Unite Holding SE (vormals: Mercateo Beteiligungsholding SE)

Leipzig

Konzernabschluss zum Geschäftsjahr vom 01.01.2022 bis zum 31.12.2022

Report of the Independent Auditors on the Audit of the Consolidated Financial Statements and Group Management Report for the Financial Year ended 31 December 2022

[Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.]

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Independent Auditor's Report

To the Unite Holding SE, Leipzig

Audit Opinions

We have audited the consolidated financial statements of Unite Holding SE (formerly: Mercateo Beteiligungsholding SE), Leipzig and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2022 to 31 December 2022, and the notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the Group management report of Unite Holding SE, Leipzig for the financial year from 1 January 2022 to 31 December 2022.

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

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to section 322 paragraph 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 and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group management report.

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

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

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

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

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 these consolidated financial statements and this Group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Leipzig, 24 March 2023

Grant Thornton AG

Wirtschaftsprüfungsgesellschaft

Kathleen Hennig, Wirtschaftsprüferin, German Certified Public Auditor

Sebastian Koch, Wirtschaftsprüfer, German Certified Public Auditor

Consolidated financial statements for the financial year from 1 January 2022 to 31 December 2022

Consolidated balance sheet

ASSETS

	31.12.2022		31.12.2021	
	EUR tsd.	**EUR tsd.**	**EUR tsd.**	**EUR tsd.**
A. FIXED ASSETS				
I. Intangible assets				
1. Purchased concessions, commercial trade marks and similar rights and assets and licences in such rights and assets	3,644		7,253	
2. Payments on account	0	3,644	284	7,536
II. Tangible fixed assets				
1. Land, land rights and buildings including buildings on third-party land	633		815	
2. Other equipment, operating and business equipment	1,726		1,700	
3. Payments on account and assets under construction	1,691	4,049	186	2,702
		7,693		10,238
B. CURRENT ASSETS				
I. Receivables and other assets				
1. Trade receivables	31,869		26,291	
2. Other assets	2,339	34,208	1,253	27,544
II. Cash-in-hand, bank balances		24,917		17,592
		59,126		45,136
C. PREPAID EXPENSES		1,180		833
D. DEFERRED TAXES		1,579		390
		69,578		56,597

EQUITY AND LIABILITIES

	31.12.2022		31.12.2021	
	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.
A. EQUITY				
I. Subscribed capital		131		131
II. Capital reserve		16,906		16,906
III. Profit/(-loss) carried forward		1,477		-4,083
IV. Equity difference arising from currency translation		-72		-5
		18,442		12,949
B. PROVISIONS				
1. Tax provisions	508		59	
2. Other provisions	2,364	2,872	1,645	1,704
C. LIABILITIES				
1. Payments received on account of orders	106		115	
2. Trade payables	44,113		38,195	
- thereof maturing within one year: EUR 44,113 thousand (previous year: EUR 38,195 thousand)				
3. Other liabilities	4,045		3,634	
- thereof maturing within one year: EUR 4.045 thousand(previous year- FUR 3.634 thousand)				
- thereof for taxes: EUR 1,539 thousand(previous year: EUR 1,410 thousand)				
- thereof for social security: EUR 169 thousand (previous year: EUR 117 thousand)		48,264		41,944
		69,578		56,597

Consolidated profit and loss account

	2022		2021
	EUR tsd.	EUR tsd.	EUR tsd.
1. Sales revenues		447,685	406,374
2. Other operating income		378	407
- thereof from currency translation: EUR 159 thousand (previous year: EUR 57 thousand)			
3. Cost of materials			
a) Cost of purchased merchandise	381,600		356,172
b) Cost of purchased services	50		67
4. Gross profit		66,413	50,542
5. Personnel expenses			

	2022		2021
	EUR tsd.	EUR tsd.	EUR tsd.
a) Wages and salaries	33,004		28,033
b) Social security and other pension and support costs	5,698		4,704
- thereof for pensions: EUR 37 thousand (previous year: EUR 34 thousand)		38,702	
6. Amortisation and depreciation of intangible and tangible fixed assets		4,975	4,451
7. Other operating expenses		17,552	13,212
- thereof from currency translation: EUR 250 thousand (previous year: EUR 80 thousand)			
8. Operating result		5,184	142
9. Other interest and similar income		1	4
10. Interest and similar expenses		100	147
11. Taxes on income		-476	109
- thereof income from change in accounting for deferred taxes: EUR 1,189 thousand (previous year: EUR 0 thousand)			
12. Result after tax		5,561	-110
13. Other taxes		1	0
14. Consolidated profit/(-loss) for the year		5,560	-110
15. Loss brought forward		-4,083	-3,972
16. Profit/(-loss) carried forward		1,477	-4,083

Consolidated statement of changes in equity

	Subscribed capital of the parent - ordinary non-par shares	Subscribed capital of the parent - preference shares	Subscribed capital of the parent - total	Capital reserve	Profit/(-loss) carried for-ward	Equity difference arising from currency translation	Consolidated equity of the parent
	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.
As at 1 January 2021	33	32	65	16,971	-3,973	-1	13,062
Capital increase 2021	34	32	66	-65	0	0	1
Consolidated profit for the year 2021	0	0	0	0	-110	0	-110
Equity difference arising from currency translation	0	0	0	0	0	-4	-4
As at 31 December 2021	67	64	131	16,906	-4,083	-5	12,949
As at 1 January 2022	67	64	131	16,906	-4,083	-5	12,949
Capital increase 2022*	0	0	0	0	0	0	0

	Subscribed capital of the parent - ordinary non-par shares EUR tsd.	Subscribed capital of the parent - preference shares EUR tsd.	Subscribed capital of the parent - total EUR tsd.	Capital reserve EUR tsd.	Profit/(-loss) carried for-ward EUR tsd.	Equity difference arising from currency translation EUR tsd.	Consolidated equity of the parent EUR tsd.
Consolidated profit for the year 2022	0	0	0	0	5,560	0	5,560
Equity difference arising from currency translation	0	0	0	0	0	-67	-67
As at 31 December 2022	67	64	131	16,906	1,477	-72	18,442

* < EUR 1 thousand

Consolidated statement of cash flows

	2022 EUR tsd.	2021 EUR tsd.
Consolidated profit/loss for the year	+5,560	-110
+/- Depreciation/write-up of fixed assets	+4,975	+4,451
+/- Increase/decrease in provisions	+719	+102
-/+ Other non-cash income/expenses	+290	+660
+/- Decrease/increase in inventories, trade receivables and other assets which are not classified as investing or financing activities	-7,013	-11,116
-/+ Decrease/increase in trade payables and other liabilities which are not classified as investing or financing activities	+6,320	+9,125
+/- Interest expenses/interest income	+99	+143
+/- Expense/income for income taxes	-476	+109
-/+ Income tax paid	-264	-162
= Cash flows from operating activities	+10,210	+3,201
- Cash outflows for investments in intangible fixed assets	-527	-1,662
- Cash outflows for investments in tangible fixed assets	-2,192	-630
+ Interest received	+1	+4
= Cash flows from investing activities	-2,718	-2,288
+ Cash inflows from capital increases*	+0	+1
- Interest paid	-100	-146
= Cash flow from financing activities	-100	-145
Net change in cash and cash equivalents	+7,392	+768
+/- Cash changes arising from changes in exchange rates	-67	-5

	2022	2021
	EUR tsd.	EUR tsd.
+ Cash and cash equivalents at the beginning of the period	+17,592	+16,829
= Cash and cash equivalents at the end of the period	+24,917	+17,592

* < EUR 1 thousand in the reporting year

Notes to the consolidated financial statements

1. General information

Unite Holding SE - hereafter "the parent Company" or "Unite Holding" - has prepared separate financial statements and, as parent company of the Group, prepared consolidated financial statements. The parent Company is registered at the District Court of Leipzig (HRB 39277). The Company, formerly known as Mercateo Beteiligungsholding SE, was reconstituted as Unite Holding SE in December 2021. The change was recorded in the commercial register in April 2022.

The annual financial statements as at 31 December 2022 are prepared in accordance with the accounting requirements set out in the German Commercial Code for corporations, taking account of the requirements of the German Stock Corporation Act (Aktiengesetz) together with the Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European company (SE) and the German Implementation of the EC regulation on the Statute for a European Company Act (Gesetz über die Ausführung der EG-Verordnung über das Statut der Europaischen Gesellschaft - SEAG). The statement of profit or loss is prepared in accordance with the total cost method in both the separate financial statements and the consolidated financial statements. Disclosures relating to amounts presented in the balance sheet and the statement of profit or loss required by law, together with further explanatory notes, are presented in the notes to the consolidated financial statements, the balance sheet or the statement of profit or loss.

The financial statements of the Group are prepared in accordance with the financial reports requirements set out in the German Commercial Code. In accordance with section 265 paragraph 5 sentence 2 HGB, the statement of profit or loss has been amended by the inclusion of the positions "Gross profit" and "Operating result".

2. Companies included in the consolidation/disclosure of shareholdings

In addition to Unite Holding SE, Leipzig, the consolidated financial statements include twenty- one subsidiaries in which Unite Holding has a direct majority of voting rights, as well as common management or the right to appoint or remove the majority of the members of the management, administrative or supervisory boards, respectively.

All companies are included on a fully consolidated basis.

The companies included in the consolidation were as follows:

Company name	Registered office	Equity 2022	Result for the year 2022	Equity 2021	Result for the year 2021
		EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.
1 Unite Holding SE	Leipzig	16,537	3,956	12,581	-435
2 Unite Network SE	Leipzig	5,048	1,189	3,859	0
3 Unite Services GmbH & Co. KG	Köthen (Anhalt)	99	-142	242	-69
4 Mercateo Austria GmbH[1]	Vienna/Austria	891	202	690	121
5 Mercateo France SAS[1]	Paris/France	149	34	115	35
6 Mercateo Nederland B. V.[1]	Maastricht/The Netherlands	342	66	277	59
7 Mercateo Česká republika s.r.o.[1,2]	Prague/Czech Republic	55	8	41	8
8 Mercateo Magyarország Kft.[1,2]	Budapest/Hungary	111	104	94	25
9 Mercateo Polska Sp.z o.o.[1,2]	Krakow/Poland	87	33	57	18

Company name	Registered office	Equity 2022 EUR tsd.	Result for the year 2022 EUR tsd.	Equity 2021 EUR tsd.	Result for the year 2021 EUR tsd.
10 Mercateo Slovakia s.r.o.[1]	Bratislava/Slovakia	24	6	18	6
11 Mercateo UK Ltd.[1] ,[2]	London/United Kingdom	78	-4	64	21
12 Mercateo Italia s.r.l.[1]	Bozen/Italy	30	4	26	9
13 Mercateo España Procurement Services S.L.U.[1]	Valencia/Spain	26	8	18	7
14 Unite Services Verwaltungs GmbH	Köthen (Anhalt)	37	6	32	-1
15 Unite Financial Services EU GmbH[4]	Leipzig	61	23	37	9
16 Mercateo Deutschland AG[3]	Munich	447	0	447	0
17 Mercateo Schweiz GmbH [1 ,2]	Herrliberg/Switzerland	93	41	53	17
18 Mercateo Belgium BV	Hasselt/Belgium	65	14	50	17
19 Mercateo Ireland Procurement Services Ltd.[1]	Dublin/Ireland	1	0	1	0
20 Unite Financial Services Global GmbH[3]	Leipzig	56	5	51	1
21 Unite Financial Services Schweiz GmbH [1] ,[4]	Herrliberg/Switzerland	22	1	20	0
22 Unite Financial Services EU AS[1] ,[4]	Tallinn/Estonia	1,000	0	350	0

[1] Indirect subsidiary held by Mercateo Deutschland AG
[2] Capital converted at the closing rate of exchange and the annual result converted at the average rate
[3] Indirect subsidiary held by Unite Network SE
[4] Indirect subsidiary held by Unite Financial Services Global GmbH

There have been no changes to the companies included in the consolidation during the reporting year.

The incidental costs of acquisition capitalised in the separate financial statements were recorded as an expense in the consolidated financial statements on initial consolidation. These amounts were not significant.

3. Basis of consolidation

3.1 Reporting date for the preparation of the consolidated financial statements

The consolidated financial statements are prepared as at 31 December 2022, the date of the separate annual financial statements of Unite Holding SE, Leipzig.

The annual financial statements of the companies included in the consolidated financial statements were prepared as at the date of the consolidated financial statements.

The subsidiaries Unite Network SE, Unite Services GmbH & Co. KG, Mercateo Nederland B.V., Unite Services Verwaltungs GmbH, Unite Financial Services EU GmbH, Unite Financial Services Global GmbH and Mercateo Deutschland AG are exempt from the obligation to have their separate financial statements published and audited in accordance with section 264 paragraph 3 HGB and section 264b HGB or the other local national legal requirements, respectively.

3.2 Accounting and measurement methods

The separate financial statements were combined to prepare the consolidated financial statements as follows.

Consolidation of equity capital

The consolidation of the equity capital of Unite Network SE and Unite Services GmbH & Co. KG was performed using the book value method in accordance with section 301 paragraph 1 sentence 2 HGB in the version effective until 25 May 2009. The date of the initial consolidation was 1 January 2004.

The consolidation of the equity capital of all other companies was performed using the revaluation method, whereby no revaluations were required as these companies were formed with Unite Holding SE, Unite Network SE, Unite Financial Services Global GmbH or Mercateo Deutschland AG as sole shareholders.

Debt consolidation

Loans and other receivables, provisions and liabilities between the companies included in the consolidated financial statements were eliminated on consolidation in accordance with section 303 paragraph 1 HGB.

Elimination of inter-company profits

In accordance with section 304 paragraph 2 HGB it was not necessary to eliminate inter-company profits as the inter-company profits generated on sales of goods and services within the Group were not significant to the presentation of a true and fair view of the assets, liabilities, financial position or statement of profit or loss of the Group.

Consolidation of income and expenses

The consolidation of income and expenses was prepared in accordance with section 305 paragraph 1 HGB by offsetting sales revenues and other operating income generated between the companies included in the consolidation with the corresponding expenses. Interest and similar income were also offset against the corresponding expenses.

Deferred taxes

The tax effects of consolidation entries were considered and deferred taxes were recognised where applicable. Deferred tax assets amounting to EUR 1,189 thousand were recognised in the reporting year (previous year: EUR 0 thousand).

Foreign currency translation

The financial statements of Mercateo Česká republika, Mercateo Magyarország, Mercateo Polska, Mercateo Schweiz, Unite Financial Services Schweiz and Mercateo UK were prepared in different currencies than the Group's reporting currency. The annual financial statements prepared in foreign currencies were translated as follows: the equity was converted at the historical currency exchange rate applicable at the date of acquisition; all other balance sheet amounts were translated at the average closing rate; and all amounts recorded in transaction flows were converted at the exchange rate applying on the respective transaction date in 2022. Differences arising on this translation were recorded in equity with no effect on profit or loss.

The functional currency of all other subsidiaries is the same as the functional currency of the Group's parent and the Group's reporting currency. There are no subsidiaries in hyper- inflationary economies.

4. Explanatory notes on selected consolidated balance sheet items

ASSETS

4.1 Fixed assets

Internally generated intangible fixed assets are not capitalised under application of the optional accounting treatment available under section 248 paragraph 2 HGB.

A statement of changes in fixed assets based on the total acquisition cost of fixed assets is attached as an appendix to these notes to the consolidated financial statements.

Fixed assets are stated at their acquisition costs plus any incidental costs of acquisition, less scheduled depreciation or amortisation. The depreciation recorded is calculated based on the typical expected useful lives of the assets, calculated on a straight-line basis, pro rata temporis.

A useful life of between three and five years is applied to intangible fixed assets. The useful lives applied to tangible fixed assets range from three to twenty years. The useful lives applied to improvements made to leasehold premises are based on the non-cancellable period of the rental contract.

4.2 Receivables and other assets

Receivables and other assets are stated at their nominal amounts. Allowances are made to reflect risks recognisable at the balance sheet date. Specific allowances are made on a flat-rate basis in the range from 47% to 100% of the net trade receivable balance, dependent on the age of the respective trade receivables. The percentages used are determined based on past experience. A general provision of 0.7% is recorded to make allowance for the general risk of default. An additional risk allowance premium of 30% has been added to the amounts recorded for both flatrate specific allowances and general provision purposes to reflect the additional default risk arising from a potential increase in insolvencies resulting from the challenging overall economic climate.

Receivables falling due after more than one year carrying interest at rates below the market rate are discounted using a risk-adjusted rate of interest. All other receivables are assumed not to include any interest components. These receivables are recognised at the date on which the respective goods are delivered or the services are provided.

Receivables denominated in foreign currencies are measured in accordance with section 256a HGB.

Other assets include a loan receivable of EUR 165 thousand with a remaining period until maturity of more than one year (previous year: EUR 176 thousand) as well as security deposits of EUR 1,749 thousand which also mature after more than one year (previous year: EUR 551 thousand).

4.3 Cash and cash equivalents

Cash and cash equivalents total EUR 24,917 thousand (previous year: EUR 17,592 thousand) and are stated at their nominal amounts.

4.4 Prepaid expenses/deferred income

Prepaid expenses include payments that were made for income or expenses in respect of a specific period subsequent to the balance sheet date.

4.5 Deferred taxes

Deferred tax assets of EUR 1,579 thousand arising on tax losses carried forward are recognised (previous year: EUR 390 thousand). These are based on estimates of the tax benefit from the use of tax losses carried forward, based on past experience, multiplied by a tax rate of 32%. The Group only recognises the tax benefits of tax losses carried forward that are likely to be realised in the next three years.

EQUITY AND LIABILITIES

4.6 Subscribed capital

The subscribed capital represents the fully paid-in share capital of Unite Holding SE, Leipzig of EUR 130,822.00 (previous year: EUR 130,690.00), divided into 65,411 (previous year: 65,345) nonpar shares. These are divided into 33,425 (previous year: 33,359) ordinary and 31,986 (previous year: 31,986) preference shares, each with a nominal value of EUR 2.00 (previous year: a nominal value of EUR 2.00).

The subscribed capital was increased by EUR 132.00 in the financial year. The increase in subscribed capital was the result of the exercise of an option from approved capital in 2021, which was not recorded in the commercial register until the current reporting year.

The conditional capital of Unite Holding SE, Leipzig amounts to EUR 6,294.00 (previous year: EUR 6,294.00). No conditional capital was exercised in 2022 (previous year: EUR 448.00).

A resolution was approved at the Annual General Meeting held on 7 August 2018 to create approved capital of EUR 1,357.00. A further increase of EUR 1,331.00 was made in 2021. As a result the approved capital at the balance sheet date amounted to EUR 2,530.00 thousand (previous year: EUR 2,662.00).

An option was exercised from approved capital for an amount of EUR 20.00 in the financial year, which has not yet been registered at the commercial register as at the balance sheet date. The change was submitted for registration to the commercial register in December 2022. However, its official publication remains outstanding at the date on which these financial statements are prepared. As a capital increase from approved capital is only effective once registered at the commercial register, the amount is recorded in other liabilities at the 31 December 2022 balance sheet date in accordance with the commercial code.

The Company's conditional and approved capital were both partially created to provide the shares required for a Unite Holding SE share option scheme. Under this share option scheme, option rights have been awarded to certain current and former Group employees. Due to the fact that no payment obligations arise for the Group on exercise of the options (equity settled options), the share option scheme is viewed as a series of transactions between providers of capital, and is only recognised in the financial statements to the extent that options are exercised.

The capital reserve is unchanged from the previous year.

There are no restrictions on the Company's ability to make dividend payments from retained profits. The financial statements of the parent show retained profits of EUR 5,197 thousand (previous year: EUR 1,241 thousand), which are available for distribution to shareholders.

4.7 Provisions

The other provisions cover all recognisable risks and uncertain obligations assessed based on prudent commercial judgement. The amounts are recorded at their fulfilment amounts and comprise the following:

	31.12.2022	31.12.2021
	EUR tsd.	EUR tsd.
Personnel provisions	1,064	878
Outstanding invoices	1,184	666
Warranty costs	94	81
Archiving costs	22	20
	2,364	1,645

The provision for warranty costs represents the expected expense to be incurred for goods returned in connection with goods that were delivered prior to the balance sheet date. The warranty risk in such cases is usually limited to the sales margin, since the Group also has a corresponding claim against the supplier. In calculating the provision for warranty costs, it has been assumed that the Group's claims can be enforced and that the claims are not impaired. The guarantee provision is determined based on the experience of amounts incurred in past periods.

4.8 Liabilities

As in the previous year, all other liabilities have a remaining term to maturity of less than one year and are secured in a manner typical for the usual terms of trade in the industry.

Payables denominated in foreign currencies are measured in accordance with section 256a HGB.

Other liabilities include liabilities to a central clearing house amounting to EUR 1,590 thousand (previous year: EUR 1,365 thousand). These represent trade payables originated by the Group that have been assigned to a central clearing house by the supplier. The central clearing house has accepted the amounts assigned and notification of the assignment has been provided to Mercateo Deutschland AG. As a result, in commercial terms the sole obligation is the obligation to the central clearing house.

5. Explanatory notes on selected consolidated statement of profit or loss items

5.1 Sales revenues

The Group's sales revenues comprise the following:

	2022 EUR tsd.	2021 EUR tsd.
Sales of merchandise	444,459	403,914
Fees/commissions	3,230	2,461
Discounts and rebates	-4	-1
	447,685	406,374

Sales were generated in Germany (93.9%), Austria (2.6%), the Netherlands (0.8%), Hungary and the other countries in which the Group's subsidiaries are located (0.4%).

5.2 Out-of-period income

Out-of-period income in the financial year totalled EUR 142 thousand (previous year: EUR 286 thousand), primarily consisting of the release of provisions and the derecognition of customer credit balances that are no longer repayable under the statute of limitations. These are reported within other operating income.

5.3 Out-of-period expenses

There were no significant out-of-period expenses in the current or in the previous year.

5.4 Taxes on income

The Group reports tax income of EUR 476 thousand (previous year: tax expense of EUR 109 thousand). The tax income primarily results from the recognition of deferred tax assets (EUR 1,189 thousand) and the use of unrecognised tax losses brought forward (EUR 884 thousand) and, accordingly, differs from the theoretical tax expense that results from applying the Group uniform tax rate of 30% to the result before taxes.

The following table, prepared in accordance with DRS (DRS: Deutsche Rechnunglegungsstandards - German Accounting Standards) 18.67, shows a reconciliation between the theoretical expected tax expense and the current tax expense in the statement of profit or loss.

Reconciliation between income tax expense and the reported result for the period	2022 EUR tsd.	2021 EUR tsd.
Result for the period, before income taxes	5,084	-2
Income taxes based on applicable tax rates	1,525	-1
Utilisation of unrecognised tax losses brought forward	-884	14
Amount by which deferred tax assets are not recognised on tax losses carried forward	96	121

Reconciliation between income tax expense and the reported result for the period	2022 EUR tsd.	2021 EUR tsd.
Recognition of tax losses carried forward	-1,189	0
Effect of different tax rates applicable	-11	-7
Other	-13	-22
Trade tax	0	4
	-476	109

6. Other disclosures

6.1 Contingent liabilities and other financial commitments

There are no contingent liabilities.

Other financial commitments at the balance sheet date were as follows:

	31.12.2022 EUR tsd.	31.12.2021 EUR tsd.
Obligations under rental, leasing, service and consultancy agreements		
Due within one year	3,254	2,531
Due after one year and within five years	13,024	4,631
Due after five years	13,559	50
	29,837	7,212

6.2 Auditor's remuneration

An expense of EUR 110 thousand has been recorded for services performed by the Group's auditors (previous year: EUR 96 thousand). These expenses are wholly attributable to audit services.

6.3 Members of the Supervisory Board

The following persons are members of the Supervisory Board of the parent Company:

–Karl Mayer-Rieckh, Member of the Supervisory Board of Leder & Schuh International AG, Graz/Austria, Chair of the Supervisory Board, management consultant, London/United Kingdom,

–Dr. Clemens Salm, Vice-Chair of the Supervisory Board, Director of WSW International GmbH, Grünwald,

–Kurt Müller, Investment Manager, Target Partners GmbH, Munich, and

–Katrin Wehr-Seiter, Managing Director/Partner, BIP Investment Partners S.A., Luxembourg/Luxembourg.

The expense for remuneration payable to the Supervisory Board in the financial year 2022 totalled EUR 78 thousand (previous year: EUR 88 thousand). This was paid in full in the reporting year. In addition, members of the Supervisory Board received reimbursements for travel costs of EUR 2 thousand (previous year: EUR 0 thousand).

6.4 Members of the Management Board

Members of the Management Board authorised to represent the Company as a whole are:

–Dr. Sebastian Wieser, Chair of the Management Board, Krailling,

–Christel Constant, Member of the Management Board for Marketing, Sales & Customer Success (from June 2022), Zurich, Switzerland,

–Peter Ledermann, Commercial Director, Taufkirchen, and

–Dr. Bernd Schönwälder, Member of the Management Board for IT and Platform Management (from May 2022), Munich.

The members of the Management Board were awarded remuneration of EUR 1,529 thousand for their work in the reporting year. In addition, a total of 360 options with a fair value totalling EUR 1,596 thousand were issued in the reporting year. Disclosures of remuneration of the Management Board are not made for the previous year in accordance with section 314 paragraph 1 no. 6 HGB.

6.5 Number of employees

The average number of employees employed by companies included in the consolidated financial statements in the year was as follows:

	2022	**2021**
Management Board, Directors	6	5
Employees	665	573
Trainees	24	27
	695	605

6.6 Appropriation of results

The Management Board will make the following recommendation concerning the appropriation of results:

“A dividend of EUR 12.10 per share, totalling EUR 791,204.84, shall be paid. The remaining retained earnings shall be carried forward to future periods.”

6.7 Statement of cash flows

The statement of cash flows was prepared in accordance with DRS 21.

Cash and cash equivalents consist of cash-in-hand and bank balances that are available for use at any time.

In addition to the cash and cash equivalents presented, the Group has unused credit lines totalling EUR 3,000 thousand (previous year: EUR 3,000 thousand).

There were no significant non-cash financing activity transactions in the financial year or in the previous year.

There were no significant non-cash investing activity transactions in the financial year or in the previous year.

6.8 Events since the balance sheet date

There have been no significant events since the balance sheet date.

Leipzig, 24 March 2023

The Management Board

Dr. Sebastian Wieser

Christel Constant

Peter Ledermann

Dr. Bernd Schönwälder

Fixed assets movement schedule

	Changes in acquisition and manufacturing costs				Changes in amortisation/depreciation			Carrying value	
	As at 01.01.2022	Additions	Disposals	As at 31.12.2022	As at 01.01.2022	Additions	As at 31.12.2022	As at 31.12.2022	As at 31.12.2021
	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.	EUR tsd.
I. Intangible assets									
1. Purchased concessions, commercial trade marks and similar rights and assets and licences in such rights and assets	15,074	527	0	15,601	7,821	4,136	11,957	3,644	7,253
2. Payments on account	284	0	284	0	0	0	0	0	284
	15,358	527	284	15,601	7,821	4,136	11,957	3,644	7,537
II. Tangible fixed assets									
1. Land, land rights and buildings including buildings on third-party land								0	0
	1,731	0	0	1,731	916	183	1,099	633	815
2. Other equipment, operating and business equipment	5,880	687	6	6,561	4,180	656	4,836	1,726	1,700
3. Payments on account and assets under construction	186	1,505	0	1,691	0	0	0	1,691	186
	7,797	2,192	6	9,983	5,096	839	5,935	4,050	2,701
	23,155	2,719	290	25,584	12,917	4,975	17,892	7,694	10,238

Currency exchange differences in the reporting year of < TEUR 1 are not reported in the statement of changes in fixed assets.

Group management report for the financial year from 1 January 2022 to 31 December 2022

A. Basic information about the Group

Business model

In the financial year 2022 the Group continued with the realignment of the Unite/Mercateo companies and the Unite brand that began in 2021. As a result the Unite Group is much more clearly positioned in the market as a platform. With more than 20 years of e-procurement and networking experience, Unite now provides a more consistent brand experience for its users.

The products and services offered by the Unite Group aim to enable indirect procurement processes of companies to be fulfilled digitally and efficiently, and to enable suppliers to access the digitalisation of their existing and new customer relations. Indirect procurement describes the process of purchasing all the goods and services that a business uses, excluding those used as direct materials in the production of the end products manufactured by the business.

The Group generates most of its income from the sale of physical products using a B2B market place (Spotmarket). The Spotmarket does not possess either logistics or storage facilities, and as a result there are no limits to the range of products that it can offer. Unlike in other marketplaces, the buyers purchase the goods from the Spotmarket, with the result that the invoicing entity is always the same, despite the wide range of goods available (this is known as a single creditor model). The suppliers listed within each product category compete with each other as in traditional marketplaces (competing on price, delivery costs and speed of delivery). As a result, customers receive competitive offerings in product areas where it does not make sense for them to enter into a direct relationship with an individual provider. Complementing this, a large number of features have been developed over the years, such as BestBasket that provides overlapping category searches including filtering features and duplicate recognition, setting further unique selling propositions and standards in efficient procurement processes.

In addition to providing access to the Spotmarket, the Unite procurement platform also provides buyers with interfaces that enable the integration of the entire product catalogue with the purchaser's existing ERP systems (e.g. SAP or Microsoft Dynamics). Role-rights model procurement structures and cost centres and cost accounting structures can be processed in a customer's ERP system, or can be easily processed using the Unite procurement platform. Further, the procurement platform provides buyers with opportunities to network directly with suppliers, for example in order to take account of individually negotiated master agreement arrangements. As a result, the user does not need to change systems in order to cover the entire indirect procurement range.

The extremely wide range of goods on offer in the single-creditor-model, combined with the opportunity to network directly with individual suppliers in a comprehensive interface-compatible solution, has been the primary driver of our marketing success in recent years.

Regular and open exchanges with customers, partners and colleagues have enabled us to identify the nature of the digital support that is needed to facilitate procurement and sales processes between corporate businesses in the European business community. It is clear that current technologies on the market are not able to adequately solve the challenges of digitalisation in connection with the increasing level of diversity in procurement. This was confirmed in a study conducted by the HTWK Leipzig in cooperation with Mercateo in 2017: 70 of the companies stated that they did not feel prepared for the challenges that digitalisation presents.[1]

This was the reasoning behind the launch of Unite. The objective of the Unite B2B networking platform is to use digitalisation to support and strengthen the efficient structures on which German and European business rely, and to make the diversity in commercial trade manageable. Only a networking model can provide a commercially sensible approach to digitalising the entire indirect procurement process on both the procurement and selling side.

There is an enormous potential market for Unite's business models. It is estimated that indirect procurement (products and services) makes up approximately 10% of the total gross domestic product of national economies.[2] In Germany alone that represents a market volume of more than EUR 300 billion.

Research and development

Approximately 18% of the Group's employees are employed in the IT/Analytics department, and as a result they represent a core part of the Group's research and development capacity. The Group's significant research and development activities are focussed on the continuing development of the B2B network. Triggered by the partnership with SAP Ariba, a complete API infrastructure in the cloud was created for this purpose. In addition, work continues on the ongoing further development of existing systems.

Group structure

Unite Holding SE, Leipzig, the Group's ultimate parent, provides finance for the companies included in the consolidated financial statements. Unite Services GmbH & Co. KG, Köthen (Anhalt), which is managed by Unite Services Verwaltungs GmbH, Kothen (Anhalt), provides services (in particular personnel services) for the B2B platforms. These services include the processing of all transactions and orders, acquiring and providing support to buyers and suppliers, as well as the ongoing development of the technology and the operation of the platforms.

The subsidiaries attributable to the Unite B2B network are: Unite Network SE, Leipzig; Unite Financial Services Global GmbH, Leipzig; Unite Financial Services Schweiz GmbH, Herrliberg, Switzerland; Unite Financial Services EU GmbH, Leipzig; and Unite Financial Services EU AS, Tallinn, Estonia.

The B2B marketplace is operated by Mercateo Deutschland AG, Munich, and outside Germany by its foreign subsidiaries. These foreign subsidiaries are: Mercateo Austria GmbH, Vienna; Mercateo France SAS, Paris; Mercateo Nederland B.V., Maastricht; Mercateo UK Ltd., London; Mercateo Magyarország Kft., Budapest; Mercateo Slovakia s.r.o., Bratislava; Mercateo Česka republika s.r.o., Prague; Mercateo Polska Sp. z o.o., Kraków; Mercateo Italia s.r.l., Bozen; Mercateo España Procurement Services S.L.U., Valencia; Mercateo Schweiz GmbH, Herrliberg; Mercateo Belgium B.V., Hasselt; and Mercateo Ireland Procurement Services Ltd., Dublin.

[1] https://www.htwk-leipzig.de/no_cache/hochschule/aktuelles/newsdetail/artikel/386/
[2] Agarwal, S. et al. (2011): Insights and opportunities to improve control, maximise visibility and drive efficiencies in Indirect Spend. European Indirect Spend Management Study 2011.

The Unite Group's primary business locations are in Leipzig, Köthen (Anhalt) and Munich. In addition, the Group has European sales offices in Vienna, Paris, Maastricht, Šamorín, Budapest, Kraków, Valencia, Bozen, Herrliberg and Cardiff.

B. Report on economic position

Course of business and position

The Unite Group was able to increase sales revenues to EUR 447.7 million in 2022 (+10.2%). Accordingly, the Group was largely able to meet its sales target. Net revenue (sales revenues less expenses for purchased merchandise and services) increased further, with an increase of 31.7% to EUR 66.0 million compared to the previous year. This exceeded the net revenue target significantly. This was primarily due to higher sales prices, which could be achieved as a result of the increase in demand due to bottlenecks in supply chains generally. Here, the use of IT based algorithms to calculate sales prices has proved to be highly valuable.

A further driver of the increases in sales and net revenues generated was the increase in the number of orders, with an increase of 4% to 1.80 million (previous year: 1.73 million) as well as the increase in the average size of the shopping basket, due to the increase in customer activity. The growth in 2022 was mostly generated by those customers that have chosen a Mercateo/Unite system solution. The share of total revenues generated with customers under these sales support arrangements or added under partner systems was almost unchanged in 2022, and amounted to 77% (previous year: 75%). The share of net revenues generated with these customers totalled 74% (previous year: 72%). Both of these proportionate shares could be held constant, in line with the Group's business planning for 2022.

Expenses incurred for expanding the supported customer base (the wages and salaries of sales and marketing staff) increased from EUR 7.2 million to EUR 7.8 million from 2021 to 2022. On the other hand, the associated increase in net revenue generated increased from EUR 36.3 million in 2021 to EUR 49.1 million in 2022.

The costs of processing all incoming orders expressed as a proportion of net revenues was 17.1%, almost unchanged compared to the previous year (19.1%).

Foreign business remained stable in 2022. The trends in Poland, the United Kingdom and Switzerland were particularly pleasing. Once again, growth in Austria in 2022 was consistent with the average level of growth in the Group, and this continues to be the country outside Germany in which the Group generates the most revenues. Slightly less than 50% of the Group's total foreign sales revenues in 2022 were generated in Austria. The share of sales revenues generated in the markets outside Germany was slightly more than 5% (EUR 26.1 million).

EBITDA increased from EUR 4.6 million in 2021 to EUR 10.2 million in 2022; accordingly, for the reasons described above, the trend was significantly more positive than had been forecast.

EBIT also increased from EUR 0.1 million in 2021 to EUR 5.2 million in 2022; accordingly, this trend was also significantly more positive than had been forecast.

The free cash flow increased from EUR 0.9 million in 2021 to EUR 7.5 million in 2022, with the increase due to the extremely positive improvement in the operating result as well as to the lower levels of investments made. Accordingly, free cash flow was significantly above the levels that had been forecast in the previous year.

Results of operations

The material expense ratio was 85.2% (previous year: 87.7%). The significant increase in the material expense ratio is due to the increase in sales prices, with higher relative profit margins.

As a result of the increased level of sale volumes and the increase in income from service fees, as well as the improvement in the material expense ratio described above, net revenues increased by 31.7% to EUR 66.0 million (previous year: EUR 50.1 million).

Further substantial investments were made in 2022 in developing the B2B network Unite and in the internationalisation of the business. Personnel expenses increased by EUR 6.0 million as a result.

This enabled the Group to increase operating results before interest, taxes, depreciation and amortisation (EBITDA) compared to 2021, generating an EBITDA of EUR 10.2 million (+121.7%).

EBIT was again very positive, totalling EUR 5.2 million, and as a result fulfilled the target set for the financial year.

The negative interest result amounted to EUR 99 thousand (previous year: EUR 143 thousand). The lower negative amount was the result of the discontinuation of custody fees for bank balances during the year. In addition, the current factoring facility was lowered from EUR 2,500 thousand to EUR 1,000 thousand. Income taxes were attributable to the transfer prices selected for use in the foreign companies, but above all also in Germany, taking into account the available tax losses carried forward due to start-up losses in the past, and resulted in tax income of EUR 476 thousand (previous year: tax expense of EUR 109 thousand). The tax income primarily results from the recognition of deferred tax assets (EUR 1,189 thousand) and the use of unrecognised tax losses brought forward (EUR 884 thousand) and, accordingly, differs from the theoretical tax expense that results from multiplying the Group uniform tax rate of 30% to the result before taxes.

Based on the positive results trends recorded in recent years and the good results expected in the future, deferred tax assets amounting to EUR 1,579 thousand are recognised at the balance sheet date (previous year: EUR 390 thousand). Overall a significant positive net profit of EUR 5,560 thousand was recorded for the financial year just ended.

Financial position

Working capital is managed on an ongoing basis by means of agreed payment terms with buyers and suppliers. At 31 December 2022 the trade receivables payment cycle was slightly below average due to advantageous payment receipts, with a resulting positive effect on liquidity and working capital.

Due to the fact that the Group has sufficient liquidity of its own, the current non-notification factoring facility was lowered to EUR 1,000 thousand (previous year: EUR 2,500 thousand).

Capital expenditure of EUR 2,719 thousand in the financial year primarily consisted of payments on account in respect of leasehold improvements for the expansion of office capacity at the Leipzig site and, to a lesser extent, for investments in other software as well for expansion and replacement investments in hardware. More components of Unite's technical infrastructure were transferred to the cloud in 2022. All investments made were financed from the Group's own liquid funds.

Investments for the purchase of software developed by third parties for the networking platform totalled EUR 0 thousand (previous year: EUR 1,662 thousand).

For liquidity management purposes, in addition to the factoring the Group continues to have a working capital line of credit with the Deutsche Bank AG, Leipzig amounting to EUR 3,000 thousand (previous year: EUR 3,000 thousand).

There are off-balance sheet payment obligations under various leasing arrangements totalling EUR 29,837 thousand with maturity periods of up to ten years. Of this total, EUR 3,254 thousand fall due within one year.

The Group's operating and investment liquidity requirements for the financial year 2022 were covered by the cash and cash equivalents brought forward from 2021 and from operating cash flows.

Cash and cash equivalents at the end of the financial year totalled EUR 24,917 thousand, EUR 17,592 thousand higher than at the previous year end.

The Group was able to meet its payment obligations at all times.

Net assets

Trade receivables totalled EUR 31,869 thousand at the balance sheet date. Receivables of EUR 1,000 were sold under the non-notification factoring arrangement (previous year: EUR 2,500 thousand). Taking this effect into account, the receivables payment cycle time at 31 December 2022 was slightly below the average for the year as a whole. The largest proportion of receivables (approximately 96%; previous year: approximately 99%) are not more than 180 days old.

Trade payables increased compared to 31 December in the previous year, rising to EUR 44,113 million (previous year: EUR 38,195 thousand). The significant increase was due to the increase in sales volumes. During the financial year the creditor cycle period has not changed significantly compared to the previous year.

Equity increased to EUR 18,442 thousand as a result of the net profit for the year, and consists of share capital (EUR 131 thousand), a capital reserve (EUR 16,906 thousand), profits carried forward (EUR 1,477 thousand) and other equity balances (EUR -72 thousand).

The equity ratio at 31 December 2022 was 26.5% (previous year: 22.9%).

Non-financial performance indicators

The Management Board of Unite Holding SE, Leipzig consists of the following persons:

–Dr. Sebastian Wieser, Krailling,

Chair of the Management Board

–Christel Constant, Zurich, Switzerland,

responsible for Marketing, Sales & Customer Success (from June 2022)

–Peter Ledermann, Taufkirchen,

responsible for Investor Relations and Commercial Affairs; and

–Dr. Bernd Schönwälder, Munich

responsible for Platform, IT and Operations (from May 2022)

In the course of the realignment, the company’s founder Dr. Sebastian Wieser took over the management of Unite Holding SE as the newly-appointed Chair of the Management Board. Christel Constant was appointed by the Unite Supervisory Board as the new member of the Management Board responsible for Marketing, Sales & Customer Success. She succeeds Dr. Bernd Schonwalder, who is now responsible for the Platform, IT and Operations departments. The Marketing, Sales & Customer Success unit was aligned in the organisation into Corporate Functions and Markets to better address central framework objectives and the demands of regional markets.

Unite Holding SE, Leipzig has no other employees.

The Group had 694 employees as of 31 December 2022, excluding members of management (previous year: 614). In addition, Unite Services GmbH & Co. KG Kothen (Anhalt) employed 24 trainees at the balance sheet date (previous year: 27).

With a trainee quota of approximately 4% (previous year: 5%), Unite Service GmbH & Co. KG is a significant provider of apprenticeships in Saxony-Anhalt. Approximately 80% of the trainees that complete their training with Unite each year are given permanent positions, and in this manner the Group is able to ensure an ongoing supply of skilled employees with a high level of loyalty to their employer.

With the Leipzig location that was opened back in 2011, Unite has an additional attractive working location which is also very lucrative for skilled workers from beyond the region. Given the regional proximity to Kothen, employees can use both locations in a flexible manner, which helps to pass on the Group’s positive corporate culture to new employees independent of their physical location. With the planned opening in 2023 of the Group’s newly-built head office premises, the relocation of the registered office of Unite Network SE (in 2019) and of the Group’s parent company in July 2020, Unite is demonstrating its commitment to the Leipzig location, while retaining the Köthen premises.

The demands of the market, the further development of the business model and the associated necessary organisational changes represent an ongoing change process. Since 2019 the Group has pursued an initiative to automate repetitive and manual activities (RPA: Robotic Process Automation). This is intended not only to support scalable growth, but also to release employees from repetitive and boring tasks with the objective of improving employee satisfaction and productivity. With the start of the introduction of BSI (software from the provider of the same name, Business Systems Integration AG), primarily in Operations, the process efficiency and scalability of processes are to be further increased. These organisational measures are designed to provide significant support to help improve both non-financial and financial performance indicators in the coming years.

C. Report on outlook, risks and opportunities

Outlook

The future development of the business is set out in Unite's business planning forecast, and is subject to ongoing supervision by the Management Board of the parent company. Using targeted controlling instruments and planning, the Management Board can react to any deviations from the business plan and, where appropriate, make reductions in the planned increases in expenses or in the development of new applications or offerings.

On the basis of current market share and the penetration of target customers, the business planning assumes that income will also continue to increase significantly in the coming years. The sales and internationalisation of the Group's products and services will be driven forward using all the available distribution channels. At the same time improvements will be made to internal processes to increase professionalism and to improve the service offering.

Moderate sales growth (between 8% and 12%) is assumed for 2023, which is, however, slightly below the level of the previous financial year. It is expected that the most significant share of growth will be generated by those customers under sales support arrangements. The share of total sales revenue generated by these customers is expected to increase slightly.

Net revenues are expected to increase at a slightly faster rate than sales revenues due to the additional income generated by service fees invoiced by Unite. This increase will mean that the share of net revenue generated by customers under sales support arrangements will also increase slightly. As in previous years, the margins earned will be invested in additional personnel and in making improvements to technical infrastructure.

EBITDA in 2023 is expected to be significantly lower than in the past financial year (approximately EUR 6.1 million), while EBIT is forecast at approximately EUR 1.7 million.

Significant positive cash inflows from operating activities are expected in 2023. Despite further investments, free cash flow is also expected to be clearly positive, but significantly below the free cash flow of the reporting year due to a significant increase in the level of new investments planned. There is no need for additional cash funds.

Risk report

The Management Board of the parent company monitors the development of the Group and individual risks on an ongoing basis as part of risk management.

Significant risks that the Group faces are the dependency on system partners, risks of default on receivable balances, a significant deterioration in customer or supplier payment periods, IT risks, and the potential loss of qualified employees and know-how. The individual risks are discussed below in declining order according to their weighting.

At 99%, the high proportion of sales attributable to existing customers (previous year: 98%) shows that the risk associated with the dependence on search engines to acquire new customers belongs to the far-distant past.

Despite the increasing proportion of customers with sales support arrangements, the Group is not dependent on individual customers. Sales generated with these customers are spread over a large number of corporate groups and medium-sized and small customers. The planned sales growth is especially dependent on further penetration with these customers. This will be in addition to new customers from the system partnerships, as well as developing registered and newly registered customers. Accordingly, the success of the 2020 restructured sales management will be an important component in achieving the targets for 2023. In addition to the increase in sales activities, the Group is focussing on selected system partnerships. These offer the advantage of providing a quick and cost-effective method of gaining a large number of customers. In doing so, however, there is a risk of becoming dependent on system partners, and of the potential loss of financial investments already made in the partnership.

The risk of default losses in receivables arising in the fragmented trading business is addressed by the use of rigorous credit-worthiness assessments of potential customers prior to entering into contracts, as well as the application of strict dunning processes. The larger, better-known customers have a lower default risk in any case. The default loss ratio has generally improved in recent years and is below typical market levels.

The increasing sales have led to an improvement in our negotiation position in procurement, and to the Spotmarket/Unite platform having a higher importance to suppliers. However, as a result of the permanent growth in the range of suppliers there is no notable dependency on individual suppliers. In addition, the largest suppliers by volume are found in the IT requirements segment, where product substitution is relatively easy due to the comparable nature of the products. Goods are purchased from a large number of suppliers (at the reporting date: 969; previous year: 985). Within this total, the various product categories are covered by multiple suppliers. This wide diversification means that the risk of deteriorating payment cycles is reduced significantly.

There are IT risks associated with the software used by the Group and with the use of that software. For example, the communication between Unite employees and the Group's customers and suppliers is largely conducted using email addresses that are publicly available. Such addresses are often targets for phishing trojans and other malware. Any careless acts by employees could lead to major damage should such malware be spread within the Group's network.

The software used by Unite is currently hosted by a specific data centre in Germany and additionally in the cloud. In the very unlikely event of a failure at the data centre, parts of the Unite infrastructure would cease to operate, it would no longer be possible to process transactions, and there could be significant limitations on the Group's business operations. In addition, there could be attempts to make DoS or similar attacks which could limit public access to the services provided by Mercateo.

Recruiting, promoting loyalty and motivating skilled, experienced and creative employees is an ongoing risk factor for a knowledge-based company. The Unite Group counters this risk by creating a positive working climate, which is also reflected in above-average ratings from applicants on portals such as Kununu[1]. The specially created organisational development team accompanies change in the company and further develops the organisation and its employees. Occupational health management focusses on health aspects. Increasingly, employees are also being recruited through the recommendations of existing employees; to this end, the "Unitees Recruit Unitees" initiative was launched in 2022, which rewards employees with a bonus for successful referrals.

In addition, in comparison to previous years our dependence on individual employees is declining due to increased documentation obligations and to increased specialisation. In addition, knowledge is distributed and structured along the value-added chain due to the matrix organisation.

Scrum, as a method of documenting project work and prioritising, was introduced in further areas of the Group in 2020, further institutionalising the agile working methods that have already been in use for many years. In addition, the ticket system used for this purpose is also used for work areas that do not apply agile working methods in order to structure and document work processes. Furthermore, it is also planned to add further professionalism to, and further institutionalise, the internal control and risk system in 2023.

Neither Unite Holding SE nor any of the companies included in the consolidated financial statements are involved in the supply of goods or services to the territories of the Russian Federation. Unite does not have a marketplace or any other business relationships in or with Russia or in Ukraine. From the moment that we enter into our first contact with business partners and in the fulfilment of our contractual obligations we comply with all relevant sanctions and embargo lists.

However, like all other businesses Unite is directly and indirectly dependent on the stability of the economy as a whole. A significant deterioration of the current economic situation in Europe would have an effect on the development of the Unite Group. Nevertheless, the financial crises and the current COVID-19 pandemic have demonstrated that Unite is very well positioned, and at the present time it is not expected that the war in Ukraine will have a sustained negative effect on the Group.

Opportunities report

There are significant opportunities for the Group in the development of new features and offerings as well as system partnerships and the internationalisation of the platform. The individual opportunities are discussed below in declining order according to their weighting.

In 2022 further substantial investments were made in developing new features and offerings for customers, in the Unite B2B network in particular. Sales activities were strengthened further in 2022, and preparations were made for an even more effective management system. This is in addition to the roll-out of the partnerships with e-procurement systems such as SAP Ariba, BeNeering and Integra. These have an important signalling effect in the market, and also open up new potential sources of earnings and, accordingly, new opportunities for Unite.

[1] https://www.kununu.com/de/unite

Since 2011 Unite has driven forward the internationalisation of the platform in local languages in a number of European countries (the Netherlands, France, Ireland, Italy, Poland, the Czech Republic, Slovakia, Hungary, the United Kingdom, Spain, Belgium, Switzerland and Estonia). Unite follows its major customers to their foreign locations, and additionally it expands in lucrative European target markets. Unite chooses to make soft launches for this purpose, without major investment. In internationalising the existing business model, know-how and experience gained in the German business can be used and applied elsewhere. The system partnerships accelerate this process further. Further investments were made in personnel for the internationalisation of the business in 2022 in order to make even more determined efforts to meet the demands of customers and suppliers and to drive the growth of the Group. Accordingly, internationalisation represents a big opportunity for the Group.

Unite was accredited with the “Fair Tax Mark” award by the Fair Tax Foundation in 2022. This means that the Group is one of the first platform companies to receive this international recognition for tax transparency. From 2021 Unite is also a holder of a Silver EcoVadis Label, which recognises CSR in businesses. These certifications help Unite to be perceived and measured externally for its sustainability and CSR activities.

The Marketing and Sales departments were reorganised in the autumn of 2022. The new structure aims to build the foundation for successful scaling-up in Europe and internationally. It will position the Group’s markets at the same level as its global functions, and at the same time provide for an enhancement of regional performance. This will enable the Group to increase its focus on customer orientation. This approach is reflected in the name of the new department: Marketing, Sales & Customer Success.

D. Risk reporting relating to the use of financial instruments

The continuous monitoring of receivable balances reduces the risk of default loss on receivables.

Customers with a good credit score are offered extended credit terms in exchange for the payment of a fee. Financing is generated from internal liquidity. Daily liquidity controlling means that it is possible to react to seasonal fluctuations on a timely basis. In addition, the Group has begun to use central settlement arrangements with an external partner which makes it possible to take advantage of longer payment terms with suppliers.

The Unite Group issues invoices in the respective local country currency. In addition to receivables and cash and cash equivalents in foreign currencies, there are also liabilities in foreign currencies since purchases made by the foreign country subsidiaries are also usually denominated in the local currency.

Accordingly, the Group has a currency translation risk from ongoing operations. The foreign currency receivables and payables are generally matched quickly given the very short payment terms for receivables and payables. No hedging arrangements are entered into for this risk.

There were no financial liabilities at the balance sheet date. Accordingly, the Group is not exposed to risk arising from changes in interest rates.

Liabilities accruing to suppliers are paid as they fall due.

Leipzig, 24 March 2023

The Management Board

Dr. Sebastian Wieser

Christel Constant

Peter Ledermann

Dr. Bernd Schönwälder

Report of the Supervisory Board on the financial year Unite Holding SE Registered in Leipzig from 1 January 2021 to 31 December 2022 in accordance with section 171 paragraphs 2, 3 and section 172 sentence 2 AktG

In accordance with section 171 paragraphs 2 and 3 and section 172 sentence 2 AktG the Supervisory Board is required to examine the annual financial statements, the management report and the proposal for the appropriation of the retained profit or retained loss.

Based on the foregoing, the Supervisory Board issues the following report on the results of its examination for presentation to the annual general meeting:

The Management Board has kept us informed about the situation of the Company and of the Group as a whole, and concerning significant business matters, on a regular basis by submitting verbal and written reports. The Supervisory Board has dealt with the reports received from the Management Board in its meetings. The development of the Company and of the Group were thereby discussed on an ongoing basis with the Management Board. During the reporting period the subjects discussed were, in particular, the course of business, commercial development, strategic focus and the investments planned by the Management Board to further the expansion of the operating business of Unite Holding SE and of the Group as a whole.

The annual financial statements of the Company and the consolidated annual financial statements of the Group as a whole cover the period from 1 January 2022 to 31 December 2022. The annual financial statements for the financial year 2022, including the bookkeeping and the Company's management report, have been audited by Grant Thornton AG. An unqualified audit report has been issued on these documents. The reports were presented to us. We have performed our own examination of the annual financial statements and the management report prepared by the Management Board. We concur with the results of the audit of the annual financial statements performed by the auditor based on our own examination.

Based on the final results of our examination, we have no objections to raise. We approve the annual financial statements of the Company and of the Group prepared by the Management Board. These are hereby adopted.

London, 30 March 2023

Karl Mayer-Rieckh, Chair of the Supervisory Board