

As the risk structure of the contract assets essentially corresponds to the risk structure of the trade receivables, the same expected credit loss rates are recognized for the loss allowances. The calculation of credit loss rates is described in note 18.

Contract liabilities result from advance payments by the customer or unconditional rights to receive consideration from the customer already existing before the (full) satisfaction of the performance obligations. Revenue is only recognized once the services have been transferred to the customer. They are recognized under other liabilities in the statement of financial position (note 28).

EUR thousand	12/31/2022	12/31/2021
Contract assets	17,159	7,854
Contract liabilities	1,848	1,873

The tables below contain information on the development of contract assets and contract liabilities.

Contract assets EUR thousand	2022	2021
As of January 1 (gross)	7,887	6,449
Reclassification to trade receivables (during the year)	-7,268	-5,321
Change from progress in the reporting year	16,594	6,759
As of December 31 (gross)	**17,213**	**7,887**
Loss allowances	-54	-33
As of December 31	**17,159**	**7,854**

Contract liabilities EUR thousand	2022	2021
As of January 1 (gross)	1,873	832
Revenue recognized in the reporting year:	-1,062	-676
of which included in contract liabilities at the beginning of the reporting year	-1,062	-676
Increase due to payments received (not including amounts recognized as revenue in the reporting year)	1,253	1,717
Changes in group of consolidated companies	0	0
Other changes	-216	0
As of December 31	**1,848**	**1,873**

The credit risk and the expected credit losses for contract assets were as follows as of December 31, 2022, and December 31, 2021:

EUR thousand	12/31/2022 Not past due	12/31/2021 Not past due
Expected credit loss rate (weighted average)	0.32%	0.42%
Nominal amounts	17,213	7,887
Loss allowances	-54	-33
Carrying amounts	**17,159**	**7,854**

Loss allowances for contract assets developed as follows:

EUR thousand	2022	2021
Amount as of the beginning of the financial year	33	20
Loss allowances for the financial year		
Transfers	24	17
Reversals	-3	-4
Balance as of the end of the financial year	**54**	**33**

5. Other Operating Income

EUR thousand	2022	2021
Income from the reversal of provisions	22,215	15,980
Income from the recharging of expenses	8,792	7,755
Insurance recoveries and other reimbursements	7,777	8,393
Income from prior periods	2,692	3,262
Ground rent and rental income	2,086	2,005
Income from recycling	1,426	1,328
Gains on disposal of property, plant and equipment	1,172	8,261
Income from the provision of personnel	875	824
Income from capital gains	620	324
Neutral income	40	105
Other	6,173	6,962
Total	**53,868**	**55,199**

Of the ground rent and rental income, EUR 1,294 thousand (previous year: EUR 1,371 thousand) was attributable to income from operating leases for own non-current assets and EUR 792 thousand (previous year: EUR 634 thousand) to income from subleases (see note 14).

6. Cost of Materials

EUR thousand	2022	2021
Cost of other purchased services	254,236	243,462
Expenses for external personnel	107,073	101,969
Cost of raw materials, consumables and supplies	100,711	78,332
Change in inventories of work in progress and services and finished products	-3	1
Total	**462,018**	**423,763**

7. Personnel Expenses

EUR thousand	2022	2021
Wages and salaries	393,167	394,847
Statutory social expenses	77,714	79,305
Expenses for post-employment benefits, support and anniversaries	4,069	5,114
Other	125	37
Total	**475,075**	**479,303**

Amounts resulting from the interest cost of personnel provisions, particularly pension provisions, are not recognized as personnel expenses. These are reported as a component of net interest income (expense).

Statutory social expenses included EUR 32,829 thousand (previous year: EUR 33,509 thousand) for contributions to statutory retirement plans. Of this amount, EUR 175 thousand (previous year: EUR 199 thousand) was attributable to key management personnel and EUR 13 thousand (previous year: EUR 19 thousand) to employee representatives on the Supervisory Board.

In 2022, BLG LOGISTICS had an average of 9,887 employees (previous year: 10,370). Of these employees, 7,726 (previous year: 8,212) were blue-collar workers and 2,161 (previous year: 2,158) worked in commercial functions. Please refer to the Group management report and the Segment reporting for further information.

8. Depreciation, Amortization and Impairment of Non-current Intangible Assets, Property, Plant and Equipment and Right-of-Use Assets from Leases

EUR thousand	2022	2021
Depreciation and amortization	79,163	80,609
Impairment	7,836	216
Total	**86,999**	**80,825**

A breakdown of the depreciation, amortization and impairment of the individual asset classes can be found in notes 12 and 13.

The impairments in the reporting year related with EUR 7,836 thousand in the full amount to two cross-network planning and control tools.

Depreciation and amortization included depreciation on right-of-use assets from leases in accordance with IFRS 16 of EUR 45,894 thousand (previous year: EUR 47,693 thousand). Further disclosures can be found in note 14.

9. Other Operating Expense

EUR thousand	2022	2021
Rental and incidental rental expense	26,817	24,736
Security costs and other real estate expense	23,128	21,258
IT expense	16,906	16,207
Expenses for loss events	11,910	13,617
Expenses for insurance premiums	11,311	10,652
Legal, advisory and audit fees	10,468	8,988
Expenses for expected losses	7,143	537
Other personnel expenses	8,987	6,770
Other neutral expenses	7,570	845
Distribution costs	6,073	5,003
Administrative expense and contributions	5,324	3,282
Expenses for infrastructure measures	5,189	0
Other taxes	2,608	2,465
Training expenses	2,550	2,053
Postal and telecommunications costs	2,222	2,628
Expenses for foreign exchange losses	509	187
Other prior-period expenses	149	2,891
Other	10,672	937
Total	**159,535**	**123,056**

10. Net Income (Net Loss) of Companies Accounted for Using the Equity Method

Profit shares from partnerships are realized immediately at the end of the financial year, unless the partnership arrangement links the existence of a withdrawal claim to a separate partner resolution. By contrast, dividends from corporations are recognized through profit or loss only once a profit appropriation resolution exists.

As a result of the Russian war of aggression, the equity investment in BLG ViDi LOGISTICS TOW, Kyiv, Ukraine, was written down in full (EUR 1,984 thousand, previous year: EUR 0 thousand). The impairment was allocable in full to the AUTOMOBILE Division.

EUR thousand	2022	2021
Net income (net loss) of companies accounted for using the equity method		
Joint ventures	76,515	61,714
Associates	1,190	588
Total	**77,705**	**62,302**

Income from joint ventures included the CONTAINER Division's earnings of EUR 76,705 thousand (previous year: EUR 61,879 thousand).

11. Net Interest Income (Expense)

EUR thousand	2022	2021
Income from non-current finance receivables	**37**	**20**
Other interest and similar income		
Interest income from lease receivables	8,169	6,627
Interest income from bank balances	765	563
Interest income from amortization of other assets	97	0
Interest income from interest rate swaps	59	3
Other interest income	170	143
	9,260	**7,336**
Interest and similar expenses		
Interest expense from lease liabilities	-11,337	-11,423
Interest expense from non-current loans and other financial liabilities	-3,167	-2,334
Interest expense from interest rate swaps	-954	-952
Interest cost for provisions and liabilities	-339	-898
Interest expense for current liabilities to banks	-189	-149
Other interest expense	-2,172	-963
	-18,159	**-16,719**
Total	**-8,862**	**-9,363**

Please refer to note 14 for information on interest income from lease receivables and interest expense from lease liabilities.

Borrowing costs of EUR 0 thousand (previous year: EUR 412 thousand) were capitalized. The underlying capitalization rate in the previous year was 2.15 percent.

Assets and Leases

12. Intangible Assets

Intangible assets include not only acquired and internally generated intangible assets but also goodwill arising from company acquisitions.

Goodwill represents the excess of the cost of acquisition from company acquisitions over the fair value of the Group's interests in the net assets of the acquired companies at the acquisition date. The goodwill recognized is subject to annual impairment testing and measured at historical cost less any accumulated impairment. Reversals are not permitted. Gains and losses on the disposal of a company include the carrying amount of the goodwill, which is attributed to the company being deconsolidated.

Acquired intangible assets are capitalized at purchase cost; internally generated intangible assets from which the Group expects to derive future benefit and which can be measured reliably are capitalized at production cost and amortized on a straight-line basis over their estimated useful lives. Costs in this context include all direct production costs as well as an appropriate share of production overheads. Financing costs are capitalized if they are attributable to qualifying assets.

The straight-line pro rata temporis method is the sole method used for depreciation and amortization, which is presented in the statement of profit or loss in the item "Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases." This is based on the following standard useful lives:

	2022	2021
Licenses, industrial property rights and similar rights	5-8 years	5-8 years
Software licenses	2-5 years	2-5 years
Internally generated software	3-5 years	3-5 years

No financing costs were capitalized for qualifying assets.

2022 EUR thousand	Goodwill	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	Advance payments on intangible assets	**Total**
Cost				
As of January 1	19,675	40,170	8,311	68,156
Changes in group of consolidated companies	-3,593	-62	0	-3,655
Additions	0	1,797	295	2,092
Disposals	0	-1,291	0	-1,291
Reclassifications	0	91	-91	0
Exchange rate differences	0	41	0	41
As of December 31	**16,082**	**40,746**	**8,515**	**65,343**
Depreciation, amortization and impairments				
As of January 1	14,591	32,961	0	47,552
Changes in group of consolidated companies	-2,796	-60	0	-2,856
Depreciation and amortization	0	2,494	0	2,494
Impairment	0	0	7,836	7,836
Disposals	0	-1,290	0	-1,290
Exchange rate differences	0	24	0	24
As of December 31	**11,795**	**34,129**	**7,836**	**53,760**
Carrying amounts as of December 31	**4,287**	**6,617**	**679**	**11,583**

2021 **EUR thousand**	Goodwill	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	Advance payments on intangible assets	Total
Cost				
As of January 1	28,429	41,447	7,357	77,233
Additions	0	2,692	957	3,649
Disposals	-8,754	-6,121	0	-14,875
Reclassifications	0	2,117	-3	2,114
Exchange rate differences	0	35	0	35
As of December 31	**19,675**	**40,170**	**8,311**	**68,156**
Depreciation, amortization and impairments				
As of January 1	23,345	36,304	0	59,649
Depreciation and amortization	0	2,666	0	2,666
Impairment	0	0	0	0
Disposals	-8,754	-6,000	0	-14,754
Reclassifications	0	-33	0	-33
Exchange rate differences	0	24	0	24
As of December 31	**14,591**	**32,961**	**0**	**47,552**
Carrying amounts as of December 31	**5,084**	**7,209**	**8,311**	**20,604**

In the previous year, the intangible assets included such assets for which there was an operating lease. These developed as follows:

2021 **EUR thousand**	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets
Cost	
As of January 1	1,166
Disposals	-1,166
As of December 31	**0**
Depreciation, amortization and impairments	
As of January 1	1,022
Depreciation and amortization	113
Disposals	-1,135
As of December 31	**0**
Carrying amounts as of December 31	**0**

Impairment

Overview

All non-financial assets of the Group, with the exception of inventories and deferred tax assets, are tested at the end of the reporting period for indications of possible impairment within the meaning of IAS 36. If such indications are identified, the expected recoverable amount is estimated and compared with the carrying amount.

If there are indications of impairment and if the recoverable amount is less than the amortized cost, impairment is recognized on the intangible assets. If it is not possible to estimate the recoverable amount for an individual asset, the assets are combined to form cash-generating units.

In addition, the recoverable amounts for goodwill, assets with an indefinite useful life and intangible assets not yet completed are estimated at the end of each reporting period regardless of whether there are any indications of impairment.

In accordance with IAS 36, impairment is recognized through profit or loss if the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount.

If a requirement to recognize a loss allowance is determined for a cash-generating unit, the goodwill of the cash-generating unit in question is first reduced. If a further adjustment of the loss allowance is required, it is uniformly distributed over the carrying amounts of the other assets of the cash-generating unit.

Impairment is recognized in the item “Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases.”

Determination of the recoverable amount

The expected recoverable amount is the higher of an asset’s net realizable value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash-generating unit. The calculations are made in euros on the basis of five-year planning (previous year: three-year planning), taking country-specific risks into account. Foreign currencies are translated using forward rates. The Group’s weighted average cost of capital of 7.92 percent (previous year: 6.56 percent) is used as the discount rate, which is adjusted to the country-specific tax rate. The weighted average cost of capital is determined by the debt and equity interests, the risk-free base rate taking inflation into account (2.17 percent, previous year: 0.17 percent), the market risk premium (7.0 percent, previous year: 7.0 percent), the sector-specific risk, the country-specific tax rate and borrowing costs.

The recoverable amounts of cash-generating units are determined based on value-in-use calculations. The tested goodwill and the assumptions underlying the calculations are shown in the following table:

2022	**BLG AutoRail GmbH, Bremen**
Division	AUTOMOBILE
Carrying amount of goodwill (EUR thousand)	4,288
Revenue growth p.a. in % (planning period)	0.0-0.8
Other parameters for corporate planning	Capacity utilization, price per vehicle, business expansion
Duration of the planning period	5 years
Revenue growth p.a. in % after the end of the planning period	0.0
Discount rate in %	7.9

2021	BLG AutoRail GmbH, Bremen	BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia
Division	AUTOMOBILE	AUTOMOBILE
Carrying amount of goodwill (EUR thousand)	4,288	797
Revenue growth p.a. in % (planning period)	0.0–16.3	23.9–44.6
Other parameters for corporate planning	Capacity utilization, price per vehicle, business expansion	Capacity utilization, productivity, price per vehicle
Duration of the planning period	3 years	3 years
Revenue growth p.a. in % after the end of the planning period	0.0	0.0
Discount rate in %	6.6	6.7

For BLG AutoRail GmbH, Bremen, the recoverable amount based on the assumptions listed in the above table significantly exceeded the carrying amount of the cash-generating unit. Planning takes into account the utilization of railroad cars based on historical data from previous years as well as the conversion of ad hoc transport to portfolio transport. Even with a substantial reduction in the assumptions for revenue growth and other parameters or an increase in the discount rate by one percentage point, the recoverable amount would be above the carrying amount. The revenue expectations on which the planning in the AUTOMOBILE Division were based were derived from market forecasts for new car registrations, previous market shares and customer surveys.

The goodwill of the cash-generating unit BLG St. Petersburg was impaired in previous years, with EUR 2,796 thousand written down on a carrying amount of EUR 797 thousand. Against the background of the de facto loss of control in connection with the Russian war of aggression, BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia, was deconsolidated with effect from December 31, 2022.

As a result of increased market interest rates, all cash-generating units without allocated goodwill were also tested in the reporting year for indications of impairment within the meaning of IAS 36.

For the cash-generating unit BLG ATB, which on account of its close affiliation is made up of BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven, and BLG AutoTec GmbH & Co. KG, Bremerhaven, a recoverable income of EUR 85.9 million was determined in the reporting year on the basis of the value-in-use calculation. The calculation is based on a discount rate of 7.05% (previous year: 4.31%).

When allocating an impairment loss to individual assets of a cash-generating unit, care must be taken to ensure that the carrying amount of an asset is not reduced below the higher of its fair value less costs to sell and its value in use. As a result, an allocated impairment loss remains for the BLG ATB cash-generating unit in the amount of EUR 7,835 thousand. This amount is attributable to IT tools for central capacity management (EUR 2,801 thousand) as well as to the processing of delivery traffic (EUR 5,035 thousand). The impairments were allocable in full to the AUTOMOBILE segment. These impairments were recognized in the statement of profit or loss in the item “Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases.”

Reversals of impairment losses

If the reasons for the impairment cease to exist, it must be reversed. The reversal is limited to the cost less amortized cost that would have resulted without the impairment losses.

If the write-downs were distributed evenly across the assets of a cash-generating unit, the same procedure is used for the reversals.

Reversals of impairment on goodwill are not permitted.

13. Property, Plant and Equipment

Property, plant and equipment are accounted for at cost less depreciation based on use. Production costs include both direct costs and an appropriate share of attributable production overheads. Borrowing costs are recognized in production costs, insofar as they relate to qualifying assets. In accordance with IAS 16, demolition obligations are accounted for at present value as incidental purchase costs. Expected residual values are usually not taken into account in determining amortization.

The remeasurement method is not used at BLG LOGISTICS.

If the conditions of IAS 16 for the application of the component approach are met, the assets are broken down into their components, which are capitalized individually and depreciated over their useful lives.

Asset-related government grants are deferred and amortized over the useful life of the subsidized asset using the straight-line method. Please refer to note 25.

The straight-line pro rata temporis method is the sole method used for depreciation and amortization, which is presented in the statement of profit or loss in the item "Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases." This is based on the following standard useful lives:

	2022	2021
Buildings, lightweight	10 years	10 years
Buildings, solid construction	20–40 years	20–40 years
Open spaces	10–20 years	10–20 years
Other handling equipment	4–34 years	4–34 years
Technical plant and machinery	5–30 years	5–30 years
Operating and office equipment	4–20 years	4–20 years
Low-value assets	1 year	1 year

If there are indications of impairment and if the recoverable amount is lower than the cost less cumulative depreciation and impairment losses, the property, plant and equipment are impaired (see also note 12 under "Impairment").

Impairment is recognized in the item "Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases." Apart from depreciation and amortization, no write-downs were recognized in the 2022 financial year.

In the reporting year, the write-down of a heavy-duty slab (EUR 2,664 thousand) was reversed as a result of an increase in future cash flows in connection with a lease. The heavy-duty slab is allocable to the AUTOMOBILE segment.

2022 **EUR thousand**	Land, land rights and buildings including buildings on third-party land	Handling equipment	Technical plant and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost						
As of January 1	665,634	183,113	109,282	82,713	28,894	1,069,636
Changes in group of consolidated companies	0	-3,372	-4,455	-36	0	-7,863
Additions	29,190	25,441	5,509	9,126	1,140	70,406
Disposals	-8,366	-24,727	-699	-13,052	-8	-46,852
Reclassifications	23,345	58	341	1,581	-25,325	0
Exchange rate differences	738	357	512	494	0	2,101
As of December 31	**710,541**	**180,870**	**110,490**	**80,826**	**4,701**	**1,087,428**
Depreciation, amortization and impairments						
As of January 1	305,488	86,589	70,580	58,328	0	520,985
Changes in group of consolidated companies	0	-925	-3,126	-29	0	-4,080
Depreciation and amortization	41,571	21,461	4,370	9,267	0	76,669
Impairment	0	0	0	0	0	0
Disposals	-7,310	-24,510	-626	-12,869	0	-45,315
Reclassifications	110	0	-110	0	0	0
Reversals of write-downs	-2,664	0	0	0	0	-2,664
Exchange rate differences	253	66	267	191	0	777
As of December 31	**337,448**	**82,681**	**71,355**	**54,888**	**0**	**546,372**
Carrying amounts as of December 31	**373,093**	**98,189**	**39,135**	**25,938**	**4,701**	**541,056**

2021 **EUR thousand**	Land, land rights and buildings including buildings on third-party land	Handling equipment	Technical plant and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost						
As of January 1	708,514	170,185	174,729	87,230	7,758	1,148,416
Additions	48,783	29,132	5,500	7,156	25,684	116,255
Disposals	-92,951	-16,355	-71,424	-13,922	0	-194,652
Reclassifications	339	11	204	1,652	-4,548	-2,342
Exchange rate differences	949	140	273	597	0	1,959
As of December 31	**665,634**	**183,113**	**109,282**	**82,713**	**28,894**	**1,069,636**
Depreciation, amortization and impairments						
As of January 1	301,693	76,539	121,189	63,065	0	562,486
Depreciation and amortization	38,547	24,899	6,137	8,359	0	77,942
Impairment	59	0	157	0	0	216
Disposals	-35,146	-14,875	-57,043	-13,162	0	-120,226
Reclassifications	5	-2	0	-160	0	-157
Exchange rate differences	330	28	140	226	0	724
As of December 31	**305,488**	**86,589**	**70,580**	**58,328**	**0**	**520,985**
Carrying amounts as of December 31	**360,146**	**96,524**	**38,702**	**24,385**	**28,894**	**548,651**

Advance payments and assets under construction of EUR 4,701 thousand (previous year: EUR 28,894 thousand) related exclusively to assets under construction.

Financing costs of EUR 412 thousand were capitalized for qualifying assets in the previous year.

The right-of-use assets from rental agreements and leases included in property, plant and equipment are presented in note 14.

There are no other assets reported under property, plant and equipment that have been pledged as collateral for non-current loans. Right-of-use assets capitalized in accordance with IFRS 16 are not assigned as collateral, as legal ownership remains with the lessor.

The assets included in property, plant and equipment for which there is an operating lease developed as follows:

2022 **EUR thousand**	Land, land rights and buildings including buildings on third-party land	Handling equipment	Technical plant and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost						
As of January 1	22,546	0	8,836	147	0	31,529
Additions	526	0	0	0	0	526
Disposals	-3	0	0	0	0	-3
As of December 31	**23,069**	**0**	**8,836**	**147**	**0**	**32,052**
Depreciation, amortization and impairments						
As of January 1	7,682	0	3,472	141	0	11,295
Depreciation and amortization	1,728	0	479	3	0	2,210
Disposals	-3	0	0	0	0	-3
As of December 31	**9,407**	**0**	**3,951**	**144**	**0**	**13,502**
Carrying amounts as of December 31	**13,662**	**0**	**4,885**	**3**	**0**	**18,550**

2021 **EUR thousand**	Land, land rights and buildings including buildings on third-party land	Handling equipment	Technical plant and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost						
As of January 1	72,023	1,661	75,497	8,079	57	157,317
Additions	6,099	0	1,802	0	0	7,901
Disposals	-55,576	-1,661	-68,463	-7,932	-57	-133,689
As of December 31	**22,546**	**0**	**8,836**	**147**	**0**	**31,529**
Depreciation, amortization and impairments						
As of January 1	30,826	1,196	54,163	7,198	0	93,383
Depreciation and amortization	1,953	12	3,036	83	0	5,084
Disposals	-25,097	-1,208	-53,727	-7,140	0	-87,172
As of December 31	**7,682**	**0**	**3,472**	**141**	**0**	**11,295**
Carrying amounts as of December 31	**14,864**	**0**	**5,364**	**6**	**0**	**20,234**

14. Leases

BLG as lessee

Leases

BLG LOGISTICS' leases primarily cover land, buildings and wharfs. They relate mainly to heritable building rights in the ports of Bremen and Bremerhaven and have remaining terms of up to 26 years. The Group thus secures long-term rights of use to the land required for operations. In addition, there are mainly leases for railroad cars, industrial trucks, conveyor systems, HGVs, passenger cars and tractor units, which have terms of mainly between three and ten years.

A number of property leases contain extension or termination options. All facts and circumstances that offer an economic incentive to exercise extension options or not to exercise termination options are taken into account when determining the term of leases. Changes in the term of a lease as a result of exercising or not exercising options are taken into account only when they are reasonably certain. As extension or termination options are often agreed in line with corresponding clauses in contracts with customers, the exercise of these options is reviewed in parallel with the contract negotiations with customers. At the same time, potential future cash outflows that are not currently included in the lease liabilities are offset by a similar amount of potential future cash inflows from contracts with customers. The modified lease payments are to be discounted at the interest rate on the date of the lease modification.

In addition, the heritable building right contracts in particular provide for an adjustment of the ground rent on the basis of the consumer price index every five years. The lease payments are stated at the index level applicable at the respective measurement date. The last adjustment was made in the 2021 financial year and constituted the increase scheduled for the January 1, 2020 that was deferred to support Bremen's port and logistics industry in connection with the coronavirus crisis in 2020. These are index-based variable payments, which are accounted for from the date the adjustment of the lease payments takes effect, using an unchanged discount rate.

In most of the leases for railroad cars, the Group has granted residual value guarantees in light of the uncertainties regarding future sales proceeds and the lessors' requirement that BLG LOGISTICS participate in the risks. Only the amounts that are expected to be paid are included in the lease payments. Estimates are based on the expected residual values of the railroad cars at the end of the lease term. They are regularly reviewed and, if necessary, adjusted using an unchanged discount rate. Residual value guarantees of no more than EUR 6.1 million (previous year: EUR 11.8 million) (undiscounted) are not expected to result in payments, so no amounts for residual value guarantees were included in the lease liabilities as of December 31, 2022. There are also a small number of options to purchase railroad cars at fair value.

Recognition and measurement

BLG LOGISTICS as a lessee recognizes assets for the right to use the leased assets and liabilities for the payment obligations entered into. They are recognized at the date from which the underlying asset is available for the Group's use.

IFRS 16 is not applied to leases for intangible assets. BLG LOGISTICS exercises the option for short-term leases and leases of low-value assets and recognizes payments for these leases on a straight-line basis as expenses in the statement of profit or loss. In the case of contracts that contain other components besides lease components, these components are not separated.

The right-of-use assets are measured at cost, comprising the present value of the outstanding lease payments and lease payments made to the lessor on or before commencement of the lease less lease incentives received, initial direct costs and, if applicable, the estimated costs to dismantle the underlying assets.

Subsequently, the right-of-use assets are depreciated over the shorter of the term of the lease and the useful life in line with the rules for comparable own assets and, if necessary, impaired (see also ▸note 12 under "Impairment").

These are grouped with acquired assets for reporting purposes, taking into account the asset class.

The lease liabilities are measured at the present value of the outstanding lease payments. They are discounted using the interest rate implicit in the lease, if that rate can be determined. Alternatively, they are discounted at the incremental borrowing rate.

The lease payments include fixed lease payments, less lease incentives to be received from the lessor, variable lease payments linked to an index or interest rate, expected payments resulting from residual value guarantees, the exercise price of a purchase option if the exercise is reasonably certain, and penalties payable if termination options are exercised, if their exercise is reasonably certain.

After initial recognition, the lease liabilities are measured at amortized cost using the effective interest method. Interest cost is therefore computed for lease liabilities on the basis of an amount resulting in a constant periodic discount rate for the remaining liabilities. This corresponds to the discount rate determined at the commencement date of the lease, unless a reassessment requires a change in the discount rate. This is the case if changes in the estimate regarding exercise or non-exercise of purchase, extension or termination options arise or changes to the scope, amount of contractual payments or the term of the lease are agreed. Remeasurements using an unchanged discount rate must be made in the event of changes in variable payments linked to an index or interest rate or changes in the estimate of the payments expected to be made under residual value guarantees. Amounts from a remeasurement of the lease liability are recognized at the same time as an adjustment to the right-of-use asset. If the value of the right to use the leased asset is reduced to zero, the remaining adjustment amount is to be recognized in the statement of profit or loss. Lease payments made less the interest expenses included therein reduce the carrying amount of the lease liabilities.

Right-of-use assets

The following table shows the separate carrying amounts for rights to use leased assets that were included in property, plant and equipment.

EUR thousand	**2022**	2021
Land, land rights and buildings, including buildings on third-party land	241,160	248,161
Handling equipment	15,671	27,487
Other equipment, operating and office equipment	2,508	2,081
Total	**259,339**	**277,729**

The additions to right-of-use assets in the 2022 financial year amounted to EUR 30,132 thousand (previous year: EUR 51,360 thousand).

The corresponding lease liabilities are recognized under financial liabilities. Please refer to ▸note 24.

Statement of profit or loss

The following amounts were recognized in the statement of profit or loss in connection with leases in which BLG LOGISTICS is the lessee.

EUR thousand	2022	2021
Depreciation, amortization and impairments		
Land, land rights and buildings, including buildings on third-party land	32,090	28,316
Handling equipment	12,303	17,797
Technical plant and machinery	0	123
Other equipment, operating and office equipment	1,501	1,457
	45,894	**47,693**
Other operating expense		
Expenses for short-term leases	12,046	13,460
Expenses for leases of low-value assets	1,993	1,709
	14,039	**15,169**
Interest expense		
Interest expenses from lease liabilities	11,337	11,422
	11,337	**11,422**
Total	**71,270**	**74,284**

Total payments for leases in the financial year amounted to EUR 88,894 thousand (previous year: EUR 97,923 thousand).

BLG as lessor

Leases

The Group has subleases for land, buildings, wharfs and operating equipment. The terms of these subleases in the main correspond with those of the head leases. In addition, BLG LOGISTICS is in some cases lessor under customer contracts.

The subleases largely relate to the rights and obligations, transferred under usage transfer agreements, arising from the heritable building rights of the Free Hanseatic City of Bremen (municipality) for land necessary for the business of the EUROGATE Group. Further information is given in note 15 under "Joint ventures."

Recognition and measurement

As lessor, BLG LOGISTICS classifies leases at commencement as an operating lease or a finance lease.

If the lease transfers in substance all the risks and rewards of ownership, the lease is a finance lease. If this is not the case, the lease is an operating lease.

As intermediate lessor, the Group recognizes the head lease and the sublease separately. If the head lease is a short-term lease for which the recognition option is exercised, the sublease must be classified as an operating lease. In all other cases, the sublease is classified on the basis of the right-of-use asset from the head lease instead of the underlying asset.

In the case of operating leases, the lease payments received are recognized through profit or loss in revenue or other operating income, depending on the items to which they relate.

In the case of finance leases, the leased asset or right-of-use asset from the head lease is derecognized, and a lease receivable is recognized in the amount of the net investment in the lease. Interest income is recognized over the term of the leases in the amount that results in a constant periodic rate of return on the remaining lease receivables. After initial recognition, the lease receivables are reduced by the lease payments received less the interest income included therein. Loss allowances for lease receivables reported in net profit or loss are recognized on the basis of expected credit losses according to the general approach. Please also refer to note 16.

Lease receivables

In the table below, the undiscounted future lease payments from finance leases are presented by due date and reconciled with the recognized lease receivables.

EUR thousand	12/31/2022	12/31/2021
One year or less	32,493	23,707
More than one and less than 2 years	26,411	22,600
More than 2 and less than 3 years	25,718	17,602
More than 3 and less than 4 years	23,856	17,234
More than 4 and less than 5 years	18,424	15,371
More than 5 years	201,163	212,404
Total undiscounted lease payments	**328,065**	**308,918**
Unrealized interest income	78,166	74,229
Lease receivables (net investment in the lease)	**249,899**	**234,689**

Statement of profit or loss

The following amounts were recognized in the statement of profit or loss in connection with leases in which BLG LOGISTICS is the lessor.

EUR thousand	2022	2021
Revenue		
Income from operating leases	2,956	1,548
	2,956	**1,548**
Other operating income		
Income from operating leases	1,294	1,371
Income from subleases	792	634
	2,086	**2,005**
Interest income		
Interest income from lease receivables	8,169	6,627
	8,169	**6,627**
Total	**13,211**	**10,180**

In the table below, the undiscounted future lease payments from operating leases are presented by due date.

EUR thousand	12/31/2022	12/31/2021
One year or less	2,344	4,334
More than one and less than 2 years	1,097	2,317
More than 2 and less than 3 years	633	1,091
More than 3 and less than 4 years	504	633
More than 4 and less than 5 years	0	504
More than 5 years	0	0
Total undiscounted lease payments	**4,578**	**8,879**

15. Equity Investments in Companies Accounted for Using the Equity Method

Investments in associates and joint ventures are generally measured using the equity method of accounting. Based on the cost of acquisition at the time of acquiring the shares, the carrying amount of the investment is increased or decreased by the profit or loss, the changes in other comprehensive income and the other changes in equity of the companies to the extent these are attributable to the shares held by BLG LOGISTICS. In the case of proportionate losses that exceed the carrying amount of an investment accounted for using the equity method, they are also offset through profit or loss against non-current loans or receivables attributable to the net investment in the investee. After the application of the equity method, testing must also be carried out to determine whether there are any indications of impairment of the net investment in the investee.

EUR thousand	12/31/2022	12/31/2021
Investments in joint ventures	230,575	158,509
Investments in associates	4,375	3,840
Total	**234,950**	**162,349**

Joint ventures

The change in the carrying amount of the investments in joint ventures was primarily the result of increases due to proportionate net income for the financial year (EUR 76,515 thousand, previous year: EUR 61,714 thousand), changes in other reserves due to the remeasurement of pensions (EUR 26,267 thousand, previous year: EUR 879 thousand), the fair value measurement of financial instruments (EUR 722 thousand, previous year: EUR 145 thousand), currency translation differences (EUR –1,234 thousand, previous year: EUR 1,480 thousand) and other changes (EUR –1,945 thousand, previous year: EUR –50 thousand), as well as reductions due to distributions (EUR –28,283 thousand, previous year: EUR –499 thousand). In the reporting year, changes in the group of consolidated companies were also included with EUR 25 thousand (previous year EUR 0 thousand).

Information about significant joint ventures is presented below.

EUROGATE GmbH & Co. KGaA, KG, Bremen, is a joint venture of BLG KG and EUROKAI GmbH & Co. KGaA, Hamburg, which is structured as an independent entity. BLG KG's interest in the joint venture and its equity investments is 50 percent (previous year: 50 percent) and represents the CONTAINER Division. With this investment, the Group receives rights to the joint venture's net assets rather than rights to its assets and obligations arising from its liabilities.

The IFRS subgroup financial statements of the EUROGATE Group are consolidated using the equity method. EUROGATE GmbH & Co. KGaA, KG and its subsidiaries are accordingly included in the list of shareholdings under the item "Companies accounted for using the equity method." No market price is available for EUROGATE GmbH & Co. KGaA, KG.

The services of the CONTAINER Division are described in note 2.

For the land necessary for its business, BLG KG has transferred to the EUROGATE Group under usage transfer agreements the rights and obligations arising from the heritable building rights of the Free Hanseatic City of Bremen (municipality).

In the usage transfer agreements, BLG KG undertakes to pay compensation to the EUROGATE Group for buildings erected on the land used at the expiration of the usage transfer agreement or upon extraordinary termination. The compensation is based on the market value of the buildings. In addition, BLG KG irrevocably surrenders its claims for compensation to the EUROGATE Group upon exercise of the right to reversion under the heritable building right contract by the Free Hanseatic City of Bremen (municipality).

The EUROGATE Group provides technical services for BLG LOGISTICS and assumes settlement of electricity drawing in the city state of Bremen's overseas port in Bremerhaven from the port investment funds. This is based on the takeover of the electricity supply network for the respective area from January 1, 2008.

In ▶Segment Reporting and ▶note 3, this joint venture is represented by the CONTAINER Division.

The following table summarizes the financial information of the IFRS subgroup financial statements of EUROGATE GmbH & Co. KGaA, KG and reconciles this information with the carrying amounts of the investments in joint ventures.

EUR thousand	12/31/2022	12/31/2021
Non-current assets	1,009,507	963,369
Current assets	535,330	439,019
Non-current liabilities	-755,054	-882,042
Current liabilities	-331,093	-212,709
Net assets	**458,690**	**307,637**
Shareholding in %	**50.0**	**50.0**
Proportionate share of net assets	229,345	153,819
Other equity attributable to non-controlling interests	-465	-354
Group share of net assets (= equity carrying amount)	**228,880**	**153,465**

Current assets included cash and cash equivalents of EUR 392,356 thousand (previous year: EUR 327,523 thousand).

EUR 585,704 thousand of the non-current liabilities (previous year: EUR 650,411 thousand) and EUR 203,218 thousand of the current liabilities (previous year: EUR 155,314 thousand) were attributable to financial liabilities (in each case excluding trade payables, other liabilities and provisions). The financial liabilities resulted with EUR 334,325 thousand (previous year: EUR 356,775 thousand) from non-current and with EUR 21,871 thousand (previous year: EUR 22,240 thousand) from current lease liabilities.

EUR thousand	2022	2021
Revenue	690,196	611,909
Depreciation and amortization	-77,282	-69,937
Reversals/impairment	54,644	3,488
Other interest and similar income	1,945	1,202
Interest and similar expenses	-21,556	-10,329
Taxes on income	-6,381	-15,935
Net profit for the year	153,682	123,710
Other comprehensive income, net of income tax	51,733	4,538
Total comprehensive income	**205,415**	**128,248**

EUR 76,705 thousand of the net profit for the year (previous year: EUR 61,879 thousand) and EUR 25,866 thousand of other comprehensive income net of income taxes (previous year: EUR 2,269 thousand) was attributable to BLG LOGISTICS.

BLG LOGISTICS received a dividend from EUROGATE GmbH & Co. KGaA, KG in the amount of EUR 27,320 thousand in the reporting year (previous year: EUR 0 thousand).

EUR thousand	2022	2021
Cash flow from operating activities	163,054	149,179
Cash flow from investing activities	-41,178	12,977
Cash flow from financing activities	-57,043	22,961
Net change in cash and cash equivalents	**64,833**	**185,117**
Cash and cash equivalents at start of financial year	327,523	142,406
Cash and cash equivalents at end of financial year	**392,356**	**327,523**
Composition of cash and cash equivalents		
Cash and cash equivalents	392,356	327,523
Cash and cash equivalents at end of financial year	**392,356**	**327,523**

The individual other investments in joint ventures held by BLG LOGISTICS are considered immaterial. The following table summarizes the carrying amounts, the share of the net profit (loss) for the year and the share of other comprehensive income of these equity investments:

EUR thousand	2022	2021
Carrying amount of investments in other joint ventures	1,695	5,044
Share of		
net profit (loss) for the year	-190	-165
Other comprehensive income (loss)	-158	235
Proportionate share of total comprehensive income (loss)	**-348**	**70**

The proportionate net income for the year results in full from continuing operations.

In the 2022 financial year, negative shares of EUR 105 thousand (previous year: EUR 218 thousand) and positive shares of EUR 346 thousand (previous year: EUR 125 thousand) in the total comprehensive income of joint ventures were not included in the Group result as the equity-method carrying amount had already been adjusted to zero as a result of losses in prior periods. At the reporting date, the cumulative negative share in the total comprehensive income of joint ventures not recognized in the Group result totaled EUR 3,636 thousand (previous year: EUR 3,648 thousand).

Associates

The change in the carrying amount of the investments in associates was primarily the result of increases due to proportionate net income for the financial year (EUR 1,191 thousand, previous year: EUR 1,069 thousand), changes in other reserves due to the remeasurement of pensions (EUR 80 thousand, previous year: EUR -5 thousand), as well as reductions due to distributions (EUR -738 thousand, previous year: EUR -584 thousand) and currency translation differences (EUR 2 thousand, previous year: EUR 19 thousand). As in the prior period, no changes in the group of consolidated companies or other changes arose in the reporting year.

The individual investments in associates held by BLG LOGISTICS are considered immaterial.

The following table summarizes the carrying amounts, the share in the net profit (loss) for the year attributable to BLG LOGISTICS and the share of other comprehensive income of these equity investments:

EUR thousand	2022	2021
Carrying amount of investments in associates	4,375	3,840
Share of		
net profit for the year	1,191	588
other comprehensive income	2	14
Proportionate share of total comprehensive income	**1,193**	**602**

The proportionate net income for the year results in full from continuing operations.

In the 2022 financial year, negative shares of EUR 1 thousand (previous year: EUR 12 thousand) in the total comprehensive income of associates were not included in the Group result. At the reporting date, the cumulative negative share of the total comprehensive income of joint ventures not recognized in the Group result totaled EUR 221 thousand (previous year: EUR 215 thousand).

16. Finance Receivables

Please refer to ▶note 14 for information on the measurement of lease receivables.

The finance receivables from shareholder accounts in companies accounted for using the equity method relate to profit shares from partnerships classified as debt instruments. As the profit shares are not capital repayments but capital returns, they are measured at fair value through profit or loss.

The other finance receivables of BLG LOGISTICS comprise finance receivables and claims under equity instruments from companies accounted for using the equity method, shareholders and third parties, for which the payments are solely payments of principal and interest and which are held to generate contractual cash flows. They are therefore measured at amortized cost. Interest income is recognized pro rata temporis in the statement of profit or loss, taking the effective interest return into account. Foreign exchange differences and gains and losses on derecognition are likewise recognized through profit or loss.

Loss allowances for finance receivables reported in profit or loss are recognized on the basis of expected credit losses according to the general approach. According to this approach, a loss allowance is recognized for financial assets whose credit risk has not increased significantly since initial recognition in the amount of the credit losses expected to occur within the next 12 months.

For financial assets for which credit risk has increased significantly since initial recognition, a loss allowance must be recognized in the amount of the lifetime expected credit losses.

Qualitative and quantitative indicators are taken into account when determining whether there has been a significant increase in credit risk since initial recognition. These include historical data, the agreement of forbearance measures and contractual payments that are more than 30 days past due. If financial assets are more than 90 days past due, they are classified as impaired. Loss allowances are recognized if a formal dunning process has been initiated or knowledge has been obtained about the insolvency of a customer.

Financial assets are generally derecognized when BLG LOGISTICS loses control of the underlying rights wholly or in part by selling or discharging them or transferring them to a third party in a manner that qualifies for derecognition. A transfer to a third party qualifies for derecognition when the contractual rights to the cash flows from assets are surrendered, no arrangements for the retention of individual cash flows exist, all the risks and rewards are transferred to the third party and BLG LOGISTICS no longer has control over the assets.

Loans to companies accounted for using the equity method are made at interest rates of between 2 and 6 percent (previous year: between 2 and 6 percent).

Due to their fixed interest rates, the loans are subject to an interest rate-linked market price risk; this is not significant

EUR thousand	**2022 Current**	**2022 Non-current**	2021 Current	2021 Non-current
Lease receivables	23,110	226,789	17,093	217,596
Finance receivables from shareholder accounts in companies accounted for using the equity method	27,838	0	972	0
Loans to companies accounted for using the equity method	390	654	500	0
Other receivables from shareholders	870	0	735	0
Excess of plan assets over post-employment benefit liability	0	328	0	0
Loans to affiliated companies	0	422	0	0
Other loans	66	5	55	5
Miscellaneous other finance receivables	2,785	30	1,777	26
Total	**55,059**	**228,228**	**21,131**	**217,627**

for BLG LOGISTICS considering the amount and maturity of receivables.

The maximum exposure to credit risk corresponded to the carrying amount; there were no indications of significant concentrations of credit risk.

The credit risk and the expected credit losses for finance receivables measured at amortized cost were as follows as of December 31, 2022 and December 31, 2021.

12/31/2022 EUR thousand	**12 months**	**Residual maturity**		**Total**
		Non-impaired	Impaired	
Loans to companies accounted for using the equity method	1,044	0	2,489	3,533
Loans to affiliated companies	422	0	0	422
Other loans	71	0	0	71
Other receivables from shareholders	578	0	0	578
Finance receivables from finance leases	249,899	0	0	249,899
Miscellaneous other finance receivables	2,812	0	0	2,812
Nominal amounts	**254,826**	**0**	**2,489**	**257,315**
Loss allowances	0	0	-2,489	-2,489
Carrying amounts	**254,826**	**0**	**0**	**254,826**

12/31/2021 EUR thousand	**12 months**	**Residual maturity**		**Total**
		Non-impaired	Impaired	
Loans to companies accounted for using the equity method	500	0	2,599	3,099
Other loans	60	0	0	60
Other receivables from shareholders	735	0	0	735
Finance receivables from finance leases	234,689	0	0	234,689
Miscellaneous other finance receivables	1,803	0	0	1,803
Nominal amounts	**237,787**	**0**	**2,599**	**240,386**
Loss allowances	0	0	-2,599	-2,599
Carrying amounts	**237,787**	**0**	**0**	**237,787**

Loss allowances for finance receivables developed as follows:

2022 **EUR thousand**	**12 months**	**Residual maturity**		**Total**
		Non-impaired	Impaired	
Amount as of the beginning of the financial year	0	0	2,599	2,599
Loss allowances for the financial year				
Reversals	0	0	–110	–110
Amount as of the end of the financial year	**0**	**0**	**2,489**	**2,489**

2021 **EUR thousand**	**12 months**	**Residual maturity**		**Total**
		Non-impaired	Impaired	
Amount as of the beginning of the financial year	0	0	4,109	4,109
Loss allowances for the financial year				
Transfers	0	0	70	70
Reversals	0	0	–80	–80
Use/derecognition of receivables	0	0	–1,500	–1,500
Amount as of the end of the financial year	**0**	**0**	**2,599**	**2,599**

17. Inventories

The inventories line item comprises raw materials, consumables and supplies, work in progress and finished goods and merchandise. Initial recognition is at purchase cost, determined on the basis of average prices, or at production cost. Production cost includes all direct production costs as well as appropriate portions of production overheads and is determined on the basis of normal capacity utilization. Financing costs are not taken into account.

The measurement at the end of the reporting period is at the lower of cost or net realizable value less costs due and, where appropriate, other incurred costs of completion. The net realizable value of the final product is generally taken as a basis.

EUR thousand	12/31/2022	12/31/2021
Raw materials, consumables and supplies	17,451	17,106
Finished goods and merchandise	5	3
Total	**17,456**	**17,109**

Inventories are not pledged as collateral for liabilities. Loss allowances of EUR 209 thousand (previous year: EUR 229 thousand) were recognized on inventories as of December 31, 2022. The inventories recognized as expenses in the reporting year amounted to EUR 96,790 thousand (previous year: EUR 71,483 thousand).

18. Trade Receivables, Other Assets and Assets Held for Sale

Trade receivables

Trade receivables are recognized from the settlement date and held in order to generate contractual cash flows. They are therefore measured at amortized cost using the effective interest method.

Loss allowances reported in net profit or loss are recognized on the basis of expected credit losses using the simplified approach. According to this approach, the amount of the loss allowance is to be determined on the basis of the lifetime expected credit losses. Changes in credit risk do not have to be tracked. Loss allowances are reported net in the statement of profit or loss.

At BLG LOGISTICS, the expected credit losses are calculated on the basis of the historical credit loss rates of the last five years, based on past-due time bands and adjusted for management estimates regarding the future development of the economic environment, especially estimates of the credit rating of major customers and general economic conditions.

Trade receivables are derecognized upon realization (expiration) or transfer of the receivables to a third party. In addition, trade receivables are derecognized if the inflow of cash is unlikely.

Trade receivables are non-interest bearing, payable within one year and are not to be used as collateral for liabilities. The average credit term was 59 days (previous year: 61 days). The maximum exposure to credit risk corresponded to the carrying amount; there were no indications of significant concentrations of credit risk.

EUR thousand	12/31/2022	12/31/2021
Receivables from third parties	181,590	175,395
Receivables from affiliated companies	14	17
Receivables from investees	2,408	1,580
Total	**184,012**	**176,992**

The credit risk and the expected credit losses for trade receivables were as follows as of December 31, 2022 and December 31, 2021:

12/31/2022 EUR thousand	Expected credit loss rate (weighted average)	Nominal amounts	Loss allowances	**Carrying amounts**
Not past due	0.4%	158,822	-561	158,261
Less than 30 days	0.4%	20,527	-80	20,447
Between 30 and 90 days	4.8%	4,374	-208	4,166
Between 91 and 180 days	12.4%	194	-24	170
More than 180 days	22.6%	1,251	-283	968
Total		**185,168**	**-1,156**	**184,012**

12/31/2021 EUR thousand	Expected credit loss rate (weighted average)	Nominal amounts	Loss allowances	Carrying amounts
Not past due	0.4%	152,035	-636	151,399
Less than 30 days	0.4%	16,134	-72	16,062
Between 30 and 90 days	1.2%	3,592	-43	3,549
Between 91 and 180 days	13.6%	1,563	-212	1,351
More than 180 days	1.7%	4,710	-79	4,631
Total		**178,034**	**-1,042**	**176,992**

Loss allowances for trade receivables developed as follows:

EUR thousand	**2022**	2021
Amount as of the beginning of the financial year	1,042	4,366
Changes in group of consolidated companies	0	0
Loss allowances for the financial year		
Transfers	295	290
Reversals	-177	-1,023
Changes in exchange rates	3	2
Use/derecognition of receivables	-7	-2,593
Balance as of the end of the financial year	**1,156**	**1,042**

In the reporting year, there were also derecognitions of trade receivables of EUR 96 thousand (previous year: EUR 205 thousand), which were reported in the net gains/losses from impairment.

Other financial and non-financial assets

Other assets mainly comprise contract assets. Other financial assets include financial investments, derivative financial instruments (see note 32), and, where appropriate, securities classified as current assets. Other financial assets are recognized at their respective settlement date. BLG LOGISTICS only holds very small amounts of securities held as current assets.

Financial investments include investments in affiliated companies and other equity investments. These are long-term investments that are measured at fair value through other comprehensive income as equity instruments, exercising the option provided by IFRS 9. Even when the equity instruments are disposed of, gains and losses from the measurement of the equity investments are not reclassified to profit or loss but to retained earnings. Dividends are recognized through profit or loss, unless they are capital repayments.

The measurement of equity investments at fair value required by IFRS 9 is only forgone if the equity investments are immaterial and there is no active market for the measurement of fair value.

The Group's accounting policies for contract assets are presented in note 4.

Miscellaneous other financial and non-financial assets are stated at their nominal values. Other financial and non-financial assets are non-interest bearing and are not used as collateral for liabilities.

EUR thousand	**12/31/2022 Current**	**12/31/2022 Non-current**	12/31/2021 Current	12/31/2021 Non-current
Other financial assets				
Investments in affiliated companies	0	397	0	339
Other financial investments	0	138	0	141
Derivatives with positive fair value	9,888	0	0	0
Miscellaneous financial assets	695	67	810	35
	10,583	**602**	**810**	**515**
Other non-financial assets				
Contract assets (note 4)	17,159	0	7,854	0
Receivables from tax and customs authorities	2,358	0	1,883	0
Advance payments received	1,782	0	0	0
Receivables from German Infection Protection Act	1,666	0	1,169	0
Prepaid expenses	752	87	1,171	59
Receivables from Agentur für Arbeit (Labor Agency)	319	0	1,809	0
Miscellaneous non-financial assets	1,619	0	233	0
	25,655	**87**	**14,120**	**59**
Total	**36,237**	**689**	**14,930**	**574**

Investments in affiliated companies

Investments in affiliated companies mainly comprise the non-consolidated general partner companies of the fully consolidated operational limited partnerships.

Other equity investments

Other equity investments include companies with dormant or only limited operations in which BLG AG or BLG KG is directly or indirectly entitled to at least 20 percent of the voting rights and which are of only minor importance for giving a true and fair view of the financial position, financial performance and cash flows of BLG LOGISTICS.

19. Cash and Cash Equivalents

EUR thousand	12/31/2022	12/31/2021
Current account balances	2,326	17,281
Overnight loans and short-term time deposits	16,040	15,693
Cash	37	36
Total	**18,403**	**33,010**

Cash and cash equivalents are subject to the impairment requirements of IFRS 9. No impairment was recognized, as the cash and cash equivalents are primarily held with banks in the European Union and mainly in euros and the requirements have no material effect. As there have been no bad debts in the past and there are no identifiable indicators of future bad debts, they are recognized at nominal value.

Bank balances earn interest at floating rates for demand deposits. Short-term deposits are made for periods varying between one day and one month, depending on the immediate cash requirements of the Group. They earn interest at the current short-term deposit interest rate.

Capital Structure

20. Equity

The breakdown of and changes to equity in the 2022 and 2021 financial years are presented in the consolidated statement of changes in equity as a separate component of the consolidated financial statements as of December 31, 2022.

a) Consolidated capital of BLG AG
As in the previous year, the share capital (subscribed capital) amounted to EUR 9,984,000.00 and was divided into 3,840,000 approved, no-par registered shares with voting rights. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation. As in the previous year, the share capital was fully paid as of December 31, 2022.

The retained earnings included the legal reserve pursuant to Section 150 of the German Stock Corporation Act (AktG) of EUR 998 thousand (previous year: EUR 998 thousand), which was allocated in full, as well as other retained earnings of EUR 10,086 thousand (previous year: EUR 10,273 thousand). In the 2022 financial year, withdrawals from retained earnings amounted to EUR 110 thousand (previous year: transfers to retained earnings of EUR 697 thousand).

b) Consolidated capital of BLG KG
The capital attributable to the limited partner of BLG KG is recognized. The limited liability capital and the share premium were almost exclusively made up of contributions in kind.

The share premium account includes allocations of asset-side differences from the time before the transition of the consolidated financial statements to IFRSs. In the prior period, the limited partner, the Free Hanseatic City of Bremen, made a contribution to the share premium of EUR 53,000 thousand.

Retained earnings include, in addition to undistributed profits from prior periods, dividend payments and other withdrawals, earlier changes in the basis of consolidation recognized outside profit or loss, and other changes and shares of consolidated net profit. In addition, retained earnings also include the differences between the German Commercial Code (HGB) and IFRSs existing on January 1, 2004 (date of transition). There is no separate presentation of the net profit or loss of consolidated companies.

The actuarial gains and losses credited or charged directly to equity from the measurement of gross pension obligations in accordance with IAS 19 and the difference between the expected and actual return on plan assets are reported in “Other reserves.”

The reserve from the fair value measurement of financial instruments includes net gains or losses credited or charged directly to equity from changes in the fair value of the effective portion of the cash flow hedges. Reserves are generally reversed upon settlement of the underlying transaction. In addition, the reserves are reversed on expiration, disposal, termination or exercise of the hedging instrument, in the event of revocation of the designation of the hedging relationship or non-fulfillment of the requirements for a hedge under IFRS 9. The reserve also contains changes in the measurement of equity investments measured at fair value. Further disclosures on hedge accounting are presented in note 32 in the "Derivative financial instruments" section.

EUR thousand	2022	2021
As of January 1	-8,088	-12,951
Change in reserves	19,266	4,863
As of December 31	**11,178**	**-8,088**

As of the end of the reporting period, the reserve consisted of the fair values of the interest rate swaps qualifying as hedges of EUR 10,079 thousand (previous year: EUR –8,465 thousand), deferred taxes on this amount recognized directly in equity of EUR 453 thousand (previous year: EUR 453 thousand) as well as EUR 646 thousand (previous year: EUR –76 thousand) from the fair values of financial instruments at associates recognized directly in equity.

The foreign currency translation reserve includes exchange differences from the translation of financial statements of consolidated companies in currencies other than the euro.

c) Equity of non-controlling interests
This item contained EUR 6,290 thousand (previous year: EUR 6,934 thousand) for the minority interests in the equity of fully consolidated subsidiaries.

For the development of the individual equity components, please see the separate Consolidated statement of changes in equity.

21. Earnings per Share BLG AG

In accordance with IAS 33, basic earnings per share are calculated by dividing the consolidated net profit attributable to BLG AG by the average number of shares. Basic earnings per share for the 2022 financial year amounted to EUR 0.25 (previous year: EUR 0.30). This calculation was based on the portion of the consolidated net profit of EUR 965 thousand (previous year: EUR 1,154 thousand) attributable to BLG AG and the unchanged number of shares of 3,840,000.

In the calculation of diluted earnings per share, the average number of issued shares was adjusted for the number of all potentially dilutive shares. As in the previous year, there was no deviation in amount from the basic earnings in the reporting year.

Like basic earnings per share, diluted earnings per share were fully attributable to continuing operations.

22. Dividend per Share

On June 1, 2022, the Annual General Meeting of BLG AG approved the proposal of the Board of Management and the Supervisory Board to appropriate the net retained profits (in accordance with the German Commercial Code (HGB)) of EUR 1,152 thousand reported on December 31, 2021 as follows:.

Distribution of a dividend of EUR 0.30 per share. This represented a pay-out ratio of EUR 1,152 thousand and a distribution ratio of 99.8 percent. The dividend was distributed to our shareholders on June 7, 2022.

For the 2022 financial year, the Board of Management and the Supervisory Board will propose to the Annual General Meeting on June 7, 2023 that the net retained profits in the amount of EUR 1,075 thousand be used to pay a dividend of EUR 0.28 per share. This represents a pay-out ratio of 114.4 percent.

Shareholders' rights to dividend payments are recognized as a liability in the period in which the corresponding resolution is passed.

23. Non-current Loans

EUR thousand	2022	2021
Up to 1 year	20,469	21,699
1 to 5 years	59,620	70,022
Above 5 years	79,821	66,666
Total	**159,910**	**158,387**

Of the loans from banks, a total of EUR 61,182 thousand (previous year: EUR 65,328 thousand) had fixed interest rates and EUR 98,728 thousand (previous year: EUR 93,059 thousand) had variable interest rates.

Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

24. Other Financial Liabilities

Financial liabilities are recognized as liabilities when the BLG Group becomes party to an agreement. The liabilities are measured at fair value on initial recognition. They are subsequently measured, with the exception of derivatives, at amortized cost using the effective interest method. The measurement of derivatives is described in note 32.

Please refer to note 14 for information on the measurement of lease receivables.

Financial assets and liabilities are only netted and the net amount reported in the statement of financial position when there is a legally enforceable right to do so and there is an intention to settle on a net basis or to settle the corresponding liability at the same time as the relevant asset is sold.

Liabilities are derecognized after settlement, waiver or expiration.

Other financial liabilities break down as follows:

EUR thousand	**12/31/2022 Current**	**12/31/2022 Non-current**	12/31/2021 Current	12/31/2021 Non-current
Lease liabilities	61,429	466,861	56,673	470,307
Loans BLG Unterstützungskasse GmbH	25,600		25,600	
Current portion of non-current loans	20,469		21,699	
Term and call money deposits	0		15,000	
Derivatives with negative fair value	326		8,870	
Obligations under revenue deductions	11,473		8,623	
Other borrowings	9,441	56,035	7,999	55,718
Bank overdrafts	21,038		6,570	
Cash management with respect to equity investments	2,729		3,949	
Liabilities to factoring company	3,908		2,559	
Future social concept	1,240	3,915	1,028	3,454
Other	3,867	63	4,005	0
Total	**161,519**	**526,874**	**162,574**	**529,479**

The average effective interest rates as of the end of the reporting period of current account liabilities to banks amounted to 1.0 percent (previous year: 0.8 percent).

Information on (undiscounted) future cash flows from lease liabilities and other financial loans is given in note 32 under “Liquidity risk.”

25. Deferred Government Grants

EUR thousand	12/31/2022 Non-current	12/31/2021 Non-current
AUTOMOBILE Division	2,792	2,734
CONTRACT Division	150	92
Total	**2,942**	**2,826**

EUR thousand	12/31/2022 Current	12/31/2021 Current
AUTOMOBILE Division	70	70
CONTRACT Division	11	11
Total	**81**	**81**

Investment grants from the government are not recognized until there is reasonable assurance that the attached conditions will be met and that the grant will be awarded. Grants are reported separately under liabilities using the gross method. They are reversed pro rata temporis in line with the depreciation and amortization of the subsidized assets.

The items set forth in the tables above were deferrals for asset-related grants. The grants of the AUTOMOBILE Division included EUR 1,204 thousand (previous year: EUR 1,256 thousand) for grants from the Federal Railway Authority for replacements and renovations in the rail infrastructure. The deferrals were reversed in line with the depreciation of the subsidized assets. Total income from the reversal of the deferrals amounting to EUR 126 thousand (previous year: EUR 81 thousand) was recognized in 2022.

In addition, further income of EUR 1,017 thousand was recognized during the year (previous year: EUR 2,544 thousand), the full amount of which related to grants recognized through profit or loss. EUR 389 thousand (previous year: EUR 1,506 thousand) of this amount related to reimbursements of social security contributions by the Agentur für Arbeit (Federal Labor Agency) in connection with the introduction of short-time work. These were reported gross under other operating income.

26. Non-current Provisions

Pension obligations are post-employment benefits within the meaning of IAS 19. Pension provisions are measured using the projected unit credit method prescribed in IAS 19 for defined benefit plans. In addition to pension obligations existing at the end of the reporting period, this method also takes into account the future earnings trend, expected pension increases and expected fluctuation. Actuarial gains and losses are fully credited or charged to other comprehensive income in the period in which they arise. The net interest component, which includes interest expense from the interest cost of the gross pension obligations less the expected return on plan assets, is shown in net financial income / net finance costs. The plan assets bear interest at the applied discount rate on which the measurement of the pension obligations is based. The obligations presented in the statement of financial position are net obligations after offsetting against plan assets.

Anniversary provisions are other long-term employee benefits within the meaning of IAS 19. They are also measured using the projected unit credit method. The interest component included in the anniversary expenses is shown in net financial income / net finance costs.

EUR thousand	12/31/2022	12/31/2021
Personnel-related provisions		
Direct commitments	2,609	5,718
Port pensions	11,981	18,963
Future social concept	8,923	35,481
Anniversary provisions	7,619	10,485
	31,131	**70,648**
Other provisions		
Miscellaneous other non-current provisions	23	42
	23	**42**
Total	**31,154**	**70,690**

Provisions for pensions

All the plans of BLG LOGISTICS are defined benefit plans within the meaning of IAS 19. There are no minimum funding requirements.

The individual commitments of the Group companies form the legal basis for granting benefits. In addition, there are obligations for the payment of a disability pension and a retirement pension from the collective framework agreement for the port employees of German seaport companies, including the special provisions for the ports in the state of Bremen of May 12, 1992. On January 1, 1998, the pension obligations existing at BLG AG up to this date were assumed by the Free Hanseatic City of Bremen (municipality).

There are also pension obligations in accordance with the guidelines of the Siemens pension insurance for employees who were transferred as of October 1, 2001 from SRI Radio Systems GmbH and as of May 1, 2003 from Siemens AG to BLG Logistics Solutions GmbH & Co. KG.

Pension obligations exist for employees who were transferred from Schenker AG as of April 1, 2015, and from Kühne+Nagel (AG & Co.) KG as of January 1, 2016, to BLG Industrielogistik GmbH & Co. KG pursuant to Schenker AG's "Benefit plan 2000" works agreement of February 28, 2003, as well as Schenker AG's "Pension component employee participation" company-wide works agreement of June 9, 2011.

Due to a transfer of operations, BLG Handelslogistik GmbH & Co. KG assumed obligations from Puma AG in the form of identical individual commitments as of October 1, 2018.

In addition, there are obligations to grant and pay retirement, disability and survivor's pensions due to a Group works agreement on ensuring the social future dated March 15, 2005 (social future concept). Significant portions of this benefit plan are made up of annually agreed compensation waivers to be negotiated with the participating employees, while the components of the bonus plan result annually from an employee profit sharing plan established after the end of the financial year.

For parts of the individual commitments and for the obligations within the framework of the social future concept, there are plan assets in the form of qualified insurance contracts within the meaning of IAS 19. The plan assets are managed externally by insurance companies, and specifically include reinsurance cover for pension commitments and deposits for outstanding reinsurance premiums, in which outstanding reinsurance premiums are invested as a lump sum in a securities account. The instalment premiums to the reinsurer are financed from a corresponding sale of the fund units.

Like the reinsurance policy, the fund units are pledged to the beneficiaries. The asset values determined by the insurance companies are recognized as fair values. If at the end of the reporting period there is a match between the insurance payments made and the accrued pension benefits, the fair value of the pension liability claim from life insurance policies is recognized with the present value of the defined benefit obligations (primacy of the liabilities side).

EUR thousand	**12/31/2022**	12/31/2021
Reinsurance policies	69,861	69,492
Deposit for outstanding premium payments to the reinsurance	3,075	4,552
Fair value of plan assets	**72,936**	**74,044**

The provisions are calculated, taking into account the respective underlying contractual agreement in each case, by qualified actuaries applying the projected unit credit method in accordance with IAS 19.

The Group is exposed to various risks in connection with the defined benefit plans. In addition to the general risks of a change in demographic assumptions, these are, in particular, interest rate risk and capital market or investment risk. There are no concentrations of risk.

EUR thousand	12/31/2022	12/31/2021
Present value of defined benefit obligations	97,314	135,218
Fair value of plan assets	-72,936	-74,044
Shortfall (net debt)	**24,378**	**61,174**

Present value of pension obligations

The present value of the defined benefit obligations changed as follows:

EUR thousand	12/31/2022	12/31/2021
Balance at beginning of year	**135,218**	**131,023**
Current service cost	2,495	2,847
Expense from deferred compensation	2,652	2,774
Interest expense	1,413	1,534
Remeasurement		
Adjustments based on historical data	1,407	-277
Actuarial gains/losses from changes in financial assumptions	-40,945	645
Utilization (pension payments)	-4,072	-3,229
Reversals	-879	-94
Transfers	25	-5
Balance at end of year	**97,314**	**135,218**

The weighted average maturity (duration) of the defined benefit obligations was as follows:

	12/31/2022	12/31/2021
Direct commitments	14 years	18 years
Port pensions	12 years	15 years
Social future concept	9 years	11 years

Fair value of plan assets

The fair value of the plan assets changed as follows:

EUR thousand	12/31/2022	12/31/2021
Balance at beginning of year	**74,044**	**65,113**
Interest income	797	721
Expense/income from plan assets (excluding interest income)	762	657
Additions made by the employees included in the plan (e.g. deferred compensation)	2,505	2,486
Employer contributions	1,622	7,130
Utilization (pension payments)	-2,928	-2,097
Reimbursement assets	-328	0
Reversals	-74	-62
Transfers	-68	96
Remeasurement	-3,396	0
Balance at end of year	**72,936**	**74,044**

Net pension expense

The portion of the net pension expense recognized in profit or loss for the period was made up as follows:

EUR thousand	12/31/2022	12/31/2021
Current service cost	2,495	2,847
Interest expense	616	813
Total	**3,111**	**3,660**

The service cost is recognized in the consolidated statement of profit or loss as personnel expense, and the interest cost for the expected pension obligations is recognized as interest expense. The expected return on plan assets reduces the interest expense.

The actual income from plan assets as of December 31, 2022 amounted to EUR 1,559 thousand (previous year: EUR 1,378 thousand).

Actuarial parameters

The actuarial computation of the material defined benefit obligations was based on the following parameters (given in the form of weighted average factors):

12/31/2022 in percent	Direct commitments	Port pensions	Social future concept
Discount rate	4.3	4.4	4.3
Rate of salary increases	1.9	0.0	0.0
Rate of pension increases	2.2	1.0	0.0

12/31/2021 in percent	Direct commitments	Port pensions	Future social concept
Discount rate	1.3	1.2	1.0
Rate of salary increases	1.6	0.0	0.0
Rate of pension increases	1.6	1.0	0.0

The mortality rate underlying the calculation of the present value of the material defined benefit obligations was based as in the previous year on the 2018 G mortality tables by Prof. Klaus Heubeck.

Sensitivity analyses

The present value of the pension obligations depends on a number of factors based on actuarial assumptions. The net expense (or income) used in determining assumptions for pensions includes the discount rate. Any change in these assumptions will impact the carrying amount of the pension obligation.

BLG LOGISTICS determines the appropriate discount rate at the end of each year. This is the interest rate used in determining the present value of expected future cash outflows required to settle the obligation. In determining the discount rate, the Group uses as its basis the interest rates of top-rated corporate bonds that are denominated in the currency in which the benefits are paid, and with maturities corresponding to those of the pension obligation.

An increase or decrease in the principal actuarial assumptions in the amount of the expected future development would have the following effects compared to the parameters actually applied to the present value of pension obligations:

EUR thousand	**12/31/2022 Higher**	12/31/2021 Higher
Discount rate (50 basis points)	-4,513	-8,135
Rate of salary increases (50 basis points)	101	186
Rate of pension increases (50 basis points)	1,148	2,132

EUR thousand	**12/31/2022 Lower**	12/31/2021 Lower
Discount rate (50 basis points)	4,907	9,010
Rate of salary increases (50 basis points)	-47	-179
Rate of pension increases (50 basis points)	-1,059	-1,947

The sensitivity calculations were based on the average maturity of the pension obligations determined as of December 31, 2022. The calculations were carried out on an isolated basis for actuarial assumptions which have been identified as significant to separately illustrate the potential impact on the calculated present value of pension obligations. As the average duration of the expected pension liabilities is based on the sensitivity analyses and consequently the expected payment dates are not taken into account, they only result in approximate information or statements about trends.

Funding of pension obligations

The funding of the pension contracts entered into for the Board of Management and senior staff and the agreements for the future social concept are fully covered by reinsurance cover for pension commitments and deposits for outstanding reinsurance premiums pledged in favor of the beneficiaries. The pension contracts are solely funded by the employer; the future social concept is funded by contributions made by employees and a performance bonus paid by the employer. There is no obligation to participate in the social future concept. The port pension does not contain any plan assets.

For the subsequent financial year, the company expects payments to the defined benefit plans of EUR 1,274 thousand (previous year: EUR 2,043 thousand).

Anniversary provisions

EUR thousand	**Non-current**	**Current**
As of 01/01/2022	10,485	467
Utilization	0	-353
Reversal	-3,825	0
Addition	959	728
Transfer	0	0
As of 12/31/2022	**7,619**	**842**

Provisions for anniversaries take into consideration the contractually guaranteed rights of Group employees to receive anniversary bonuses. Recognition is based on actuarial reports, which make calculations based on a discount rate of 4.3 percent (previous year: 1.0 percent). The interest cost of EUR 109 thousand (previous year:

EUR 117 thousand was included in the addition for the reporting year of EUR 959 thousand (previous year: EUR 599 thousand).

Other non-current provisions

Other non-current provisions amounted to EUR 23 thousand (previous year: EUR 42 thousand).

Non-current provisions with a remaining maturity of more than one year are discounted at the capital market interest rate corresponding to their maturity.

27. Trade Payables

EUR thousand	2022	2021
Liabilities to third parties	75,625	62,848
Obligations from outstanding invoices	21,844	21,305
Liabilities to investees	3,918	3,255
Liabilities to affiliated companies	209	289
Total	**101,596**	**87,697**

28. Other Financial and Non-financial Liabilities

EUR thousand	12/31/2022 Current	12/31/2022 Non-current	12/31/2021 Current	12/31/2021 Non-current
Other financial liabilities				
Liabilities for variable remuneration	7,493	2,152	7,226	1,765
Liabilities to employees from wages and salaries	7,389	0	5,794	0
Other employee benefits	1,050	0	506	0
	15,932	**2,152**	**13,526**	**1,765**
Other non-financial liabilities				
Obligations from outstanding vacation leave	15,986	0	14,743	0
VAT liabilities	14,537	0	11,412	0
Current portion of non-current pension obligations	1,708	0	1,478	0
Contract liabilities	1,218	630	1,227	646
Advance payments	597	0	661	0
Partial retirement obligations	356	418	598	157
Advance customs duties	62	0	324	0
Other non-financial liabilities	897	3	271	0
	35,362	**1,050**	**30,714**	**803**
Total	**51,294**	**3,202**	**44,240**	**2,568**

Liabilities from partial retirement agreements as obligations arising from post-employment benefits (termination benefits) are measured using the projected unit credit method.

A liability was recognized based on collective bargaining and individual agreements. Recognition, which includes payments in arrears from current partial retirement arrangements and top-up amounts for building reserves, was based on actuarial reports.

The Group's accounting policies for contract liabilities are presented in note 4.

29. Current Provisions

EUR thousand	As of 01/01/2022	Utilization	Reversal	Reclassification	Addition	As of 12/31/2022
Allocations for insurance costs	2,934	-845	-1,997	0	2,543	2,635
Onerous contracts	1,177	-430	-42	0	7,147	7,852
Warranty risks	2,737	0	-1,237	0	0	1,500
Miscellaneous other provisions	16,337	-3,061	-4,804	-98	15,144	23,518
Total	**23,185**	**-4,336**	**-8,080**	**-98**	**24,834**	**35,505**

Provisions are recognized if a liability to a third party results from a past event which is expected to lead to an outflow of assets and can be reliably measured. They represent uncertain liabilities that are recognized at the amount of the best estimate. The amount of the provision also includes the expected cost increases.

The allocations for insurance costs primarily resulted from obligations with respect to the liability loss compensation fund of German metropolitan areas.

The provisions for onerous contracts were allocated as follows: EUR 4,352 thousand to the CONTRACT Division and EUR 3,500 thousand to the AUTOMOBILE Division. The provisions related to contracts with customers for which the estimated costs are not expected to be covered by the agreed revenue. The level of the risks from onerous contracts may increase significantly as a result of changes in circumstances over time. Based on our current estimation, a risk of this kind should be viewed as low.

For warranty risks from possible warranty liabilities and fair-dealing obligations, provisions of EUR 1,500 thousand were carried forward from prior periods. Overall, there is broad discretion in measuring these provisions, as there are no comparable items or other historical data.

Miscellaneous other provisions included other operating taxes of EUR 254 thousand (previous year: EUR 410 thousand) and archiving costs of EUR 1,465 thousand (previous year: EUR 1,448 thousand). In addition, miscellaneous other provisions also included EUR 5,019 thousand (previous year: EUR 0 thousand) in connection with pending payment obligations from an infrastructure project.

30. Contingent Liabilities

The existing contingent liabilities at BLG LOGISTICS in favor of companies accounted for using the equity method are presented below.

EUR thousand	2022	2021
Total share of contingent liabilities		
of joint ventures	25,354	348
of associates	29	29
Total	**25,383**	**377**

Contingent liabilities are measured at their nominal amounts. Maximum guarantees are recognized at their maximum amount. Based on the relationships at the end of the reporting period, the actual contingent liabilities totaled EUR 48 thousand (previous year: EUR 49 thousand) on the basis of the underlying liabilities. The contingent liabilities primarily relate to the collateralization of credit facilities.

Comfort letters have been issued for a non-consolidated affiliated company as well as for an equity investment that was sold in the reporting year.

Taking into account the knowledge gained up to the time of preparing these financial statements, it can currently be assumed that all obligations underlying the contingent liabilities can be met by the respective principal debtors. The risk of a claim is considered low.

31. Other Financial Liabilities

EUR thousand	12/31/2022	12/31/2021
Order commitments	54,999	57,521
Other financial liabilities	1,230	1,650
Total	**56,229**	**59,171**

Other financial obligations are measured at their nominal amounts. The order commitments result from contracts entered into for the purchase of property, plant and equipment as well as of inventories.

Financial Instruments

32. Financial Instruments

Classification of financial assets and financial liabilities

The classification of financial assets is based on the entity's business model for their management and the contractual cash flow characteristics of the assets.

Measuring debt instruments at amortized cost is only permitted if a financial asset is held within a business model whose objective is to generate contractual cash flows from the asset and the contractual arrangements provide fixed dates for the payments. In addition, these payments must be solely payments of principal and interest.

If not all these criteria are met, the measurement must be at fair value. There is an irrevocable option to measure equity instruments not held for trading at fair value through other comprehensive income. In this case, all changes in value, with the exception of dividends, must be presented in other comprehensive income without the option of reclassification to profit or loss.

Carrying amounts and fair values of financial instruments by class, item in the statement of financial position and measurement category under IFRS 9

In the tables shown on the following pages, the financial instruments are listed according to the above criteria, including the indication of their level in the fair value hierarchy. The measurement categories are described in notes 16 and 18 and in the "Derivative financial instruments" section.

Classification to the levels of the fair value hierarchy is based on the measurement methods used and is described in note 1 in the "Determination of fair values" section.

Carrying amounts of financial instruments classified by item in the statement of financial position, class and category

EUR thousand 12/31/2022 Assets	Carrying amounts					Fair values	
	Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value hedging	**Total carrying amount**	Fair value level	Fair value
Financial assets measured at fair value							
Non-current							
Investments in affiliated companies and other equity investments	0	0	535	0	535	3	not stated
Current							
Hedged derivatives	0	0	0	9,888	9,888	2	9,888
Current finance receivables	0	27,838	0	0	27,838	3	not stated
	0	**27,838**	**535**	**9,888**	**38,261**		
Financial assets not measured at fair value							
Non-current							
Lease receivables	226,789	0	0	0	226,789		not stated
Miscellaneous non-current finance receivables	1,111	0	0	0	1,111	3	not stated
Miscellaneous other non-current assets	67	0	0	0	67	2	not stated
Current							
Trade receivables	184,012	0	0	0	184,012		not stated
Lease receivables	23,110	0	0	0	23,110		not stated
Current finance receivables	4,111	0	0	0	4,111		not stated
Miscellaneous other current assets	695	0	0	0	695		not stated
Cash and cash equivalents	18,403	0	0	0	18,403		not stated
	458,297	**0**	**0**	**0**	**458,297**		

EUR thousand 12/31/2022 Liabilities	Carrying amounts					Fair values	
	Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value hedging	**Total carrying amount**	Fair value level	Fair value
Financial liabilities measured at fair value							
Current							
Hedged derivatives	0	0	0	326	326	2	326
	0	**0**	**0**	**326**	**326**		
Financial liabilities not measured at fair value							
Non-current							
Non-current loans	139,441	0	0	0	139,441	3	136,923
Non-current lease liabilities	466,861	0	0	0	466,861		not stated
Other borrowings	56,035	0	0	0	56,035	3	52,060
Miscellaneous non-current financial liabilities	3,978	0	0	0	3,978	2	not stated
Miscellaneous other non-current liabilities	2,152	0	0	0	2,152	2	not stated
Current							
Trade payables	101,596	0	0	0	101,596		not stated
Current financial liabilities to banks	41,507	0	0	0	41,507	3	40,244
Current lease liabilities	61,429	0	0	0	61,429		not stated
Other borrowings	9,441	0	0	0	9,441	3	7,897
Miscellaneous current financial liabilities	48,817	0	0	0	48,817		not stated
Other current liabilities	15,932	0	0	0	15,932		not stated
	947,189	**0**	**0**	**0**	**947,189**		

	Carrying amounts					Fair values	
EUR thousand 12/31/2021 Assets	Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value hedging	Total carrying amount	Fair value level	Fair value
Financial assets measured at fair value							
Non-current							
Investments in affiliated companies and other equity investments	0	0	480	0	480	3	not stated
Current							
Current finance receivables	0	972	0	0	972	3	not stated
	0	**972**	**480**	**0**	**1,452**		
Financial assets not measured at fair value							
Non-current							
Lease receivables	217,596	0	0	0	217,596		not stated
Miscellaneous non-current finance receivables	31	0	0	0	31	3	not stated
Miscellaneous other non-current assets	35	0	0	0	35	2	not stated
Current							
Trade receivables	176,992	0	0	0	176,992		not stated
Lease receivables	17,093	0	0	0	17,093		not stated
Current finance receivables	3,067	0	0	0	3,067		not stated
Miscellaneous other current assets	810	0	0	0	810		not stated
Cash and cash equivalents	33,010	0	0	0	33,010		not stated
	448,634	**0**	**0**	**0**	**448,634**		

EUR thousand 12/31/2021 Liabilities	Carrying amounts					Fair values	
	Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value hedging	Total carrying amount	Fair value level	Fair value
Financial liabilities measured at fair value							
Current							
Hedged derivatives	0	0	0	8,870	8,870	2	8,870
	0	**0**	**0**	**8,870**	**8,870**		
Financial liabilities not measured at fair value							
Non-current							
Non-current loans	136,688	0	0	0	136,688	3	136,831
Non-current lease liabilities	470,307	0	0	0	470,307		not stated
Other borrowings	55,718	0	0	0	55,718	3	55,256
Miscellaneous non-current financial liabilities	3,454	0	0	0	3,454	2	not stated
Miscellaneous other non-current liabilities	1,765	0	0	0	1,765	2	not stated
Current							
Trade payables	87,697	0	0	0	87,697		not stated
Current financial liabilities to banks	43,268	0	0	0	43,268	3	43,314
Current lease liabilities	56,673	0	0	0	56,673		not stated
Other borrowings	7,999	0	0	0	7,999	3	7,820
Miscellaneous current financial liabilities	45,764	0	0	0	45,764		not stated
Other current liabilities	13,526	0	0	0	13,526		not stated
	922,859	**0**	**0**	**0**	**922,859**		

The non-current financial assets included equity instruments of EUR 535 thousand (previous year: EUR 480 thousand) for which BLG LOGISTICS has exercised the option to recognize changes in fair value through other comprehensive income. These are immaterial investments in corporations for which there is no active market and the fair value cannot be reliably determined using measurement methods. Cost is therefore the best estimate of fair value.

As a consequence of the deconsolidation of BLG AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa, the remaining shares held were reported as financial assets. The carrying amount of the addition in the amount of EUR 57 thousand corresponded to the fair value of the shares at the date of deconsolidation.

Furthermore, the equity investment in TCU GmbH & Co. KG, Bremen, was terminated in the reporting year. Apart from this, no shares in these corporations were derecognized or sold in the reporting year. There are no plans to sell or derecognize parts of the reported equity investments in the near future.

Current finance receivables related to profit shares from partnerships classified as debt instruments. As the profit shares are not capital repayments but capital returns, they were measured at fair value through profit or loss.

With the exception of non-current bank loans and other financial loans, there were no significant differences between the carrying amounts and fair values of the financial instruments. The carrying amounts of trade receivables, current finance receivables, miscellaneous other finance receivables and cash and cash equivalents essentially corresponded to their fair values on account of their short-term nature. The investments in affiliated companies and current finance receivables from shareholder accounts were already measured at fair value, so there was no deviation from the carrying amount here. In the case of non-current finance receivables, the carrying amount approximated fair value due to materiality. The carrying amounts of trade payables, current financial liabilities and other current financial liabilities essentially corresponded to their fair values on account of their short-term nature. In the case of the miscellaneous non-current financial liabilities, the carrying amount approximated fair value due to the regular adjustment of the interest rate.

The following significant methods and assumptions were used to determine the level 3 fair values:

The fair values were determined using the discounted cash flow method based on the expected future cash flows and current interest rates for comparable financing arrangements that are either directly or indirectly observable on the market.

The yield curve of risk-free German government bonds plus a company-specific, matched-term risk premium was used as the market interest rate. With installment payment arrangements, the risk premium over the average maturity was taken into account.

The level 2 fair values of derivative financial instruments were based on external fair value measurements. The variable cash flows were determined using the forward rates of the benchmark rates used for the hedging instruments. The credit spread is not part of the hedging relationship.

The finance receivables measured at fair value in Level 3 relate to the recognition of profit shares of partnerships (see note 16), so that a separate measurement method was not applied here, as the recognition is derived from the respective financial statements and equity interests in the partnerships.

The receivables developed as follows:

EUR thousand	**2022**	2021
As of January 1	972	1,003
Additions from profit credits	27,962	0
Payments of profit shares	-500	-31
Unrealized changes to fair value recognized through profit or loss	-596	0
of which recognized in other operating expense	-596	0
As of December 31	**27,838**	**972**

Movements between the different levels of the fair value hierarchy are recognized at the end of the reporting period in which they occur. In the reporting year, no movements occurred.

Net earnings by measurement category

The following net earnings were attributable to the measurement categories of the financial instruments:

2022 **EUR thousand**	From interest rates	From dividends	Subsequent measurement From disposal	Fair value	**Net earnings**
Financial assets at amortized cost	9,141	0	-96	0	9,045
Equity instruments measured at fair value outside profit or loss	0	2	0	0	2
Financial assets measured at fair value through profit or loss	0	0	0	-596	-596
Hedging instruments	-895	0	0	21	-874
Financial liabilities at amortized cost	-16,442	0	0	0	-16,442
Total	**-8,196**	**2**	**-96**	**-575**	**-8,865**

2021 **EUR thousand**	From interest rates	From dividends	Subsequent measurement From disposal	Fair value	Net earnings
Financial assets at amortized cost	7,353	0	-205	0	7,148
Equity instruments measured at fair value outside profit or loss	0	82	0	0	82
Hedging instruments	-949	0	0	3	-946
Financial liabilities at amortized cost	-14,833	0	0	0	-14,833
Total	**-8,429**	**82**	**-205**	**3**	**-8,549**

Aims and methods of financial risk management

The principal financial instruments used to finance the Group include non-current loans, current borrowings, lease liabilities, other borrowings, factoring and cash, including short-term deposits with banks. The focus is on financing the operations of BLG LOGISTICS. BLG LOGISTICS has access to a range of other financial instruments, such as trade receivables and payables, that arise directly as part of its operations.

Financial risk management is the responsibility of the Treasury department, whose tasks and objectives are described in a guideline approved by the Board of Management. The central task besides managing liquidity and arranging financing is the minimization of financial risks at Group level. This includes preparing and analyzing financing and hedging strategies and contracting hedging instruments.

The Group's principal risks resulting from financial instruments consist of credit risks, foreign currency risks, liquidity risks and interest rate risks. The Board of Management adopts risk management guidelines for each of these risks, which are presented below, and monitors compliance with them. At Group level, the existing market price risk for all financial instruments is also monitored.

Hedge accounting is applied if derivative financial instruments are used as hedging instruments and the requirements for hedge accounting in accordance with IFRS 9 are met. The objective is to reduce inconsistencies in recognition or measurement arising for example from gains or losses from a hedging instrument not being credited or charged to the same account in the financial statements as the gains or losses from the hedged risk. The Group's accounting policies for derivatives and other disclosures on hedge accounting are presented in the "Derivative financial instruments" section.

Credit risk

The Group's credit risk mainly results from trade receivables and lease receivables. The amounts shown in the consolidated statement of financial position do not include loss allowances for expected credit losses. Owing to the ongoing monitoring of receivables at management level and the use of commercial credit insurance depending on customer creditworthiness, we are not currently exposed to any significant credit risk. Disclosures related to credit risk and expected credit losses from trade receivables and lease receivables are contained in notes 16 and 18.

The credit risk in respect of cash and derivative financial instruments is limited because these are currently held exclusively at banks that have been awarded high credit ratings from international rating agencies, that are highly secure thanks to a joint liability scheme and/or at which there are offsetting opportunities via non-current loans.

The maximum credit risk of the Group is represented by the carrying amounts of the financial assets recognized in the statement of financial position (including derivative financial instruments with positive fair value). The Group is also exposed to credit risk through the acquisition of financial guarantees; at the end of the reporting period, this amounted to a maximum of EUR 48 thousand (previous year: EUR 49 thousand). At the reporting date, there were no significant credit risk mitigation agreements or hedges.

There are no significant concentrations of credit risk in the Group.

Impairment of financial instruments

At BLG LOGISTICS, the impairment requirements apply to financial assets measured at amortized cost, lease receivables and contract assets. They are reported in the net gains/losses from impairment. In addition, this item includes impairment of equity instruments measured at fair value through profit or loss. In these cases, the impairment is the difference between cost and fair value of the equity instrument in question.

EUR thousand	2022	2021
Financial instruments at cost		
Impairment on trade receivables and contract assets		
Addition to loss allowance	-319	-307
Reversal of loss allowances recognized in previous years	180	1,027
Derecognitions due to uncollectability	-96	-205
	-235	**515**
Total	**-235**	**515**

Foreign currency risk

With very few exceptions, the Group companies operate in the eurozone and invoice only in euros. In this respect, currency risk could only arise in isolated cases, such as from foreign dividend income or the purchase of goods and services from abroad. An interest rate and currency swap has been concluded to hedge against the foreign currency risk from a variable USD loan granted in the context of Group financing. Further information is presented in the "Derivative financial instruments" section.

As of December 31, 2022 and December 31, 2021, there were no significant currency risks in the Group.

Capital risk management

An important capital management goal for BLG LOGISTICS is to ensure the ability of the company to continue as a going concern in order to provide income to shareholders and to provide other stakeholders with the benefits to which they are entitled. Additional goals are to optimize liquidity security and maintain an optimum capital structure in order over the long term to reduce the costs of capital in general and the refinancing risk in particular.

BLG LOGISTICS monitors its capital on the basis of the equity ratio and other key performance indicators. Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

In 2022, the strategy continued to be to secure access to external funds at acceptable costs.

In the reporting year, equity increased from EUR 156,289 thousand to EUR 277,727 thousand; while total assets rose from EUR 1,218,177 thousand to EUR 1,336,518 thousand. Accordingly, the equity ratio improved significantly from 12.8 percent to 20.8 percent. In addition to the positive Group earnings, this primarily resulted from the effects of the rise in interest rates. Of the aforementioned amount, EUR 62,210 thousand was attributable to effects from the remeasurement of pension provisions and EUR 19,266 thousand to changes in the measurement of derivatives used as hedging instruments in cash flow hedges. The effects were recognized in other comprehensive income and relate to both fully consolidated companies and companies accounted for using the equity method, taking into account deferred taxes. The goal is to achieve an equity ratio of 30 percent.

Liquidity risk

Liquidity risks may arise from payment bottlenecks and the resulting higher financing costs. The Group's liquidity is ensured by central cash management at the level of BLG KG. All significant subsidiaries are included in cash management. Due to the centralized management of capital expenditure and credit management, financial resources (loans/leases) can be provided in good time to meet all payment requirements.

The Group's liquidity needs are covered by cash and committed credit facilities. As of December 31, 2022, the Group had unused current account credit facilities of around EUR 63 million (previous year: around EUR 86 million).

Measures designed to achieve BLG LOGISTICS' sustainability targets are also attractive for potential lenders and can be criteria for granting loans. Our sustainability measures are thus a factor in ensuring that we can meet our liquidity requirements in the future.

In parallel, the BLG Group uses the non-recourse sale of receivables under a factoring agreement as an off-statement of financial position financing instrument to further optimize the structure of the statement of financial position. The obligations of the factor to purchase existing and future receivables are limited to a total maximum amount of EUR 75 million. BLG LOGISTICS is free to decide to what extent the revolving nominal volume is utilized. The risks material to disposal relate to the credit risk and the risk of late payment (late payment risk). The credit risk is transferred in full to the factor in return for payment of a factoring fee. There is no significant late payment risk. The receivables were therefore derecognized in full. The cash flows from factoring were recognized accordingly in cash flows from operating activities through the change in trade receivables. In connection with the ongoing engagement, the BLG Group recognized expenses (factoring fee, interest) in the amount of EUR 321 thousand (previous year EUR 40 thousand). The nominal volume of the receivables sold as of December 31, 2022 amounted to EUR 50.1 million (previous year: EUR 19.4 million).

The following tables show the contractually arranged (undiscounted) interest payments and principal repayments of non-current financial liabilities and derivative financial instruments (interest rate swaps).

12/31/2022 **EUR thousand**		Cash flows 2023	2024	2025-2027	2028-2032	2033 et seq.	**Total**	Carrying amounts (derivatives netted)
Non-derivatives								
Non-current loans from banks	Fixed interest rate	1,073	815	1,441	579	0	3,908	
	Floating interest rate	3,508	3,549	8,617	8,563	0	24,237	
	Repayment	20,469	18,365	41,255	79,821	0	159,910	159,910
Lease liabilities	Fixed interest rate	11,082	10,087	24,711	31,904	46,397	124,181	
	Floating interest rate	0	0	0	0	0	0	
	Repayment	61,274	50,453	107,965	78,071	228,147	525,910	528,290
Other borrowings	Fixed interest rate	1,058	917	1,897	795	0	4,667	
	Floating interest rate	0	0	0	0	0	0	
	Repayment	9,441	8,798	26,050	21,187	0	65,476	65,476
Total		**107,905**	**92,984**	**211,936**	**220,920**	**274,544**	**908,289**	**753,676**
Derivatives								
Interest rate swaps/interest rate and currency swaps	Proceeds	-2,842	-3,786	-8,844	-10,547	-920	-26,939	
	Payments	2,077	2,332	4,908	5,921	595	15,833	9,562
Total		**-765**	**-1,454**	**-3,936**	**-4,626**	**-325**	**-11,106**	**9,562**

12/31/2021 EUR thousand		Cash flows 2022	2023	2024-2026	2027-2031	2032 et seq.	Total	Carrying amounts (derivatives netted)
Non-derivatives								
Non-current loans from banks	Fixed interest rate	1,086	861	1,377	566	0	3,890	
	Floating interest rate	704	634	1,445	1,427	0	4,210	
	Repayment	21,699	19,699	50,323	66,666	0	158,387	158,387
Lease liabilities	Fixed interest rate	10,652	9,724	25,141	33,397	52,123	131,037	
	Floating interest rate	0	0	0	0	0	0	
	Repayment	56,519	48,279	94,923	77,072	247,771	524,564	526,979
Other borrowings	Fixed interest rate	837	727	1,540	687	0	3,791	0
	Floating interest rate	0	0	0	0	0	0	0
	Repayment	7,999	8,448	24,158	23,112	0	63,717	63,717
Total		**99,496**	**88,372**	**198,907**	**202,927**	**299,894**	**889,596**	**749,083**
Derivatives								
Interest rate swaps/interest rate and currency swaps	Proceeds	-821	-822	-2,211	-2,167	-580	-6,601	0
	Payments	1,835	1,828	5,960	6,667	1,325	17,615	-8,870
Total		**1,014**	**1,006**	**3,749**	**4,500**	**745**	**11,014**	**-8,870**

All non-current financial instruments held at the end of the reporting period and for which payments had been contractually arranged were included here. Budget figures for future new liabilities are not included; current liabilities with maturities of up to one year were disclosed in the notes to the individual items in the statement of financial position.

The variable interest payments from financial instruments were calculated using the last interest rate fixed before the end of the reporting period.

Interest rate risk

The interest rate risk to which BLG LOGISTICS is exposed arises primarily from non-current loans and other non-current financial liabilities. Interest rate risks are managed with a combination of fixed-interest and variable-interest loan capital. The majority of the liabilities to banks have been concluded over the long term or fixed interest rates have been agreed through to the end of the financing term, either originally as part of the loan agreements or via interest rate swaps which have been concluded within micro-hedges for individual variable-interest loans. In addition, while interest rates were low and attractive for investments, a portion of the financing requirement of the coming years was hedged in the prior years by agreeing forward interest rate swaps. The intention is to take out loans from partner banks totaling EUR 90 million in tranches of up to EUR 15 million each within six years, beginning in 2019. Further information is presented in the “Derivative financial instruments” section.

Interest rate risks are disclosed via sensitivity analyses in accordance with IFRS 7. These show the effects of changes in the market interest rate on interest payments, interest income and expense, other income items and on equity. The interest rate sensitivity analyses are based on the following assumptions.

With regard to non-derivative financial instruments with fixed interest rates, market interest rate changes are only recognized through profit or loss if these financial instruments are measured at fair value. All fixed-interest financial instruments measured at amortized cost are not subject to interest rate risks within the meaning of IFRS 7.

This applies to all fixed-interest loan liabilities of BLG LOGISTICS, including lease liabilities and other borrowings. When hedging interest rate risks in the form of cash flow hedge-designated interest rate swaps, changes to the cash flows and to the contributions to earnings induced by changes to the market interest rate of the hedged primary financial instruments and the interest rate swaps balance each other out almost completely, effectively eliminating the interest rate risk.

Gains or losses from remeasurement of hedging instruments to fair value are credited or charged directly to the hedging reserve in equity and are therefore included in the equity-related sensitivity calculation. Changes in the market interest rate of non-derivative variable-interest financial instruments whose interest payments are not structured as hedged items as part of cash flow hedges against interest rate risks have an effect on net interest income (expense) and are therefore included in the calculation of income-related sensitivities.

The same applies to interest payments from interest rate swaps which are, as an exception, not contained in a hedge accounting relationship in accordance with IFRS 9. In the case of these interest rate swaps, market interest rate changes also have an effect on the fair value and thus affect the remeasurement of financial assets or financial liabilities to fair value and are therefore included in the income-related sensitivity analysis.

If the market interest rate at the end of each reporting period had been 100 basis points higher (lower), it would have had the effects shown in the following table on earnings before taxes and on equity (before deferred taxes):

EUR thousand	**12/31/2022**	12/31/2021
Changes in earnings		
Higher	-1,016	-2,145
Lower	1,016	2,145
Changes in equity (excluding changes in earnings)		
Higher	5,579	7,402
Lower	-5,741	-7,836

Fixed interest financial instruments

Fixed interest rates have been agreed for the following loans and other financial instruments. BLG LOGISTICS is thus exposed to interest rate risk for the fair value.

12/31/2021 **EUR thousand**	**Residual maturities** Up to 1 year	1 to 5 years	More than 5 years	Total
Non-current loans from banks	12,368	37,794	15,166	65,328
Interest rate swaps	2,000	1,000	45,000	48,000
Other borrowings	7,999	32,606	23,112	63,717
Lease liabilities	56,673	143,613	326,694	526,980
Total	**79,040**	**215,013**	**409,972**	**704,025**

12/31/2022 **EUR thousand**	**Residual maturities** Up to 1 year	1 to 5 years	More than 5 years	**Total**
Non-current loans from banks	14,138	31,723	15,321	61,182
Interest rate swaps	1,000	0	60,000	61,000
Other borrowings	9,441	34,848	21,187	65,476
Lease liabilities	61,429	158,870	307,991	528,290
Total	**86,008**	**225,441**	**404,499**	**715,948**

Lease liabilities are discounted using the interest rate implicit in the lease, if that rate can be determined. Alternatively, they are discounted at the incremental borrowing rate. The discount rate corresponds to the interest rate determined at the commencement date of the lease, unless a reassessment requires a remeasurement of the lease liabilities using a changed discount rate. This is the case if changes in the estimate regarding exercise or non-exercise of purchase, extension or termination options arise or changes to the scope, amount of contractual payments or the term of the lease are agreed.

Floating rate financial instruments

Floating interest rates have been agreed for the following financial instruments. The Group is thus exposed to interest rate risk for the cash flows. The corresponding interest rate swaps are shown with a negative sign, as the interest rate risk offsets the interest rate risk from the loans taken out.

There are also two interest rate swaps for future loans, which are presented in the "Derivative financial instruments" section. An interest rate swap for a nominal amount of EUR 10,000 thousand for a call money line expired in the prior period.

The Group's other financial instruments, which are not included in the tables, are not subject to significant interest rate risk.

12/31/2022 EUR thousand	Residual maturities Up to 1 year	1 to 5 years	More than 5 years	**Total**
Non-current loans from banks	6,331	27,897	64,500	98,728
Interest rate swaps	-1,000	0	-60,000	-61,000
Total	**5,331**	**27,897**	**4,500**	**37,728**

12/31/2021 EUR thousand	Residual maturities Up to 1 year	1 to 5 years	More than 5 years	Total
Non-current loans from banks	9,331	32,228	51,500	93,059
Interest rate swaps	-2,000	-1,000	-45,000	-48,000
Total	**7,331**	**31,228**	**6,500**	**45,059**

Derivative financial instruments

A prerequisite for the use of derivatives is the existence of a risk to be hedged. However, open derivative positions may arise in connection with hedging transactions in which the underlying transaction no longer exists or does not arise as planned. Interest rate derivatives are used exclusively to optimize loan conditions and to limit interest rate risks from variable interest payments in the context of financing strategies with matching maturities (cash flow hedges). Derivatives to hedge foreign currency risks are used exclusively to limit foreign currency risk in connection with financing in foreign currencies (cash flow hedges). Derivatives are not used for trading or speculative purposes.

The Group has set a hedging ratio of 1:1 for all hedging relationships. Premiums for country or credit risks (credit spread or foreign currency basis spread) are not part of the hedging relationships. Hedging costs are initially recognized in the hedge reserve in equity and reclassified to profit or loss over the term of the hedging relationship.

The existence of the economic relationship between the hedged items and the hedging instruments for assessing the hedge effectiveness is determined prospectively on the basis of significant features such as nominal amount, benchmark rate and maturity. Ineffectiveness is measured at the end of each reporting period according to the hypothetical derivative method. Ineffectiveness can result in particular from differences between the repricing time periods of the swaps and the loans.

Derivative financial instruments are recognized in the statement of financial position from the date the contract is concluded. They are measured at fair value upon acquisition. Subsequent measurement is also at the fair value prevailing at the end of the reporting period. To determine the fair value of a swap, the expected cash flows are discounted on both sides of the swap based on the current yield curve. The difference between the two amounts is the net fair value of the swap. This market valuation of financial derivatives is the price at which one party would assume the existing contractual rights and obligations of the other party. The fair values are determined based on market conditions existing at the end of the reporting period.

If derivative financial instruments are used as hedging instruments and the requirements for hedge accounting in accordance with IFRS 9 are met, their accounting treatment depends on the type of hedging relationship and the hedged item. Derivative financial instruments that do not qualify for hedge accounting are classified as measured at fair value through profit or loss in accordance with IFRS 9.

The hedging relationship between the hedged item and the hedging instrument and the objective and strategy of risk management are documented at hedge inception in order to meet the conditions for hedge accounting. This also includes a description of how the effectiveness of the hedging relationship is determined. Effectiveness tests are performed at hedge inception and at the end of each reporting period as part of the ongoing review of whether the derivatives used offset the hedged risks from the underlying transaction.

The changes in the fair value of the effective portion of cash flow hedges are recognized directly in equity. The changes in the fair values of the ineffective portions of cash flow hedges and interest rate swaps that are not designated as hedging instruments in hedging relationships are recognized through profit or loss.

Like other financial assets, derivatives are derecognized when the BLG Group loses control over the underlying rights wholly or in part by selling or discharging them or transferring them to a third party in a manner that qualifies for derecognition. The amounts recognized in equity are reclassified to profit or loss in the period in which the hedged transaction is settled.

The following hedging instruments were in place at the ends of the reporting periods to reduce the interest rate risk from existing bank liabilities and the foreign currency risk from a variable USD loan granted in the context of Group financing:

	Maturities			
12/31/2022 Nominal amounts EUR thousand	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Interest rate risk				
Interest rate swaps				
For outstanding loans	1,000	0	60,000	61,000
Average hedged interest rate	1.455%	1.456%	1.557%	
	1,000	**0**	**60,000**	**61,000**
Foreign currency risk				
Interest rate and currency swaps				
For internal USD loan	810	1,215	0	2,025
Hedged USD/EUR rate	0.8098	0.8098	0.8098	
	810	**1,215**	**0**	**2,025**
Total	**1,810**	**1,215**	**60,000**	**63,025**

12/31/2021 Nominal amounts EUR thousand	Maturities			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Interest rate risk				
Interest rate swaps				
For outstanding loans	2,000	1,000	45,000	48,000
Average hedged interest rate	1.343%	1.338%	1.397%	
	2,000	**1,000**	**45,000**	**48,000**
Foreign currency risk				
Interest rate and currency swaps				
For internal USD loan	810	2,024	0	2,834
Hedged USD/EUR rate	0.8098	0.8098	0.8098	
	810	**2,024**	**0**	**2,834**
Total	**2,810**	**3,024**	**45,000**	**50,834**

The interest rate swaps involve the exchange of floating interest payments for fixed-rate payments. The Group is payer of the fixed amounts and recipient of the floating amounts.

The nominal amounts represent the gross volume of all purchases and sales. This figure serves as a benchmark for determining mutually agreed payments, but is not a receivable or liability that is eligible for recognition in the statement of financial position.

For the financing requirement of the coming years, forward interest rate swaps with a total volume of EUR 90 million, in tranches of EUR 15 million each, have been concluded to hedge the interest rate risk from loans to be taken out in the future. Four tranches have already been taken out. As the terms of the other swaps commence in the years 2023 and 2024, they are not included in the presentation of maturities at the ends of the reporting periods. Each forward interest rate swap has a term of ten years and is payable at maturity. The average hedged interest rate was 1.940 percent.

The hedging instruments in place as of the ends of the reporting periods had the following effects on the consolidated statement of financial position:

12/31/2022 **EUR thousand**	Nominal amount	Carrying amount	Item in the statement of financial position	Change in fair value basis for recognizing ineffectiveness
Interest rate risk				
Outstanding loans	61,000	6,734	Current other assets	12,604
Planned loans	30,000	3,154	0	5,940
	91,000	**9,888**		**18,544**
Foreign currency risk				
Internal USD loan	2,025	–326	Current financial liabilities	–311
	2,025	**–326**		**–311**
Total	**93,025**	**9,562**		**18,233**

12/31/2021 **EUR thousand**	Nominal amount	Carrying amount	Item in the statement of financial position	Change in fair value basis for recognizing ineffectiveness
Interest rate risk				
Outstanding loans	48,000	–4,537	Current financial liabilities	2,615
Call money lines	0	0	0	152
Planned loans	45,000	–4,059	0	1,951
	93,000	**–8,596**		**4,718**
Foreign currency risk				
Internal USD loan	2,834	–274	Current financial liabilities	–254
	2,834	**–274**		**–254**
Total	**95,834**	**–8,870**		**4,464**

The carrying amounts of hedging instruments correspond to the calculated fair values. At the end of the reporting period, as in the previous year, all existing hedging instruments fulfilled the criteria for cash flow hedges.

The nominal amount of the interest rate and currency swaps in foreign currency as of December 31, 2022 was USD 2,500 thousand (previous year: USD 3,500 thousand).

The hedged items designated in hedging relationships had the following effects on the consolidated statement of financial position as of the end of the reporting periods:

12/31/2022 EUR thousand	**Change in fair value basis for recognizing ineffectiveness**	**Hedge reserve Cash flow hedges (gross)**
Interest rate risk		
Outstanding loans	-12,852	6,925
Call money lines	0	0
Planned loans	-6,082	3,154
	-18,934	**10,079**
Foreign currency risk		
Internal USD loan	312	0
	312	**0**
Total	**-18,622**	**10,079**

12/31/2021 EUR thousand	Change in fair value basis for recognizing ineffectiveness	Hedge reserve Cash flow hedges (gross)
Interest rate risk		
Outstanding loans	-2,526	-4,406
Call money lines	-152	0
Planned loans	-1,791	-4,059
	-4,469	**-8,465**
Foreign currency risk		
Internal USD loan	255	0
	255	**0**
Total	**-4,214**	**-8,465**

The following amounts were recognized in connection with hedging relationships:

2022 EUR thousand	**Change in fair value**		**Reclassification from OCI to P&L**	**P&L items**
	Recognized in other comprehensive income (effective portion)	Recognized in the statement of profit or loss (ineffective portion)		
Interest rate risk				
Outstanding loans	12,604	0	0	
Call money lines	0	0	0	
Planned loans	5,940	0	0	
	18,544	**0**	**0**	
Foreign currency risk				
Internal USD loan	-311	0	309	Other operating expense
	-311	**0**	**309**	
Total	**18,233**	**0**	**309**	

2021 EUR thousand	**Change in fair value**		**Reclassification from OCI to P&L**	**P&L items**
	Recognized in other comprehensive income (effective portion)	Recognized in the statement of profit or loss (ineffective portion)		
Interest rate risk				
Outstanding loans	2,615	0	0	
Call money lines	152	0	0	
Planned loans	1,951	0	0	
	4,718	**0**	**0**	
Foreign currency risk				
Internal USD loan	-254	0	267	Other operating expense
	-254	**0**	**267**	
Total	**4,464**	**0**	**267**	

The composition of the hedge reserve presented in note 20, including deferred taxes, breaks down by risk category and other components resulting from hedge accounting as shown in the table on the right.

Since the reference amounts are reduced by the repayment of the underlying loans in parallel with the loan proceeds, no gains or losses are recognized as long as the financial instruments are not sold. No sale is planned.

Financial year 2022 **EUR thousand**	Cash flow hedge reserve Interest rate swaps/interest rate and currency swaps	Cash flow hedge reserve Hedging costs	**Total**
Cash flow hedges			
As of January 1	-8,050	-38	-8,088
Changes in fair value			
Interest rate risk – outstanding loans	12,604	0	12,604
Interest rate risk – call money lines	0	0	0
Interest rate risk – planned loans	5,940	0	5,940
Foreign currency risk – internal USD loan	-311	2	-309
Reclassifications to profit or loss			
Foreign currency risk	309	0	309
Deferred taxes	0	0	0
Change in investments in companies accounted for using the equity method	722	0	722
As of December 31	**11,214**	**-36**	**11,178**

Financial year 2021 **EUR thousand**	Cash flow hedge reserve Interest rate swaps/interest rate and currency swaps	Cash flow hedge reserve Hedging costs	Total
Cash flow hedges			
As of January 1	-12,926	-25	-12,951
Changes in fair value			
Interest rate risk – outstanding loans	2,615	0	2,615
Interest rate risk – call money lines	152	0	152
Interest rate risk – planned loans	1,951	0	1,951
Foreign currency risk – internal USD loan	-254	-13	-267
Reclassifications to profit or loss			
Foreign currency risk	267	0	267
Deferred taxes	0	0	0
Change in investments in companies accounted for using the equity method	145	0	145
As of December 31	**-8,050**	**-38**	**-8,088**

Income Taxes

33. Income Taxes

The tax expense consists of corporation and trade tax of domestic companies and comparable income taxes for foreign companies.

The taxation applies regardless of whether the income is reinvested or distributed. The implementation of the proposed distribution of net retained profits has no effect on the tax expense of the Group.

In accordance with IAS 12, deferred taxes are determined using the liability method. Under this method, deferred taxes are recognized for all accounting and measurement differences between the IFRS carrying amounts and the tax base if they balance each other out over time (temporary differences). If asset items under IFRSs have a higher value than in the tax base and these are temporary differences, a liability item is recognized for deferred taxes.

Deferred tax assets from accounting differences and benefits from the future utilization of tax loss carryforwards are capitalized if it is probable that future taxable earnings will be generated.

The tax rates valid at the time of realization of the asset or the settlement of the liability are used to calculate deferred tax assets and liabilities. These are measured using the tax rates of the individual Group companies. For domestic partnerships these comprise only trade tax and vary between 13.3 percent and 16.1 percent because of different assessment rates.

For domestic corporations a tax rate of 31.9 percent (previous year: 31.9 percent) was applied, comprising the corporation tax rate plus the solidarity surcharge and the trade tax rate for the main consolidated companies. The income tax rates for foreign Group companies ranged between 19.0 percent and 28.0 percent (previous year: between 15.0 percent and 28.0 percent).

Key components of income tax expense break down as follows:

EUR thousand	2022	2021
Current taxes		
Tax expense for the period	3,499	4,112
Tax expense for prior periods	3,699	162
Income from tax reimbursements	-326	-1,542
Total current taxes	**6,872**	**2,732**
of which		
Tax expense domestic	6,224	4,126
Tax income domestic	-326	-1,542
Tax expense foreign	974	148
	6,872	**2,732**
Deferred taxes		
Deferred taxes on temporary differences	-632	-1,116
Deferred taxes on losses and interest carried forward	-2,124	44
Total deferred taxes	**-2,756**	**-1,072**
of which		
Deferred taxes domestic	-2,636	-1,106
Deferred taxes foreign	-120	34
	-2,756	**-1,072**
Total	**4,116**	**1,660**

Deferred taxes result from temporary differences between the tax bases of the companies and the carrying amounts in the consolidated statement of financial position using the liability method, as well as from the loss allowances for deferred taxes on temporary differences and loss carryforwards capitalized in prior periods, from the use of loss carryforwards on which deferred taxes had been capitalized, from the elimination of loss carryforwards and from the recognition of deferred taxes on interest expense carryforwards.

Deferred income taxes

The deferred tax items reported as of the ends of the various reporting periods and the movements of deferred taxes within the reporting year relate to the items presented in the table.

EUR thousand	12/31/2021	Changes: Recognized in P&L	Changes: Recognized in equity	12/31/2022
Deferred tax assets				
Recognition and measurement of goodwill and other intangible assets	104	-54	0	50
Measurement of property, plant and equipment	3,588	3,152	-138	6,602
Recognition and measurement of other assets	52,490	-992	169	51,667
Recognition of lease liabilities	74,148	-2,333	0	71,815
Measurement of personnel-related provisions	4,248	-327	-1,685	2,236
Recognition and measurement of miscellaneous other provisions	2,151	1,394	0	3,545
Recognition of derivative financial instruments	1,428	1,610	-2,985	53
Recognition and measurement of other liabilities	2,315	452	169	2,936
Write-down of deferred taxes arising from temporary differences	-15,570	77	8,867	-6,626
Accounting for tax loss and interest expense carryforwards	87	2,124	0	2,211
Gross deferred taxes	**124,989**	**5,103**	**4,397**	**134,489**
Offset	-122,633			-129,425
Recognized deferred taxes	**2,356**			**5,064**

EUR 4,538 thousand (previous year: EUR 8,244 thousand) of the deferred taxes was classified as current and EUR 526 thousand (previous year: EUR -6,106 thousand) as non-current. Of the changes in equity, EUR -280 thousand (previous year: EUR -734 thousand) was offset against other reserves and EUR 451 thousand (previous year: EUR -392 thousand) recognized in retained earnings.

Deferred tax assets

The recognition and measurement of other assets in the amount of EUR 51,667 thousand (previous year: EUR 52,490 thousand) principally related to the following line items:

- Loans to affiliated companies
- Trade receivables
- Other assets
- Trade payables
- Other current financial liabilities

The recognition and measurement of other liabilities in the amount of EUR 2,936 thousand (previous year: EUR 2,315 thousand) principally related to the following line items:

- Other non-current liabilities
- Government grants (current and non-current)

Deferred tax liabilities

The recognition and measurement of other assets in the amount of EUR -6,590 thousand (previous year: EUR -5,972 thousand) principally related to the following line items:

- Current finance receivables
- Receivables from affiliated companies
- Trade receivables

The recognition and measurement of other liabilities in the amount of EUR -28,238 thousand (previous year: EUR -28,919 thousand) principally related to the following line items:

- Non-current loans
- Current portion of non-current loans
- Other current liabilities

EUR thousand	12/31/2021	Changes Recognized in P&L	Changes Recognized in equity	12/31/2022
Deferred tax liabilities				
Recognition and measurement of intangible assets	-400	-69	0	-469
Measurement of property, plant and equipment	-48,946	1,268	1	-47,677
Capitalization of leases	-34,562	-1,225	0	-35,787
Recognition and measurement of other assets	-5,972	-587	-31	-6,590
Measurement of personnel-related provisions	-3,900	-864	-4,197	-8,961
Recognition and measurement of miscellaneous other provisions	-152	41	0	-111
Recognition of derivative financial instruments	0	-1,592	0	-1,592
Recognition and measurement of other liabilities	-28,919	681	0	-28,238
Gross deferred taxes	**-122,851**	**-2,347**	**-4,227**	**-129,425**
Offset	122,633			129,425
Recognized deferred taxes	**-218**			**0**

The following deferred tax assets were not capitalized:

EUR thousand	2022	2021
Deductible temporary differences	6,626	15,570
Loss carryforwards	53,311	48,310
Interest expense carryforwards	1,489	0
Total	**61,426**	**63,880**

The assessment of the recoverability of deferred tax assets depends on the estimation of the probability of the reversal of the measurement differences and the availability for use of the loss and interest expense carryforwards which resulted in deferred tax assets. This is dependent upon the generation of future taxable earnings during the periods in which those tax measurement differences are reversed and tax loss and interest expense carryforwards are available for use. The basis of the measurement is the five-year medium-term planning of the individual Group companies.

For subsidiaries that have suffered losses during the reporting year or the prior period, deferred tax assets of EUR 0 thousand (previous year: EUR 0 thousand) were reported due to the improved earnings outlook.

As of December 31, 2022, the Group had tax loss carryforwards of EUR 324,998 thousand (previous year: EUR 296,140 thousand). As of December 31, 2022, no deferred tax assets were capitalized for tax loss carryforwards of EUR 324,998 thousand (previous year: EUR 295,706 thousand) of various subsidiaries. No deferred tax assets were recognized for these losses since these losses may not be used to offset taxable earnings of other Group companies and arose in subsidiaries that have generated tax losses for some time or will not generate sufficient taxable profits in the foreseeable future.

The deductible differences for which no deferred taxes were capitalized as of December 31, 2022, and December 31, 2021, related to subsidiaries whose expected taxable income situation is not expected to allow the use of deferred tax assets.

Interest expense carryforwards of the Group amounted to EUR 30,649 thousand as of December 31, 2022 (previous year: EUR 0 thousand). No deferred tax assets were recognized for EUR 12,337 thousand (previous year: EUR 0 thousand) of this amount, as the respective Group companies are not expected to generate the EBITDA required for this purpose in the next five years.

Reconciliation of the effective tax rate and the effective income tax expense:

EUR thousand		**2022**		2021
Net profit for the year before income taxes under IFRSs		55,722		52,226
Group tax rate in percent	16.10%		16.10%	
Expected income tax expense in the financial year		**8,971**		**8,408**
Reconciliation items				
Effects of changes in tax rates		185		42
Tax-free income/trade tax cuts		–19,973		–12,889
Non-deductible operating expense/trade tax additions/effects of the interest deduction ceiling		2,279		4,674
Use of special tax business expenses		46		153
Current tax expense/income from prior periods		3,373		–1,377
Deferred tax expense/income from prior periods		–258		–953
Effects of differing tax rates		–133		961
Use of loss carryforwards not previously recognized		–675		–293
Non-recognition of deferred tax assets on current losses		5,799		4,859
Recognition adjustments for deferred tax assets on temporary differences		–77		–1,060
Other effects		4,579		–865
Total of the reconciliation items	**-8.7%**	**-4,855**	**-12.9%**	**-6,748**
Consolidated income tax expense	**7.4%**	**4,116**	**3.2%**	**1,660**

34. Income Taxes on Income and Expense Recognized Directly in Equity

EUR thousand	2022 Gross value	2022 Tax expense/income	2022 Net value	2021 Gross value	2021 Tax expense/income	2021 Net value
Items that are not subsequently reclassified to profit or loss						
Remeasurement of net pension obligations	36,148	-280	35,868	-370	-734	-1,104
Proportionate share of equity-accounted investments in items that are not subsequently reclassified to profit or loss	31,180	-4,834	26,346	1,043	-169	874
	67,328	**-5,114**	**62,214**	**673**	**-903**	**-230**
Items that can subsequently be reclassified to profit or loss						
Currency translation	140	0	140	-47	0	-47
Change in the measurement of financial instruments	18,544	0	18,544	4,718	-25	4,693
Proportionate share of equity-accounted investments in items that can subsequently be reclassified to profit or loss	-399	-111	-510	1,668	0	1,668
	18,285	**-111**	**18,174**	**6,339**	**-25**	**6,314**
Total	**85,613**	**-5,225**	**80,388**	**7,012**	**-928**	**6,084**

35. Reimbursement Rights from Income Taxes

The tax assets related to reimbursement rights for the reporting year of EUR 753 thousand (previous year: EUR 1,169 thousand) as well as reimbursement rights for prior periods of EUR 3,027 thousand (previous year: EUR 1,675 thousand).

Please refer to note 33 for information on rights arising from deferred taxes.

36. Payment Obligations from Income Taxes

EUR thousand	12/31/2022	12/31/2021
Corporation and trade tax for the reporting year	671	370
Corporation and trade tax for prior periods	4,512	1,272
Total	**5,183**	**1,642**

Please refer to note 33 for information on rights arising from deferred taxes.

Notes to the Consolidated Statement of Cash Flows

37. Notes to the Consolidated Statement of Cash Flows

The consolidated statement of cash flows has been prepared in accordance with IAS 7 and is divided into cash flows from current operating, investing and financing activities. Disclosure of cash flows is intended to clarify the sources and uses of cash and cash equivalents.

Cash and cash equivalents are defined as the difference between cash and current liabilities to banks. Cash consists of cash on hand, demand deposits and short-term, highly liquid financial resources that can be converted into cash at any time and are subject to only minor fluctuations in value.

The change in cash due to foreign currency translation effects is shown separately in accordance with IAS 7.28.

EUR thousand	12/31/2022	12/31/2021
Composition of cash and cash equivalents		
Cash and cash equivalents in statement of financial position	18,403	33,010
Current liabilities to banks (see note 24)	-21,038	-21,570
Total	**-2,635**	**11,440**

The following table shows the changes in liabilities and related financial assets included in the cash flow from financing activities.

EUR thousand	12/31/2021	Cash flow	Non-cash changes				December 31, 2022
			Addition IFRS 16	Interest cost	Exchange rate differences	Other	
Non-current loans	158,387	1,523	0	0	0	0	159,910
Lease liabilities	526,979	-62,701	64,033	0	427	-448	528,290
Other borrowings	63,716	1,760	0	0	0	0	65,476
Loans from investees	25,600	0	0	0	0	0	25,600
Liabilities from financing activities	**774,682**	**-59,418**	**64,033**	**0**	**427**	**-448**	**779,277**

EUR thousand	12/31/2020	Cash flow	Non-cash changes				12/31/2021
			Addition IFRS 16	Interest cost	Exchange rate differences	Other	
Non-current loans	167,436	-9,049	0	0	0	0	158,387
Lease liabilities	536,420	-73,025	62,956	0	628	0	526,979
Other borrowings	50,057	13,659	0	0	0	0	63,716
Loans from investees	25,600	0	0	0	0	0	25,600
Liabilities from financing activities	**779,513**	**-68,415**	**62,956**	**0**	**628**	**0**	**774,682**

Group Structure and Consolidation Principles

38. Group of Consolidated Companies

In addition to BLG AG and BLG KG, the consolidated financial statements include the companies listed below:

Number	12/31/2022	12/31/2021
Fully consolidated		
Domestic	14	14
Foreign	3	5
Accounted for using the equity method		
Domestic	40	39
Foreign	19	19

Three companies are included in the consolidated financial statements using the equity method due to immateriality, despite voting majorities, as they are of only minor importance for presenting a true and fair view of the financial position, financial performance and cash flows of BLG LOGISTICS. Materiality is determined on the basis of total assets. The cumulative total assets of the three companies accounted for using the equity method amounted to EUR 737 thousand (previous year: EUR 1,097 thousand) in 2022.

A total of 13 companies in which a majority of shares and voting rights are held are not fully consolidated due to immateriality. These are general partner companies with only limited operations, as well as three other entities with no or only limited operations and one company in liquidation and one company that was deconsolidated due to loss of control. These companies are of only minor importance for presenting a true and fair view of the financial position, financial performance and cash flows of BLG LOGISTICS and are therefore not included in the consolidated financial statements. Materiality is determined on the basis of net profit for the year. The cumulative net profit of the unconsolidated subsidiaries was EUR -537 thousand (previous year: EUR -15 thousand).

The structure of BLG LOGISTICS with the AUTOMOBILE, CONTRACT and CONTAINER Divisions, the latter accounted for using the equity method, is shown in note 3.

A complete list of subsidiaries, joint ventures, associates and other investees is attached to the notes to the consolidated financial statements.

The assumptions regarding control in companies in which the shareholding does not exceed 50 percent are shown below.

BLG AutoRail GmbH, Bremen (shareholding: 50 percent)

The shares in BLG AutoRail GmbH are held by BLG Automobile Logistics GmbH & Co. KG. Due to pooled voting rights under the partnership arrangement, BLG LOGISTICS exercises control over this company. The company is therefore accounted for using the full consolidation method.

BLG RailTec GmbH, Uebigau-Wahrenbrück (shareholding: 50 percent)

BLG RailTec GmbH was established as a wholly owned subsidiary of BLG AutoRail GmbH, Bremen. The indirect shareholding is 50 percent. Control of BLG AutoRail GmbH, Bremen, exists, so there is also indirect control of the wholly owned subsidiary BLG RailTec GmbH. As the operational management of the company was taken over due to a control and profit and loss transfer arrangement, this company is fully consolidated.

39. Consolidation Principles

The date of initial consolidation is the date on which, from an economic point of view, the conditions established under IFRSs for the existence of a subsidiary, an associate or a joint venture are met for the first time. Similarly, the deconsolidation date is determined by the absence of control, joint control or material influence.

Subsidiaries
Subsidiaries are companies that are controlled by BLG LOGISTICS.

BLG LOGISTICS controls an investee if there is an exposure to risk as a result of a right to variable returns from the investment and the power over the investee can be used to affect the amount of the returns.

All major subsidiaries are consolidated in the consolidated financial statements.

Subsidiaries are generally fully consolidated in accordance with IFRS 10. Deviating from this, certain companies of BLG LOGISTICS are not consolidated for reasons of materiality (see note 38).

At first-time consolidation, the cost of acquisition of subsidiaries is offset against the carrying amount of the Group's investment in the remeasured equity of the acquirees in accordance with IFRS 3. In this process, assets and liabilities are recognized at their fair values and previously unrecognized intangible assets that are eligible for recognition under IFRSs as well as contingent liabilities are recognized at fair value in assets or liabilities. Subsequent to initial consolidation, the thus identified hidden assets and hidden liabilities are carried forward, written down or reversed in accordance with the treatment of the corresponding assets and liabilities. Any excess of the acquisition cost of the acquiree over the proportionate net fair value of the identifiable assets, liabilities and contingent liabilities (positive difference) resulting from initial consolidation is recognized as goodwill and is subject to annual impairment testing (see note 12).

If any negative difference remains, the identification and measurement of assets, liabilities and contingent liabilities and the deviation of the purchase price are reassessed. Any negative goodwill remaining following this review is recognized immediately through profit or loss.

Companies accounted for using the equity method
The companies accounted for using the equity method include investments in joint ventures and associates.

Joint ventures exist when there are arrangements in which BLG LOGISTICS exercises joint control with at least one partner company, where the Group has rights to its net assets instead of rights to the assets and obligations from the liabilities of the arrangement. This applies in particular to the CONTAINER Division, which is accounted for using the equity method via the stake in the operational management company EUROGATE GmbH & Co. KGaA, KG, Bremen.

Associates are companies in which BLG LOGISTICS has material influence over the financial and operational policies, but does not exercise control or joint management.

The carrying amounts of the equity interests accounted for using the equity method are increased or decreased annually to recognize BLG LOGISTICS' share of the profit or loss of the investee arising from changes in the equity of the joint venture or the associate. The principles applicable to full consolidation are applied mutatis mutandis to the allocation and adjustment of the carrying amount of the investee to reflect the excess of the cost of acquisition of the investment over the proportionate interest in the company's equity.

Non-controlling interests
Non-controlling interests include minority interests in the equity of fully consolidated subsidiaries.

Non-controlling interests in acquired companies are recognized based on the proportionate share of the net assets of the acquiree.

Transactions with non-controlling interests are treated as transactions with equity owners of BLG LOGISTICS. Any difference between the consideration paid and the relevant share of the carrying amount of the net assets of the subsidiary arising from the purchase is recognized in equity. Gains and losses which are realized on the disposal of non-controlling interests are also recognized in equity.

Other equity interests
Other equity interests are stated at fair value in accordance with IFRS 9. If there is no active market and the fair value cannot be determined reliably using measurement methods, cost is used as an appropriate approximation of fair value.

Loss of control
If BLG LOGISTICS ceases to have control or material influence over an entity, the remaining interest is remeasured to fair value and the resulting difference is recognized in profit or loss. The fair value is the fair value determined on initial recognition of an associate, joint venture or financial asset.

In addition, all amounts reported in other comprehensive income in respect of that entity are accounted for as would be required if the parent company had sold the corresponding assets and liabilities directly. This means that a profit or loss previously recognized in other comprehensive income is reclassified from equity to comprehensive income.

If the shareholding in an associate has decreased, but the entity remains an associate, only the proportionate share of net profit or loss previously recognized in other comprehensive income is reclassified to profit or loss.

Elimination of transactions as part of consolidation
The effects of intragroup transactions are eliminated:

Receivables and payables between the consolidated companies are netted against each other, intragroup profits and losses on non-current assets and inventories are eliminated. Intragroup income is offset against the corresponding expense items. Taxes are deferred for temporary differences from consolidation as required under IAS 12.

The consolidation method is unchanged from the previous year.

40. Changes in Group of Consolidated Companies

Business combinations
Business combinations under IFRS 3 exist when an entity acquires control over one or more business operations through the acquisition of shares or other events. Business operations within the meaning of IFRS 3 are integrated sets of activities and assets that are managed with the aim of generating income or achieving cost reductions or other economic benefits for the shareholders or other owners, partners or members. The establishment of joint ventures and the combination of entities under common control do not represent business combinations within the meaning of IFRS 3.

In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss in profit or loss.

No business combinations were achieved in the reporting year.

Other changes in group of consolidated companies

AUTOMOBILE Division

Fully consolidated companies (subsidiaries)
Against the background of the de facto loss of control in connection with the Russian war of aggression, BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia, was deconsolidated with effect from December 31, 2022. This resulted in expense in the amount of EUR 6,182 thousand, which is reported in the non-operating result under other operating expense.

Companies accounted for using the equity method (joint ventures)
In June 2022, BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven, founded BLG GLOVIS BHV GmbH, Bremerhaven, as a joint venture with the shipping company Hyundai GLOVIS. Hyundai GLOVIS will in the coming years use BLG AutoTerminal Bremerhaven as a European hub for its automobile transports between Asia and Europe. The aim of the joint venture is to bundle volumes and thus optimize the logistics chains of automobile manufacturers, taking into account transit times, costs and environmental influences.

Under contract of May 18, 2022, BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen, sold its shares in Autoterminal Slask Logistic Sp. Z o. o., Dabrowa Gornicza, Poland. The associated deconsolidation resulted in expenses of EUR 5 thousand, which are reported in the non-operating result under other operating expense.

CONTRACT Division

Fully consolidated companies (subsidiaries)
Owing to the discontinuation of business operations, BLG AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa, was deconsolidated with effect from December 31, 2022. The deconsolidation resulted in expenses of EUR 5 thousand, which are reported in the non-operating result under other operating expense.

Companies accounted for using the equity method (associates)
In order to expand its business activities, BLG Logistics of South Africa (Pty) Ltd., Port Elizabeth, South Africa founded Autovision South Africa (Pty) Ltd., Port Elizabeth, South Africa, together with partners. The object of the company is the provision of value-creating activities, such as painting car parts.

41. Non-consolidated Structured Companies

BLG Unterstützungskasse GmbH, Bremen (shareholding: 100 percent)
BLG KG owns 100 percent of the shares in BLG Unterstützungskasse GmbH, Bremen. The purpose of the company is to provide ongoing support to former employees and former Board of Management members of BLG and their survivors. The necessary funds are provided to the company by the Free Hanseatic City of Bremen (municipality), as it has accepted the obligations arising from the pension entitlements. An exposure to risk as a result of, or a claim to variable returns from the investment and the opportunity to influence the operations of BLG Unterstützungskasse GmbH, Bremen, are therefore contractually precluded. Accordingly, control does not exist, despite the ownership of 100 percent of the voting shares, with the result that the company is not consolidated.

The carrying amount of the investment was EUR 30 thousand (previous year: EUR 30 thousand) and corresponds to the fair value. They were recognized in other financial assets under other financial investments. The maximum exposure to loss was the carrying amount of the investment.

42. Currency Translation

In accordance with IAS 21, the financial statements of consolidated companies prepared in foreign currencies are translated into euros in keeping with the concept of functional currencies. The functional currency of all foreign companies of the BLG Group is the local currency, as the companies conduct their business independently in financial, economic and organizational terms. Accordingly, the assets and liabilities were translated at the exchange rate on the reporting date, while expenses and income were in principle translated at the average annual exchange rate. The resulting currency translation differences were recognized directly in equity.

EUR	Reporting date 12/31/2022	2022 average	Reporting date 12/31/2021	2021 average
1 US dollar	0.9376	0.9497	0.8829	0.8455
1 Chinese yuan renminbi	0.1359	0.1413	0.1390	0.1311
1 Indian rupee	0.0113	0.0121	0.0119	0.0114
1 Malaysian ringgit	0.2128	0.2161	0.2119	0.2040
1 Polish zloty	0.2136	0.2134	0.2175	0.2190
1 Russian ruble	0.0132	0.0139	0.0117	0.0115
1 South African rand	0.0553	0.0581	0.0554	0.0572
1 Ukrainian hryvnia	0.0253	0.0293	0.0323	0.0310

As of December 31, 2022, currency translation differences of EUR 8,869 thousand (previous year: EUR 9,441 thousand) were reported in equity (see also the statement of changes in equity). Currency translation was based on the exchange rates shown in the table.

In the separate financial statements of the consolidated companies presented in local currency, receivables and payables are translated at the end of the reporting period in accordance with IAS 21. Currency translation differences were recognized through profit or loss as other operating income or expense. Non-monetary assets that are measured on the basis of cost were measured at the exchange rate on the day of the transaction.

43. Related Party Disclosures

Identification of related parties

In accordance with IAS 24, relationships with related parties that control BLG LOGISTICS or are controlled by it or on which BLG LOGISTICS can exercise significant influence must be disclosed.

Related parties include in particular majority shareholders, subsidiaries, provided that they are not already included as consolidated companies in the consolidated financial statements, joint ventures, associates or intermediary companies.

In addition, the Board of Management and the Supervisory Board of BLG AG and the first tier of management are also related parties as defined in IAS 24; this also includes family members of the aforementioned groups. A list of the composition of the Board of Management and the Supervisory Board as well as further information about these groups is provided in note 45. There were no reportable transactions between members of the Board of Management, the Supervisory Board, the first tier of management and their family members and BLG LOGISTICS during the 2022 financial year.

Material transactions with shareholders: Relationships with the Free Hanseatic City of Bremen (municipality)

As of December 31, 2022, the Free Hanseatic City of Bremen (municipality) was the majority shareholder of BLG AG with a 50.42 percent (previous year: 50.42 percent) share of the subscribed capital. The Free Hanseatic City of Bremen (municipality) received a dividend in the amount of EUR 8.8 million (previous year: EUR 11.3 million) as a result of the resolution on the appropriation of net retained profits for 2021.

In accordance with Article 148 of the Constitution of the Free Hanseatic City of Bremen, the Bremen Senate is both the state government and statutory body of the municipality of Bremen. Due to the fact that the statutory bodies of the Free Hanseatic City of Bremen (municipality) and the Free Hanseatic City of Bremen (state) are identical, this body is consequently considered a related party or ultimate controlling party within the meaning of IAS 24. The Free Hanseatic City of Bremen (municipality) has provided BLG KG with heritable building rights with a remaining term of up to 26 years for the land used by the company and its subsidiaries. As of December 31, 2022, lease liabilities for heritable building rights existed in the amount of EUR 281.4 million (previous year: EUR 290.4 million) toward the Free Hanseatic City of Bremen (municipality). The BLG Group paid a total of EUR 15.4 million (previous year: EUR 15.8 million) for ground rent in 2022. The ground rent is subject to regular increases on the basis of the consumer price index every five years. The increase planned for the 2020 financial year was waived to support Bremen's port and logistics industry in connection with the coronavirus crisis and was instead charged in the 2021 reporting period.

Transactions with affiliated companies of the Free Hanseatic City of Bremen (municipality) and (state)

Individual companies of BLG LOGISTICS maintain ongoing business relationships with affiliated companies of the Free Hanseatic City of Bremen (municipality).

BLG KG took out several loans from BLG Unterstützungskasse GmbH, Bremen. The loan liabilities amounted to EUR 25,600 thousand as of December 31, 2022 (previous year: EUR 25,600 thousand). In the reporting year, no loan liabilities were repaid and no new loan liabilities were taken out. Interest of EUR 505 thousand (previous year: EUR 505 thousand) was paid. In addition, BLG Unterstützungskasse GmbH has been included in the central cash management of BLG KG since September 1, 2012. The interest on the funds provided was based on unchanged conditions. At the end of the reporting period, liabilities from cash management were EUR 2,223 thousand (previous year: EUR 2,195 thousand).

Relationships with non-consolidated affiliated companies, joint ventures and associates

Transactions by the Group companies with joint ventures, associates and non-consolidated affiliated companies all arose in the ordinary course of business. Services were provided to these related parties on the basis of prices and conditions also applicable to third parties. The receivables included lease receivables of EUR 176,215 thousand (previous year: EUR 180,317 thousand). The outstanding balances, with the exception of non-current lease receivables of EUR 172,212 thousand (previous year: EUR 176,314 thousand), are unsecured and due in the short term. The table below show the extent of the business relationships of the joint ventures and associates:

EUR thousand	2022	2021
Affiliated companies		
Income	0	0
Expense	10	10
Receivables	13	17
Liabilities	360	449
Joint ventures		
Income	26,658	21,730
Expense	19,907	18,998
Receivables	178,883	186,530
Liabilities	3,736	4,162
Associates		
Income	2,048	1,857
Expense	1,549	1,508
Receivables	242	156
Liabilities	526	660

Loss allowances of EUR 7 thousand (previous year: EUR 7 thousand) were recognized for expected credit losses on receivables from joint ventures and associates using the simplified approach. In addition, receivables from joint ventures of EUR 596 thousand (previous year: EUR 1,500 thousand) were derecognized in the reporting year and loans to joint ventures and associates in the amount of EUR 0 thousand (previous year: EUR 70 thousand) were written down. Receivables from non-consolidated affiliated companies were, as in the previous year, neither written down nor derecognized.

Other Notes

44. Voting Rights Notifications

The following voting rights notifications from direct or indirect equity interests in the capital of BLG AG were reported to the Board of Management of BLG AG:

On February 7, 2019, the Free Hanseatic City of Bremen (municipality) notified us pursuant to Section 33 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that its share of voting rights in BLG AG amounted to 50.42 percent (corresponding to 1,936,000 voting rights) as of January 31, 2019.

On February 7, 2019, Peter Hoffmeyer notified us pursuant to Section 33 (1) WpHG that the voting rights share of Panta Re AG, Bremen, in BLG AG exceeded the threshold of 10 percent on January 31, 2019, and at that time amounted to 12.61 percent (corresponding to 484,032 voting rights). All voting rights are attributable to Peter Hoffmeyer pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

On November 18, 2016, the Waldemar Koch Foundation, Bremen, notified us pursuant to Section 21 (1) WpHG (old version) that its share of voting rights in BLG AG exceeded the threshold of 5 percent on November 15, 2016, and at that time amounted to 5.23 percent (corresponding to 200,814 voting rights.)

On April 8, 2002, Finanzholding der Sparkasse in Bremen, Bremen, notified us pursuant to Section 41 (2) sentence 1 WpHG (old version) that as of April 1, 2002 its share of voting rights in BLG AG amounted to 12.61 percent (corresponding to 484,032 voting rights).

Further details are published on our website at ➚ *www.blg-logistics.com/en/investor-relations/share*.

45. Supervisory Board and Board of Management

Composition of the Supervisory Board

In accordance with the Articles of Incorporation, the Supervisory Board of BLG AG comprises 16 members, namely eight Supervisory Board members elected in accordance with the provisions of the German Stock Corporation Act (AktG) and eight Supervisory Board members representing the employees, who are elected in accordance with the provisions of the German Codetermination Act (MitbestG).

The composition of the Supervisory Board and the memberships of the Supervisory Board members in other bodies in accordance with Section 125 (1) sentence 5 AktG are presented in ▸Annex 1 to the notes.

The composition of the Supervisory Board changed as follows compared with December 31, 2021:

Klaus Pollok resigned as a member of the Supervisory Board with effect from December 31, 2021. He was replaced as of January 1, 2022 by Fabian Goiny. Fabian Goiny was elected as a substitute member for Klaus Pollok in 2018.

Vera Visser resigned as a member of the Supervisory Board with effect from February 28, 2022. Martin Peter was appointed to succeed her as a member of the Supervisory Board by court order of the District Court of Bremen on March 11, 2022.

Udo Klöpping resigned as a member of the Supervisory Board with effect from July 15, 2022. Tim Kaemena was appointed to succeed him as a member of the Supervisory Board by court order of the District Court of Bremen on September 8, 2022.

Composition of the Board of Management

The composition of the Board of Management and the memberships of the Board of Management members in other bodies in accordance with Section 125 (1) sentence 5 AktG are presented in ▸Annex 2 to the notes.

The following changes were made to the composition of the Board of Management compared with December 31, 2021:

At its meeting on February 24, 2022, the Supervisory Board resolved to extend the contract with Frank Dreeke for two years, until he reaches the statutory retirement age for Board of Management members. He is now appointed until December 31, 2024.

Andrea Eck, originally appointed until December 31, 2024, left the company at her own request with effect from December 31, 2022. She resigned from her seat on the Board of Management at the end of August 31, 2022. CEO Frank Dreeke had assumed responsibility for management of the AUTOMOBILE Division in the interim. At an extraordinary meeting on November 10, 2022, the Supervisory Board resolved to create the new position of Chief Operating Officer (COO) in the company, responsible for overseeing operating business at Board of Management level. In line with the "one face to the customer" principle, the two Board of Management divisions AUTOMOBILE and CONTRACT were merged. When it came to filling this position, the Supervisory Board decided in favor of Matthias Magnor, who has been responsible on the Board of Management for the CONTRACT Division since October 1, 2021. He took over the position of COO with effect from December 1, 2022.

At its meeting on December 15, 2022, the Supervisory Board resolved to extend the contract with Christine Hein for a further five years. She is now appointed until October 31, 2028.

Transactions with the Board of Management and the Supervisory Board

Transactions with the Board of Management and Supervisory Board were limited to services rendered in connection with the Board positions and employment contracts and the remuneration paid for these services.

Remuneration of the Supervisory Board

The active members of the Supervisory Board received the following remuneration:

EUR thousand	2022	2021
Fixed remuneration	178	179
Meeting allowances	78	63
Remuneration for intra-Group supervisory board mandates	35	44
Total	**291**	**286**

In addition, employee representatives on the Supervisory Board receive, in part, a regular salary from the respective employment relationship in the Group in an amount corresponding to appropriate remuneration for the function or activity discharged in the Group. In this regard, they received EUR 37 thousand (previous year: EUR 34 thousand) in contributions to statutory retirement plans in the reporting year.

As of December 31, 2022, as in the previous year, members of the Supervisory Board had not been granted any loans or advance payments. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Supervisory Board.

Remuneration of the Board of Management

For the 2022 financial year, the Board of Management received total remuneration in accordance with Section 314 (1) no. 6a HGB of EUR 3,870 thousand (previous year: EUR 3,892 thousand). This included basic remuneration, fringe benefits and variable remuneration components payable in the short term (including compensation agreed under severance agreements). In addition, provisions of EUR 1,494 thousand (previous year: EUR 1,743 thousand) were recognized as of December 31, 2022 for long-term variable remuneration components for the 2022 financial year. Of this amount, EUR 516 thousand related to the transitional arrangement for Board of Management members appointed before 2020. On attainment of the target in the reporting year, the respective entitlement for the reporting year was recognized in the provisions. This amount was included in the measurement of the multi-year remuneration components for the 2022 reporting year (transitional arrangement and long-term component). The actual payment was measured against the target attainment determined by the Supervisory Board on the basis of the applicable remuneration system over the multi-year period to be measured of two years (transitional arrangement) or four years (long-term component). The determination was based on financial (70 percent weighting) and environmental and social (30 percent weighting) performance criteria. At the reporting date, obligations for variable remuneration components stood at EUR 3,722 thousand (previous year EUR 3,043 thousand).

For former members of the Board of Management, expenses totaling EUR 1,451 thousand were also recognized in connection with severance agreements. The present value of pension obligations pursuant to IAS 19 for former members of the Board of Management totaled EUR 4,843 thousand as of December 31, 2022. As was the case in the previous year, members of the Board of Management had not been granted any loans or advance payments as of December 31, 2022. Similarly, as in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

The members of the Board of Management were granted pension entitlements, some of which are against companies of the BLG Group. Otherwise, the entitlements are against related parties.

As of December 31, 2022, the present value of pension obligations for active members of the Board of Management at December 31, 2022 amounted to EUR 2,882 thousand (previous year: EUR 5,752 thousand). The related plan assets stood at EUR 2,963 thousand (previous year: EUR 5,384 thousand).

The pension commitments provide for a retirement and disability pension of 10 percent of the basic salary. They also provide for a survivor's pension of 60 percent of the agreed retirement pension. In amendments dated January 2020, it was agreed with each individual member of the Board of Management that in the event of their leaving the company prematurely without a benefit event occurring, there would no longer be a pro rata reduction in the defined benefits if the vesting conditions were met.

The remuneration of key management personnel at Group level subject to disclosure in accordance with IAS 24 comprises the remuneration of the active Board of Management and of the Supervisory Board.

The active members of the Board of Management received the following remuneration:

EUR thousand	2022	2021
Short-term employee benefits	3,825	3,867
Other long-term employee benefits	1,366	1,748
Termination benefits	1,451	25
Post-employment benefits	45	0
Total	**6,687**	**5,640**

Other long-term employee benefits relate to provisions for the long-term variable compensation components of the Board of Management.

Remuneration report and remuneration system
Further information and remarks concerning the individual remuneration of the Board of Management and Supervisory Board members is publicly accessible on our website www.blg-logistics.com/en/investor-relations in the Download area.

The Supervisory Board and Board of Management remuneration systems are available on our website www.blg-logistics.com/en/investor-relations under Corporate governance.

According to Article 19 of the EU Market Abuse Regulation, members of the Board of Management and the Supervisory Board are legally required to disclose their own transactions with shares of BLG AG or related financial instruments. This applies when the total value of the transactions that a Board member and related parties have carried out within one calendar year reaches or exceeds EUR 5,000.00.

This also applies to the first tier of management and the persons closely related to them.

In line with their reporting obligations, members of the Board of Management, the first tier of management and members of the Supervisory Board of the company and related parties disclosed no acquisitions or sales of shares of BLG AG in the 2022 financial year. As in the previous year, the shareholdings of all Board of Management and Supervisory Board members amount to less than 1 percent of the shares issued by the company.

46. Exercise of exemption options by subsidiaries

The following subsidiaries, which are fully consolidated in the consolidated financial statements, used the exemption options pursuant to Section 264 (3) HGB and Section 264b HGB:

- BLG LOGISTICS GROUP AG & Co. KG, Bremen
- BLG Automobile Logistics GmbH & Co. KG, Bremen
- BLG Industrielogistik GmbH & Co. KG, Bremen
- BLG AutoTec GmbH & Co. KG, Bremerhaven
- BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven
- BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven
- BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen
- BLG AutoTransport GmbH & Co. KG, Bremen
- BLG Cargo Logistics GmbH, Bremen
- BLG Handelslogistik GmbH & Co. KG, Bremen
- BLG Logistics Solutions GmbH & Co. KG, Bremen
- BLG Sports & Fashion Logistics GmbH, Hörsel

47. Events after the Reporting Period

No events of particular significance for the financial position, financial performance and cash flows occurred between the end of the financial year ended December 31, 2022 and the preparation of the consolidated financial statements on March 31, 2023.

48. Remuneration of the Group Auditor

The remuneration of the Group auditor pursuant to Section 314 (1) no. 9 HGB for the 2022 financial year breaks down as follows:

EUR thousand	2022
Audits	440
Other assurance services	8
Other services	81
Total	**529**

49. German Corporate Governance Code

The 22nd declaration of compliance with the German Corporate Governance Code (Code), as amended on April 28, 2022, was issued by the Board of Management on August 30, 2022 and by the Supervisory Board of BLG AG on September 15, 2022. On this basis, the Board of Management issued a 23rd declaration of compliance with the Code, as amended on April 28, 2022 on November 29, 2022, and the Supervisory Board of BLG AG followed suit on December 15, 2022, as the creation of the position of a Chief Operating Officer had made amendments necessary. The declarations have been made permanently available on our website: ➚ http://www.blg-logistics.com/en/investor-relations.

Bremen, March 31, 2023

BREMER LAGERHAUS-GESELLSCHAFT -
Aktiengesellschaft von 1877-

THE BOARD OF MANAGEMENT

Frank Dreeke

Michael Blach

Christine Hein

Matthias Magnor

Ulrike Riedel

Appendix to the notes to the consolidated financial statements as of December 31 2022

Shareholdings of BLG LOGISTICS

Name, registered office	Shareholding in percent	Indirect interest (I)	Held through number
1. BLG LOGISTICS GROUP AG & Co. KG, Bremen	0.0		
Companies included on the basis of full consolidation			
2. BLG Automobile Logistics GmbH & Co. KG, Bremen	100.00		1
3. BLG Cargo Logistics GmbH, Bremen[1]	100.00		1
4. BLG Handelslogistik GmbH & Co. KG, Bremen	100.00		1
5. BLG Industrielogistik GmbH & Co. KG, Bremen	100.00		1
6. BLG Logistics Solutions GmbH & Co. KG, Bremen	100.00		1
7. BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen	100.00	I	2
8. BLG AutoRail GmbH, Bremen	50.00	I	2
9. BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven	100.00	I	2
10. BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen	100.00	I	2
11. BLG AutoTransport GmbH & Co. KG, Bremen	100.00	I	2
12. BLG Sports & Fashion Logistics GmbH, Hörsel	100.00	I	4
13. BLG Logistics, Inc., Atlanta, USA	100.00	I	5
14. BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa[2]	84.07	I	5
15. BLG AutoTerminal Gdansk Sp. z o. o., Gdansk, Poland	100.00	I	7
16. BLG RailTec GmbH, Uebigau-Wahrenbrück[1]	50.00	I	8
17. BLG AutoTec GmbH & Co. KG, Bremerhaven	100.00	I	9
18. BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven	100.00	I	9

Companies included on the basis of the equity method			
19. dbh Logistics IT AG, Bremen	27.32	I	1
20. EUROGATE GmbH & Co. KGaA, KG, Bremen	50.00	I	1
21. Kloosterboer BLG Coldstore GmbH, Bremerhaven	49.00	I	1
22. ZLB Zentrallager Bremen GmbH & Co. KG, Bremen	33.33	I	1
23. BLG-Cinko Auto Logistics (Tianjin) Co., Ltd., Tianjin, People's Republic of China	50.00	I	2
24. BLG Logistics (Beijing) Co., Ltd., Beijing, People's Republic of China	100.00	I	2
25. DCP Dettmer Container Packing GmbH & Co. KG, Bremen	50.00	I	3
26. Hansa Marine Logistics GmbH, Bremen	100.00	I	3
27. ICC Independent Cargo Control GmbH, Bremen	50.00	I	3
28. Schultze Stevedoring GmbH & Co. KG, Bremen	50.00	I	3
29. AutoLogistics International GmbH, Bremen	50.00	I	5
30. BLG Parekh Logistics Pvt. Ltd., Mumbai, India	50.00	I	5
31. BLG SWIFT LOGISTICS Sdn. Bhd., Kuala Lumpur, Malaysia[3]	60.00	I	5
32. BLG ViDi LOGISTICS TOW, Kyiv, Ukraine	50.00	I	7
33. BLG GLOVIS BHV GmbH, Bremerhaven	50.00	I	9
34. ATN Autoterminal Neuss GmbH & Co. KG, Neuss	50.00	I	10
35. BLG CarShipping Koper d.o.o., Koper, Slovenia	100.00	I	11
36. BLG Interrijn Auto Transport RoRo B.V., Rotterdam, Netherlands	50.00	I	11
37. Autovision South Africa (Pty) Ltd., Port Elizabeth, South Africa	41.19	I	14
38. Hizotime (Pty) Ltd, East London, South Africa	41.19	I	14
39. SWIFT MEGA CARRIERS Sdn. Bhd., Kuala Lumpur, Malaysia	60.00	I	31

Name, registered office	Shareholding in percent	Indirect interest (I)	Currency[5]	Equity in thousands	Net profit for the year in thousands	Held through number
Companies not included						
40. BLG Automobile Logistics Beteiligungs-GmbH, Bremen	100.00	I	EUR	104	-1	1
41. BLG Handelslogistik Beteiligungs GmbH, Bremen	100.00	I	EUR	33	1	1
42. BLG Industrielogistik Beteiligungs-GmbH, Bremen	100.00	I	EUR	34	1	1
43. BLG Logistics Solutions Beteiligungs-GmbH, Bremen	100.00	I	EUR	28	1	1
44. EUROGATE Beteiligungs-GmbH, Bremen	50.00	I	EUR	40	1	1
45. EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen	50.00	I	EUR	74	1	1
46. ZLB Zentrallager Bremen GmbH, Bremen[4]	33.33	I	EUR	51	2	1
47. BLG AutoTerminal Deutschland Beteiligungs-GmbH, Bremen	100.00	I	EUR	50	-1	2
48. BLG AutoTransport Beteiligungs-GmbH, Bremen	100.00	I	EUR	25	0	2
49. Schultze Stevedoring Beteiligungs-GmbH, Bremen[4]	50.00	I	EUR	31	1	3
50. BLG Automobile Logistics Italia S.r.l. i. L., Gioia Tauro, Italy	98.97	I	EUR	-472	9	7
51. BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia	100.00	I	RUB	407,975	-20,394	7
52. BLG AutoTec Beteiligungs-GmbH, Bremerhaven	100.00	I	EUR	28	1	9
53. BLG AutoTerminal Cuxhaven Beteiligungs-GmbH, Cuxhaven	100.00	I	EUR	13	1	9
54. BLG Freight, LLC, Hoover, USA	100.00	I	USD	-266	-293	13
55. BLG Logistics of Alabama, LLC, Vance, USA	100.00	I	USD	---	---	13
56. BLG AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa	84.07	I	ZAR	1,028	212	14
57. DCP Dettmer Container Packing GmbH, Bremen[4]	50.00	I	EUR	111	8	25
58. ATN Autoterminal Neuss Verwaltungs-GmbH, Neuss	50.00	I	EUR	29	0	34

[1] Profit and loss transfer due to control and profit and loss transfer arrangements

[2] The share of voting rights amounts to 75.04%; non-voting preference shares are additionally held.

[3] The share of voting rights amounts to 40.00%; non-voting preference shares are additionally held.

[4] Previous year's figures

[5] The exchange rates are given in note 42 of the notes to the consolidated financial statements

Responsibility Statement of the Legal Representatives on the 2022 Consolidated Financial Statements

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the consolidated financial statements present a true and fair view of the assets, liabilities, financial position and profit or loss of the BLG Group, and that the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Bremen, March 31, 2023

THE BOARD OF MANAGEMENT

Frank Dreeke
Chairman of the Board of Management (CEO)

Michael Blach
CONTAINER Division

Christine Hein
Finances (CFO)

Matthias Magnor
AUTOMOBILE & CONTRACT Divisions (COO)

Ulrike Riedel
Labor Relations Director (CHRO)

Independent Auditor's Report

To BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen

Audit opinions
We have audited the consolidated financial statements of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen, and their subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2022 and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG for the financial year from January 1 to December 31, 2022. In accordance with the German legal requirements we have not audited the contents of those parts of the group management report listed 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 the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the parts of the group management report listed in the "Other information" section.

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

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

Note to highlight a matter
Please refer to the legal representatives’ remarks in the “Principles of Group accounting” section of the notes to the consolidated financial statements and the “Fundamental information about the Group” section of the group management report, which set out that the Group consists of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and the group of BLG LOGISTICS GROUP AG & Co. KG, Bremen. The annual financial statements and management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and the consolidated financial statements and group management report of BLG LOGISTICS GROUP AG & Co. KG, Bremen, as of December 31, 2022, were voluntarily combined into one set of financial statements (consolidated financial statements) and management report (group management report). In this respect, the consolidated financial statements and group management report refer to the Group as a whole and not to the individual company and individual group with its parent company and subsidiaries.

Our audit opinions on the consolidated financial statements and group management report are not modified in this regard.

Other information
The legal representatives are responsible for the other information. The other information comprises the following parts of the management report, the content of which was not audited:

- the statement on corporate governance pursuant to Sections 289f and 315d HGB included in the “Corporate governance statement” section of the group management report
- the separate non-financial report pursuant to Sections 289b (3) and 315b (3) HGB
- the sustainability report
- the sections “Alignment of the compliance and risk management system and internal control system,” “Integrated governance, risk and compliance approach” and “Effectiveness of the internal control system and risk management system including compliance” of the management report

The other information also includes the other parts of the financial report – without further cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor’s report.

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

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

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

Responsibilities of the legal representatives and the Supervisory Board for the consolidated financial statements and the group management report
The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the legal representatives are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud 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 also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial accounting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements and this group management report.

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

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

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

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

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

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

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

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

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

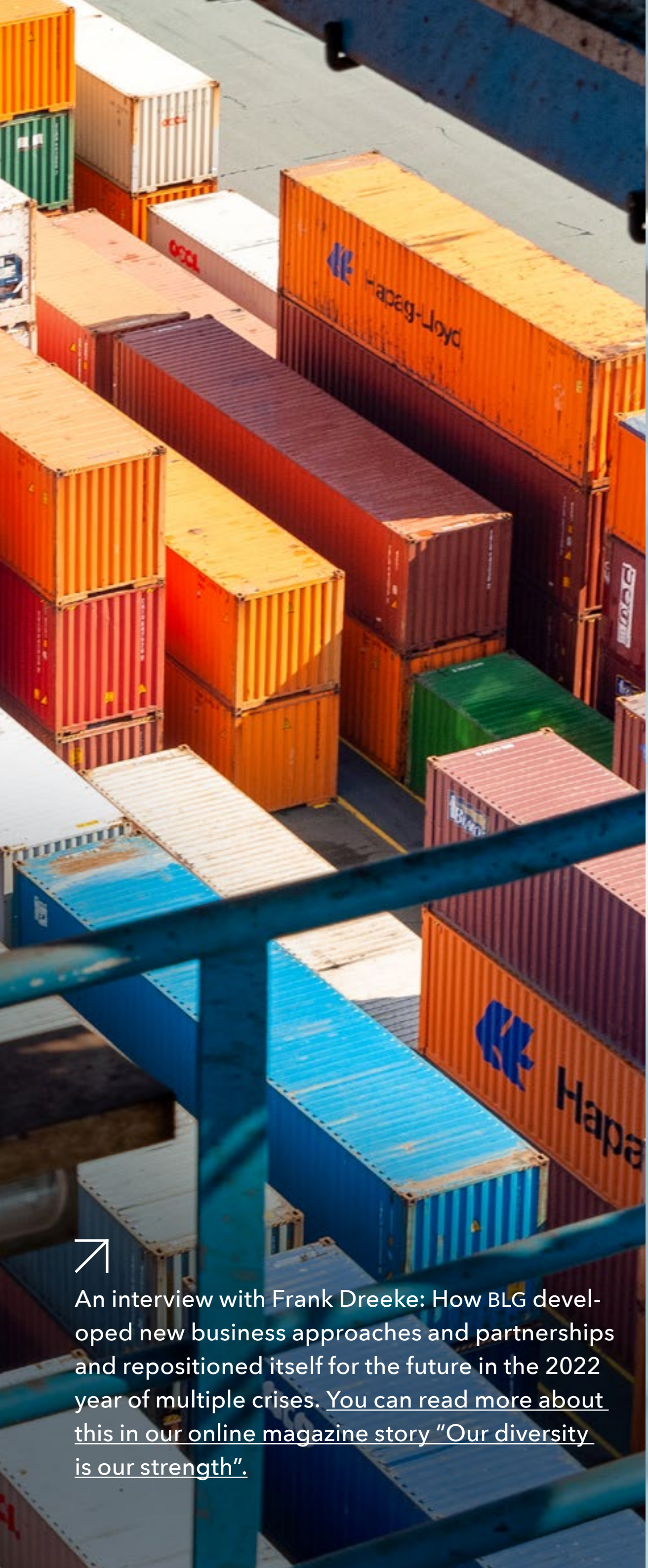
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Intended use
We issue this auditor's report on the basis of the engagement agreed with BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG. The audit was performed for the purposes of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG, and the auditor's report is solely intended to inform BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG as to the results of the audit. The auditor's report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely towards BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG. We do not accept any responsibility towards third parties.

Bremen, March 31, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Ull German Public Auditor	Stefan Geers German Public Auditor



An interview with Frank Dreeke: How BLG developed new business approaches and partnerships and repositioned itself for the future in the 2022 year of multiple crises. You can read more about this in our online magazine story "Our diversity is our strength".

Further Information

Corporate Governance Statement

Statement pursuant to Section 161 of the German Stock Corporation Act

The scope for shaping corporate governance on the part of BREMER LAGERHAUS-GESELLSCHAFT - Aktiengesellschaft von 1877- (BLG AG) is based on German law, in particular stock corporation, codetermination and capital market law as well as the company's Articles of Incorporation and the German Corporate Governance Code (Code).

The 22nd declaration of compliance with the German Corporate Governance Code, as amended on April 28, 2022, was issued by the Board of Management on August 30, 2022 and by the Supervisory Board of BLG AG on September 15, 2022. On this basis, the Board of Management issued a 23rd declaration of compliance with the Code, as amended on April 28, 2022 on November 29, 2022 and the Supervisory Board of BLG AG followed suit on December 15, 2022, as the creation of the position of a Chief Operating Officer had made amendments necessary.

"BLG AG has complied with and will continue for the period covered by the declaration to comply with the recommendations of the government commission, with the following exceptions:

1. Recommendation D.4

"The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting."

The Supervisory Board has transferred the powers of the Nomination Committee to the Human Resources Committee. The Human Resources Committee is composed of representatives of the shareholders and employee representatives.

2. Recommendation F.2

"The consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period."

BLG AG cannot currently meet all recommended deadlines. However, the company intends to fully comply with this recommendation in the medium term. The consolidated financial statements are published within four months from the end of the financial year.

3. Recommendation F.3

"If the company is not required to publish quarterly statements, it shall still inform shareholders during the course of the year in an appropriate way – in addition to the half-year financial report – about business developments, and in particular about material changes to the business outlook and the risk situation."

Since pursuant to the currently applicable International Financial Reporting Standards (IFRSs) BLG AG does not have any subsidiaries to be consolidated, a quarterly statement would only have to be prepared at the company level. By reason of the business activity of the company, which essentially fulfills a liability and management function, material changes in the business development and risk situation are as a rule not to be expected. The company therefore considers that the effort to prepare a quarterly report is not reasonably commensurate with the added value of the information.

4. Recommendation G.2 and G.7

"G.2 The Supervisory Board shall establish the specific target total remuneration for each Management Board member on the basis of the remuneration system, which shall be appropriate to the corresponding Management Board member's tasks and performance as well as to the enterprise's overall situation and performance, and shall not exceed the usual level of remuneration without specific reasons.

G.7 Referring to the forthcoming financial year, the Supervisory Board shall establish the performance criteria for each Management Board member covering all variable remuneration components; besides operating targets, the performance criteria shall be geared mainly towards strategic goals. The Supervisory Board shall determine to what extent individual targets for each Management Board member – or targets for the entire Management Board as a whole – are decisive for the variable remuneration components."

Due to the creation of the new position of Chief Operating Officer (COO), it was necessary to adjust the remuneration of the respective member of the Board of Management during the year and to redefine target and maximum remuneration. The target and maximum remuneration of the other members of the Board of Management was determined in the prior period in accordance with the remuneration system, as required by the German Corporate Governance Code.

5. Recommendation G.8

"Subsequent changes to the targets or comparison parameters shall be excluded."

The Supervisory Board deems it necessary to be able to respond to extraordinary developments and in such an event to be able to make subsequent changes. Extraordinary developments in this sense are exceptional situations that are not adequately covered by the defined targets and are based on circumstances beyond the company's control.

6. Recommendation G.10

"Taking the respective tax burden into consideration, variable remuneration amounts of Management Board members shall be invested predominantly in company shares by the respective Management Board member, or shall be granted as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years."

Due to its constellation under company law, BLG AG only participates to a small extent in the operating result of the BLG Group in the form of remuneration for the Board of Management. Furthermore, the trading volume of BLG AG shares is considered low. Since BLG AG only assumes the liability and management function for BLG LOGISTICS GROUP AG & Co. KG, a payment in shares or a corresponding share-based remuneration would not be appropriate. Therefore, no shares are included in either the short-term variable remuneration or the long-term variable remuneration. There is also no payment in shares.

In order to bridge liquidity disadvantages from discontinued payouts during the transition from the old to the new remuneration system, the new remuneration system provides for a transitional arrangement for Board of Management members appointed before 2020 with regard to variable remuneration components, which is based on a time horizon of two years.

7. Recommendation G.12

"If the contract of a Management Board member is terminated, the disbursement of any remaining variable remuneration components, which are attributable to the period until contract termination, shall be based on the originally agreed targets and comparison parameters, and on the due dates or holding periods stipulated in the contract."

In the spirit of the new remuneration system, the Supervisory Board considers it appropriate to distinguish between a so-called "good leaver case" and a so-called "bad leaver case" with the corresponding follow-up procedure. The remuneration system provides for the following regulation:

"4. Variable remuneration

(…)

d) Payment of variable remuneration in the event of (premature) termination of employment

aa) The payment of variable remuneration in the event of (premature) termination of employment depends on whether the situation is a so-called good or bad leaver event. In the event of termination of the contract due to the passage of time, permanent incapacity for work or death, reaching the age limit, or in the event of a mutually agreed termination of the employment contract, a good leaver situation is assumed. All other reasons for termination are classified as bad leaver situations.

bb) If, in the case of a good leaver, a contract ends during the course of the year, the short-term variable remuneration component issued in that year and the long-term variable remuneration component are reduced on a time-proportionate basis. The other tranches are not reduced. The payment is made on a time-proportionate basis on the day of termination of the contract on the basis of a target achievement of 100%.

cc) In the bad leaver case, all claims to payments for which the assessment period has not been completed at the time of receipt of the notice of termination or revocation of appointment or resignation from office shall expire on the day of receipt of the notice of termination, revocation of appointment or resignation from office. (…)"

8. Recommendation G.15
"If Management Board members are also members of intra-group Supervisory Boards, the remuneration shall be offset."

Within the BLG Group, only the EUROGATE Group has a Supervisory Board in the meaning of Recommendation G.15 of the Code. Since the mandates on the Supervisory Board of the EUROGATE Group represent a considerable additional expense in addition to the actual services and the EUROGATE Group is an important component of the BLG Group, the Supervisory Board considers it appropriate not to offset the remuneration payable for these mandates against the agreed remuneration of the respective member of the Board of Management.

The corporate governance statement has been made permanently available on our website: ➚ www.blg-logistics.com/ir in the Download area.

Code of Conduct

Sustained value creation and responsible corporate management are key elements of the corporate policy of BLG LOGISTICS. Dealings with customers, business partners, employees and shareholders based on trust form the foundation for these elements. This involves compliance with laws as well as with the Group's standardized Code of Conduct.

The Code is aimed at avoiding inappropriate behavior and fostering ethical conduct as well as exemplary and responsible action. It is directed at the Board of Management, managers and staff members alike and serves as a guide to proper and consistent behavior.

The legal framework, the requirements of our customers and our own corporate values are constantly evolving. We have therefore adapted our Code of Conduct to take account of these developments and updated it at the beginning of 2023.

Compliance

Systematic fairness
Key elements of the compliance system we introduced in 2014 include our Code of Conduct and Anti-Corruption Policy. This policy is reviewed on a yearly basis with regard to new legal requirements or specific experiences in the company and adapted if necessary. Our Compliance Policy details the cooperation between the central departments and the operating divisions and was also updated at the beginning of 2023.

Our rules and regulations apply to all domestic companies in which BLG LOGISTICS directly or indirectly holds more than 50 percent of the shares or controls the management of the company. Companies that are not subject to German law must apply these guidelines in accordance with their national law.

Our compliance system makes it clear that we will not tolerate corruption in any way. We do not allow discrimination of any kind. Occupational health and safety are a top priority for us. We use our resources responsibly and face fair competition.

When the system was introduced, all employees of BLG LOGISTICS received the Code of Conduct through the mail. New employees receive it in their welcome pack; temporary workers are made aware of it during their induction training. Together with the Anti-Corruption Policy and the Compliance Policy, the Code of Conduct can also be consulted on the intranet. Information on the compliance system and contact details are also publicly available online. At the international locations, the policies are available in the respective national languages. The Code of Conduct is binding for all internal and external employees and consultants of BLG LOGISTICS. This is regulated by a works agreement and/or contract.

As Chief Compliance Officer, the CEO of BLG is head of our compliance system. A compliance officer appointed by the Board of Management develops the compliance strategy further in consultation with the Board of Management and informs it regularly on all relevant compliance matters. As a neutral contact person, they are available to employees for questions regarding the Code of Conduct and for information on legal violations. An externally appointed ombudsperson also offers both employees and third parties the possibility of anonymously reporting compliance violations.

Further information is available under *www.blg-logistics.com/en/compliance*.

Prevention by raising awareness

The Board of Management and managers of BLG LOGISTICS set an example in the implementation of and compliance with the Code of Conduct and Anti-Corruption Policy. They are responsible for ensuring that all employees in their area of responsibility are familiar with the rules and strictly observe them. Employees are obliged to point out grievances or suspected violations of the law. A fundamental component of the prevention of corruption is to increase employee awareness and to openly discuss the dangers of corruption. For their own protection and for the protection of the company, the dual control principle is to be applied in all legally relevant business processes. Every action and every decision must be transparent, impartial and based on objective criteria. Extensive, regular training minimizes the risk of corruption and raises employees' awareness of compliance issues.

Compliance in the supply chain

Our General Terms and Conditions of Contract and Purchasing also take compliance into account. We require our suppliers and service providers to comply with the laws of the applicable jurisdiction as well as the Supplier Code of Conduct of the BLG LOGISTICS GROUP AG & Co. KG, which is publicly accessible on the Internet.

See also: www.blg-logistics.com/en/general-terms-and-conditions

Risk Management

The Board of Management considers systematic and effective risk and rewards management to be an important part of corporate governance and a significant success factor for the business of BLG LOGISTICS. It ensures that risks and opportunities are identified at an early stage and that exposure to risk is minimized. This transparency of the Group-wide risk situation additionally contributes to systematically and continuously increasing the enterprise value.

For further information on compliance and risk management and the internal control system at BLG LOGISTICS, please refer to the Opportunity and risk report section in the group management report. There, the three dovetailed systems are described in more detail together with an assessment of their appropriateness and effectiveness.

Diversity

Diversity plays an important role at BLG LOGISTICS. The company's diversity concept includes the entire Group and thus goes beyond the levels of management and supervision. BLG LOGISTICS sees diversity as an important factor in its success and as an enrichment for its corporate, management, project and codetermination culture. For BLG LOGISTICS, diversity management means taking a holistic approach to the diverse characteristics of employees. The diversity characteristics of gender, cultural diversity, work–life balance, people with disabilities, demographic change and sexual identity are treated with respect. Diversity management is based on the Code of Industrial Relations, the Compliance Policy, reference to the Diversity Charter and other supplementary agreements. The principles of these regulations are implemented in recruitment decisions and qualification measures.

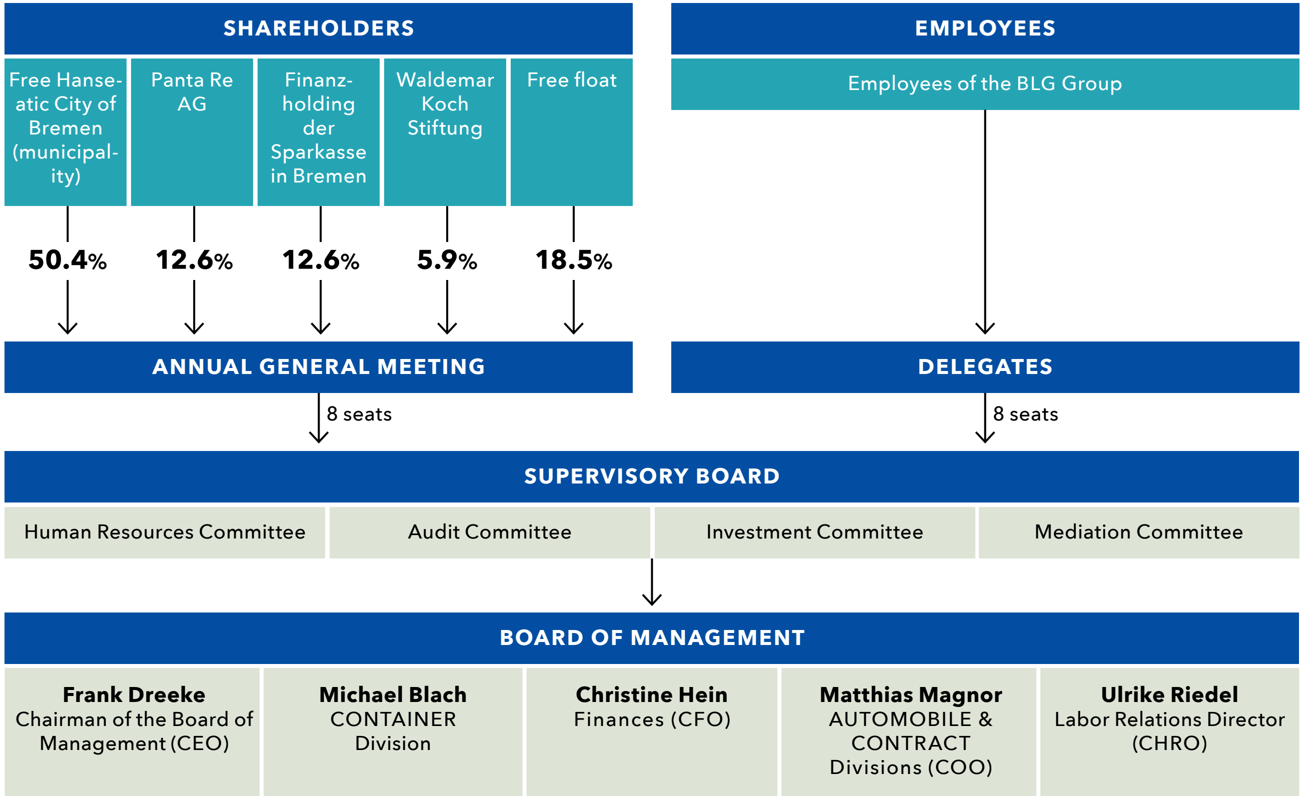
Within BLG LOGISTICS, the Human Resources department is responsible for diversity and general equal treatment. The Human Resources department is responsible for the strategic orientation of diversity management, its conceptual development and for advising and supporting the Board of Management. In addition, it is the contact for employees in all matters relating to diversity. BLG is committed to a relationship based on cooperation and respect.

Board of Management and Supervisory Board procedures

BLG AG is a company subject to German law, on which the German Corporate Governance Code is also based. A basic principle of German corporation law is the dual management system, with the management and supervisory boards, in which there is a strict separation in terms of personnel between the management board as the management body and the supervisory board as supervisory body, each with separate areas of responsibility. The Board of Management and Supervisory Board of BLG AG work closely together in an atmosphere of mutual trust in managing and overseeing the company. The Board of Management informs the Supervisory Board regularly and comprehensively about all issues of strategy, planning, business development, financial performance, cash flows and compliance as well as entrepreneurial risks that are relevant to the company.

The Board of Management

The Board of Management of BLG AG is responsible for the management of the BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG), and is solely responsible for managing the two companies and represents the companies in transactions with third parties. The Board of Management is obligated to pursue the goal of achieving a sustainable increase in the enterprise value in the interest of BLG LOGISTICS and in line with the stakeholder approach. The departmental responsibilities of the individual members of the Board of Management are listed in the notes.



Governance structure of BLG AG as of December 31, 2022

The Board of Management is also responsible for preparing the interim financial report of BLG AG and for preparing the annual and consolidated financial statements and the financial statements in accordance with Section 315e of the German Commercial Code (HGB) (BLG AG) and the accompanying management reports. Jointly with the Supervisory Board, the Board of Management also prepares the remuneration report. It has established an appropriate and effective internal control system and risk management system. The Board of Management ensures that legal provisions, official regulations and internal company guidelines and policies are adhered to and works towards their observance in the Group companies (compliance).

The following changes were made to the composition of the Board of Management in the 2022 financial year.

At its meeting on February 24, 2022, the Supervisory Board resolved to extend the contract with Frank Dreeke for two years, until he reaches the statutory retirement age for Board of Management members. He is now appointed until December 31, 2024.

Andrea Eck, originally appointed until December 31, 2024, left the company at her own request with effect from December 31, 2022. She resigned from her seat on the Board of Management at the end of August 31, 2022. CEO Frank Dreeke had assumed responsibility for management of the AUTOMOBILE Division in the interim. At an extraordinary meeting on November 10, 2022, the Supervisory Board resolved to create the new position of Chief Operating Officer (COO) in the company, responsible for overseeing operating business at Board of Management level. In line with the "one face to the customer" principle, the two Board of Management divisions AUTOMOBILE and CONTRACT were merged. When it came to filling this position, the Supervisory Board decided in favor of Matthias Magnor, who has been responsible on the Board of Management for the CONTRACT Division since October 1, 2021. He took over the position of COO with effect from December 1, 2022.

At its meeting on December 15, 2022, the Supervisory Board resolved to extend the contract with Christine Hein for a further five years. She is now appointed until October 31, 2028.

The relevant legal provisions for appointment and dismissal of members of the Board of Management are Sections 84 and 85 of the German Stock Corporation Act (AktG) and Sections 31 and 33 of the German Codetermination Act (MitbestG). Sections 119, 133 and 179 AktG as well as Section 15 of the Articles of Incorporation apply to amendments to the Articles of Incorporation.

Equal participation in management positions

Within the framework of the German Act on Equal Participation of Women and Men in Executive Positions in the Public and Private Sector (FührposGleichberG), the Board of Management shall set targets for increasing the proportion of women in the first two tiers of management below the Board of Management. Apart from the Board of Management as governing body, BLG AG does not have any employees of its own. Accordingly, there is no need to set a target for the proportion of women at management levels below the Board of Management, as corresponding levels of management do not exist at BLG AG.

Long-term succession planning and age limit

The Supervisory Board, together with the Board of Management, is responsible for long-term succession planning for appointments to the Board of Management. BLG AG aims to fill Board of Management positions with candidates from within the company. The Board of Management is tasked with proposing a sufficient number of suitable candidates to the Supervisory Board.

BLG AG's long-term succession planning for appointments to the Board of Management takes the corporate strategy into account. It is based on systematic management development with the following key elements:

- Early identification of suitable candidates from different departments and of different nationalities and gender
- Systematic development of managers through successful assumption of tasks with increasing responsibility, preferably in different businesses, regions and functions
- Substantiated successful strategic and operational creative drive and strong leadership, especially under challenging business conditions
- Leading by example in the implementation of our corporate values

This is intended to enable the Supervisory Board to ensure sufficient diversity with regard to professional training and experience, cultural background, internationality, gender and age when making appointments to the Board of Management and that this is in line with our diversity concept. Notwithstanding these individual criteria, the Supervisory Board is convinced that ultimately only a holistic assessment of an individual's personality can be decisive for an appointment to the Board of Management of BLG AG.

The statutory retirement age for members of the Board of Management is 65.

In its current composition, the Supervisory Board complies with the profile of skills and expertise and the requirements of the diversity profile.

The Supervisory Board

The Supervisory Board of BLG AG advises and monitors the Board of Management in the management of the company. It appoints and dismisses the members of the Board of Management, decides on the remuneration system for the members of the Board of Management and determines their total remuneration. The Supervisory Board is involved in strategy and planning as well as in all matters of material importance for the company. Furthermore, the Supervisory Board of BLG AG reviews the content of the non-financial report and, jointly with the Board of Management, prepares the remuneration report.

Diversity

In accordance with the German Corporate Governance Code, the Supervisory Board takes diversity (see above) into account when appointing the Board of Management. The diversity concept for the Board of Management is implemented within the framework of the procedure for appointing Board of Management members.

The Supervisory Board observes the requirements of the diversity concept when making proposals for the appointment of members of the Board of Management. In its current composition, the Board of Management meets all requirements of the diversity profile. The members of the Board of Management cover a broad spectrum of skills and experience as well as educational and professional backgrounds and possess all the expertise and experience

Members of the Supervisory Board 2022	**Member since**	Left	Human Resources Committee	Audit Committee	Investment Committee	Mediation Committee
Dr. Klaus Meier	05/2012		Chairman		Chairman	Chairman
Christine Behle	05/2013		Vice Chairwoman		Member	Vice Chairwoman
Sonja Berndt	05/2018		Member		Member	Member
Heiner Dettmer	05/2018		Member			
Fabian Goiny	01/2022			from 02/24/2022		
Melf Grantz	03/2011		Member			
Tim Kaemena	09/2022					
Udo Klöpping	05/2018	07/2022				
Wybcke Meier	05/2018					
Dr. Tim Nesemann	04/2011			Member		
Beate Pernak	07/2020		from 02/24/2022	until 02/24/2022	Member	
Martin Peter	03/2022			from 03/11/2022		
Jörn Schepull	07/2021		Member			
Dr. Claudia Schilling	01/2020		Member		Member	
Dietmar Strehl	01/2020			Member	Member	Member
Reiner Thau	10/2013			Member		
Vera Visser	01/2020	02/2022		until 02/28/2022		
Dr. Patrick Wendisch	06/2008			Chairman		

that is considered essential in view of the activities of BLG LOGISTICS.

As of December 31, 2022 two out of five members were women (40 percent). The statutory quota (Section 76 (3a) AktG) of at least one woman or at least one man was thus met.

For the Supervisory Board, the statutory provisions of the gender quota are applied. Pursuant to Section 96 (2) AktG, the statutory quota for the Supervisory Board of BLG AG is at least 30 percent women and at least 30 percent men. At BLG AG, the minimum quota must be met separately by both the shareholder members and the employee members (separate fulfillment). The target of 30 percent is reached when there are at least two representatives of each gender for each group. There were five women on the Supervisory Board as of December 31, 2022 (two representatives of the shareholder members and three representatives of the employee members). Thus the target in accordance with Section 96 (2) AktG was surpassed.

Composition of the Supervisory Board

The Supervisory Board is composed of 16 members. Half of the members of the Supervisory Board are elected by the shareholders at the Annual General Meeting. The other half of the Supervisory Board consists of the members elected by the employees in accordance with the provisions of the German Codetermination Act.

The composition of the Supervisory Board changed as follows compared with December 31, 2021:

Klaus Pollok resigned as a member of the Supervisory Board with effect from December 31, 2021. He was replaced as of January 1, 2022 by Fabian Goiny. Fabian Goiny was elected as a substitute member for Klaus Pollok in 2018.

Vera Visser resigned as a member of the Supervisory Board with effect from February 28, 2022. Martin Peter was appointed to succeed her as a member of the Supervisory Board by court order of the District Court of Bremen on March 11, 2022.

Udo Klöpping resigned as a member of the Supervisory Board with effect from July 15, 2022. Tim Kaemena was appointed to succeed him as a member of the Supervisory Board by court order of the District Court of Bremen on September 8, 2022.

No former members of the Board of Management of BLG AG are represented on the Supervisory Board. Details of duration of service and membership on committees are shown in the above table. Further information on functions and mandates is listed in the overview in the notes. The CVs of the members of the Supervisory Board as well as the rules of procedure are published on our website: *https://www.blg-logistics.com/en/management*

Profile of skills and expertise

At its meeting on February 23, 2018, the Supervisory Board defined a profile of skills and expertise that was taken into account in the last election to the Supervisory Board. The profile ensures that, based on their knowledge, skills and experience, the proposed candidates for election to the Supervisory Board are able to perform the duties of a Supervisory Board member in an international company and to maintain the reputation of BLG LOGISTICS in the public eye. Particular attention is paid to the personality, integrity, motivation and professionalism of the candidates.

The aim of the profile of skills and expertise is to ensure that the Supervisory Board as a whole has all the knowledge and experience that is considered essential in view of the activities of BLG LOGISTICS. This includes knowledge and experience in the areas of management/human resources (incl. diversity concept), accounting/management accounting/risk management, technology/IT/digitalization (incl. IT security), ports/logistics and legal/governance (incl. compliance). In addition, the Supervisory Board shall have knowledge and experience from the business areas important to BLG LOGISTICS. The members of the Supervisory Board shall be generally familiar with the sector in which BLG LOGISTICS operates.

Based on the new recommendations of the Code and in line with our mission to act and conduct business sustainably, the Supervisory Board added the aspect of “sustainability/ESG” to its profile of skills and expertise at its meeting on December 15, 2022, and will also take this into account in future appointments. This aspect includes in particular the sustainability issues that are material for the company, such as the areas of climate protection, energy management, diversity and equal opportunities, training and education, fair working conditions, human rights, compliance and customer satisfaction.

In its meeting on December 15, 2022, the Supervisory Board also confirmed that the members of the Audit Committee Dr. Tim Nesemann (financial statements) and Dr. Patrick Wendisch (financial accounting and reporting) are considered as “experts” with special experience and knowledge in the areas of auditing and accounting (incl. sustainability reporting and its audit).

Dr. Tim Nesemann has gained extensive experience in financial accounting and auditing based on his academic background and various activities at Sparkasse Bremen (since 1995) through the bank’s own financial statements and financial statements of customers. He deepened this experience through his role on the Board of Management with responsibility, for example, for finances, risk, loan monitoring and IT. This also covered sustainability reporting. He currently holds the position of Chairman of the Board of Management of Sparkasse Bremen AG.

Dr. Patrick Wendisch trained at university as an industrial engineer with a focus on the business administration subjects balance sheets, management accounting, bookkeeping and annual financial statements. Having gained additional professional experience in the field of accounting and internal control and risk management systems, he is considered an expert in this area. His career up to the position of managing partner of a large insurance company has allowed him to gain extensive experience in the areas of accounting and risk management. In the role of chief authorized representative of an insurance company subject to supervision, he was also responsible for accounting. Sustainability reporting is becoming increasingly important in this context. As Chairman of BLG AG’s Audit Committee, he also maintains regular contact with the auditor.

The current composition of the Supervisory Board fulfills the targets and the profile of skills and expertise. The targets that the Supervisory Board sets itself regarding its composition are taken into account when making election proposals to the Annual General Meeting, while at the same time undertaking to fulfill the profile of skills and expertise for the body as a whole.

In the opinion of the Supervisory Board, its current composition meets the qualifications contained in the profile of skills and expertise.

Status of implementation of profile of skills and expertise	Management/ HR (incl. diversity concept)	Accounting/ management accounting/risk management	Technology/IT/ digitalization (incl. IT security)	Ports/ logistics	Legal/ governance (incl. compliance)	Sustainability/ ESG	Particular expertise in sustainability/ESG
Dr. Klaus Meier	X		X		X	X	Climate protection, energy management, diversity and equal opportunities, training and education, compliance, customer satisfaction
Christine Behle	X				X	X	Diversity and equal opportunities, training and education, fair working conditions, human rights, compliance
Sonja Berndt	X				X	X	Diversity and equal opportunities, training and education, fair working conditions
Heiner Dettmer	X			X		X	Climate protection, customer satisfaction
Fabian Goiny			X	X		X	Training and education, fair working conditions, customer satisfaction
Melf Grantz				X	X	X	Climate protection, energy management, diversity and equal opportunities, training and education, fair working conditions, human rights, compliance, customer satisfaction
Tim Kaemena	X					X	Training and education, fair working conditions
Wybcke Meier			X	X		X	Climate protection, fair working conditions, customer satisfaction
Dr. Tim Nesemann	X	X	X			X	Climate protection, energy management, diversity and equal opportunities, training and education, fair working conditions, human rights, compliance, customer satisfaction
Beate Pernak	X			X			
Martin Peter	X	X			X	X	Diversity and equal opportunities
Jörn Schepull				X		X	Diversity and equal opportunities, fair working conditions
Dr. Claudia Schilling				X	X		
Dietmar Strehl		X				X	Climate protection, energy management, training and education
Reiner Thau				X			
Dr. Patrick Wendisch		X				X	Climate protection, energy management, compliance, customer satisfaction

Independence/age limit

The Supervisory Board shall include what it considers to be an appropriate number of independent members. Material conflicts of interest involving a Supervisory Board member that are not merely temporary, for example due to board functions or advisory roles for major competitors of the company, shall be avoided. In its rules of procedure, the Supervisory Board has determined that the Supervisory Board shall be composed in such a way that there are at least five independent shareholder representatives as defined in Section C.7 of the Code.

No more than two former members of the Board of Management shall be members of the Supervisory Board. The members of the Supervisory Board must have sufficient time available to exercise their mandate and discharge their duties with due regularity and diligence.

In compliance with the age limit laid down by the Supervisory Board in the rules of procedure, as a rule only persons who are not older than 70 years may be proposed for election as members of the Supervisory Board. The aim is to ensure that the Supervisory Board has an appropriate experience and age structure.

In the opinion of the Supervisory Board, the following shareholder representatives on the Supervisory Board are currently to be regarded as independent in accordance with the Code: Dr. Klaus Meier, Heiner Dettmer, Wybcke Meier, Dr. Tim Nesemann and Dr. Patrick Wendisch. In the opinion of the Supervisory Board, the fact that Dr. Patrick Wendisch has been a member of the Supervisory Board for over 12 years does not conflict with the assessment of independence.

Self-assessment of effectiveness

The Supervisory Board assesses, at regular intervals, how effectively the Supervisory Board as a whole and its committees individually fulfill their tasks. The results are discussed in depth by the Supervisory Board and, where appropriate, necessary action is taken. The last review based on anonymous questionnaires and joint evaluation of the results was conducted in financial year 2021. There have been no indications of significant deficits since then.

Committees of the Supervisory Board

In addition to the Mediation Committee that it is required to form in accordance with Section 27 (3) of the German Codetermination Act, the Supervisory Board formed an Audit Committee, a Human Resources Committee and an Investment Committee. The respective key focuses of the committees are listed below.

Human Resources Committee

- Prepares personnel decisions
- Decides on the employment contracts with members of the Board of Management in lieu of the full Supervisory Board
- Proposes suitable candidates for the election of the Supervisory Board members representing the shareholders for the Supervisory Board's nominations to the Annual General Meeting
- Performs the tasks of a Nomination Committee
- Provides advice on long-term succession planning for the Board of Management

The Human Resources Committee has equal representation and is composed of the Chair of the Supervisory Board, the Vice Chair and six other members of the Supervisory Board.

Audit Committee

- Reviews the financial accounting process
- Responsibly carries out the selection and tendering process for the statutory auditor
- Commissions and controls auditing and consulting services (incl. determining the remuneration for the auditor)
- Deals with matters relating to the company's financial accounting
- Reviews the annual financial statements and management report prepared by the Board of Management and the proposal for the appropriation of the net retained profits of BLG AG and reviews the financial statements pursuant to Section 315e HGB of BLG AG as well as the consolidated financial statements and group management report of BLG LOGISTICS (incl. proposal for approval by the Supervisory Board)
- Monitors the independence, qualification, rotation, quality and efficiency of the auditor

- Prepares decisions made by the Supervisory Board on planning for the subsequent financial year, including earnings, statement of financial position, financial and investment planning
- Works in the areas of internal control system, risk management and control, and compliance

The Audit Committee is composed of three representatives of the shareholders and three employee representatives. This committee meets regularly twice a year.

Investment Committee

- Makes preparatory decisions and resolutions for specifically defined and urgent investment projects

The Investment Committee has six members, three of them representatives of the shareholders and three employee representatives of the Supervisory Board. The Chairman of the Supervisory Board is also Chairman of this committee. The committee meets according to need.

Mediation Committee

- Performs the tasks pursuant to Section 27 (3) of the German Codetermination Act

To perform its duties in accordance with Section 27 (3) of the German Codetermination Act, the Supervisory Board forms a Mediation Committee comprising the Chair of the Supervisory Board, the Vice Chair of the Supervisory Board, as well as one Supervisory Board member representing the employees and one Supervisory Board member representing the shareholders, elected in each case by a majority of the votes cast.

Director's dealings

According to Article 19 of the EU Market Abuse Regulation, members of the Board of Management, the first tier of management and the Supervisory Board are required as a matter of principle to report and disclose their own transactions with shares of BLG AG or related financial instruments.

The shareholdings of these persons amount in total to less than one percent of the shares issued by BLG AG. There were no purchases and sales requiring disclosure during the reporting year.

Remuneration report and remuneration system

The applicable remuneration system of the Board of Management pursuant to Section 87a (1) and (2) sentence 1 of the German Stock Corporation Act (AktG), which was approved by the Annual General Meeting on June 2, 2021, and the system for the remuneration of the members of the Supervisory Board (Section 113 (3) AktG), which was also approved by the Annual General Meeting on June 2, 2021, are publicly available under ➚ http://www.blg-logistics.com/en/investor-relations (under Corporate Governance). The remuneration report 2022, including the auditor's audit opinion pursuant to Section 162 AktG, is made publicly available in the Download area at the same Internet address.

Takeover-related disclosures in accordance with Section 315a (1) HGB

Composition of the subscribed capital, voting rights and transfer of shares of BLG AG

The subscribed capital amounts to EUR 9,984,000.00 and is divided into 3,840,000 no-par value registered shares with voting rights. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation.

Each share is accorded one vote. The Board of Management of BLG AG is not aware of any restrictions or agreements between shareholders affecting voting rights. There is no maximum limit for a shareholder's voting rights and there are no special voting rights. In particular there are no shares with special rights that confer controlling powers. This means the principle of "one share, one vote" is implemented in full.

The shareholders exercise their co-administration and control rights at the Annual General Meeting. Section 19 of the Articles of Incorporation stipulates what requirements have to be met in order to participate in the Annual General Meeting as a shareholder and exercise voting rights. Only persons who are entered in the share register are regarded as shareholders of the company.

Every shareholder entered in the share register has the right to attend the Annual General Meeting, take the floor there regarding the respective items on the agenda and request information on company matters to the extent this is necessary for proper evaluation of an item on the agenda. The Annual General Meeting passes resolutions primarily on formal approval of the Board of Management and Supervisory Board, appropriation of net retained profits, capital measures, authorization for stock buybacks, and amendments of the Articles of Incorporation.

Shares in capital that exceed 10 percent of the voting rights

Shareholders whose share in the share capital exceeds 10 percent are the Free Hanseatic City of Bremen (municipality) (50.4 percent), Panta Re AG, Bremen (12.6 percent) and Finanzholding der Sparkasse in Bremen, Bremen (12.6 percent).

System of control of any employee share scheme where the control rights are not exercised directly by the employees

BLG AG has not introduced any employee share schemes. To the extent that employees hold shares, they are not subject to any system of voting rights control. These shares represent insignificant portions of the company capital.

Appointment and dismissal of Board of Management members and amendment of the Articles of Incorporation

Please refer to the remarks above in the Corporate governance statement.

Powers of the Board of Management to issue or buy back shares

The Board of Management is currently not authorized by the Annual General Meeting to issue or buy back shares.

Significant agreements subject to the condition of a change of control following a takeover bid and compensation agreements made by the company with members of the Board of Management or employees for the event of a takeover bid

Agreements on the part of the company subject to the condition of a change of control following a takeover bid have not been made.

No compensation agreements were made by the company with members of the Board of Management or employees for the event of a takeover bid.

The Supervisory Board and its Mandates

Details of membership on committees are shown in the Corporate governance statement.

Name	Town	Function/profession	Mandates in governing bodies[1]
Dr. Klaus Meier	Bremen	**Chairman**	Deutsche Windtechnik AG, Bremen, Chairman of the Supervisory Board
appointed from 05/31/2012		Managing Partner of wpd windmanager GmbH & Co. KG, Bremen	wpd AG, Bremen, Chairman of the Supervisory Board
		Lawyer	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
Christine Behle	Berlin	**Vice Chairwoman**	Deutsche Lufthansa AG, Cologne, Vice Chairwoman of the Supervisory Board
appointed from 05/23/2013		Vice Chairwoman of ver.di	Die Autobahn GmbH des Bundes, Executive Board
		Vereinte Dienstleistungsgewerkschaft, Berlin	
		Head of the Public and Private Services,	
		Social Insurance and Traffic department	
Sonja Berndt	Ritterhude	Vice Chairwoman of the Works Council and the Group Works Council of	No membership in other bodies
appointed from 05/24/2018		BLG LOGISTICS GROUP AG & Co. KG, Bremen	
Heiner Dettmer	Bremen	Managing Partner of Dettmer Group KG, Bremen	No membership in other bodies
appointed from 05/24/2018			
Fabian Goiny	Geestland	Car Transshipment Supervisor	Gesamthafenbetrieb im Lande Bremen GmbH, Bremerhaven
appointed from 01/01/2022		BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven	Tourismus, Kur und Freizeit GmbH, Geestland
		Vice Chairman of the Works Council of	
		BLG LOGISTICS GROUP AG & Co. KG, Bremen	
		Member of the Works Council of	
		BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven	
Melf Grantz	Bremerhaven	Mayor of the city of Bremerhaven, Bremerhaven	No membership in other bodies
appointed from 03/01/2011			
Tim Kaemena	Bremen	HR Director at BLG Handelslogistik GmbH & Co. KG, Bremen	No membership in other bodies
appointed from 09/08/2022			

Name	Town	Function/profession	Mandates in governing bodies[1]
Wybcke Meier	Hamburg	CEO of TUI Cruises GmbH, Hamburg	No membership in other bodies
appointed from 05/24/2018			
Dr. Tim Nesemann	Bremen	Chairman of the Board of Management of Finanzholding der Sparkasse in Bremen	Deutsche Factoring Bank GmbH & Co. KG, Bremen
appointed from 04/01/2011		Chairman of Die Sparkasse Bremen AG, Bremen	GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen
Beate Pernak	Bremen	Payroll accounting assistant at	No membership in other bodies
appointed from 07/01/2020		BLG LOGISTICS GROUP AG & Co. KG, Bremen	
		Member of the Works Council of BLG LOGISTICS GROUP AG & Co. KG, Bremen	
Martin Peter	Hanover	Regional Group Director of the Transport Division ver.di	No membership in other bodies
appointed from 03/11/2022		Landesbezirk Niedersachsen-Bremen	
Jörn Schepull	Bremerhaven	Vice Chairman of the Works Council of EUROGATE Container Terminal	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
appointed from 07/01/2021		Bremerhaven GmbH, Bremerhaven	
Dr. Claudia Schilling	Bremerhaven	Senator of Science and Ports as well as	bremenports Beteiligungs-GmbH, Bremerhaven
appointed from 01/13/2020		Senator of Justice and Constitution of the Free Hanseatic City of Bremen, Bremen	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
Dietmar Strehl	Bremen	Senator of Finance of the Free Hanseatic City of Bremen, Bremen	BREBAU GmbH, Bremen
appointed from 01/13/2020			EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
			Immobilien Bremen – independent municipal undertaking of the municipality of Bremen, Bremen
			(Works Committee)
			KfW, Frankfurt (Administrative Board)
			Performa Nord, Bremen (Works Committee)
			Finanzholding der Sparkasse in Bremen, Bremen (Administrative Board)
Reiner Thau	Hamburg	Chairman of the Works Council	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
appointed from 10/15/2013		EUROGATE Container Terminal Hamburg GmbH, Hamburg	
Dr. Patrick Wendisch	Bremen	Managing Partner of Lampe & Schwartze KG, Bremen	OAS Aktiengesellschaft, Bremen
appointed from 06/05/2008			
Members of the Supervisory Board who retired in the 2022 reporting year:			
Udo Klöpping	Bremen	HR Director at BLG LOGISTICS GROUP AG & Co. KG, Bremen	No membership in other bodies
appointed until 07/15/2022			
Vera Visser	Bremen	Trade union secretary for transport ver.di	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
appointed until 02/28/2022		Bremen/North Lower Saxony district, Bremen	(until 02/28/2022)

[1] The information relates to memberships in legally required Supervisory Boards as well as memberships in comparable domestic and foreign control bodies of business enterprises.

The Board of Management and its Mandates

Name	Town	Function/responsibilities	Mandates in governing bodies[1]
Frank Dreeke	Ganderkesee	Chairman / Chief Executive Officer (CEO)	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
born 1959		Compliance	Chairman
appointed until 12/31/2024		Management Staff	
		IT	
		Communication	
		Board of Management Coordination	
		Audit	
		Corporate Strategy	
		Transport Policy	
		AUTOMOBILE Division (09/01/2022 – 11/30/2022)	
Michael Blach	Bremen	CONTAINER Division	EUROGATE Container Terminal Bremerhaven GmbH, Bremerhaven
born 1964			Chairman
appointed until 05/31/2026			EUROGATE Container Terminal Hamburg GmbH, Hamburg
			Chairman
			EUROGATE Technical Services GmbH, Hamburg
			Chairman
Andrea Eck	Bremen	AUTOMOBILE Division (until 08/31/2022)	No membership in other bodies
born 1963			
appointed until 08/31/2022			

Name	Town	Function/responsibilities	Mandates in governing bodies[1]
Christine Hein	Bremen	Finances / Chief Executive Officer (CFO)	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
born 1967		Purchasing	
appointed until 10/31/2028		Financial Services	
		International Corporate Finance/M&A	
		Legal, Insurance & Governance, Risk	
		Sustainability	
		Treasury	
Matthias Magnor	Bremen	Chief Operating Officer (COO, since December 1, 2022)	No membership in other bodies
born 1974		AUTOMOBILE Division (since December 1, 2022)	
appointed from 10/01/2021		CONTRACT Division	
appointed until 09/30/2024			
Ulrike Riedel	Bremen	Labor Relations Director / Chief Human Resources Officer (CHRO)	Gesamthafenbetrieb im Lande Bremen GmbH, Bremerhaven
born 1972		Human Resources	Chairwoman
appointed until 06/30/2025		Occupational Health & Safety / Environmental Protection	

[1] The information relates to memberships in legally required Supervisory Boards as well as memberships in comparable domestic and foreign control bodies of business enterprises.

Advisory Board

A body of renowned external experts advises BLG LOGISTICS in its strategic international development.

Name	Function/organization
Prof. Frank Straube	Chairman of the Advisory Board of BLG
	Managing Director/Head of Logistics Technical University Berlin, Berlin
Dr. Andreas Bovenschulte	Mayor and President of the Senate of the Free Hanseatic City of Bremen
Matthias Ditzen-Blanke	Managing Director/Publisher NORDSEE-ZEITUNG GmbH, Bremerhaven
Christoph Döhle	Managing Partner of Peter Döhle Schiffahrts-KG, Hamburg
Dr. Ottmar Gast	Former Chairman of the Advisory Board of Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft ApS & Co. KG, Hamburg
Rainer Christian Genes (until 5/20/2022)	Member of the Advisory Board of the Vorwerk Group, Switzerland
Prof. Bernd Gottschalk	Managing Director of AutoValue GmbH, Frankfurt
Peter Hoffmeyer	Chairman of the Supervisory Board of Nehlsen AG, Bremen
	Majority shareholder of Panta Re AG, Bremen
Andreas Kellermann	Managing Director KMS – Kellermann Management Solutions GmbH, Weil der Stadt
Volker Lange	Retired senator
	Honorary President of Verband der Internationalen Kraftfahrzeughersteller e.V., Bad Homburg
Jürgen Maidl	Senior Vice-President, BMW AG, Munich
Dr. Klaus Meier	Managing Partner of wpd windmanager GmbH & Co. KG, Bremen
	Chairman of the Supervisory Board of BREMER LAGERHAUS-GESELLSCHAFT- Aktiengesellschaft von 1877-, Bremen
Kuno Neumeier	Managing Director of Logivest GmbH, Munich
Prof. Karl Nowak	Former President Corporate Sector Purchasing and Logistics (CP/P), Robert Bosch GmbH, Stuttgart
Dr. Florian Schupp	Head of Automotive Purchasing and After-Market, Schaeffler Group, Herzogenaurach
Martin Weber	Managing Director, DVV Media Group GmbH, Hamburg
Prof. Yasmin Mei-Yee Weiß	Managing Director, Institute for Chinese-German Cooperation, Munich
	Business Professor at Nuremberg Technical University, Nuremberg

Glossary

Amortization
Recovery of invested capital through income.

Cash flow
Key figure that describes the addition to cash and cash equivalents within the financial year.

Cash-generating unit
Smallest identifiable group of assets that, by virtue of continued use, generates inflows of liquidity, which, in turn, are largely independent of the cash inflows of other assets.

CKD
The CKD (Completely Knocked Down) method involves combining vehicle parts from individual deliveries from suppliers and manufacturers, packaging them into specific kits and then delivering them to the appropriate foreign assembly plants via sea transport.

Compliance
Collective term for measures taken to ensure adherence to all legal obligations, provisions and directives relevant for a company, as well as to corporate governance. Another objective of compliance is to achieve harmonization between corporate actions and social values.

CO_2 equivalents (CO_2e)
Uniform measure of the greenhouse effect of various greenhouse gases. The reference value is carbon dioxide CO_2. DIN 16258:2013-03 takes the following gases into account: CO_2, CH_4, N_2O, HFC, PFC, and SF_6. These six gases are also listed in Annex A of the Kyoto Protocol which extends the United Nations Framework Convention on Climate Change. The GEMIS (Global Emissions Model for Integrated Systems) takes account of CO_2, CH_4, N_2O, C_6F_{14} and C_2F_6.

Corporate governance
Rights and obligations of the various parties involved in the company, in particular the shareholders, Board of Management and Supervisory Board.

Derivative financial instruments
Financial instruments that are traditionally used to hedge existing investments or liabilities and whose value is derived from a reference investment (e.g., share or bond).

Discounted cash flow method
Measurement method: future payment surpluses or deficits are discounted with the help of the cost of capital on the measurement date. Taxes due are included in the measurement. The present value determined in this way is the discounted cash flow.

EBIT
Earnings before interest and taxes = operating earnings.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

EBT
Earnings before taxes.

Equity accounting/equity method
Method for recognition of equity investments that are not included in the consolidated financial statements on the basis of full consolidation with all assets and liabilities. The carrying amount of the investment is increased or decreased by the development of the proportionate equity of the investment. This change is recognized in the statement of profit or loss of the parent company.

Forward interest rate swap
A forward interest rate swap is an agreement on a swap in the future whose terms are defined immediately.

Full consolidation
Method for recognition of subsidiaries that are included in the consolidated financial statements with all assets and liabilities.

Hedging
A strategy of protecting against interest rate, currency and price risks through derivative financial instruments (options, swaps, forward transactions, etc.).

Heritable building right
Right of the leaseholder to have a building on third-party land in return for payment of consideration (known as ground rent).

Hypothetical derivative method
Method of measuring the effectiveness of derivative financial instruments by comparing the change in market value of the derivative to that of a hypothetical derivative that perfectly hedges the risk to be hedged against.

IASs
International Accounting Standards (see also IFRSs).

IASB
International Accounting Standards Board: body that develops and publishes International Accounting Standards.

IFRIC
International Financial Reporting Interpretations Committee: body that publishes interpretations regarding the IFRS accounting standards. After approval by the IASB the interpretations are binding for all IFRS users.

IFRSs
International Financial Reporting Standards (“IASs” until 2001): international accounting regulations that are published by an international independent body (IASB) with the aim of creating a transparent and comparable accounting system that can be applied by companies and organizations all over the world.

Impairment test
Test to determine change in value in accordance with IFRSs.

Interest rate swap
An interest rate swap describes a contractual agreement on the exchange of interest payment flows in the same currency where the cash flows are based on a defined amount of capital.

Joint venture
Legally and organizationally independent company that is jointly established or acquired by at least two independent partners.

Liability method
Method of measurement of deferred tax assets and deferred tax liabilities. A measurement is carried out on the basis of the tax rate that is expected at the time when the future tax burden or relief arises.

Matching principle
IFRSs: recognition of income and expense of the same events in the same period.

Other comprehensive income
All income and expenses that are not contained in the net profit or loss for the year. It includes, for example, foreign currency gains and losses from the translation of foreign financial statements that are reported directly in equity in accordance with IAS 21.

Other long-term benefits
Additional long-term employee benefits that are reported under non-current provisions.

Profit retention
Profits retained in a company for future investment.

Projected unit credit method
Special method for measuring pension and similar obligations in accordance with IFRSs.

Recoverable amount
Amount presumed to be achievable through use or sale of an asset.

RoCE
Return on capital employed. Indicator that measures the return on capital employed. For this purpose, RoCE compares EBIT with the assets tied up in the company.

Stage of completion method (SoC)
IFRSs: recognition of service orders according to their progress.

TEU
Twenty-foot container equivalent unit. Standardized container unit with a length of 20 feet (1 foot = 30 cm).

Working capital
Difference between current assets and current liabilities. Used to evaluate the liquidity of the company.

Financial Calendar

BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

June 7, 2023

2023 Annual General Meeting

June 12, 2023

Payment of the dividend for the financial year 2022

September 29, 2023

Interim report January to June 2023

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Forward-looking statements

This annual report contains forward-looking statements based on the management's current assessments of future developments. Such statements are subject to risks and uncertainties that are beyond BLG AG's control and that it is not possible for BLG AG to precisely estimate, such as the future market environment and economic conditions, the behavior of other market participants, the successful integration of new acquisitions and the realization of expected synergy effects, as well as measures by government agencies. Should any of these or other uncertainties and unknowns materialize, or should the assumptions on which these statements are based prove incorrect, actual results may be materially different from those expressed or implied by such statements. BLG AG neither intends nor assumes a separate obligation to update forward-looking statements to reflect events or developments after the date of this report.

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Deviations for technical reasons

For technical reasons (e.g., conversion of electronic formats) there may be differences between the accounting documents contained in this financial report and those submitted to the Federal Gazette. In this case, the version submitted to the Federal Gazette is deemed to be the binding version.

Read it online!

The online version contains lots of additional information, video clips and a KPI calculator. Here, you'll also find the Financial Report, Sustainability Report and the Online Magazine.

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