Combined Group Management Report

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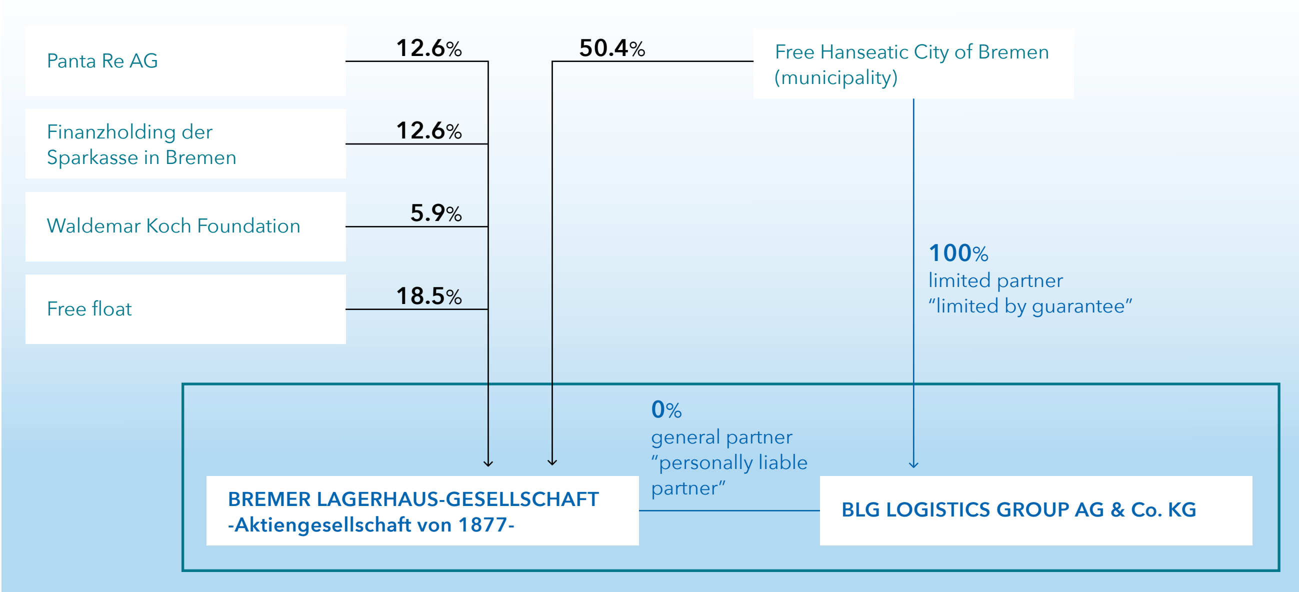
Fundamental Information about the Combined Group

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 combined 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, 2023

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. With almost 100 companies and offices, we are present in Europe, America, Africa and Asia and in all the world's growth markets. 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 2023 financial year, our worldwide AUTOMOBILE network handled, transported or technically processed 5.0 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), we also operate several inland terminals on the Rhine and Danube rivers. 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 specialize in designing, configuring, implementing and managing customized logistics solutions, ranging from highly automated logistics centers to manual in-house processes. Project management is our core competence, with sustainability and dependable quality being 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. The range of services is complemented by intermodal and other container-related services.

Changes in group of consolidated companies

CONTRACT Division

As a consequence of the withdrawal from the Indian market, BLG Industrielogistik GmbH & Co. KG sold its shares in BLG Parekh Logistics Pvt. Ltd., Mumbai, India, with sale and purchase agreement of February 1, 2023.

Under a sale and purchase agreement dated January 30, 2023, BLG Industrielogistik GmbH & Co. KG, Bremen, sold its shares in BLG SWIFT LOGISTICS Sdn. Bhd., Kuala Lumpur, Malaysia.

Research and development

In order to optimize the logistics processes at our locations in Germany, we focus in particular on the use of technical solutions. The goal is to increase the level of automation and digitalization at the BLG locations by means of viable technical solutions.

To this end, the Technology department was established in the CONTRACT Division at the end of 2022, which consolidates the technical expertise of BLG LOGISTICS and provides support for technical projects from the preparation of quotations to rollout and ongoing operations. The department is made up of six experts for market-ready technology and digitalization solutions in logistics processes. Ideas for technical implementations are put through their paces by the team: The solution must fit the processes and be technically and economically feasible.

The use of the following technologies, among others, is being examined:

- Automated guided vehicles (AGV)
- Automated warehousing and order picking systems
- Robotics
- Automated identification systems
- Electromobility and alternative drive systems
- Autonomous driving
- Ergonomics
- Logistics process planning and management tools (e.g. material flow simulations, digital twin)

We are also continuing to collaborate in research and development projects with partners from science and industry on brand new, particularly complex concepts. Five such projects were undertaken in the Technology department in 2023.

Building on the positive results of the predecessor "Isabella" project, the "Isabella 2.0" project launched on July 1, 2020 was successfully completed in the current reporting year. In addition to integrating the loading and unloading processes of trucks, rail cars and ships into the previously developed intelligent management approach, an AI-based (AI = artificial intelligence) approach designed to expedite the complex calculation processes was developed and tested. To ensure seamless process integration, the project pinpointed digitization needs and developed suitable mobile apps, such as a digital loading plan, including a loading sequence management system. The implementation of prototype solution components from the project is currently being tested and prepared.

The "Mobility2Grid" project 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. In this context, BLG LOGISTICS is developing concepts for the full electrification of a logistics site. In addition to technical framework parameters, such as the available connected load, BLG LOGISTICS is examining the logistical effectiveness of the concepts using simulation studies. The aim is to ensure that delivery schedules are adhered to and that vehicles have sufficient battery capacity. One of BLG

LOGISTICS' main project objectives is to demonstrate the feasibility of electrification 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" joint research project has also been running since 2022. The central research question is how local hydrogen hubs can contribute to a sustainable and climate-neutral Europe. BLG LOGISTICS project activities mainly focus on the "Mobility and Logistics" project cluster, which is concerned with designing methodologies for analyzing and assessing various possible uses for hydrogen. BLG LOGISTICS is contributing to both the development of these methodologies and their subsequent testing under real world conditions. A further project goal for BLG LOGISTICS is to identify and roughly map out possible pilot applications for the use of hydrogen. HyBit involves a consortium of 18 partners and will run for 4.5 years.

The Innovative Port Technologies (IHATEC) research project "MEXOT" was launched on January 1, 2022 and is being carried out at BLG AutoTec GmbH & Co. KG as a practice partner. 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.

In the "Resource Development in Service Work – RessourceE" research project, technical solutions and concepts for health-promoting work design and diversity-oriented skills and qualification development in unskilled jobs are being tested and examined with regard to their generalizability. BLG LOGISTICS is represented with the Logistics Center (LZ) Bremen as application partner and is testing innovative ergonomic solutions in practice. Studies accompanying the tests examine the implications of the introduction of assistance technologies with regard to process-related and human-centered factors. Based on the findings, software tools are also being developed to aid the systematic selection of assistance technologies and sensory-enhanced assistance technologies. In addition to the concrete ergonomic design of selected operational workplaces at the Bremen logistics center, RessourcE also aims to initiate innovations for good work design, leadership and further development in the field of unskilled work by creating sustainable transfer structures between work research and practice. The project is supported by the Karlsruhe Project Management Agency of the Karlsruhe Institute of Technology and began on July 1, 2023 with a duration of five years.

In 2023, BLG LOGISTICS thus participated in a total of five cooperation projects with a total project volume (excluding BLG participation) of EUR 62.9 million. In addition, the "KITE" and "PortSkill 4.0" projects described in the previous year were also continued in 2023.

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.

Combined Group management

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's performance and determine the variable compensation of managerial staff and non-tariff employees – among other factors.

The core management indicator metrics are:

Revenue

Combined Group revenue is derived from the combined 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 impairment
-	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 to enable us to react to changes in a timely manner.

BLG LOGISTICS set new sustainability targets in the reporting period. The ten quantitative targets make progress in our key areas of action measurable and controllable at an operational level and serve as a guide for forward-looking sustainability management. You will find more information in our sustainability report at ➚ *reporting.blg-logistics.com*.

For explanations regarding the forecast key performance indicators and the degree to which they were reached in the 2023 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).

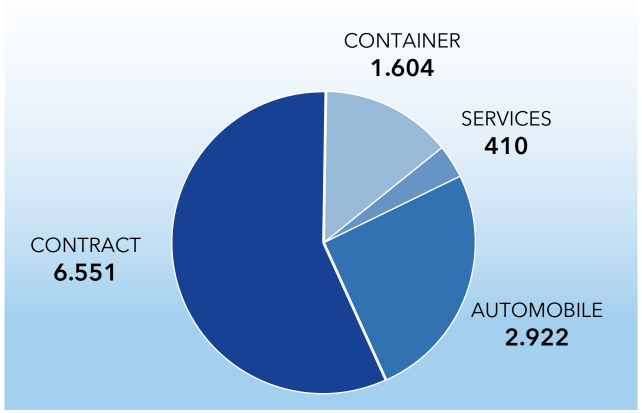
As an international seaport-oriented logistics service provider, BLG LOGISTICS requires committed, motivated and skilled employees in order to be successful in the market over the long term and to meet the continuous challenges of globalization and demographic change. Since the 2019 financial year, this 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.

Employees by division	**2023**	2022	Percentage change
AUTOMOBILE Division	**2,922**	**3,235**	**-9.7**
of which blue-collar workers	2,492	2,767	
of which white-collar workers	430	468	
CONTRACT Division	**6,551**	**6,266**	**4.5**
of which blue-collar workers	5,202	4,959	
of which white-collar workers	1,349	1,307	
CONTAINER Division	**1,604**	**1,605**	**-0.1**
of which blue-collar workers	1,137	1,149	
of which white-collar workers	467	456	
Segment employees	**11,077**	**11,106**	**-0.3**
of which blue-collar workers	8,831	8,875	
of which white-collar workers	2,246	2,231	
Services	**410**	**386**	**6.2**
of which blue-collar workers	0	0	
of which white-collar workers	410	386	
Employees incl. CONTAINER Division	**11,487**	**11,492**	**-0.0**
of which blue-collar workers	8,831	8,875	
of which white-collar workers	2,656	2,617	
Less employees of the CONTAINER Division	**-1,604**	**-1,605**	**-0.1**
of which blue-collar workers	-1,137	-1,149	
of which white-collar workers	-467	-456	
Employees of BLG LOGISTICS	**9,883**	**9,887**	**-0.0**
of which blue-collar workers	7,694	7,726	
of which white-collar workers	2,189	2,161	

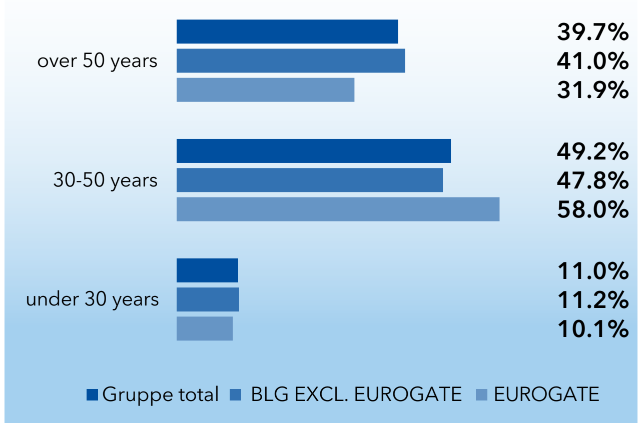
The successful implementation of a clear and forward-looking strategy largely depends on BLG LOGISTICS' management. Our leadership principles and our corporate values support us in achieving a shared understanding of leadership at all levels.

Employees 2023

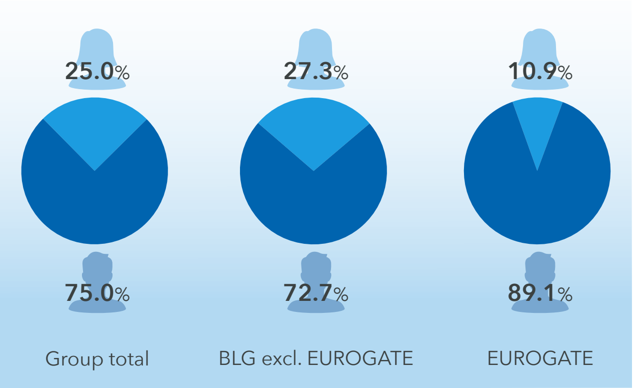


With four fewer, the average number of employees in the reporting year (excluding the CONTAINER Division) remained almost unchanged compared to the previous year. Changes arose in particular from the reassignment of BLG Cargo Logistics GmbH from the AUTOMOBILE Division to the CONTRACT Division as well as from the deconsolidation of the Russian entity in the previous year. On the other hand, new employees were hired in the 2023 financial year at new locations in BLG LOGISTICS' retail logistics business area.

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 combined non-financial 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 2023 sustainability report also reports in detail on other non-financial topics.

Report on Economic Position

Macroeconomic conditions

Weak growth dynamic
Due to the sharp rise in inflation and the accompanying strong monetary policy reactions, uncertainty was high at the turn of 2022/2023 and a pronounced slowdown in global economic activity was widely expected.

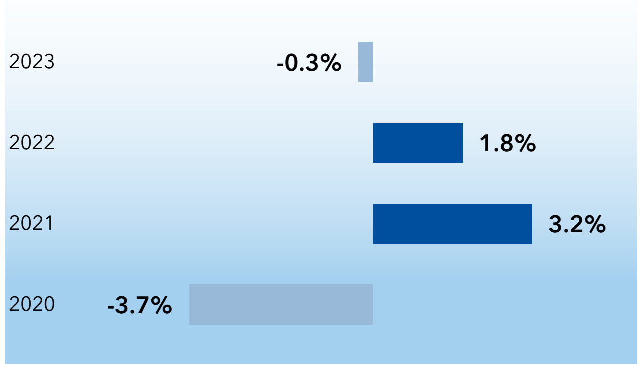
Ultimately, the global economy performed better than predicted, although there was no noteworthy economic upswing and the high inflation only gradually subsided.

Overall economic production in the advanced economies increased moderately over the course of 2023, with the United States' economy proving to be particularly robust. This was underpinned by an expansive financial policy – with the central banks raising interest rates sharply.

By contrast, overall economic production in Europe was considerably weaker. In both the European Union and the United Kingdom, the economy barely broke out of stagnation.

The Chinese economy will probably exceed the government's growth target of 5 percent in 2023, although the level of expansion is lower by historical standards. The Indian economy, on the other hand, expanded very significantly.

German GDP down by around 0.3 percent in 2023



Year-on-year comparison of change in real GDP

Overall, Germany's gross domestic product (GDP) dipped by 0.3 percent.

This was due in particular to weak foreign demand and high energy costs, which weighed on industry and exports. The automotive industry, which is important for Germany, struggled with persistently weak demand. Furthermore, higher financing costs led to fewer investments (particularly in home building) and private households were more cautious with their consumer spending and held back.

The high inflation rates seen at the beginning of the year calmed down over the course of 2023. Energy prices in particular dropped substantially and the rate of food price increases more recently slowed.

Inflation compensation premiums and new collective wage agreements led to a significant increase in collective wages in 2023. Overall, however, the weak economy was mirrored on the labor market, with the number of people in employment stagnating since the summer.

Sources for this section:
Deutsche Bundesbank, Monthly Report, January and February 2024
IfW Kiel, Kiel, Kiel Institute Economic Outlook, No. 109+110 (2023|Q4)
IMK, IMK Report No. 186, December 2023

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, artificial intelligence (AI) 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 growing importance of online trading, increasing customer requirements with regard to speed, flexibility and the quality of supply, and increasing environmental awareness among the population. The sector is currently experiencing staff shortages particularly in the areas of warehouse workers, truck drivers, locomotive 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 retailing. 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 2023 financial year – like those that preceded it – was another challenging one for the logistics industry. The wars and crises around the world, high inflation and declining transport volumes were the main factors contributing to the difficult business environment.

The global economy is based on finely tuned and interwoven logistics chains 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 at the end of 2023 was only slightly above the year-end value of 2022 and remained very clearly negative.

The development over the course of the year was very volatile and largely influenced by the uncertainty in the logistics sector due to the above-mentioned indicators. The indicator value only moved into positive territory in the months of February and April.

At the end of 2023, a high proportion of 46 percent of respondents rated the current business situation as “poor”, while 34 percent characterized it as “normal” and 20 percent as “good”. In addition to the global crises, increasing costs and the ever-growing shortage of skilled staff were key factors in this assessment.

While the expectations within the German Logistics Association (BVL) Logistics Indicator were corrected upward slightly in the fourth quarter, it nevertheless again developed negatively overall in 2023 (see also graphic chart in the ▸Outlook) and the business climate remained well short of its full potential. In the survey covering the fourth quarter of 2023, many of the companies surveyed reported a dip in demand and a falling order backlog as well as restrictive human resources planning. This again reflects economic policy uncertainties as well as companies’ reluctance to invest coupled with restrained demand on the part of private households.

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

Board of Management’s overall assessment of the business environment

Amidst the war between Russia and Ukraine, heightened tensions between the United States and China, accompanied by soaring energy prices at the start of the year, BLG LOGISTICS braced for another challenging year in 2023. The global economic and geopolitical dynamic in the reporting year confirmed this projection. A series of critical issues took precedence on the global political stage.

The war in Ukraine, energy costs, inflation, skills shortages, climate change and the ongoing Middle East conflict – these multiple crises made for an exceptionally tough business environment.

Nevertheless, BLG LOGISTICS closed the 2023 financial year far better than anticipated, which, given the large number of crises and challenges, was again a commendable performance. However, we know that the current economic uncertainties will persist or may even increase – and are preparing accordingly.

The situation in the AUTOMOBILE Division improved substantially overall compared to the previous year, despite recurring supply chain disruptions and a slowdown in demand. There are multiple reasons for this, including

- good capacity utilization and productivity in the domestic terminals in particular with regard to vehicle handling and technical services led to improved contributions to earnings;
- there is a general trend for car makers to increasingly outsource more activities to (logistics) service providers;
- despite sometimes severe infrastructure disruptions (construction sites, closures, etc.), more cars were transported by road and rail and BLG LOGISTICS carried out more short-haul transports. The market is also characterized by repeated bottlenecks due to a shortage of truck drivers and locomotive drivers.

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 since the organizational restructuring at the beginning of the year, the locations and countries have been integrated into a regional structure.

Consumer goods and e-commerce services in particular were again in demand. Overall, the CONTRACT Division performed in line with expectations in the 2023 financial year. Some individual locations suffered significant volume reductions, but higher volumes and productivity plus additional business at other locations compensated for this. Falling inflation rates and especially lower energy prices in the course of the year also had a positive effect.

The difficult economic situation was particularly keenly felt in the CONTAINER Division in the 2023 financial year. The inland container terminals of the EUROGATE Group handled significantly fewer containers than expected in the reporting year. Furthermore, storage fee revenues, which had increased in 2022 due to the disrupted schedules of the shipping lines, decreased earlier than anticipated.

One-time factors from the reversal of risk provisions and falling energy prices compensated for this to some extent, meaning that the CONTAINER Division only fell slightly short of earnings expectations.

The structural and lasting changes in the container industry continued in the reporting year. 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 shipping vessels continues unabated. Given this trend, the EUROGATE Group is also expected to see an increase in the number of ultra-large container ships calling at its terminals.

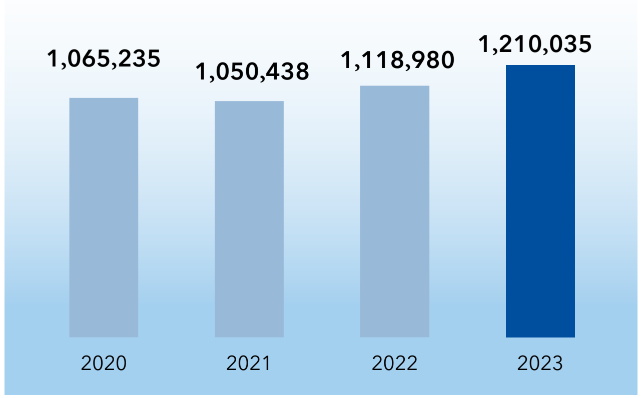
Overall, thanks to its diversification, BLG LOGISTICS was able to leverage the opportunities that 2023 presented and initiated many changes that make us – even in times of multiple crises – robust, agile and fit for the future.

Nevertheless, BLG LOGISTICS continues to operate in a volatile market environment. To enable us to meet these challenges, we are continuing to relentlessly tackle topics such as flexibility, digitalization/artificial intelligence, automation and sustainability and are working intensively to constantly improve BLG LOGISTICS' economic position.

This assessment is based on the results of the combined financial statements for 2023 and takes into account business performance up to the time the combined group management report was prepared in 2024. The business development at the beginning of 2024 was in line with our expectations.

Business performance

Financial performance



Revenue development in EUR thousand

In the 2023 financial year, combined Group revenue increased by EUR 91,055 thousand year on year to EUR 1,210,035 thousand. This revenue increase was attributable in particular to the AUTOMOBILE Division, which grew substantially by EUR 62,115 thousand to EUR 641,883 thousand, and was mainly due to higher revenues in the transport segment and to storage fees.

Revenues generated by Neustädter Hafen – together with BLG Cargo Logistics GmbH as a whole – have since the reporting year been included in the CONTRACT Division. This more than compensated across all divisions for lower revenues in the area of car parts logistics due to lower-than-expected volumes – particularly at the Bremen site.

In the CONTAINER Division, handling volumes (in TEUs) decreased by 5.1 percent overall in the 2023 financial year on the back of the weak economic phase. As was to be expected, the substantial decline in revenues by EUR 43,184 thousand was largely attributable to lower storage fee and reefer revenues. Since the EUROGATE Group, which represents the CONTAINER Division, is included in the combined financial statements using the equity method, this revenue is not included in the reported combined Group revenue.

Other income was at a similar level to the previous year and fell only slightly (EUR 4,930 thousand). Compared to the previous year, prior-period income decreased by EUR

Revenue by segment EUR thousand	**2023**	2022	Absolute change	Percentage change
AUTOMOBILE	641,883	579,768	62,115	10.7
CONTRACT	569,143	548,192	20,951	3.8
CONTAINER	301,914	345,098	-43,184	-12.5
Reconciliation[1]	-302,905	-354,078	51,173	14.5
Group total	**1,210,035**	**1,118,980**	**91,055**	**8.1**

[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	**2023**	2022	Absolute change	Percentage change
Revenue	**1,210,035**	**1,118,980**	**91,055**	**8.1**
Other income	48,938	53,868	-4,930	-9.2
Net income (net loss) of companies accounted for using the equity method[2]	21,374	75,596	-54,222	-71.7
Cost of materials	-503,185	-462,018	-41,167	-8.9
Personnel expenses	-492,174	-475,075	-17,099	-3.6
Other expenses	-154,237	-159,770	5,533	3.5
Depreciation, amortization and impairment	-84,559	-86,999	2,440	2.8
EBIT	**46,192**	**64,582**	**-18,390**	**-28.5**
Net financial income/net finance costs	-10,097	-8,860	-1,237	-14.0
EBT	**36,095**	**55,722**	**-19,627**	**-35.2**
EBT margin (in %)	**3.0**	**5.0**	**-2.0**	**-40.2**
Combined net profit for the period	33,430	51,606	-18,176	-35.2

2,654 thousand and income from the recharging of expenses by EUR 1,478 thousand. In contrast, miscellaneous other income relating to various one-time items rose by EUR 273 thousand.

Net profit from equity-accounted entities amounting to EUR 21,374 thousand (previous year: EUR 75,596 thousand) primarily included the net investment income from the measurement of EUROGATE GmbH & Co. KGaA, KG (EUROGATE) accounted for using the equity method with EUR 18,202 thousand (previous year: EUR 76,705 thousand). For further information concerning the year-on-year decline, please refer to the remarks below relating to the CONTAINER Division.

With 8.9 percent, the cost of materials increased slightly more than revenue (8.1 percent). This is due in particular to the sharp rise in costs for subcontractors in the road and rail car transport business area in an environment of limited market capacity. Increased costs are passed on to customers with a time delay. In contrast, expenses for external personnel fell by 11.2 percent. The main reason for this was a lower need to compensate for capacity peaks in the area of industrial logistics.

Personnel expenses rose significantly in the reporting year to EUR 492,174 thousand (previous year: EUR 475,075 thousand). The rise was primarily attributable to new collective wage agreements, which led to an increase in the basic remuneration for employees, while the number of employees remained relatively stable.

Other expenses in the reporting year were down by EUR 5,533 thousand, primarily as a result of lower one-time factors (expenses for expected losses and infrastructure measures). Moreover, the reporting year saw an increase in general costs due to high inflation, with a particularly high increase in IT and consulting expenses relating to major projects. Additionally, claim-related expenses rose by EUR 2,818 thousand. This uptick was chiefly related to incorrect heat treatment and the subsequent required reprocessing of vehicles that we must undertake.

Depreciation, amortization and impairment decreased by EUR 2,440 thousand in the financial year 2023. Current depreciation and amortization expense saw a marginal reduction compared to the previous year, amounting to EUR -997 thousand. Of the total impairment losses amounting to EUR 6,393 thousand, EUR 5,198 thousand related to buildings, reflecting a slight decrease (EUR -1,442 thousand). Additionally, EUR 1,195 thousand corresponded to an operational management tool that is not being further developed.

Net financial income/net finance costs improved year on year by EUR 1,237 thousand to EUR -10,097 thousand. Interest income from credit balances and especially the elevated interest income from lease contracts with customers more than offset the higher interest rates for non-current loans resulting from the increase in the general level of interest rates.

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

EBT by segment EUR thousand	**2023**	2022	Absolute change	Percentage change
AUTOMOBILE	36,182	-11,696	47,878	409.4
CONTRACT	9,422	11,256	-1,834	-16.3
CONTAINER	18,528	80,030	-61,502	-76.8
Reconciliation	-28,037	-23,868	-4,169	-17.5
Group total	**36,095**	**55,722**	**-19,627**	**-35.2**

EBIT by segment EUR thousand	**2023**	2022	Absolute change	Percentage change
AUTOMOBILE	46,199	-2,293	48,492	2,114.8
CONTRACT	8,864	12,415	-3,551	-28.6
CONTAINER	27,431	90,560	-63,129	-69.7
Reconciliation	-36,302	-36,100	-202	-0.6
Group total	**46,192**	**64,582**	**-18,390**	**-28.5**

Earnings before taxes (EBT) in the AUTOMOBILE Division improved substantially, while at Group level EBT decreased by EUR 19,627 thousand year on year. This is attributable mainly to the decline in net investment income from the CONTAINER Division. The notable difference to the previous year's figures is partly because the result from the previous year included a reversal of write-downs of 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. EBIT declined accordingly year on year by EUR 18,390 thousand to EUR 46,192 thousand. The EBT margin was therefore 3.0 percent in the 2023 financial year (previous year: 5.0 percent).

Income taxes in the reporting year were EUR 2,665 thousand (previous year: EUR 4,116 thousand). The decrease is explained by lower expenses for prior periods (EUR -3,083 thousand) and higher income from tax reimbursements (EUR -269 thousand). In contrast, income from current taxes fell by EUR 583 thousand.

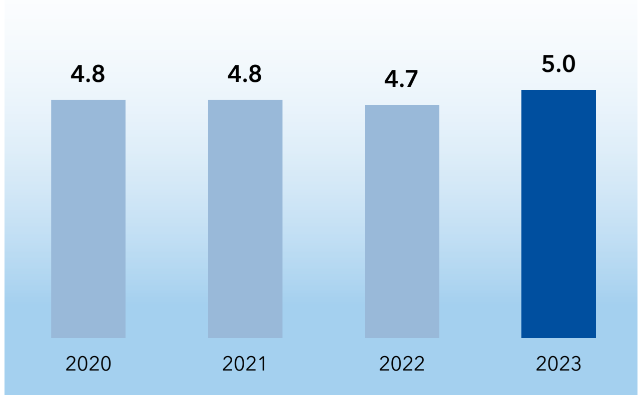
As a result of the developments described, combined Group net profit for the period decreased by EUR 18,176 thousand to EUR 33,430 thousand.

AUTOMOBILE Division

5.0 million

vehicles were handled, transported or technically processed in 2023.

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



Vehicles handled (in millions)

Along the global value chains of the automotive industry, as described above, various factors influenced developments in the AUTOMOBILE Division in the 2023 financial year. Despite the challenging framework conditions, the volume of vehicles handled, transported and technically processed increased by 0.3 million compared to the previous year to 5.0 million vehicles.

EUR thousand	2023	2022
Revenue	641,883	579,768
EBIT	46,199	-2,293
EBT	36,182	-11,696
EBT margin (in %)	5.6	-2.0

In the seaport terminals business area, overall throughput in financial year 2023 was marginally lower than the already low level of previous years. The car terminal in Bremerhaven processed around 1.5 million vehicles, a slight decrease from the previous year, primarily due to the economic climate. One-time business, additional storage fee revenues and technical services had a particularly positive impact. Volumes at the AutoTerminal Cuxhaven remained nearly the same. The earnings situation was also impacted by low productivity and high energy costs, especially at the start of the year. To mitigate this, individual spot transactions were conducted. In Cuxhaven, the terminal's earnings were positively influenced by permanently leased space and special orders.

In the high & heavy segment, the handling volume slightly exceeded the previous year’s figures, rising by 0.2 million metric tons to 1.3 million metric tons. Despite the uncertain geopolitical climate and investment hesitancy, special transactions and orders positively influenced the outcome. Consequently, the business area closed the 2023 financial year surpassing expectations.

The inland terminals business area saw a substantial 22 percent increase in vehicle handling over the previous year, outperforming forecasts in most locations, including Kelheim, Dodendorf, Duisburg and Hamburg. This success was largely attributed to robust customer volumes, spot transactions, optimal capacity utilization and enhanced value creation through technical services. Additionally, the downturn in energy prices contributed positively to the results. Thus, the business area ended the 2023 financial year well ahead of initial projections.

The AutoTransport business area experienced higher-than-expected transport volumes in the reporting year. The rising costs for subcontractor charges on the back of scarce market capacities were offset by spot transports at adequate rates. Significant volumes were also recorded for water-borne transport with vehicles shipped via inland waterway vessels, leading the business area to close the year significantly above expectations.

Conversely, the rail business area faced numerous obstacles. A lack of available lines due to construction works, maintenance costs, a shortage of skilled locomotive drivers and at times high absenteeism rates had a significant impact on productivity and earnings. Additionally, the scarcity of parts necessary for car production impacted manufacturers, affecting the volumes and scheduled journeys, with the result that the rail business area was unable to fully meet projected performance expectations.

Within the Southern/Eastern Europe business area, the investment in Ukraine was entirely written off, and the assets in Russia were deconsolidated in response to the events that unfolded in both countries in the previous year. The Gdansk location profited from one-time business and was able to conclude 2024 significantly above expectations.

Due to the developments described above, especially in the seaport terminals business area, EBT in the AUTOMOBILE Division for the 2023 financial year, at EUR 36,182 thousand, was substantially higher than the previous year's figure of EUR -11,696 thousand and thus also above expectations.

CONTRACT Division

At **>40**

locations we serve our customers 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	2023	2022
Revenue	569,143	548,192
EBIT	8,864	12,415
EBT	9,422	11,256
EBT margin (in %)	1.7	2.1

In the ongoing multiple crisis environment, the CONTRACT Division again succeeded in achieving its targets in financial year 2023. In many places, the order situation and volumes processed in the retail and industrial logistics business areas were above expectations. Moreover, new and additional business was generated, with energy costs impacting less than anticipated over the course of the year.

At our largest industrial logistics site in Bremen, the CKD (completely knocked down) and body-in-white areas continued to face challenges throughout the 2023 financial year. These were affected by reduced volumes, productivity issues and the shortfall of projected volumes. It was possible to mitigate the effects of this through countermeasures such as cost reductions and process improvements.

At the retail logistics sites, volumes in the consumer & fashion market segment sometimes fell below expectations; however, these were on the whole offset by stable business at other sites with established customers.

Capacity at Neustädter Hafen in Bremen was effectively utilized, especially due to the high volumes of steel. Overall, the tonnage handled (ship-side processing) decreased from 1.6 million metric tons to 1.3 million metric tons. Nevertheless, the earnings situation improved, aided by additional storage fees, reduced costs for third-party services and one-time effects. In overland transports, the loss of a major customer has not been fully compensated for yet.

At our overseas facilities, the industrial logistics location in South Africa, in particular, sustained its positive development from the previous year. The site – including new business – was able to close the year much better than originally expected. In contrast, the US business closed the 2023 financial year below plan, due in particular to significantly lower-than-expected volumes of new business.

Overall, the CONTRACT Division was able to meet the earnings expectations in a challenging environment, even though EBT fell by EUR 1,834 thousand year on year to EUR 9,422 thousand.

CONTAINER Division

With **11** **container terminals,** the EUROGATE Group operates in 5 different countries, from the North Sea to the Mediterranean.

The CONTAINER Division of BLG LOGISTICS is represented by half of the company shares in the joint venture EUROGATE GmbH & Co. KGaA, KG (EUROGATE). 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). 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 CONTAINER Division's business mainly involves container handling. Complementary services are also provided in the form of 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.

The following figures correspond to the 50 percent ownership interest in EUROGATE.

EUR thousand	2023	2022
Revenue	301,914	345,098
EBIT	27,431	90,560
EBT	18,528	80,030
EBT margin (in %)	6.1	23.2

The 2023 financial year for EUROGATE was markedly shaped by the global economic and cyclical conditions described above. Additionally, the substantial difference in earnings compared to the previous year can be attributed to a reversal of write-downs of non-current financial assets amounting to (proportionately) EUR 35.4 million included in the prior-period result (see above).

EUROGATE experienced a significant drop in Group revenue of approximately 13 percent, down to EUR 301.9 million (previous year: EUR 345.1 million, presented on a proportionate basis of 50 percent), alongside a reduction in handling volumes at the fully consolidated companies in Germany. Apart from the decline in handling volumes, the decrease in revenue was mainly attributable to significantly lower income from storage fees. Handling volumes at the EUROGATE terminals declined from 11.2 million TEUs by 5.1 percent overall, and at the German terminals by a total of 10.5 percent.

On the other hand, the reporting year saw initial successes from the transformation project initiated at the end of 2019, internally named "Future EUROGATE," which has been crucial for maintaining the EUROGATE Group's sustainable competitiveness and already positively influenced the 2023 earnings.

The result from the equity-method inclusion, reflecting the development of the proportionate equity, stood at EUR 18,202 thousand, which was substantially lower than the previous year's figure of EUR 76,705 thousand.

Comparison of financial performance in 2023 with the forecast for the 2023 financial year

1,210 million
revenue

36.1 million
EBT

3.0%
EBT margin

Earnings for the financial year 2023

At the time of preparing the previous year's report, the war between Russia and Ukraine was ongoing, there were tensions between the United States of America and China and we were still in the middle of the energy crisis characterized by very high energy prices and widespread inflation.

In this very uncertain environment, BLG LOGISTICS initially assumed that revenue could increase slightly compared to 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 2023	Actual 2023
EBT	Significant reduction	Significant reduction
EBIT	Significant reduction	Significant reduction
Revenue	Slight improvement	Slight improvement
EBT margin	Significant reduction	Significant reduction
RoCE	Significant reduction	Significant reduction

As the table and descriptions above show, the projections for the 2023 financial year were largely correct. Despite a decrease in energy prices and inflation, geopolitical uncertainties escalated owing to the conflict in the Middle East, leading to a lethargic economy. This situation significantly impacted the CONTAINER Division's handling volumes, resulting in diminished investment income due to reduced handling volumes and substantially lower storage fee revenues. The strong earnings growth in the AUTOMOBILE Division and the robust performance in the CONTRACT Division could not compensate for this. Despite a modest rise in sales revenues (excluding the CONTAINER Division), earnings fell by EUR 19,627 thousand compared to the previous year, yet remained clearly positive. The RoCE and EBT margin also reflected this trend.

Financial position

Structure of the statement of financial position

In the reporting year, total assets amounted to EUR 1,317,368 thousand and were therefore marginally lower than the previous year's figure of EUR 1,336,518 thousand.

In respect of property, plant and equipment, total capital expenditure on non-current intangible assets and property, plant and equipment amounted to EUR 84,639 thousand (of which EUR 40,877 thousand non-cash). This compares to divestments of EUR 8,394 thousand and depreciation, amortization and impairment losses in the amount of TEUR 84,559 thousand, which was EUR 2,440 thousand lower year on year. At 41.3 percent, the capital intensity ratio remained unchanged compared to December 31, 2022.

Indicators relating to financial position EUR thousand	**2023**	2022	Absolute change	Percentage change
Total assets	1,317,368	1,336,518	-19,150	-1.4
Capital intensity (in %)	41.3	41.3	0.0	0.0
Working capital ratio (in %)	105.9	88.2	17.7	20.1
Equity	285,677	277,727	7,950	2.9
Equity ratio (in %)	21.7	20.8	0.9	4.3
Net debt	488,461	526,144	-37,683	-7.2

Significant changes arose on the assets side in equity investments in companies accounted for using the equity method. These decreased in the reporting year by EUR 26,669 thousand to EUR 208,281 thousand. This was attributable in particular to the fact that BLG LOGISTICS received a dividend of EUR 39,728 thousand from EUROGATE GmbH & Co. KGaA, KG in the reporting year (previous year: EUR 27,320 thousand), which significantly exceeded the earnings of EUR 18,202 thousand carried using the equity method.

Another significant change on the assets side was cash and cash equivalents, which showed an increase of EUR 21,529 thousand as of the reporting date compared to the previous year. Trade receivables decreased by EUR 9,636 thousand as at the reporting date.

Primarily due to the positive Group earnings (combined net profit for the Group of EUR 33,430 thousand) equity as of December 31, 2023 increased by EUR 7,950 thousand. The equity ratio increased accordingly from 20.8 percent in the previous year to 21.7 percent in the reporting year.

This contrasted with remeasurement effects on actuarial gains and losses from the measurement of gross pension obligations recognized directly in equity in accordance with IAS 19 as well as the difference between the expected and actual return on plan assets, and net gains, also recognized directly in equity, from changes in the fair value of the effective portion of cash flow hedges. Overall, other comprehensive income after income taxes totaled EUR -16,466 thousand for the reporting year, marking a substantial decrease from the previous year's EUR 80,388 thousand, which was influenced by the sharp increase in interest rates.

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

Cash flows

Based on the earnings before taxes of EUR 36,095 thousand achieved in 2023, cash flows of EUR 87,884 thousand were generated from operating activities (previous year: EUR 78,434 thousand). The free cash flow of EUR 100,971 thousand was in clearly positive territory and EUR 42,639 thousand above the previous year's figure of EUR 58,332 thousand.

In particular, the significant increase in earnings in the AUTOMOBILE Division had a positive effect on cash inflows from operating activities. In contrast, the change in trade receivables as of the reporting date (year-on-year change EUR -38,559 thousand) substantially reduced cash flows from operating activities.

Cash flows from investing activities improved significantly in the reporting period, as the slightly lower cash payments to acquire property, plant and equipment and intangible assets totaling EUR 41,330 thousand were offset in particular by significantly higher proceeds from dividends received amounting to EUR 28,048 thousand (mainly distributions from EUROGATE) and a slight increase in cash receipts from the payment of lease receivables (EUR 24,230 thousand). A detailed statement of cash flows can be found in the ▸combined financial statements. Further disclosures on the statement of cash flows can also be found in ▸note 37 of the notes to the combined financial statements.

Cash flows from financing activities improved moderately by EUR 6,981 thousand in the reporting year to EUR -63,876 thousand. The changes are mainly the result of higher cash proceeds from borrowings, which increased by EUR 9,290 thousand compared to the previous year.

This compared among other things to lower cash payments from the redemption of financial borrowings (EUR 626 thousand) and the repayment of lease liabilities (EUR 426 thousand).

In total, cash and cash equivalents improved significantly by EUR 35,578 thousand to EUR 32,943 thousand in the financial year.

Acquisitions of assets are financed from operating cash flows, non-current debt (loans) and through leases.

As of the reporting date, credit facilities to the value of EUR 76.5 million had been agreed but not utilized. Under existing factoring contracts, a volume of EUR 23.1 million was unutilized as of December 31, 2023.

Financial debt decreased slightly by EUR 6,513 thousand compared to the previous year. The increase in non-current loans by EUR 12,415 thousand compared to the previous year was more than offset by the decrease in other non-current and current financial liabilities. In particular, a significant decrease of EUR 14,049 thousand in obligations arising from bank overdraft facilities had a positive effect.

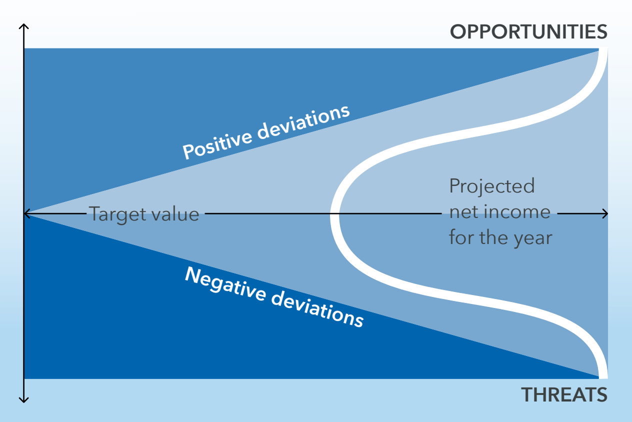
Ultimately, net debt decreased significantly by EUR 37,683 thousand compared to the previous year, mainly due to a substantial increase of EUR 21,529 thousand in cash and cash equivalents compared to 2022. Additionally, within the current financial receivables, the amount from shareholder accounts at companies accounted for using the equity method rose by EUR 11,316 thousand year on year.

Indicators relating to cash flows EUR thousand	**2023**	2022	Absolute change	Percentage change
Cash inflows from operating activities	87,884	78,434	9,450	12.0
Cash in-/outflows from investing activities	13,087	-20,102	33,189	165.1
Free cash flow	**100,971**	**58,332**	**42,639**	**73.1**
Cash in-/outflows from financing activities	-63,876	-70,857	6,981	9.9
Net cash change in cash and cash equivalents	**37,095**	**-12,525**	**49,620**	**396.2**
Effect of exchange rate movements on cash and cash equivalents	-1,517	-1,550	33	2.1
Cash and cash equivalents at start of financial year	-2,635	11,440	-14,075	-123.0
Cash and cash equivalents at end of financial year	**32,943**	**-2,635**	**35,578**	**1,350.2**
Composition of cash and cash equivalents				
Cash	39,932	18,403	21,529	117.0
Current liabilities to banks	-6,989	-21,038	14,049	66.8
Cash and cash equivalents at end of financial year	**32,943**	**-2,635**	**35,578**	**1,350.2**

Net debt EUR thousand	**2023**	2022	Absolute change	Percentage change
Non-current loans	151,856	139,441	12,415	8.9
Other non-current loan liabilities	521,086	526,874	-5,788	-1.1
Current financial liabilities	148,379	161,519	-13,140	-8.1
Financial debt	**821,321**	**827,834**	**-6,513**	**-0.8**
Non-current finance receivables	224,130	228,228	-4,098	-1.8
Current finance receivables	68,798	55,059	13,739	25.0
Cash and cash equivalents	39,932	18,403	21,529	117.0
Net debt	**488,461**	**526,144**	**-37,683**	**-7.2**

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 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.

[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.

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 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.

Thanks to the compliance management system (CMS), 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.

One particular focus of supplier compliance in the reporting year was the implementation, organized as part of a cross-divisional project, of 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

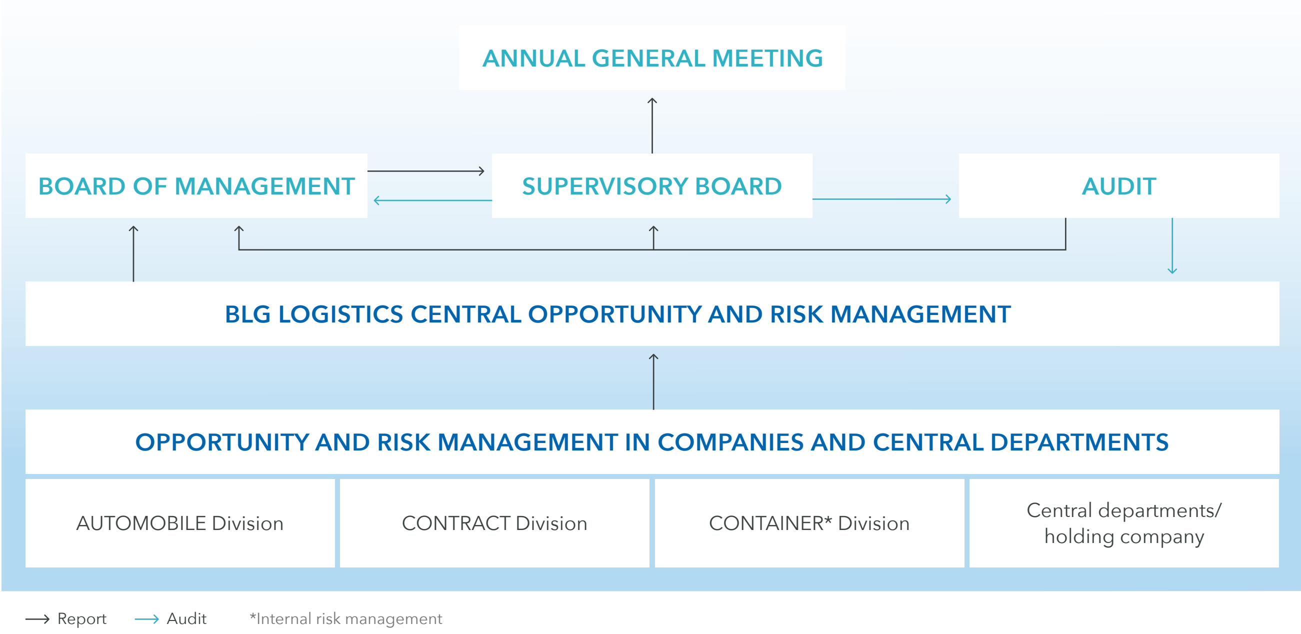
In line with the risk strategy of the BLG Group, the basic conceptual elements of the risk management system are rolled out centrally using a standardized approach to ensure coverage of clear risk accountability, and described in the Group guideline on risk management. This leads to systematic and comparable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

Particular attention is given to so-called extreme risks. These are risks with a high level of damage but a low probability of occurrence. They include, for example, extreme natural disasters, economic crises or terrorist attacks. Identifying possible risks and analyzing potential consequences (including extreme manifestations) for the company is part of business continuity management (BCM). Developing strategies, plans and actions that protect activities or processes or provide alternative modes of operation is a further aspect of BCM.

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 corporate 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).



*Internal risk management

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

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. The Risk Committee then validates and examines reported risks with regard to their nature and scope. This also includes the option of transferring risks to another risk officer and appointing a person to be in charge of measures. The committee is responsible for general quality assurance, including presenting and commenting on risk exposure. Furthermore, the committee supports the further development of corporate governance (including the dovetailing of the risk management system, internal control system, compliance and internal audit, i.e. integrated GRC). Detailed risk reports are submitted 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 adopted 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

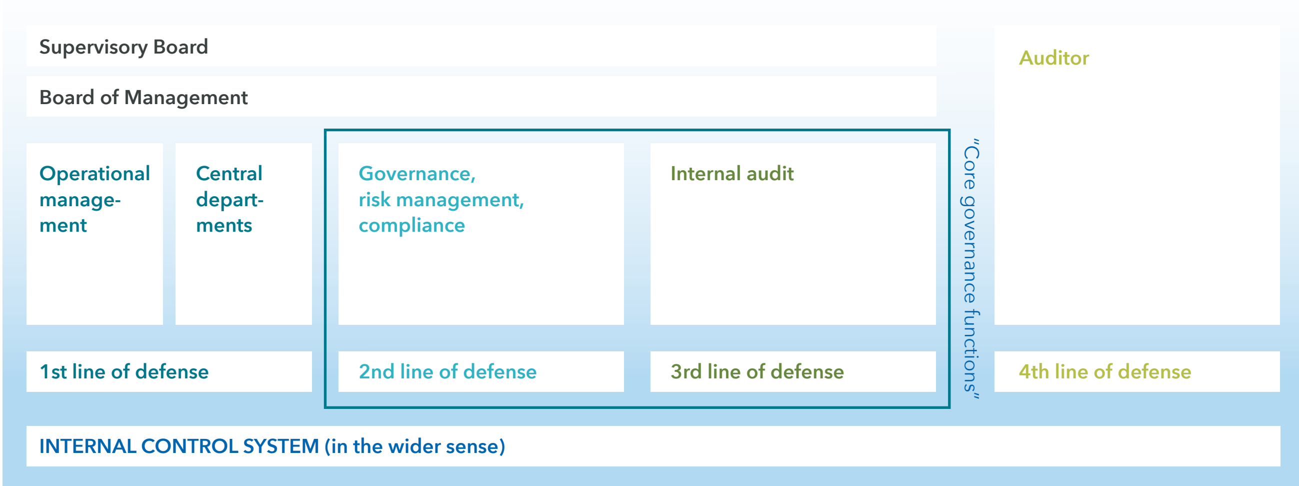
The internal control system (ICS) as the set of all systemically defined controls and monitoring activities has the objective of ensuring the security and efficiency of business transactions, the reliability of financial reporting, and the compliance of all activities with laws and policies. An effective 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.

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, 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.

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

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 combined.

The internal management and monitoring systems are components of the internal control system. The Board of Management of BLG LOGISTICS has assigned responsibility for the internal management system relating to the financial reporting process in particular to the Financial Services department.

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 combined 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 subject to a plausibility check and adjusted if necessary.

In addition, disclosure management software is used for preparing the separate financial statements and the combined 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 future. The premise for this remains our network, and the innovative intermodal offering in the AUTOMOBILE Division. The established business models offer us sales and acquisition opportunities in the CONTRACT Division, combined with additional automation and digitalization activities in Germany and the rest of Europe. The individual business

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

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 into and out of Hamburg and Bremerhaven with only minor restrictions. 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. In the course of 2023, however, the second expansion phase of the deepening of the Elbe was canceled due to the discovery of extensive munitions. As things currently stand, it is not possible to foresee when the most recently imposed draft restrictions on the Elbe are likely to be lifted.

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 investment and equity interest in the meantime acquired by Hapag Lloyd in this terminal marks another important step in the further development of this location.

Strategic opportunities

Low-threshold access for applications as an opportunity to attract additional skilled labor

In order to simplify the application process and make it more accessible for applicants, BLG LOGISTICS has introduced the option to submit applications using the popular messenger service WhatsApp. With the help of modern communication channels such as WhatsApp, BLG LOGISTICS is providing applicants with low-threshold access to the company.

In an initial test phase, first and foremost jobs for professional drivers or in the area of warehouse logistics are being assigned a QR code that can be used to apply via WhatsApp. Applicants can register their interest quickly and easily via text or voice message and even send CVs or references.

However, this convenience does not come at the expense of data protection. BLG LOGISTICS attaches great importance to protecting applicants’ privacy, and has therefore carefully reviewed all data privacy aspects in advance. The service provider that provides the interface to WhatsApp is certified in accordance with ISO 27001 and works in compliance with the GDPR. The WhatsApp chats feed directly into the applicant management system via an interface.

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 specialize in designing, configuring, implementing and managing 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.

Increase in vehicle imports

Last year saw an increase in import volumes from the Far East, particularly from China, at the BLG AutoTerminal in Bremerhaven. While this was still on a small scale, BLG LOGISTICS anticipates a significant rise in import volumes over the coming years. One of the main reasons for this is that Chinese manufacturers increasingly want to tap into the European market with electric cars and have in some cases put their own carriers into service. BLG AutoTerminal Bremerhaven is well positioned both for handling transshipments and providing technical services.

Additional space in Bremerhaven
BLG LOGISTICS has rented a prime site directly adjacent to BLG AutoTerminal Bremerhaven as of July 1, 2023. The site, known as the MWB Area, at Barkhausenstraße 60 has 60,000 square meters of open-air and indoor space plus two ship berths on a 600-meter stretch of quay.

With this investment, BLG LOGISTICS is responding to the increased demand in the handling of self-propelled units, break bulk cargo and project cargo and is boosting the high & heavy segment in the AUTOMOBILE Division. With a handling volume of some 1.2 million metric tons of high & heavy goods per year, the BLG AutoTerminal Bremerhaven is already one of the largest RoRo terminals of its kind in Europe. The expansion of the site generally increases the efficiency and resilience of all of BLG LOGISTICS' cargo handling segments.

An important aspect apart from the planned freeport status is the seamless connection to the 240-hectare site of the auto terminal, allowing direct access from the terminal to the MWB Area in the future. What's more, BLG is now able to deliver and collect high & heavy goods by truck to and from the MWB Area. Up to completion of the development – including projects such as energy-saving refurbishment of the buildings – BLG LOGISTICS will use the area as a back-up to ease the pressure on the core area of the auto terminal.

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, a photovoltaic system was installed 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 percent), Eurogate Damietta GmbH (29.5 percent) and Contship Damietta Srl (29.5 percent). Two further partners will each hold 1 percent. The joint venture signed the final financing agreement on December 21, 2023.

The new Terminal 2 in the port of Damietta 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 scheduled to be operational in early 2025, a state-of-the-art terminal with sufficient capacity, high productivity and a dense feeder network will be available.

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

Opportunities and risks from new alliances
After A.P. Moeller-Maersk A/S (Maersk) and MSC Mediterranean Shipping Company S.A. (MSC) announced at the beginning of 2023 that they intend to terminate their previous cooperation via the "2M" Alliance at the end of January 2025, Maersk and Hapag-Lloyd Aktiengesellschaft (Hapag-Lloyd), Hamburg, announced in January 2024 that they had concluded an agreement on a new, long-term operational cooperation under the name "Gemini Cooperation."

The two shipping companies are each major customers at the various EUROGATE Group locations. It is not yet possible to anticipate exactly what changes this cooperation may mean in the future for liner services in the various trade lanes, and what impact this will have on the handling volumes at the respective container terminals. However, the EUROGATE Group is well positioned with regard to the joint ventures operated together with these shipping companies and their terminal operators APM Terminals and HL Terminals, the latter owned by Hapag-Lloyd, at the Bremerhaven, Wilhelmshaven, Tangier and, in future, Damietta locations

The future shipping schedules published by Maersk and Hapag-Lloyd for the Gemini Cooperation to date indicate that Bremerhaven and Wilhelmshaven, alongside Rotterdam, will play a significant role as hub ports for this alliance.

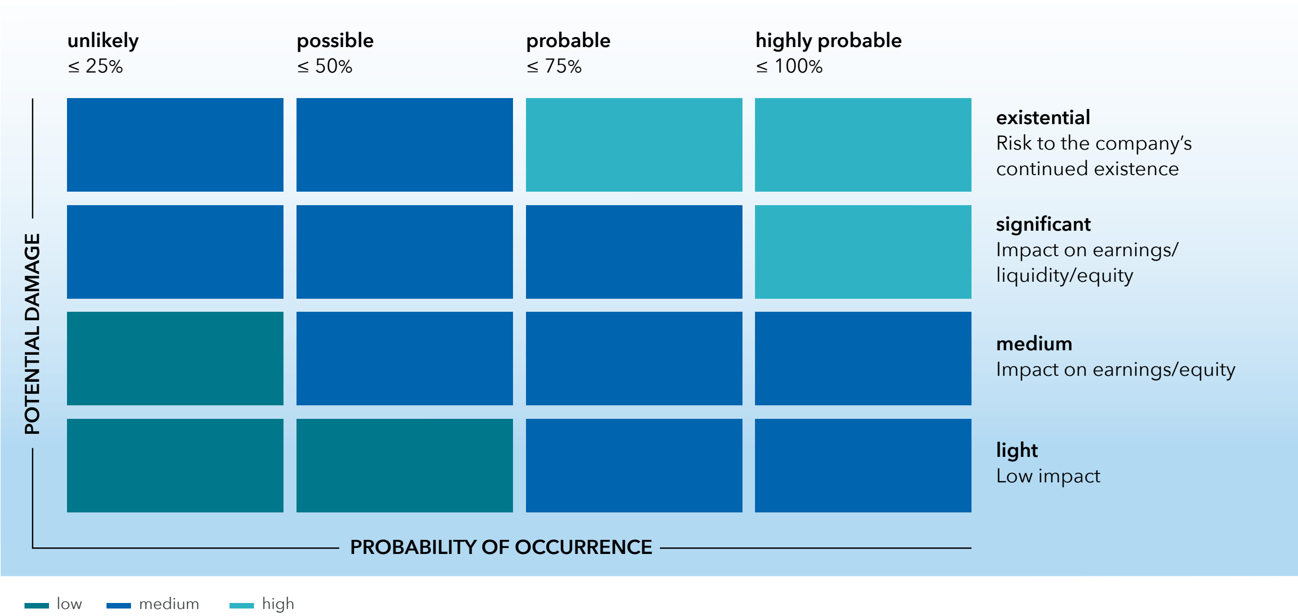
Risks

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



Service and infrastructure risks

Risks from business relationships
In all operating divisions, close customer relationships and the sometimes 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.

Personnel risks

Demographic change and increasing automation are creating a shortage of qualified employees in many areas. Not being able to fill positions as and when needed or with the right qualifications following (unplanned/planned) fluctuation leads to a lack of productivity. At the same time, this puts additional strain on the workforce, possibly resulting in increased absenteeism, accidents and further fluctuation.

BLG LOGISTICS is taking targeted action to counteract the shortage of skilled workers with the aim to reduce the number of exits by providing timely feedback, employee qualification and recognition. At the same time, the company retains employees with the help of personnel development, good leadership and competitive remuneration. In 2023, the effectiveness of the recruitment process was strengthened by measures such as the "dedicated application process", active sourcing and applications via WhatsApp.

The persistently high inflation rates and the shortage of skilled workers may result in higher demands on the employee side in future collective bargaining negotiations. We counter this to some extent by integrating price escalator clauses into the contracts with our customers.

Various large-scale projects put additional strain on the organization, which can lead to processing inaccuracies and non-adherence to schedules. We attempt to counter this, for example, by allocating resources accordingly and providing temporary support through interim management or consulting capacities.

Climate risk

The increasing frequency and intensity of acute extreme weather events (for example heatwaves, storms, flooding), combined with the longer-term chronic changes in the mean values and fluctuation ranges of various climate variables (e.g. temperature, precipitation, sea level) pose threats to our assets and business processes. We analyzed various natural hazard scenarios for our property, plant and equipment and the potential operating downtimes associated with them.

To transfer the risk of consequential losses, BLG LOGISTICS has taken out property damage and business interruption insurance. Individual theoretical risks such as a storm surge currently cannot be fully insured. We address such risks as far as possible as part of our business continuity management.

IT risks

The number of cyber incidents, such as IT outages, ransomware attacks or data breaches, remained high in 2023. 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.

In 2023, the emergency processes were reviewed and a crisis team with appropriate decision-making powers was implemented to enable clearly defined processes to ensure a quick and efficient response in the event of a potential attack.

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 combined statement of financial position do not include allowance accounts 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 a liability risk through the assumption of financial guarantees, which as of the reporting date was considered to be low risk.

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.

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

In order to combat inflation, the European Central Bank raised its base rate, in turn increasing banks' refinancing costs, which they pass on to their customers. In addition, banks' increased requirements in terms of creditworthiness and sustainability could put further pressure on the interest margin.

As part of the interest rate strategy, interest rate hedges were concluded with banks for financing volumes of EUR 90 million. For each of the years 2019 to 2024, EUR 15 million in loans is fixed via swaps.

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 floating-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 floating-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 / "Derivative financial instruments" section of the notes to the combined 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 floating-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 heightens the risk situation. On the one hand, concerns about our employees and about the security 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 an ongoing basis from a social and financial point of view in order to be able to take the necessary steps in a timely manner with respect to the equity investment in Ukraine.

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.

Changes in the market environment can lead to deviations from the assumptions with regard to quantities and cost structure made in the price calculation. Any resulting deviations from projections are addressed within the scope of renegotiations.

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.

Change in the classification of e-vehicles

According to the current classification, fitted batteries are not considered dangerous goods. A change in classification would lead to severe operational restrictions for the AUTOMOBILE Division.

Following the reporting on an accident involving a ship, the Fremantle Highway, the industry has calmed down, meaning that the probability of occurrence for this risk can be classified as very low.

BLG LOGISTICS is monitoring current court decisions and the technical requirements for the handling, transportation and storage of finished vehicles.

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.

Regular reporting to the Board of Management and the Supervisory Board and the regular meetings of these bodies ensure that the operating business is monitored and managed on an ongoing basis. This allows us to respond promptly to emerging risks with appropriate measures.

Market risks

Macroeconomic risks
In addition to the ongoing war in Ukraine, BLG LOGISTICS' risk situation in 2023 was also affected by other global conflicts. For example, an escalation of the China-Taiwan conflict would lead to a political chain reaction and have enormous consequences for the German automotive industry. The Chinese sales market and parts of the production centers would collapse and, more importantly, it would not be possible to utilize the important semiconductors and technology from Taiwan. A slump in volumes and disruptions to supply chains would lead to a significant decline in earnings in the AUTOMOBILE Division. Due to an ultimatum from the Chinese, it is assumed that the conflict will not escalate until 2027. In the meantime, as part of a "derisking" strategy, the industry is striving to become independent in terms of the supply of parts.

By further expanding segments such as high & heavy and used vehicles, BLG LOGISTICS is continuing to drive diversification. At the same time, it was agreed with our customers that the division would reduce its dependency on the volume of vehicles transshipped and instead generate more revenue from the provision of capacities.

Due to the conflict in the Middle East, ships are being diverted from Asia to Europe via Africa, resulting in longer shipping times. If the conflict continues for an extended period of time, customers will adjust their logistics planning, which could lead to a redistribution of shipping lanes. This would in turn result in changed frequencies, weaker productivity and lower volumes at AutoTerminal Bremerhaven and across the network.

BLG LOGISTICS is also counteracting this by adjusting the planning and management of customer volumes.

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.

Change in the OEMs' distribution model
Car manufacturers want to switch from distribution via car dealerships to direct or platform trading. This would also eliminate storage capacity at dealerships for both the primary and secondary markets. We have already received initial inquiries for the construction of additional car parks.

BLG LOGISTICS is examining possibilities for creating additional storage capacities and potential investments in new car parks.

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. This dependency can be reduced by increasing the import quota in the coming years.

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 likely to continue to be lost for these regions. 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 transshipment 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.

The Hamburg location is likely to be impacted by the major investment project announced in September 2023 by Mediterranean Shipping Company S.A. (MSC), Geneva, to acquire an equity interest in Hamburger Hafen und Logistik AG (HHLA). MSC is a long-standing major customer of EUROGATE Container Terminal Hamburg. After closing the transaction, which is subject to antitrust and other legal approvals, MSC is expected to transfer its existing services from EUROGATE to HHLA's Hamburg terminals, which entails a substantial risk in relation to these handling volumes.

While this relocation is not expected to take effect much before the end of 2024, we are currently in intensive talks with existing customers with the aim of increasing their throughput volumes, allowing us to at least compensate for the anticipated loss of the customer MSC through new services or additional volumes.

Other risks

No other identifiable risks currently exist 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 tense geopolitical situation continues to harbor risk potential for the BLG Group in 2024. The rerouting of shipping lanes is already having an initial impact.

Geopolitical tensions threaten to further impair trade, for example through import restrictions on goods. Consequently, we see growing volume risks in our customer business going forward. We are also expected the structural change in the automotive industry to gather momentum.

The tightening of monetary policy (interest rate hikes) and more stringent credit standards are affecting more and more sectors of the economy and placing an increasing burden on German companies.

Given the tense situation, the risk of a cyberattack remains significant. 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. Medium-term climate change adaptation and the increase in natural disasters call for special risk management for climate risks and the drafting of emergency plans.

On the back of demographic change and exacerbated by the COVID-19 pandemic, we are also seeing a growing shortage of qualified employees. The skills shortage represents a particular risk in areas such as IT, making employee retention and recruitment measures an increased focus of attention.

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 Oversight

Corporate governance statement

BLG AG has published the corporate governance statement on the company website. It is accessible at *www.blg-logistics.com/ir* in the Download area and includes the declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), the disclosures on corporate governance, as well as the procedures of the Board of Management and the Supervisory Board.

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 that 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 to 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

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.

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.

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 (latterly on June 7, 2023), 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, are publicly available at ↗ *www.blg-logistics.com/ir* (under Corporate Governance). The remuneration report 2023, including the auditor's report 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

Muted global economic growth
The World Bank in Washington forecasts a continued slowdown for the third consecutive year in 2024, attributing this to high interest rates, persistent global crises, and subdued investment levels. The latest projection indicates a decrease in global economic growth to 2.4 percent in 2024, down from 2.6 percent the previous year, marking the weakest expansion since the 1990s. The outlook is concerning, with the World Bank deeming it a “sad milestone.” Compounding these challenges are the conflict in the Middle East and the ongoing war in Ukraine, which have the potential to exacerbate the situation. In industrialized nations, the goal is to sustain competitiveness without overburdening low-income households.

Economic climate in Europe
The European Central Bank (ECB) has repeatedly increased interest rates since July 2022. Consequently, there was a marked rise in financing costs throughout 2023. It is highly probable that this will adversely affect consumer behavior and corporate investment activities.

Moreover, the German government has reduced its growth projection, now anticipating only a 0.2 percent increase in gross domestic product (GDP) for the current year, 2024. The German Council of Economic Experts (“Wirtschaftsweise”), which advises the German government, is forecasting growth of 0.7 percent. It employs its own calculation model, which already factors in reduced government spending.

According to the Deutsche Bundesbank’s February monthly report, uncertainty persists concerning transformation and climate policy. Moreover, the impact of various strikes, especially in rail and air transport, on production cannot be discounted. While order backlogs in industry and construction still exist, they are slowly diminishing. Consequently, economic output might experience a slight downturn once more in the first quarter of 2024. Currently, there are no indications of a significant deterioration in the labor market due to the sluggish economy.

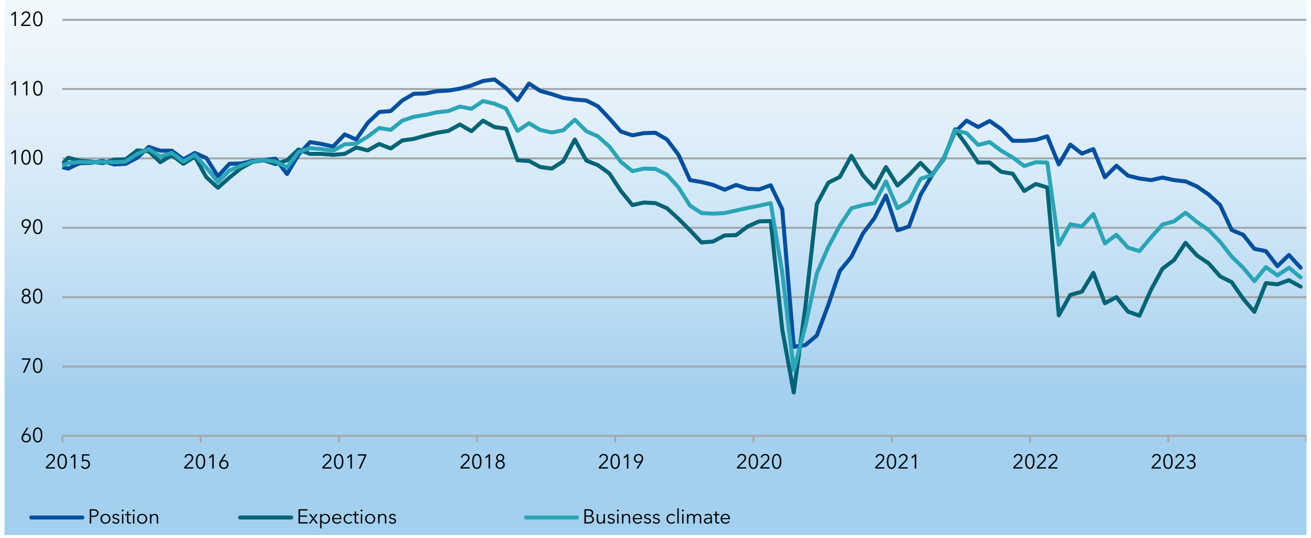
The German Bundesbank anticipates that the inflation rate will continue to fall in the upcoming months. This expected decline is partly attributable to baseline effects in energy and local public transportation. The main factor behind the reduction in the inflation rate is expected to be the slowing price dynamics for food and industrial goods. Inflation-related cost increases in a highly competitive market can create substantial price pressures for businesses. Moreover, this pressure is expected to diminish more gradually in the service sector over the coming months, partly because of persistent robust wage growth.

Concerning the conflict in the Red Sea and the Suez Canal, it is believed that this will have only minimal impact on global production. Given the adequate global shipping capacity, the current supply bottlenecks observed in Germany due to the escalation in the Red Sea are expected to diminish swiftly once firms adapt their procurement and production strategies.

Additional uncertainties for the financial year 2024 include the persistent war in Ukraine, the Middle East conflict, tensions between Taiwan and China, and the presidential elections in the United States.

Sources for this section:
Deutsche Bundesbank, Monthly Report, January + February 2024
IMK, IMK Report No. 186, December 2023
IMK, IMK Report No. 187, January 2024
Tageschau.de 12/13/2023, 11:06 a.m.
"IW-Ökonomen erwarten weiteres Rezessionsjahr"
Handelsblatt.de 01/09//2024, 4:24 p.m.
"Weltbank erwartet verlangsamtes Wachstum der globalen Wirtschaft"

Business climate logistics sector
Source: Bundesvereinigung Logistik e.V.; 2015 = 100 = normal level

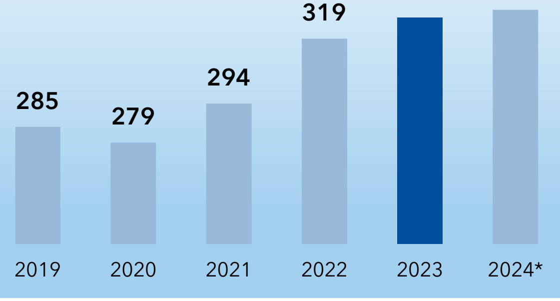


Logistics sector again faces challenging year
At the close of 2023, the business climate in Germany's logistics sector saw a marginal improvement. As part of its economic assessments, the ifo Institute conducts monthly surveys on behalf of the German Logistics Association (BVL) to gauge the Logistics Indicator. This index experienced an uptick in the fourth quarter, spurred by improved expectations.

However, when juxtaposed with the third quarter, the business climate was once more perceived in a negative light. Despite a modest uplift in business expectations, service companies are maintaining a cautious stance regarding the forthcoming months.

Additionally, January 2024 witnessed the third consecutive rise in the SCI Logistics Barometer's indicator value. The positive trend is bolstered by a balanced seasonal business climate and significantly brighter expectations for the coming quarter. However, the SCI Logistics Barometer indicates that despite these favorable trends, the industry remains constrained by high cost pressures. Surveyed transport and logistics companies did not expect costs to fall going forward. Rising toll charges and escalating wage expenses are expected to lead to further cost increases in the subsequent three months.

Revenue development in the German logistics industry
Source: Bundesvereinigung Logistik e.V.
*=Projection in EUR bn



The uncertainty in the logistics sector, prevalent throughout 2023, has also led to a diminished inclination to invest. The SCI Logistics Barometer indicates that only a small majority of entrepreneurs surveyed at the start of the year were planning investments for the current year.

Stock levels remained high, comparable to the previous quarter. An increased number of companies reported restrictive human resources planning, and some were considering price reductions.

Sources for this section:
BVL Logistics Indicator, 4th Quarter 2023, including commentary
SCI Verkehr, SCI Logistics Barometer, December 2023 and January 2024

Development of BLG LOGISTICS in the following year

AUTOMOBILE Division

German car manufacturers are currently seeing a decrease in new vehicle orders within Germany and Western Europe. Nevertheless, BLG LOGISTICS anticipates that production at European automotive plants will not diminish as a result, but that instead a higher export volume will be recorded. Moreover, from 2024 onwards, a consistent rise in import volumes is projected, especially for electric cars originating from China.

In the seaport terminals business area, vehicle handling volumes at the seaport terminals are forecast to rise in 2024 compared to the 2023 financial year. BLG AutoTerminal Bremerhaven expects an increased share of imports, notably from the Far East. However, an increase in volumes is also projected for the export sector.

The high & heavy segment reported a global economic cooling for 2023, especially within the construction industry, suggesting only a modestly positive trend for the following year. Owing to the predicted economic rebound in 2024, we expect a substantial rise in volumes in the subsequent years.

The BLG AutoTerminal in Cuxhaven is projecting a higher handling volume in 2024 compared to the previous financial year. In 2023, a new venture for underbody protection was successfully launched with a key customer for exports to Scandinavia and secured with a long-term agreement.

Whether the successful market trend in the inland terminals business area seen in the 2023 financial year continues, hinges on multiple factors. The materials shortage at European car manufacturers' production plants in 2023 led to a rise in the storage of incomplete vehicles. This, in turn, was linked to an increase in technical value-added services for completing these vehicles at the terminals. For 2024, the expectation is that car manufacturers will cease the outsourcing of incomplete vehicles. Moreover, the standardization of operational processes at the domestic terminals is anticipated to enhance productivity in technical services. The anticipated positive impacts of increased productivity are likely to be tempered by a forecast decrease in handling volumes relative to the latter half of 2023.

The volume of road transport within the AutoTransport business area is predicted to stay consistent with the previous year's figures. The projected decline in deliveries to dealers is expected be offset by rising transport volumes for exports at the seaports.

As in the previous year, the restrictions on providing adequate rail capacity are set to persist throughout the financial year 2024. This will lead to higher demand for truck transport as an alternative to rail, which may, in turn, exacerbate the shortage of subcontractors and third-party companies. The company will maintain a constant number of trucks in its own fleet.

Demand for vehicle transport capacity in the rail business area is expected to remain high. However, there will continue to be restrictions in 2024 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 2024 and BLG LOGISTICS' transport volumes will grow. Export volumes at the seaports are also expected to increase in 2024. 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, there will be an increased focus on expanding transportation using our own fleet of vehicles. The transport operations of the joint venture in Ukraine will be maintained to the greatest extent possible. For 2024, the business area is anticipating a considerable increase in revenue compared to 2023.

CONTRACT Division
The outlook for the CONTRACT Division remains challenging in the 2024 financial year. It is anticipated that the ongoing poor consumer sentiment will further impact the domestic economy. The purchasing power of private households is expected to be undermined by persistent high inflation, elevated base rates, and steep consumer prices, especially for high-value items. Private consumption is not anticipated to offer any positive stimulus for the economy. While energy costs have fallen, they remain at a high level. Additionally, no radical improvement in overall economic output is foreseen for 2024.

Elevated collective wage agreements heighten the likelihood of a wage-price spiral. On the back of these pivotal economic indicators, customers are generally more cautious, which is reflected in particular in the reduced volumes contracted by our customers.

Notwithstanding the obstacles, predominantly favorable results are projected in the regions and sites of the division for the financial year 2024.

Within the consumer & fashion market segment, we anticipate that negative variances in certain businesses will be balanced by positive trends in others.

The mobility segment is currently facing a challenging environment. The automotive sector is undergoing a transition toward electromobility, which is poised to significantly influence the market. This shift impacts both car manufacturers and their suppliers alike. Specifically, this manifests as reduced volume projections from customers in this industry. These challenging conditions are also likely to impact our largest industrial logistics site in Bremen in 2024. We attempt to mitigate the effects by implementing countermeasures designed to reduce costs and enhance processes. Individual contracts with existing customers in the North region will be routinely retendered in 2024.

The industrial & energy segment is experiencing a positive revenue trend thanks to price renegotiations, new business and, occasionally, increased volumes.

BLG Cargo Logistics at Neustädter Hafen in Bremen has seen a recent rise in earnings from the increased handling of sawn timber and steel. However, this has not offset the loss of job security and the costs associated with significant repairs and acquisitions. Consequently, investments planned for 2024 will prioritize digitalization and the enhancement of process efficiency and space utilization.

CONTAINER Division

Because the container terminals, at least in the medium term, still have capacity reserves, the trend toward consolidation is strengthening the market power of the remaining consortia/shipping companies and at the same time increasing the pressure on earnings. This intensifies the need to identify and implement sustainable cost reductions and efficiency improvements at the container terminals. This is reflected in the implementation of the transformation process.

Based on the planning carried out in autumn 2023, a stable handling volume was initially forecast for EUROGATE Container Terminal Hamburg for 2024. However, the handling volume already took a downward turn in November and December 2023, a trend that continued in the early months of 2024. How handling volumes ultimately develop in 2024 will depend to a large extent on the timing and transfer process of Mediterranean Shipping Company S.A. (MSC) services to the Hamburg terminals of Hamburger Hafen und Logistik AG (HHLA) once the transaction for MSC to acquire an equity interest in HHLA has been completed. We are currently assuming that the relocation will take place in the fourth quarter of 2024 at the earliest and will not yet have a significant impact on the company's handling volume in 2024.

For the Bremerhaven site, a rise in handling volumes in 2024 is currently expected. This outlook is largely based on the assumptions of the partners and customers of our local joint ventures.

Wilhelmshaven continues to have very good chances of acquiring further liner services given that most of the leading container shipping companies will commission additional ultra-large container vessels with a capacity in excess of 24,000 TEUs in the next few years. Achieving reasonable capacity utilization of the EUROGATE Container Terminal in Wilhelmshaven continues to have high priority. The acquisition of a shareholding by partner and customer Hapag-Lloyd AG has in light of the trend towards ever-larger container ships substantially improved the growth prospects for Wilhelmshaven deep-water port in the coming years. In January 2024, Wilhelmshaven already acquired a new transatlantic service.

The prospects of acquiring additional liner services in the next few years are also good. Aside from this, there are plans to convert a first section of shore-side operations to an automated system in the medium term.

For the individual companies in the EUROGATE Group, the 2024 financial year will continue to be dominated by the transformation and the further implementation of cost-saving and organizational measures designed to increase efficiency and productivity.

Given the macroeconomic conditions affecting the subsidiaries and equity investments described above, together with the exceptional factors from the reversal of provisions recognized in the previous year's result, the CONTAINER Division is expected to report a significant decline in earnings for 2024, albeit still in positive territory.

The EUROGATE Group's overall profit situation is strongly influenced by the earnings of the container terminals and here by handling volumes and throughput rates as well as cost structures as the key influencing parameters. One important criterion in this context is that the sustainable implementation of restructuring measures leads to corresponding further earnings improvements in the 2024 financial year.

In addition, the container terminals may face significant changes in the customer and shipment structure, the specific impacts and results of which are currently very difficult to predict. This also applies to the repercussions of the current disruptions to shipping in the Red Sea.

Planned capital expenditure

We adjust our investment plans to the constantly changing market conditions, paying particular attention to our liquidity and results of operations. Furthermore, BLG LOGISTICS also evaluates investment projects taking sustainability aspects into account, for example when developing new locations. 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 160 million is planned for the necessary expansion and replacement investments and for the investments in process optimization (excluding the CONTAINER Division). This capital expenditure will be mainly financed through borrowing.

EUR thousand	**Actual 2023**	Forecast 2024
EBT	36,095	significant decline; positive result
EBIT	46,192	significant decline similar to EBT
Revenue	1,210,035	slight improvement
EBT margin (in percent)	3.0	significant decline similar to EBT
RoCE (in percent)	4.2	significant decline similar to EBT/EBIT

Overall statement on the expected development of the Group

Expected changes for 2024

EBT and EBIT	Revenue	EBT margin and RoCE
significant decline	slight improvement	significant decline

Personnel costs are expected to face significant pressure in 2024. Despite currently falling inflation rates, there is a surge in wage demands across all sectors in Germany. This poses a considerable challenge for devising a responsible collective wage policy, particularly given the decreasing order volumes in various business areas of BLG LOGISTICS.

At the time of preparing this report, the war between Russia and Ukraine is still ongoing. Renewed conflicts in the Middle East and the Red Sea may cause further disruptions in supply chains and shipping companies' schedules due to necessary ship detours. Additional uncertainties stem from ongoing consumer hesitancy, sustained high interest rates and the forthcoming presidential election in the United States.

We are aware that the economic uncertainties will not lessen in 2024, and are preparing accordingly.

In this uncertain environment, based on the forecast outlined above, we currently expect revenue (excluding the CONTAINER Division) for the BLG Group to improve slightly over the previous year. Overall, we anticipate a significant decline in earnings (EBT), mainly on the back of substantially lower investment income from the CONTAINER Division, in the 2024 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.

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), as amended. 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.