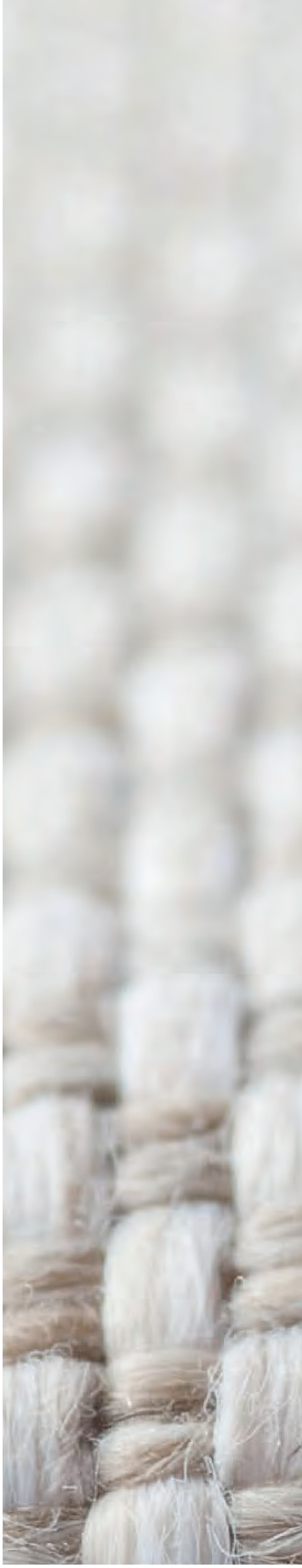
ANNUAL REPORT 2022 | 2023

HanseYachts
Aktiengesellschaft

CONTENT

This annual report in English is a translation of the German original, which is the only authoritative version.



HanseYachts
Aktiengesellschaft

6 brands **39** models **1,500** employees

HanseYachts AG offers one of the world's most diverse and state-of-the-art product portfolios in the market for sailing yachts and motor yachts. One thing all our yachts have in common is quality and durability, unmistakeable design and near-infinite customisation potential. No yacht that leaves the HanseYachts AG shipyard is identical to the one that came before it or the one that will come after. All of our yachts are built individually upon request and sold to customers all over the world.

Front page: Dehler 46SQ

FAST CRUISING. EASY SAILING.

MADE IN GERMANY

- Innovative cruising yachts
- Fast, built for single-handed sailing, comfortable
- Minimalist elegance and esthetic perfection
- Unique customization options

HANSE 410 | VISIONARY REVOLUTION

With the new Hanse 410, Hanse is now launching the third model in its revolutionary new series, which combines radically innovative design with the essential Hanse values: fast cruising and easy sailing.

The new Hanse 410 is the latest result of Hanse's collaboration with the yacht designers of Berret-Racoupeau. With its unrivalled volume in the 40-foot class and its well thought-out layout options, the yacht opens up a whole new dimension. Her optimised hull design with chines at the bow and stern ensures a slim waterline and thus the uncompromising performance and effortlessness when sailing that is typical of Hanse.

Comfort and style dominate the yacht's refined interior. With its enormous variety of options, the new Hanse 410 can be customised to meet almost all the owner's dreams and needs.

For the first time, the Hanse 410 offers optional electric propulsion with an enormous range of up to 55 nautical miles. This means that even without wind, most destinations can be reached in a climate-friendly way.

GREETING FROM THE MANAGEMENT BOARD

Dear friends of HanseYachts AG,

Our performance in the past financial year was mixed, to say the least. It was certainly unsatisfactory in the first half, when we were still confronted with unusual exogenous challenges in many areas. On the other hand, HanseYachts has gotten off to an extremely successful start to the new financial year 2023|2024. In fact, the first quarter was our best quarter in more than ten years. Considering the past challenges, this positive performance is very gratifying.

The ongoing repercussions of the worldwide pandemic and the effects of the war in Ukraine caused considerable problems in the past financial year, especially in the first half. Chief among these problems were heightened energy prices, considerably higher costs of materials in some cases, and continued supply chain disruptions. The company's yacht production was severely impacted in some cases by shortages of key components. In April 2023, we were confronted yet again with massive and completely unexpected supply shortages, especially affecting the motors, generators, and glass panes used in the production of our boats. These shortages led to unplanned production delays, resulting in lower deliveries of finished boats that adversely impacted the Group's earnings.

Absences due to illness also reduced the Group's production output in the first half of the past financial year. Despite the sharply reduced incidence of coronavirus infections, we were surprised by a renewed high level of absences in December due to a serious flu outbreak. These absences put an additional strain on production in December, which was already tight due to the holidays, causing the number of completed boats to fall well short of plan.

On the other hand, the many measures initiated under our strategic realignment program Confidence 2026 began to yield lasting benefits in the second half of the financial year. Thus, the change of course intended by this program took effect surprisingly quickly, despite the considerable obstacles placed in our path by the pandemic and massive supply chain disruptions over a long stretch of time. This success was due in large part to the attention we devoted to our corporate culture of people, performance, and results, based on our corporate mission: We realize the dreams of our customers.

We were able to drastically reduce the enormous shortage of purchased parts that had repeatedly caused production delays in the past, as the availability of parts returned to the level from before the coronavirus pandemic. Thanks to our strategic focus on production, prices, and products, HanseYachts is now experiencing a sustained economic recovery, which we are consolidating, promoting, and protecting by means of numerous comprehensive measures. We are using every available tool to improve the strategic and operational situation of HanseYachts.

We are pursuing improvements not only to our workflows and processes, but also our product design, with the goal of manufacturing our boats in the least complicated and therefore most economical manner possible. For example, we have reduced the necessary work hours for the production of the Hanse 460 – one of our best-selling models at this time – by 30% so far.

In fact, we have found that we can continue to meet the high quality standards expected of our yachts even as we produce them faster. We are now in the process of steadily applying the insights and experience we have gained in the streamlining of workflows and processes to all our product ranges and models.

Stefan Zimmermann
COO

Hanjo Runde
CEO

To achieve greater flexibility in production, moreover, we are creating the conditions that will enable us to open our production lines to other models that would normally have been produced on different lines. This will make it possible to switch production of any boat from an assembly line experiencing problems to another one. It will also facilitate production control in general considering that it will no longer be necessary to assign the production of certain models to specific production lines. At the same time, we are digitalizing more and more processes with the aid of AI-based software to streamline them and exploit efficiency enhancement potential so as to improve our overall economic efficiency.

We have since overcome the problem of having to manufacture unprofitable boats sold at old prices that did not yet reflect the higher costs of materials, energy, and labor. In the last two financial years, we have successfully implemented price increases of up to 40%, which has improved our profitability considerably without significantly affecting the still high level of orders. In fact, our order book is so well filled that our production capacity is booked out for the current financial year and even into next year for some models. This high level of orders is a major factor contributing to economic security and our ability to plan procurement and production.

The strong order backlog can be credited in no small part to our innovation strategy, given that new models typically meet with strong demand, in our experience. Whereas many of our competitors have recently introduced only a relatively small number of genuine innovations in the market segments that are relevant for HanseYachts, we are developing and introducing a large number of new boats.

The logical decision of HanseYachts AG to sell its unprofitable equity stake in the French catamaran manufacturer Privilège Marine has freed up considerable capacities in all areas of the Group since the beginning of the past financial year. It has enabled us to focus on the Group's core brands again, especially the sailing yachts of our Hanse brand and the motor yachts of our Fjord brand, which are critically important for the success of our Group.

Since the beginning of the past financial year, we have introduced the Hanse 510 and the Hanse 410. The sister boats of our award-winning first model from the completely redesigned new Hanse product line, the Hanse 460, have deservedly been placed on the short lists for prestigious awards to be announced early in 2024. In the coming year, we will add other new models to the Hanse series, in both the lower-priced segment and the higher-priced segment.

Specifically designed to suit the market preferences of the US market, we have introduced the new Fjord 41 XP equipped with especially powerful V12 outboard motors to complement another one of our bestsellers, the Fjord 41 XL equipped with inboard motors. And the new Fjord 39, which has just been presented to the public, is also available with both types of motors in the XL and XP variants. As the world's biggest market for motor yachts, North America harbors enormous potential for the trailblazing walk-around models of our Fjord brand. To further strengthen our position in this market, we will offer both inboard and outboard variants of all other new Fjord models to be introduced in the future.

In the segment of blue-water deck salon yachts, in which our Moody brand occupies a virtually unique position, we have just presented the new Moody DS48. It will celebrate its world premiere in January at the boot Düsseldorf 2024, one of the world's most important indoor boat shows.

The Group's EBITDA improved by €1.0 million to minus €5.1 million on revenues of €173.7 million in 2022|2023. After a positive performance particularly in the final months of the year, HanseYachts generated record results, according to preliminary numbers, in the first half of financial year 2023|2024. Compared to the first half of the previous year, revenues rose by 22.7% to tentatively €94.2 million. The Group increased its preliminary quarterly earnings before interest, taxes, depreciation and amortization (EBITDA) by €12.7 million to €7.1 million. This also translates to a record EBITDA margin of 7.5%. The preliminary profit/loss for the first half rose by €9.4 million from the first half of last year to €2.9 million. On this basis, we estimate that revenues for the full year 2023|2024 will come out somewhere in a range of €180 million to €200 million, with a positive EBITDA in the middle to upper single-digit millions and a consolidated profit/loss in the low single-digit millions.

We continue to resolutely pursue our goal of generating revenues of €200 million and our medium-term goal of earning an EBITDA margin of 10%. We have already laid the groundwork for the further profitable growth of HanseYachts AG. We will continue to implement extensive measures to enhance efficiency, streamline processes, and lower costs. And we will continue to develop numerous innovations and consolidate our model diversity to make our product portfolio even more effective and better suited to market preferences.

Although market demand in general has been and continues to be held back by weaker worldwide economic growth, rising inflation, and higher interest rates across the world, our international business is less affected by these trends, especially in the higher-priced market segments. And we expect to encounter brisk demand for the many highly attractive new sailing yachts and motor yachts we will be introducing to the market.

Our primary focus is to further strengthen our competitiveness and extend our strong market position as the world's second-biggest manufacturer of sailing yachts. We will spare no effort to bolster this strong market position. The continuing high level of orders and the strong demand we can expect for our new sailing yacht and motor yacht models give us confidence in our prospects for market success and we therefore anticipate a positive development in the coming financial year.

This positive development would not be possible without the excellent work of our highly motivated and highly skilled employees, for whom we are truly grateful. Our extremely proficient and knowledgeable people are highly committed to the success of our company and passionate about realizing the dreams of our customers.

With warm regards from Greifswald to water sports enthusiasts everywhere,

Hanjo Runde Stefan Zimmermann

SPEED & QUALITY.

PRECISION, PASSION AND PERFORMANCE

- Built by passionate sailors for passionate sailors
- Unparalleled craftsmanship and precision, “Made in Germany”
- Comfortable high-performance yachts with racer DNA for regatta sailing
- World market leader in the segment of performance cruisers and racers

DEHLER 46 SQ | FLAGSHIP OF INNOVATION

Since 1963 Dehler has been developing sailing yachts that epitomise performance cruising and the power of innovation. The current SQ models stand proof of our claim to leadership. Now here comes our new masterpiece – a true flagship of space and comfort: the Dehler 46SQ.

Uniquely formed: the design. A blend of sleek lines, progressive shape and timeless elegance immediately catches the eye – and holds it.

From relaxed to racy: performance. With perfectly positioned winches and a traveller installed with millimetre precision, you can hold a steady course. Leave other boats in your wake with membrane sails and carbon rigging.

Brighter, finer, more innovative: the interior. The cabins are bathed in natural light and fine materials are used extensively. Our designers demonstrate their creativity with furniture that moves automatically and the new Hidden Door.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

In the reporting period from 1 July 2022 to 30 June 2023, the Supervisory Board regularly and intensively dealt with the company's status and development and fully and conscientiously performed the duties and competencies incumbent upon it according to the law, the company's Articles of Association, and the Supervisory Board's rules of procedure with regard to advising and supervising the Executive Board. This includes regular information exchanges with the Executive Board and the supervision of the company's management. The cooperation between the Executive Board and Supervisory Board is characterized by intensive exchanges of information and opinions. The Supervisory Board was consulted on all key decisions of the Executive Board.

Also between Supervisory Board meetings, the Executive Board regularly informed the Supervisory Board in oral and written reports, particularly on the subject of the development of the company's revenues and earnings, cash flows, the status and management of risks, the Group's strategic direction, brand and model policies, current and planned projects, and personnel-related matters. These topics were discussed and reviewed with the Executive Board in the Supervisory Board meetings. Selected topics were dealt with by the Supervisory Board in the absence of the Executive Board. Information on the current business performance was provided to the Supervisory Board on a monthly basis. The Executive Board explained and provided reasons for any deviations from the planned business performance.

Four meetings of the full Supervisory Board were held in total in the past 2022|2023 financial year, two of which in the form of in-person meetings and two of which in the form of video conferences. In addition, resolutions were adopted by written circulation.

Focal points of the deliberations of the Supervisory Board included the current business performance of HanseYachts AG and its German and foreign subsidiaries, also in view of the effects of the coronavirus pandemic and supply chain disruptions on the business operations of HanseYachts AG, which lasted well into the past financial year, as well as the support of current financing transactions, sales and distribution, and business planning.

By written circulation, the Supervisory Board resolved to remove the Executive Board member Jan Brockmöller, effective 23 September 2022, and approved the corresponding termination agreement on 17 September 2022.

In the meeting held on 16 November 2022, the Executive Board informed the Supervisory Board about the Group's current business performance, outlook, and financial situation.

By written circulation, the Supervisory Board authorized the Executive Board of HanseYachts AG to sign and arrange for the Group's foreign managing directors to sign the necessary refinancing agreements on 2 December 2022.

At the meeting on 14 December 2022, the Supervisory Board approved the separate and consolidated financial statements, the Dependent Companies Report, the Compensation Report, and the Report of the Supervisory Board of HanseYachts AG for the 2021|2022 financial year. It also adopted the recommendation of the Audit Committee and resolved to propose to the upcoming annual general meeting that Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, be elected as the auditor of the separate and consolidated financial statements for the 2022|2023 financial year. In addition, the Supervisory Board adopted the recommendation of the Audit Committee to provisionally approve in advance, on a case-by-case basis, the "non-auditing services" to be provided by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft to HanseYachts AG in the 2022|2023 financial year.

By written circulation, the Supervisory Board approved the notice of meeting for the annual general meeting to be held on 2 February 2023, as well as the draft agenda, including the Supervisory Board's proposed resolutions for the annual general meeting, on 22 December 2022.

In the Supervisory Board meeting held on 1 February 2023, the Executive Board reported on the company's development, financial situation, sales, and production. The Supervisory Board then resolved to approve the announced subscription rights capital increase subject to the Supervisory Board's approval, as well as the adjustment of the agreements in effect with the Executive Board members on the subject of Stock Appreciation Rights, which had been necessitated by the development of the price of the HanseYachts shares.

In its meeting of 24 May 2023, the Executive Board informed the Supervisory Board about the missing parts situation that arose in April and the effect on the company's production and short-term liquidity. The Supervisory Board then approved the conclusion of a bridge loan and a convertible loan to improve the liquidity situation.

Particularly in view of global developments, the Executive Board informed the Supervisory Board about the business performance of HanseYachts AG and its subsidiaries also in the time between the meetings of the Supervisory Board and in addition to the regular monthly reports. Furthermore, the Supervisory Board Chairman was in regular communication with the Executive Board and was informed immediately of significant events of crucial importance for the position, development, and governance of HanseYachts AG. The full Supervisory Board was informed of such matters afterwards.

In the reporting period, the Supervisory Board of HanseYachts AG was composed of the following six members: Mr. Gert Purkert (Chairman), Dr. Frank Forster (Vice Chairman), Mr. Fritz Seemann, Dr. Martin Schoefer, and the employee representatives Mr. Alexander Herbst and Mr. Rene Oestreich.

Dr. Forster is the Chairman of the Audit Committee, which also includes Mr. Purkert, Mr. Seemann and Dr. Schoefer as other members. The Audit Committee is responsible for supervising the annual audit, particularly the selection and independence of the independent auditor and the additional services provided by the independent auditor, supervising the financial reporting system, the efficacy of the internal control system, the risk management and internal audit systems, and compliance, as well as particularly the preliminary audit of the separate financial statements and the preparation of the resolution of the Supervisory Board adopting the separate financial statements.

In its meeting in the 2022|2023 financial year, which was held as a video conference on 14 December 2022, the independent auditor informed the Audit Committee of the principal results of the audit of the 2021|2022 financial reporting documents and the Supervisory Board adopted his resolution recommendations to the Supervisory Board. The Chairman of the Audit Committee and the independent auditor defined the key audit matters and discussed the results of the audit in agreement with the Audit Committee.

There are no other committees of the Supervisory Board.

With the exception of the excused absence of Alexander Herbst from two meetings, all members of the Supervisory Board attended all meetings of the Supervisory Board in the reporting period. All committee members were present at the two meetings of the Audit Committee.

No conflicts of interest arose in the Supervisory Board in the 2022|2023 financial year.

In the reporting period, the Executive Board was composed of Hanjo Runde (Chairman) since 1 October 2021, Stefan Zimmermann (Production, Development) since 10 January 2022, and Jan Brockmöller (Finance) from 1 June 2022 to 23 September 2022.

Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, was elected as the auditor of the separate and consolidated financial statements for the 2022|2023 financial year at the annual general meeting of 2 February 2023.

The separate financial statements of HanseYachts AG for the period from 1 July 2022 to 30 June 2023 to be prepared in accordance with the regulations of the German Commercial Code and the consolidated financial statements for the same period to be prepared in accordance with the regulations of International Financial Reporting Standards (IFRS), as well as the corresponding management reports, were audited by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft and provided with an unqualified audit opinion in both cases. The independent auditor also formally audited the compensation report pursuant to Section 162 AktG for the 2022|2023 financial year. The independent auditor reported the principal results of the audit, with a particular emphasis on the key audit matters, to the Supervisory Board and the Audit Committee at its meeting on 14 December 2023. The independent auditor also reported his findings on the internal control system and the risk management system as they relate to the financial reporting process, which were not found to have any significant deficiencies, and was available to answer supplemental questions.

The financial statement documents and the audit reports for the 2022|2023 financial year were extensively discussed by the Audit Committee and the Supervisory Board.

In knowledge of the audit reports of Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, the Supervisory Board reviewed the separate and consolidated financial statements as of 30 June 2023 and the corresponding management reports prepared by the Executive Board and raised no objections to the auditor's findings or to the separate and consolidated financial statements. Concurring with the recommendation of the Audit Committee and on the basis of its own review, the Supervisory Board approved the separate and consolidated financial statements of the company as of 30 June 2023 and the corresponding management reports prepared by the Executive Board on 19 January 2023. The separate financial statements were thereby adopted.

The independent auditor also audited and approved the Non-Financial Report.

The Supervisory Board also approved the joint compensation report of the Executive Board and Supervisory Board pursuant to Section 162 AktG.

The Executive Board's Report on Dealings with Affiliated Companies in the 2022|2023 financial year was likewise audited by the independent auditor, who reported on the result in writing and issued the following unqualified audit opinion:

"Based on the audit and assessment conducted in accordance with our professional duties, we confirm that

1. The factual information in the report is correct,
2. The consideration given by the company for the transactions listed in the report was not inappropriately high."

The Supervisory Board reviewed the Report of the Executive Board particularly to verify its correctness and completeness. Based on the final result of its own review, the Supervisory Board concurred with the audit result of the independent auditor. No objections are to be raised against the concluding declaration of the Executive Board in its Report on Dealings with Affiliated Companies.

The members of the Supervisory Board wish to thank the members of the Executive Board for their constructive collaboration and the shareholders for the trust they have placed in the company. The Supervisory Board also wishes to thank all stakeholders, particularly the employees, for their great dedication and work.

Greifswald, 19 January 2024

Gert Purkert
Chairman of the Supervisory Board


ETERNAL GRACE
GREIFSWALD
Moody

LUXURY DECK SALOON SAILING YACHTS.

UNIQUE IN ALL THE WORLD

- One-level living
- Maximum comfort and uncompromising seaworthiness
- Excellence in design and manufacturing
- Exemplary workmanship and durability

MOODY DECKSALOON 48 | SAIL IN ELEGANCE. LIVE IN LUXURY.

Like her larger and smaller sisters, the award-winning DS41 and the DS54, the Moody DS48 is characterised by her spacious saloon with a perfect 360-degree view to the outside. Equally unique is the comfortable and safe Moody walkaround deck with a high bulwark and fixed railing. The well thought-out concept now also ensures the typical Moody "monomaran" experience in the 48-foot class – like a catamaran on a single hull.

Without a disturbing step between the generously protected cockpit and the deck saloon, the Moody DS48 offers plenty of space and area on one level. Designed in collaboration with Bill Dixon and the team at Dixon Yacht Design, the Moody DS48 is another of the brand's models that epitomises the unique combination of volume and performance of the ground-breaking Moody DS range.

The hull offers a particularly voluminous interior. At the same time, the DS48 is a safe and extremely comfortable yacht that handles well in all conditions. Her wide range of options makes her a real owner's boat for blue water sailing with perfect sailing characteristics. Whether at sea or in the harbour, she offers everything that makes life on board comfortable: plenty of space inside and out, a large galley with every conceivable option and an unusually large number of layout variations.

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT

1 // BASIC INFORMATION ABOUT THE GROUP

1.1 — Profile of the Group

HanseYachts AG ("HanseYachts," the "Group" or the "HanseYachts Group") is one of the world's biggest manufacturers of sailing yachts with lengths of 30 to 58 ft (9 to 17 m) and motor yachts with lengths of 28 to 53 ft (9–16 m).

The Group's products and brands are innovative, established in the market, and have a long history. Different sizes and types of yachts are offered under each brand. The entire portfolio of sailing and motor yachts of HanseYachts AG currently comprises 37 different models. The yachts are sold by authorized dealers and the Group's own sales companies. The Group's own sales companies are located in Germany and the United States. The Group's products are sold by a worldwide network of around 260 dealers and brokers. Except for a few prototypes, all boats are manufactured exclusively on the basis of firm orders.

Executive management, research and development, marketing, central procurement, global sales management, and administration are performed at the Group's sites in Greifswald and Stettin, Poland. HanseYachts has two production facilities in Greifswald, both of which favorably located for logistical purposes with access to the Baltic Sea, and another site in Goleniów, Poland, about 170 kilometers away from Greifswald.

1.2 — Organization and subsidiaries

HanseYachts AG is the parent company of the HanseYachts Group. It performs central holding company functions and manages most of the Group's operating business. HanseYachts AG holds 100% of the equity in all its subsidiaries, either directly or indirectly. The subsidiaries are HanseYachts Marken Portfolio AG & Co. KG, Hanse Active Holding GmbH (known as AURELIUS Active Holding GmbH until 6 July 2023), Hanse Active Management GmbH (known as AURELIUS Active Management GmbH until 6 July 2023), Hanse (Deutschland) Vertriebs GmbH & Co. KG, Verwaltung Hanse (Deutschland) Vertriebs GmbH, Privilège Marine Holding GmbH, Moody Yachts GmbH, Dehler Yachts GmbH, Sealine Yachts GmbH, Hanse Yachts US, LLC, USA, HanseYachts Sp. z o.o. in Poland (known as Technologie Tworzyw Sztucznych Sp. z o.o., or "TTS" for short, until 3 October 2022) with its subsidiary Balticdesign Institut Sp. z o.o., and Yachtzentrum Greifswald Beteiligungs-GmbH with its no longer operationally active subsidiary Mediterranean Yacht Service Center SARL, France.

The French company Privilège Marine SAS, France, which was a subsidiary of Privilège Marine Holding GmbH, had belonged to the Group until 17 October 2022. As a portfolio optimization measure, the HanseYachts Group sold its equity interest in Privilège Marine SAS to a consortium led by the longtime CEO Gilles Wagner and a group of financial investors in financial year 2022|2023.

The HanseYachts Group is included in the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KgaA, Grünwald.

HanseYachts AG has been listed in the General Standard section of the Frankfurt Stock Exchange since 2007.

1.3 — Industry developments and market position

Worldwide demand for sailing and motor yachts, which had been unusually strong from the summer of 2020 to well into financial year 2021|2022, has since reverted to the level from before the coronavirus pandemic. Factors contributing to this development included rising inflation rates all over the world since early 2022, rising interest rates as central banks sought to counter inflation, leading to higher financing costs, and weaker economic conditions across the world.

In line with these trends, the new orders booked by HanseYachts in financial year 2022|2023 were at about the same level as before 2020. At the same time, the Group strengthened its market position and was even able to implement significant price adjustments of up to 40% and more for some models since the beginning of the preceding financial year.

The worldwide market for sailing and motor yachts with hull lengths of more than nine meters is subject to intense competition, especially in the biggest sales markets for HanseYachts: Germany, Spain, Turkey, the United States, the United Kingdom, France, and the Netherlands. The Group's direct competition environment is characterized by the fact that only few companies in the world manufacture at an industrial scale, producing at least a hundred boats per year, like HanseYachts, whereas a large number of yacht makers considerably produce less than a hundred boats per year.

To protect and extend its strong position in the international market, HanseYachts continually invests in developing new yacht models and improving existing yacht models across all the Group's brands. The Group is constantly adapting its portfolio of products to suit the diverse and changing preferences and expectations of customers, which can vary considerably by geographical region. Near-series production and modular designs enable the Group to manufacture a wide variety of yachts at comparatively low production costs. Another factor contributing to the Group's lasting success in the market is the clear positioning of each brand. The success of the Group's business strategy and product policy is clearly attested by the positive revenue performance and the still high level of orders, some of which extend well into financial year 2024|2025.

The Group's sailing yachts brands are “Hanse”, “Moody” and “Dehler”. The motor yacht brands are “Fjord”, “Ryck” and “Sealine”. Within the individual product groups, the Group's multi-brand strategy enables it to clearly differentiate its products to suit the preferences of specific customer segments. The Group is able to satisfy different customer preferences and react flexibly to changing market conditions in each segment by means of clear product positioning and strong brand identities. Thanks to variably combinable modules for yacht interiors, color schemes, fabrics, wood, and a wide selection of additional features, customers can configure their yacht individually to fulfill their wishes.

The sailing yachts of the Hanse brand, which range in length from 31 to 58 feet, are widely appreciated for being especially easy to operate and for their modern design. Hanse is the world's first sailing yacht brand to offer yachts designed specifically for the use of a self-tacking jib, allowing for single-handed sailing with a powerful sail plan. In financial year 2022|2023, the Group introduced the Hanse 410, the third model of this revolutionary new series, after the extremely successful, award-winning Hanse 460 and the Hanse 510. It was presented at the Cannes Yachting Festival 2023 and was named European Yacht of the Year 2024. Developed in collaboration with the renowned designers of Berret-Racoupeau, it combines radically innovative design with the essential characteristics of all Hanse yachts: fast cruising, easy sailing, and comfort on deck and below. That is why Hanse sailing yachts are often used for family vacations.

Dehler is known in the regatta community for its modern performance cruisers, which are designed specifically for high-performance sailing while also featuring comfortable interior furnishings. With their impressive sailing performance, Dehler yachts are fast cruisers that are equally well suited for ambitious sailing crews and families. The deck and hull are high-tech developments of the experienced yacht designers of judel/vrolijk & co. The specially designed, elegant interior spaces of these sailing yachts, which feature much indirect lighting and top-quality luxury materials, were designed by renowned interior architects.

With a history dating back almost 200 years, Moody is renowned for comfort, uncompromising seaworthiness, excellent design, highest-quality workmanship, exemplary boat-building, and durability. These premium-quality, luxury blue-water sailing yachts are built as single-level deck saloon yachts. Offering 360-degree views, they offer the greatest comfort on the high seas, at anchor, and at port. The especially elegant interior design, luxurious materials, and outstanding workmanship are the hallmarks of Moody's long tradition of yacht building.

Ranging in length from 38 to 53 feet, Fjord motor yachts are clearly recognizable by their purist design, luxurious features, and high speed potential. The high, straight sides ensure cockpit safety and the spacious deck is optimally suited for reclining surfaces in addition to the helm stand. Designed by Patrick Banfield, who is world-renowned for the construction of super yachts, the distinctive visual appearance of these motor yachts, featuring the biggest T-Tops in their class, has created a trend. Fjord is still unrivalled in the "open walk-around" segment of motor yachts featuring at least one sleeping birth. Moreover, Fjord is continually expanding its portfolio of models with outboard motors to meet the special needs of the North American market.

The motor yachts of the venerable English Sealine brand are positioned in the mid-sized segment, with models ranging in length from 33 to 44 feet. Light, space, and functionality are perfectly balanced in the design of all Sealine models, whether sporty, coupé, or classic variants. The chief characteristic of Sealine yachts – sporty, with lots of space below deck – ensures perfect comfort for both driving and on-board living. These yachts are designed with functionality in mind, practicality being paramount. The distinctive, elegant exterior of Sealine yachts, combined with utmost comfort, including technical comfort, appeals to a wide clientele.

As the third and youngest motor yacht brand of HanseYachts AG, Ryck stands for innovative motor yachts whose diverse possibilities for customization and wide range of uses have set new standards in the industry. Equipped with a powerful outboard motor, the brand's first model, the Ryck 280, is perfectly suited for swimming, diving, fishing, and any other kind of fun on the water.

1.4 — Management system: Financial and non-financial key performance indicators

The main key financial indicators are consolidated revenues and earnings before interest, taxes, depreciation, amortization and impairments (EBITDA), which are reported to the Executive Board in a profit-and-loss account on an aggregated basis for the HanseYachts Group (IFRS) every month for the preceding month and on a year-to-date basis for the current financial year ("YTD"). As part of this process, variances from both the budget and from the prior year are systematically analyzed. The short-term profit-and-loss reporting format is essentially equivalent to a production-based contribution margin analysis that also includes additional key ratios such as the purchased goods and services ratio, manufacturing cost ratio, and a contribution margin parameter. Unlike the classification format according to International Financial Reporting Standards (IFRS), certain cost types are classified on the basis of economic factors. For example, expenses for contract workers are classified as production costs instead of purchased services in the category of purchased goods and services. The reporting system for the Executive Board also includes a consolidated statement of financial position (IFRS), on the basis of which additional key figures that are important for capital and liquidity management (e.g. equity ratio, working capital, cash and cash equivalents) are monitored on a regular basis.

For purposes of ongoing liquidity management, incoming and outgoing payments are reported at regular intervals of time and regular liquidity forecasts are generated and checked against available funds (cash and cash equivalents plus available credit facilities).

In addition to the key financial performance indicators, the Executive Board manages and monitors the Group's business performance on the basis of a number of non-financial performance indicators, which are aggregated at the Group level for monthly reporting purposes and checked against the respective budget and previous-year figures. These non-financial performance indicators include order intake, order backlog, number of boats invoiced and produced, and number of employees in the Group. The Sales Department reports the unit quantity, euro volume, and boat models of customer orders received on a monthly basis.

1.5 — Research and development

The purpose of the development work performed at the company's headquarters in Greifswald and at the Baltic Design Institute in Szczecin is to devise modern materials and manufacturing methods and design new, innovative yacht models. The insights gleaned from ongoing process optimization are applied in this development work. To supplement the extensive experience of its own employees, the Group collaborates with internationally recognized engineering firms and yacht designers and fosters technical innovations in deliverable accessories.

The use of the 3-D design software Catia makes it possible to map the entire development and production process from the first design to the activation of production equipment.

As in the previous year, experience main point of emphasis of the Group's development activity in the reporting period was the development of new models. Besides optimizing the external and internal layouts of existing models, this work particularly involves the development of new model designs and concepts and the establishment of design and production standards.

The development of new models is vitally important for the Group's overall success. At the reporting date, the five newest HanseYachts models accounted for about 23% of the order book. This success is also reflected by numerous international awards. The Hanse 460 was named European Yacht of the Year 2022, the new Hanse 410 received one of the British Yachting Awards 2023 and was named European Yacht of the Year 2024, and the Hanse 510 was selected as one of the Top Ten Boats 2024 by the U.S. magazine Sail.

The expenses recorded separately for research and development in the cost accounting system amounted to €5.0 million in the reporting period. These expenses mainly include personnel expenses and mold making expenses. Insofar as the recognition criteria for intangible assets ("development expenses") and for technical equipment and machinery/assets under construction ("production molds") were met, the corresponding expenses were capitalized as internal production the amount of €3.0 million in the reporting period (PY: €2.4 million). A total amount of €2.0 million (PY: €2.0 million) was recognized as research and development expenses and applied against the period result. This figure includes amortization of capitalized development expenses in the amount of €0.8 million.

2 // ECONOMIC REPORT

2.1 — General economic situation

Europe is the most important regional market for HanseYachts. After several years of growth, the European economy slid into a deep recession in 2020. Real gross domestic product (GDP) had grown by 5.4% in 2021 before slowing to 3.5% in 2022. In its latest summer forecast, the European Commission predicts GDP growth in 2023 of only 0.8% in the 20 countries of the monetary union.[1] In the United States, the growth rate was about 2% in both 2022 and 2023, that being significantly less than the almost 6% growth rate in 2021.[2] For Germany, which is one of the most important single markets for HanseYachts AG, the International Monetary Fund (IWF) is predicting that the economy will actually shrink by 0.3% in 2023.[3] For the global economy as a whole, the IWF anticipates growth of only 3% in both 2023 and 2024.

After years of sticking to a zero-interest rate policy, the European Central Bank raised its benchmark interest rate for the first time in 2022, initially to 0.5% in July and thereafter in regular steps to 4% by the end of the year.[4] The ECB has since implemented further hikes. Interest rates followed a similar trajectory in the United States, rising from 1% to 5.25% by the end of 2023. The rate of inflation in the 27 countries of the European Union rose from 9.6% at the beginning of the year to 11.5% at the peak, before falling back to 6.4% by the end of 2023.[5] In the United States, the rate of inflation was around 8% in 2022 and has remained relatively high in 2023, tentatively at around 4.1%.[6]

The long-lasting disruption of globally connected supply chains resulting from the coronavirus pandemic and the attendant effects persisted in the reporting period. The situation only began to normalize towards the end of financial year 2022|2023. Various suppliers continued to encounter difficulties in satisfying yacht builders' demand for certain key components such as motors and electronic components. As a result, the completion and delivery of boats were repeatedly delayed, causing considerable financial problems for the Group. In addition, the high level of energy prices resulting from the sanctions imposed on Russia, which is one of the world's biggest producers and suppliers of oil and gas, in connection with the war in Ukraine, as well as the effects of the German energy transition, resulted in markedly higher costs for the HanseYachts Group. The Group was also adversely impacted by the general rise in prices resulting from inflation. In particular, HanseYachts has had to contend with substantially higher costs for certain purchased goods and services. For more information on this subject, please refer to our statements on the Group's business performance and the corresponding explanations in the risk report and forecast report.

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1 https://germany.representation.ec.europa.eu/news/sommerprognose-2023-eu-wirtschaft-wachst-langsam-robuster-arbeitsmarkt-und-sinkende-inflation-machen-2023-09-11_de

2 https://de.statista.com/statistik/daten/studie/14558/umfrage/wachstum-des-bruttoinlandsprodukts-in-den-usa/

3 https://www.statistikportal.de/de/vgrdl/ergebnisse-laenderebene/bruttoinlandsprodukt-bruttowertschoepfung/bip

4 https://de.statista.com/statistik/daten/studie/201216/umfrage/ezb-zinssatz-fuer-das-hauptrefinanzierungsgeschaeft-seit-1999/

5 https://de.statista.com/statistik/daten/studie/252059/umfrage/inflationsrate-in-der-eu-nach-monaten/

6 https://de.statista.com/statistik/daten/studie/165718/umfrage/inflationsrate-in-den-usa/

2.2 — Business performance

The Group's production was hampered and restricted by continuing problems with the timely delivery of intermediate products and raw materials until the fourth quarter of financial year 2022|2023. Most recently in April 2023, massive and completely unexpected supply bottlenecks affecting certain key components such as motors, generators, and glass panes led to unplanned delays in production and consequently lower deliveries of finished products, which had the effect of reducing the Group's consolidated profit/loss. The efficiency of the Group's production process was adversely affected by supply chain disruptions in financial year 2022|2023. Production was also repeatedly hampered by employee absences due to illness in the first half of the year. To satisfy its personnel needs in spite of these difficulties, HanseYachts was forced to use temp workers to a greater degree.

The Group's profitability was also adversely impacted by higher prices for energy and materials, in particular. As an especially negative consequence of this development, a significant percentage of the boats produced by the Group had been sold in earlier years at prices that were not yet subject to the price increases implemented in the meantime, which were up to 40% and more for some models.

Despite the problematic supply chain situation, HanseYachts managed to produce 626 yachts and generate the highest revenues in the company's history, at € 173.7 million (PY: € 132.4 million). Moreover, the economic data available since the end of the unexpected supply shortages in April show a clear upward trend in the final quarter of the financial year.

As in the previous years, HanseYachts made substantial investments in its product range in the past financial year, including the facelifts and new developments of the Hanse 410, the Fjord 41XP, the Fjord 39 XL, and the XP, as well as the new Moody DS48, which was officially presented on 7 December 2023. Innovation and new models are key drivers of the success of the Group's brands. Accordingly, the Group is preparing additional new developments and facelifts on a comparable level in the current and the next financial years.

By date of 1 July 2022 (signing date), the HanseYachts AG subsidiary Privilège Marine Holding GmbH concluded a purchase agreement for the sale of shares in Privilège Marine SAS and the contribution of additional assets that were still owned by HanseYachts AG at that time. The buyer was a consortium led by the longtime CEO and minority shareholder of Privilège Marine SAS, Gilles Wagner, and a group of the company's customers. The purchase agreement took effect on 17 October 2022 after all agreed conditions precedent were fulfilled (closing date). Until the closing date of 17 October 2022, Privilège Marine Holding GmbH together with its French subsidiary Privilège Marine SAS, Les Sables d'Olonne/France, was part of the basis of consolidation of HanseYachts AG and still included as a fully consolidated entity in the consolidated financial statements at 30 June 2022.

Since the sale and spin-off of Privilège Marine (PM) on 17 October 2022, the Group's business performance is no longer affected by PM's economic development.

2.3 — Financial performance

Differing from the calendar year, the financial year of HanseYachts AG runs from 1 July to 30 June of the following year. The following summary shows the development of earnings in the reporting period compared to the previous year. The loss from Privilège Marine, which has been classified as discontinued operations, is presented separately for both years. The revenues, operating performance, and expenses for both years have been adjusted accordingly.

€'000	1/7/2022 to 30/06/2023	1/7/2021 to 30/06/2022	Change absolute	Change in %
Revenues	**173,659**	**132,380**	**41,279**	**31 %**
Change in inventories of finished and unfinished goods	–2,397	9,988	–12,385	–124 %
Other internal production capitalized	2,949	2,516	433	17 %
Total operating performance	**174,211**	**144,884**	**29,327**	**20 %**
Other operating income	1,233	1,940	–707	–36 %
Purchased goods and services	–105,238	–84,341	–20,897	25 %
Personnel expenses	–51,559	–44,746	–6,813	15 %
Other operating expenses	–23,794	–23,889	95	0 %
EBITDA	**–5,146**	**–6,152**	**1,006**	**–16 %**
Depreciation, amortization and impairments of property, plant and equipment and intangible assets	–6,214	–5,474	–740	14 %
EBIT	**–11,360**	**–11,626**	**266**	**–2 %**
Financial result	–746	–874	128	–15 %
EBT	**–12,106**	**–12,500**	**394**	**–3 %**
Income taxes	–761	–439	–322	73 %
Profit/loss from continued operations	**–12,867**	**–12,939**	**72**	**–1 %**
Profit/loss from discontinued operations	1,564	–7,782	9,346	–120 %
Consolidated profit/loss	**–11,303**	**–20,721**	**9,418**	**–45 %**

Revenues rose by 31% to €173.7 million in the reporting period. The main growth driver was the sharp increase in unit sales of motor yachts. As in the previous year, the sailing yachts of the Hanse brand accounted for the greater part of the Group's revenues, contributing €70.0 million to the total (PY: €64.7 million). The revenue share of the other sailing yachts fell from 25% to 13%. This development was the consequence of the Group's multi-brand strategy and product mix within the categories of sailing yachts and motor yachts, as well as shifts between brands and models. The revenues generated on sales of the different models of the three motor yacht brands Fjord, Sealine, and Ryck rose by 145% to €77.3 million (PY: €31.6 million). The Fjord brand in particular benefitted from the improved availability of semiconductors, which are needed for the high-performance motors used in boats ranging in length from 39 to 44 feet.

The 626 boats produced and 622 boats invoiced in the past financial year were almost 10% higher than the respective previous-year figures (PY: 571 and 561). Moreover, the average revenue per boat came to €279 thousand (PY: €236 thousand), that being around 21% higher than in the previous year thanks to the higher share of motor yachts in the product mix.

The Groupwide order intake of approximately €111.6 million in the reporting period was slightly below the level from before the coronavirus pandemic (2018|2019: €118 million) and well below the previous-year figure of €245.5 million. Whereas HanseYachts had encountered a demand boom during the coronavirus pandemic, when many buyers moved up their boat purchases, the demand for sailing and motor yachts returned to the more normal level from before the pandemic in the past financial year as global consumption climate has weakened. Another factor contributing to the drop in demand has been the long lead times for delivery of the Group's boats due to the high order backlog, which had the effect of reducing the number of spontaneous purchases. As a result, the order backlog of €195.7 million at the reporting date was 22% below the level of the previous year, although it was five times higher than the order backlog in the last financial year before the coronavirus pandemic.

The Group's total operating performance, which includes the decrease in inventories of yachts ordered, but not yet delivered at the reporting date (€–12.4 million) and internal production capitalized (€+0.4 million), increased by 20% to €174.2 million.

Based on purchased goods and services in the amount of €105.2 million (PY: €84.3 million), the ratio of purchased goods and services to the total operating performance came to 60.4%, that being 2.3 percentage points higher than in the previous year. This increase resulted mainly from the continued, intensive use of temp workers, the expenses for which are presented within the cost of purchased services, but also from a changed product mix and inflation-driven price increases by suppliers.

Personnel expenses for wages and salaries amounted to €51.6 million (PY: €44.7 million). The ratio of personnel expenses to the total operating performance was one percentage point lower than in the previous year. The average annual number of employees was 1,542 (PY: 1,402). The increase in personnel expenses in absolute terms was mainly due to the higher number of employees needed to deal with the higher level of revenues. By contrast, the relative decrease of one percentage point from the previous year resulted from the fact that the expenses for temp workers are presented within purchased goods and services, contributing to the increase in that item.

Overall, HanseYachts generated a gross profit (total operating performance minus purchased goods and services) of €69.0 million, that being 13.9% higher than in the previous year (PY: €60.5 million), mainly due to the additionally generated profit contributions from the higher total operating performance.

The main line items of Other operating income, which came to €1.2 million, were reversals of provisions in the amount of €0.2 million and income from exchange rate gains in the amount of €0.3 million.

Other operating expenses rose by 1% to €23.8 million (PY: €23.9 million) and accounted for 13.7% (PY: 16.3%) of the Group's total operating performance. The modest increase resulted mainly from higher costs for employee training and incidental money transfer costs (including bank fees for the implementation of the restructuring report). While legal and consulting expenses were lower, as were selling and advertising expenses, these savings were offset by higher energy costs, general price increases, additional costs for the procurement of hard-to-source parts, and valuation adjustments on receivables.

As a result of the developments described above, earnings before interest, taxes, depreciation and amortization (EBITDA) improved by €1.0 million to minus €5.1 million.

Depreciation, amortization and impairments of intangible assets, property, plant and equipment, and assets classified as current assets in the amount of €6.2 million (PY: €5.5 million) resulted in part from the high level of investments in the development of new yacht models and the corresponding production molds in the previous financial years. These investments are amortized over a comparatively short period of three to five years. The modest increase over the previous year is a reflection of the heightened investments made in further growth amid the currently strong sales market.

The financial result declined by €0.1 million or 15% to minus €0.7 million. This item particularly includes scheduled interest payments on interest-bearing liabilities.

The profit/loss from the discontinued operations of Privilège Marine amounted to €1.6 million (PY: €–7.8 million), including €2.1 million as the deconsolidation result and €–0.5 million as the current result of the deconsolidated company up to the date of deconsolidation. The consolidated net loss amounted to €–11.3 million (PY: €–20.7 million).

2.4 — Comparison of the original Group forecast with actual results

In this section, the legal representatives compare the Group's actual results with the original and updated forecasts. The core elements of the corporate forecast in the view of the Executive Board are summarized in the table below:

€'000	30 June 2022	30 June 2023	Original forecast	Commentary	Updated forecast April 2023	Assessment of the legal representatives
Order intake	245.5	111.6	€ 130 – 170 million			Not fulfilled
Number of yachts invoiced	561	622	Well above FY 2021|2022			Fulfilled
Number of yachts produced	571	626	Well above FY 2021|2022			Fulfilled
Revenues	132.4	173.7	Well above FY 2021|2022			Fulfilled
EBITDA	–6.1	–5.1	Positive amount in the low single-digit millions	Not fulfilled	Negative amount in the middle single-digit millions	Fulfilled
Consolidated profit/loss	–20.7	–11.3	Negative amount in the low single-digit millions	Not fulfilled	Negative amount in the upper single-digit to lower double-digit € millions	Fulfilled

In view of the above-mentioned developments in the 2022|2023 financial year, the Executive Board of HanseYachts AG was compelled in April to revise downward the original corporate forecast of the financial indicators EBITDA and consolidated profit/loss for the financial year. The revisions were mainly occasioned by the unexpectedly acute delivery difficulties of the manufacturers supplying the Group particularly with motors, generators, and glass panes for the boats of HanseYachts, which caused unplanned delays in production and consequently lower deliveries to the Group's customers.

The order intake of €111.6 million came out below the original forecast, mainly as a result of the weakening global consumption climate and the long lead times for delivery of the Group's boats due to the high order backlog.

2.5 — Cash flows

2.5.1 | Notes on the development of liquidity in financial year 2022|2023
Whereas the Group's earnings before interest and taxes improved by €9.8 million, the cash flow from operating activities declined by €9.4 million. Based on negative earnings before interest and taxes in the amount of €–9.8 million, the amount of capital tied up in inventories fell by €4.3 million. However, this development was countered by the €2.4 million increase in receivables and the €3.6 million increase in Other assets. Furthermore, contract liabilities declined by €5.8 million due to the lower order intake compared to the previous year. Including the non-cash item of Depreciation, amortization and impairments in the amount of €6.2 million, as well as other insignificant effects, the operating cash flow was negative, at €–11.2 million.

As in the previous years, the cash outflow from investing activities consisting of investments in intangible assets and property, plant and equipment in the amount of €5.5 million was mainly composed of development expenses for new yachts and yacht production molds. In addition, the Group's loss of control of the discontinued operations of Privilège Marine SAS led to cash outflows from investing activities in the amount of €1.5 million.

The Group's financing activities gave rise to a net cash inflow of €20.0 million in financial year 2022|2023. Cash inflows were generated mainly from cash capital increases in the amount of €5.0 million and from borrowings of other financial liabilities in the amount of €21.8 million. These cash inflows were partially offset by repayments of financial liabilities in the amount of €10.2 million. The borrowing and repayment of financial liabilities were largely influenced by cash inflows (€11.8 million) and cash outflows (€8.6 million) from sales of receivables to a financial services provider (factoring) during the course of the year (see also Chapter 2.6.).

Cash in banks amounted to €9.1 million at the reporting date (PY: €7.3 million). Of this total, an amount of €0.8 million was classified as assets held for sale.

The Group obtains financing mainly from financing agreements with a total of four banks, as well as loans from the principal shareholder of HanseYachts AG, loans from the German federal state of Mecklenburg-Western Pomerania, down payments received on account of orders, and a convertible loan.

2.5.2 | Explanation of financing activities in financial years 2022|2023 and 2023|2024
At €9.9 million, the freely disposable financial resources available to the Group as of 30 June 2022 (including the financial resources from continued operations) had been less than the respective year-ago figure (PY: €22.1 million) by a total amount of €12.2 million.

In consideration of the substantial reduction of freely disposable liquidity from the previous year, as well as the upcoming, significant repayments due in the first quarter of 2023, the unfulfilled financial covenants in the financing agreements, and planning uncertainties (particularly concerning the reliability of supply chains, but also the situation in Eastern Europe), the Executive Board had deemed it necessary to increase the amount of available financial resources to ensure reliable liquidity in the short and medium term.

To this end, the Executive Board had negotiated a comprehensive refinancing agreement with the majority shareholder, the state of Mecklenburg-Western Pomerania, and the financing banks in financial year 2022|2023. This refinancing agreement was successfully concluded in December 2022. It was based on a restructuring report commissioned by the legal representatives, in which the liquidity requirements of HanseYachts AG had been determined on the basis of the results of a sensitivity analysis of the business plan by the external expert.

The restructuring report called for the following essential financing measures, which were successfully implemented in financial year 2022|2023:

A. Loans granted by the financing banks in the total amount of €2.5 million, which were to be repaid in installments in the time from October 2023 to December 2025;

B. Suspension of repayments on the previous loan agreements for a period of four quarters from the end of 2022 to the end of 2023 (liquidity relief equal to €5.1 million);

C. Shareholder loan of €1.5 million, which will be available until July 2026, when it must be repaid in full;

D. Loan granted by the state of Mecklenburg-Western Pomerania in the amount of €2.0 million, which was to be available until June 2023, when it must be repaid in full;

E. Prolongation of the existing financing agreements with the four financing banks until at least the end of 2025.

In addition, the majority shareholder provided additional loan amounts totaling €0.8 million in connection with the sale of discontinued operations.

The Executive Board had also resolved on 8 December 2022, with the consent of the Supervisory Board by the same date, to conduct a cash capital increase for an amount of €3 million, to further strengthen the Group's liquidity position.

This capital increase was supplemented by another cash capital increase conducted for the other shareholders on 14 March 2023, in which 713,794 new shares were issued for a subscription price of €2.86 per share. The company generated additional liquidity of €2.million from this measure.

On 26 May 2023, the Executive Board additionally resolved, with the consent of the Supervisory Board granted on 25 May 2023, to take out a convertible loan in the total nominal amount of €3.0 million, the terms of which entitle the lender to convert the loan into initially up to 1,674,064 new bearer shares in the company. An amount of €2.0 million was disbursed before the reporting date and another €1.0 million after the reporting date.

In addition to the financing contributions set out in the restructuring report, the German state of Mecklenburg-Western Pomerania promised by grant letter dated 26 May 2023 to grant a working capital loan of €3.0 million to ensure liquidity and finance working capital. The loan was disbursed on 30 May 2023.

To secure and further improve the Group's financing, the Executive Board renegotiated the financing agreements in effect with the participating banks and the state of Mecklenburg-Western Pomerania at the start of the new financial year 2023|2024. The negotiations were mostly concluded in January 2024, pending receipt of documentation. Among the negotiation results were the further postponement of maturity dates, the extension of loan agreements until June 2029, and the prolongation of the state guaranty until the middle of 2029. These steps will reliably ensure the liquidity of HanseYachts AG in the short- to medium-term future.

The restructuring report was also updated on this occasion. Under the new financing structure, loan repayments will only begin in financial year 2025|2026. The participating banks and the state of Mecklenburg-Western Pomerania declared their agreement to the new financing structure at the time of preparation of the consolidated financial statements.

For additional information on this subject, please refer to the description of financial risks as one of the risk areas in Chapter 4.4.

2.6 — Financial position

The total assets shown in the consolidated statement of financial position at 30 June 2023 fell by €10.2 million to €115.8 million (PY: €136.3 million). The decrease is attributable to the effects described in the following.

Non-current assets rose by €4.1 million to €42.9 million. Non-current assets accounted for 37.9% (PY: 29.1%) of total assets at the reporting date.

Depreciation and amortization of property, plant and equipment and intangible assets amounted to €6.2 million, while additions particularly to the product line-up and the Sealine brand totaled €10.4 million.

Inventories declined by €4.3 million to €41.1 million due to the reduction of safety reserves as the availability of parts normalized and delivery delays became less common. As another consequence of this development, inventories of raw materials and supplies fell by €1.9 million to €16.5 million. Thanks to the easing of supply chain problems, we were able to finish and deliver more boats to customers, as a result of which inventories of unfinished goods were reduced by €3.5 million to €17.4 million. Inventories of finished, but not yet delivered goods increased by €1.1 million.

In spite of the capital increases conducted in the past year, the Group's equity fell by €1.2 million to minus €10.8 million in the reporting period as a result of the consolidated net loss for the year. The equity ratio came to minus 9.3% at the reporting date (PY: minus 7.0%).

The Executive Board of HanseYachts AG had resolved on 8 December 2022 to conduct a capital increase for an amount of approximately €7.58 million by issuing approximately 2.65 million new shares. In the course of this capital increase, the majority shareholder of HanseYachts, AURELIUS Equity Opportunities SE & Co. KGaA, contributed the "SEALINE" trademark that had been used by the company under license to the company as a capital contribution in exchange for 1,602,098 new shares in the company. It also subscribed a cash capital increase for an amount of €3 million in exchange for 1,048,951 new shares in the company. The Supervisory Board granted its consent to the capital increase also on 8 December 2022.

The compensatory cash capital increase that had been announced in December was resolved by the Executive Board on 1 February 2023. Exercising its authorization under the company's Articles of Association to utilize part of the Authorized Capital 2021, the Executive Board resolved to increase the share capital by issuing up to 713,794 new shares in total by way of a cash capital increase. The cash capital increase was fully subscribed and conducted for an amount of €713,794.00.

Liabilities to banks amounted to €36.7 million at the reporting date, that being higher than in the previous year (€25.8 million). The repayment of bank loans had been suspended from October 2022 to September 2023. New loans were borrowed from the state development bank in October 2022 in the amount of €2 million and in May 2023 in the amount of €3 million. New loans were also borrowed from Deutsche Bank, Sparkasse, and Commerzbank in November 2022, each in the amount of €0.84 million. A convertible loan for €2 million was taken out in June 2023.

Companies of the HanseYachts AG Group sell their trade receivables to specialized financial services providers (factors) as a means of liquidating them quickly. Under these agreements, companies of the HanseYachts AG Group have transferred their receivables to the financial services provider in exchange for immediate payment. However, the late payment risk and default risk remain with the respective companies. As of 30 June 2023, an amount of €5.6 million (PY: €2.7 million) was raised in this way and the proceeds utilized to finance finished and unfinished boats.

The current account overdraft facilities of HanseYachts AG were drawn down by an amount of €2.1 million at the reporting date.

2.7 — Investments and depreciation, amortization and impairments

Thanks to the extensive investments made in the past, it was not necessary in the reporting period to make any significant investments in production equipment or buildings. The production lines used to manufacture sailing and motor yachts in both continuous flow production and island production are regularly maintained and kept in good condition.

The Group's investments were therefore focused mainly on the development of new boat models and on the production and purchasing of production molds. Development expenses for new yachts were capitalized in the amount of €1.9 million (PY: €1.0 million). Acquisitions of technical equipment and machinery and assets under construction, which consisted mainly of new production molds, totaled €2.9 million (PY: €6.7 million).

2.8 — Executive Board's overall assessment of the financial position, cash flows and financial performance of the HanseYachts Group

In view of the supply chain problems, development of material costs, employee absences, and the resulting inefficiencies in production discussed above, the Executive Board is not satisfied with the development of the Group's financial position, cash flows, and financial performance in financial year 2022|2023. However, the Executive Board succeeded in laying the foundation for a successful future, and therefore a positive development of the Group's financial position, cash flows, and financial performance by implementing the measures initiated under the Strategy Confidence 2026 program in the past financial year.

3 // ACQUISITION-RELEVANT INFORMATION

The subscribed capital of €19,056,538.00 is divided into 19,056,538 no-par bearer shares. Only equal-ranking common shares have been issued, with each share granting one vote.

Including the notices and notifications received in the time until the preparation of the present Group management report, the following equity interests exceeding 10% of share capital are held by the indicated shareholders: HY Beteiligungs GmbH holds 34.09% and AURELIUS Equity Opportunities SE & Co. KGaA holds 45.31% of the equity in HanseYachts AG. 34.09% of voting rights are indirectly attributable to AURELIUS Equity Opportunities SE & Co. KGaA via HY Beteiligungs GmbH and 34.09% of shares are directly attributable to HanseYachts AG.

The appointment and dismissal of Executive Board members are regulated by Sections 84, 85 German Stock Corporations Act ("AktG") and by Article 7 of the Articles of Association of HanseYachts AG. According to Article 7 of the Articles of Association, the Executive Board is composed of one or more persons. The Supervisory Board specifies the number of members of the Executive Board. The Supervisory Board may appoint a Chairman and a Vice Chairman of the Executive Board. Even if the share capital is more than €3.0 million, the Supervisory Board may specify that the Executive Board is composed of only one person. Alternate Executive Board members may also be appointed; with respect to the outward representation of the company, these alternate members have the same rights as the regular members of the Executive Board. Executive Board members are appointed by the Supervisory Board for a maximum term of five years.

The Articles of Association may be amended in accordance with Sections 133, 179 AktG in conjunction with Article 19 para. 1 of the Articles of Association. In drawing up the Articles of Association, the option of establishing further requirements for amendments was not exercised. Unless mandatory regulations dictate otherwise, resolutions of the annual general meeting are adopted by a simple majority of votes cast. Insofar as the law further requires a majority of capital represented in the adoption of the resolution, a simple majority of represented capital suffices provided that this is legally permissible. According to Article 23 of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association insofar as they only affect the wording.

By resolution of the annual general meeting of 5 December 2019, the Executive Board was authorized to increase the company's share capital on one or more occasions by a total amount of up to €6,012,296.00 by issuing new bearer shares in exchange for cash or non-cash capital contributions once or repeatedly in the time until 4 December 2024, with the consent of the Supervisory Board (Authorized Capital 2019). The Executive Board was also authorized, with the consent of the Supervisory Board, to exclude the shareholders' preemptive subscription right (i) in order to remove fractional shares from the shareholders' preemptive subscription right, (ii) if new shares are issued in exchange for a cash capital contribution and if certain other conditions specified in Article 6 of the Articles of Association are met, (iii) in the case of a capital increase in exchange for a non-cash capital contribution, or (iv) in order to service any potential warrant or conversion rights or obligations under warrant bonds and/or convertible bonds. The Authorized Capital 2019 was entered in the Commercial Register on 11 March 2020, followed by a supplemental entry on 21 October 2020. The Authorized Capital 2019 was completely used up in financial year 2022|2023 (balance at the previous-year reporting date: €2,475,528.00).

By resolution of the annual general meeting of 23 November 2021, the Executive Board was authorized, with the prior consent of the Supervisory Board, to purchase the company's own shares up to a total of 10% of the company's share capital at the time of adoption of the resolution by the annual general meeting or – if lower – at the time of exercising the authorization, either on the stock exchange or by means of an offer to all shareholders, in the time until 22 November 2026. The shares purchased on the basis of this authorization together with other shares of the company which the company has purchased and still holds or which are attributable to the company according to Sections 71a et seq. AktG may not at any time exceed 10% of the company's share capital. The authorization may not be exercised for the purpose of trading in the company's own shares. The Executive Board is authorized to utilize the treasury shares purchased on the basis of this authorization for all legally permissible purposes. It is further authorized in certain cases to exclude the shareholders' preemptive tender right with respect to purchases and the shareholders' preemptive subscription right with respect to utilization. Having been only partially utilized, the Authorized Capital 2021 amounted to €4,481,004.00 at the reporting date.

By resolution of the annual general meeting of 23 November 2021, the Executive Board was authorized, with the consent of the Supervisory Board, to increase the company's share capital on one or more occasions by a total amount of up to €5,370,319.00 by issuing new bearer shares once or repeatedly in exchange for cash or non-cash capital contributions in the time until 22 November 2026 (Authorized Capital 2021). The Executive Board was also authorized to exclude the shareholders' preemptive subscription right, with the consent of the Supervisory Board, (i) in order to exclude fractional shares from the shareholders' preemptive subscription right, (ii) if the new shares are issued in exchange for a cash capital contribution and if certain other conditions specified in Article 6 of the Articles of Association are met, (iii) in the case of a capital increase in exchange for a non-cash capital contribution, or (iv) in order to service any potential warrant or conversion rights or obligations under warrant bonds and/or convertible bonds. The Authorized Capital 2021 was entered in the Commercial Register on 31 May 2022, followed by a correction entry on 9 August 2022.

By resolution of the annual general meeting of 2 February 2023, the Executive Board was authorized, with the consent of the Supervisory Board, to increase the company's share capital on one or more occasions by a total amount of up to €3,976,574.00 by issuing new bearer shares once or repeatedly in exchange for cash or non-cash capital contributions (Authorized Capital 2023). The Executive Board was also authorized, with the consent of the Supervisory Board, to exclude the shareholders' preemptive subscription right (i) in order to exclude fractional shares from the shareholders' preemptive subscription right, (ii) if the new shares are issued in exchange for a cash capital contribution and if certain other conditions specified in Article 6 of the Articles of Association are met, (iii) in the case of a capital increase in exchange for a non-cash capital contribution, or (iv) in order to service any potential warrant or conversion rights or obligations under warrant bonds and/or convertible bonds. The Authorized Capital 2023 was entered in the Commercial Register on 3 July 2023. Having not yet been utilized, the Authorized Capital still amounted to €3,976,574.00 at the reporting date.

By resolution of the annual general meeting of 2 February 2023, moreover, the Executive Board was authorized to create warrant bonds and convertible bonds in the total nominal amount of up to €80 million. To back the authorization, a Conditional Capital 2023/I was established in the amount of €7,845,847.00, by which amount the Executive Board may increase the company's share capital by issuing new bearer shares in exchange for cash or non-cash capital contributions.

An extraordinary right of termination was granted to members of the Executive Board in the event, among others, that the majority of common shares would be transferred to a new majority shareholder not affiliated with AURELIUS Equity Opportunities SE & Co. KGaA or in the event that a shareholder who did not already hold, alone or together with related persons, more than 5% of the company's shares would be subject to an acquisition obligation according to the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG). If this right of termination is exercised, the Executive Board member will be entitled to a severance award equal to the amount of fixed compensation for 12 months, but limited to the compensation no longer earned and paid by reason of the termination of the employment relationship in advance of the term stipulated in the employment contract (fixed compensation). Where applicable, moreover, Executive Board members may exercise the Stock Appreciation Rights (options for virtual shares of the company) as long-term incentive compensation (LTI) according to the rules applicable to the ordinary termination of employment.

Credit agreements with change-of-control clauses

A current account overdraft facility (drawn down at the reporting date: €2.1 million; PY: €2.6 million) and the loans (drawn down at the reporting date: €5.8 million; PY: €5.3 million) with a bank could be terminated on an extraordinary basis, if AURELIUS Equity Opportunities SE & Co. KGaA or a company affiliated with Aurelius SE no longer controls HanseYachts AG directly or indirectly and if no agreement on the continuation of the credit relationships can be reached with the bank.

Another current account overdraft facility with a bank (drawn down at the reporting date: €0.1 million; PY: €0.2 million) and the loans (drawn down at the reporting date: €10.2 million; PY: €10.1 million) with this bank also contain change-of-control clauses. These clauses take effect if control of the borrower, HanseYachts AG, is assumed by another person or if another person attains control or it is determined that another person exercises control. In the event of a change of control, the bank will be entitled to demand the provision or reinforcement of bank collateral to secure the bank's claims under this loan agreement. If this obligation to provide additional security is not met within a reasonable period of time set by the bank, the bank will be entitled to termination without notice. The banks reserve the right to continue the loan agreements under changed terms and conditions.

Furthermore, the loan agreements in effect with a third bank (drawn down at the reporting date: €4.8 million; PY: €4.2 million) contain an extraordinary right of termination by the lender if a change of control occurs and the parties cannot reach an agreement on the continuation of the loan agreements, possibly under changed terms and conditions concerning interest, collateral, or other arrangements, in due time.

Conversion rights
The convertible loan agreement for a total nominal amount of €3.0 million concluded with Vesting Holding AG in the reporting period, concerning which the Executive Board was authorized to issue warrant bonds and convertible bonds by the Supervisory Board and the annual general meeting on 2 February 2023, contains a clause under which the loan can be terminated within 10 days and the lender can exercise the conversion right immediately. Of the total nominal amount, a partial amount of €2.0 million was disbursed to HanseYachts AG in the time until 30 June 2023.

4 // REPORT ON OPPORTUNITIES AND RISKS

4.1 — Report on opportunities

Opportunities arise when there is a possibility that the actual business performance could exceed the planned performance or when the forecast improves as a result of a positive development.

Digital sales channels
During the coronavirus pandemic, potential boat customers became accustomed to using digital sales channels to greater extent, presenting HanseYachts with a great opportunity. In the meantime, customers are viewing the boats virtually on the Internet and visiting virtual boat shows to a greater extent. As a result, they are largely preparing or actually making their purchase decisions by way of these channels.

Digital sales channels are considerably less expensive than physical boat shows, with substantial stand rental and logistical costs. Thanks to the ability of customers to access purchase-relevant information digitally at any time, the selling process has become less dependent on the seasonality of in-person sales events. And due to the fact that customers‘ purchase decisions are more evenly distributed throughout the year, the placement of orders is likewise more evenly distributed. By operating a showroom at the company’s main production facility in Greifswald, the Group is also able to physically display new and refurbished yachts to prospective customers from Germany and abroad at all times independently of the digital sales channels.

Back-to-nature trend and climate change
Circumstances such as rising flight prices, health risks, terrorism risks, and wartime threats, which have made long-distance travel more difficult in the last few years, have significantly enhanced the appeal of a private place of refuge. Moreover, many people are increasingly rejecting airline flights and cruise trips on the basis of sustainability concerns. Owning a yacht presents the opportunity of a luxurious vacation and place of refuge that is available at practically all times. Furthermore, vacationing with the entire family on a sailing yacht in the local environs is especially sustainable. The growing desire for sustainability in the minds of a wealthy clientele presents a good opportunity for permanently high orders and therefore planning certainty for boatyards like HanseYachts.

Strong, established brands and broad product portfolio
The portfolio of HanseYachts comprises strong, well-established brands of sailing yachts and motor yachts, some of which have been around for a very long time. For example, Moody-brand boats have been built for more than two hundred years, while Sealine and Dehler date back to the 1960s. Like these, the yachts of the Group’s other brands each have their own special features and distinct designs and therefore appeal to the widest range of customer interests and customer groups. The HanseYachts Group holds a strong position in relation to its competitors as a result of its differentiated, multi-brand strategy and therefore has excellent chances of growing its business faster than the overall market.

Product innovations

The HanseYachts Group invests considerable sums of money every year to improve its existing products and develop new products. The Group's yachts stand out in the market as a result of continual innovations that enhance customer value. The success of this approach is reflected not only in the many awards received from the public and trade media, but also in our unit sales and revenue numbers. This success can be credited to the work of the Group's own Research and Development Department, which focuses not only on nautical and technical features, but particularly also on the exterior and interior design of its yachts. In these areas, the Group is continually setting new trends and expanding its product range. In this way, the Group can adapt to changing market conditions and respond quickly to changes in customer preferences. The potential of the Group's well-staffed Design Department can lead to new market opportunities.

Regional distribution

The yachts produced by the Group are sold by more than 250 dealers and brokers in more than 50 countries of the world. By continually expanding and optimizing its worldwide presence, HanseYachts opens up the chance of selling additional boats not only in new regions, but also in previously tapped countries through additional dealers. Thanks to the acquisition of major brands such as Ryck, the creation of new brands, and the introduction of innovative new models have increased the chances for expanding worldwide distribution structures. Another factor giving rise to new opportunities is the opening of new markets as emerging-market countries with maritime access develop economically. The expansion of the dealer network can create new opportunities for the Group.

Process and cost optimization

Opportunities can also be found in cost optimization. Margin potential can be exploited by developing new boats that can be built with fewer or lower-cost materials or require fewer production hours without compromising quality. This could also happen as a result of new processes such as lean production, new machinery, or other technological advances. Another possibility is to exploit greater market power by means of growth, leading to improvements in procurement.

Green factory and trendsetting sustainability of propulsion system and power supply

HanseYachts is on the way to becoming one of the world's first large CO_2-neutral boatyards. For some time already, the main boatyard has been heated with offcuts from the Group's own operations in the winter. Solar cells are mounted on the roofs in two of the Group's three locations and the dust produced from sawing glass fiber-reinforced plastic panels is used for the production of washbasins. We continually optimize our packaging in collaboration with suppliers. We strive for sustainability not only in production, but also in our products. HanseYachts introduced the world's first completely electrically-powered series-production ten-meter boat, which generates no emissions even when not traveling under sail power. Our new Hanse 410 presented in July 2023 can be equipped with an unusually safe and long-range electrical drive system for a series-produced yacht, as an option and alternative to the otherwise customary diesel generators. In addition, our customers can supply more of the typical power consumers on their yachts with fuel cells and solar panels instead of fuel-powered generators. Moreover, we are participating in a research project to develop an ammonia-based hydrogen-powered propulsion system for leisure boats. The competitive edge created by such activities gives HanseYachts the chance to win over customers who are especially driven by sustainability considerations.

4.2 — Risk management

As a general rule, the Group's Executive Board pursues the goal of avoiding risks or suitably hedging them whenever possible. General risks such as the destruction of production facilities by fire, for example, are covered by security systems such as sprinkler systems, as well as suitable insurance policies with risk-commensurate coverage amounts.

The internal early risk detection system is focused on risks that could impair the company's performance and risks that could jeopardize the company's continuance as a going concern. Material risks are assessed with respect to their probability of occurrence and importance for the company. A risk handbook regulates the systematic presentation and description of risk groups, damage scenarios and any counter-measures, relevant control mechanisms, and communication paths from those responsible for each risk are regulated. The relevant risks are communicated directly by the various divisions to the Executive Board. The opportunities described above are not covered by the risk management system.

The risk management function comprises the regular internal reporting of business developments and a uniform, Group-wide planning and budgeting process. The targets for the HanseYachts Group are aggregated within a short-term and medium-term business plan. Such targets include unit sales expectations for each model, as well as critical success-determining factors such as the purchased goods and services ratio, the personnel expenses ratio, and the marketing and sales budget. Investments and liquidity are also planned. A regular reporting system ensures that plan targets are met. Deviations from budget and the previous year are systematically analyzed on a monthly basis and suitable counter measures are devised and initiated.

4.3 — Internal control system

The Executive Board has established an internal control system for the diverse organizational, technical, and commercial processes within the company. An essential principle is the separation of functions, which is meant to ensure that the executing activities (e.g. purchases), bookkeeping activities (e.g. financial accounting), and administrative activities (e.g. inventory administration) involved in a given corporate process are not performed by the same person. This is supported by the ERP software program proAlpha on the basis of an authorization concept. Employees only have access to the processes and data they require for their work. The principle of dual control ensures that no material process is performed without control. The company's processes are governed by clearly defined lines of responsibility. The respective process owner monitors the execution and optimization of each process.

The risk management system ensures that critical information and data are given directly to the senior management. The Executive Board and senior business administration officials regularly engage in close coordination to ensure the correct accounting treatment and valuation of transactions. Moreover, the senior management remains in close contact with the independent auditor also during the year to clarify new legislative requirements and any new or unusual transactions. Problematic issues are analyzed and discussed in advance and critically evaluated in consultation with the independent auditor. The consolidated financial statements are prepared centrally by employees of the HanseYachts Group who have the relevant expertise. The certified consolidation software LucaNet is used for this purpose. The operating subsidiaries in Germany and abroad are connected to the consolidation software by way of an interface or standardized upload procedures, which enable them to enter the necessary data for consolidation.

In addition, a standardized reporting package that contains all the data required for the preparation of complete IFRS-conformant consolidated financial statements and is reviewed by local auditors is used for semiannual reporting by the material subsidiary HanseYachts Sp. z o.o. .

Furthermore, the HanseYachts Group is also subject to audits by the Internal Audit Department and Controlling Department of AURELIUS Equity Opportunities SE & Co. KGaA, in whose consolidated financial statements the HanseYachts Group is included.

4.4 — Risk areas

The description of the following risks is mainly limited to the risks that have an occurrence probability of 10% or higher in the view of the Executive Board.

General economic conditions and industry environment
HanseYachts faces intensive competition in an international market environment. Many boat owners plan their purchases of the Group's yachts, which are luxury products for leisure time enjoyment, over long time horizons. The demand for such products is not only dependent on the individual buyer's financial situation, but also the general economic situation in the different global markets. Despite the broad regional diversification of the Group's international dealer network, changes in the economic conditions of different sales markets can affect the demand for the Group's products.

HanseYachts has so far been able to compensate or even overcompensate in some cases the cost effects of international inflation and the resulting increase in the Group's production costs by adjusting the final selling prices of its yachts. Continued inflation would pose a risk that HanseYachts would no longer be able to offset the further rise in costs by raising its prices to the necessary extent. Given that all manufacturers are confronted with the same fundamental problem, this risk is deemed to be minor.

The higher level of interest rates and the resulting increase in the Group's financing costs, as well as consumer uncertainty in the face of geopolitical turmoil, which could cause the global economy to slow down, could lead to general consumer restraint, which would also reduce demand for the Group's products. Such effects would most likely affect the lower price segments, meaning smaller boats with narrower profit margins for the Group, due to the greater price elasticity of demand in these segments. Given that the demand for luxury goods historically tends to weaken only to a minor extent in a recession due to the considerably lower price elasticity of demand for such goods, the high-price segments comprising the Group's larger yachts would be the least affected. Because the absolute number of wealthy people in the world, which includes those potential customers of the Group's yachts who are less sensitive to high prices, continues to rise and because considerably higher profit margins can be earned on larger, more expensive boats, we consider the risk of reduced demand to be moderate.

Competing products, especially those that are marketed on the basis of an aggressive pricing strategy, pose a general sales risk. The Group counters this risk particularly by means of short development cycles and innovative products as a means of differentiating its products from those of the competition. In view of the current market situation and the current level of orders on hand, the probability of occurrence of this risk and the attendant risk of revenue losses is nonetheless deemed to be rather minor.

The tight liquidity situation of the entire boat-building industry could have adverse effects on the ability to furnish collateral for down payments and merchandise deliveries, also for the HanseYachts Group. If dealers would be unable to furnish collateral for down payments, the Group's sales numbers could suffer.

Risks arising from pandemics and military conflicts
The coronavirus pandemic showed that the economy in Europe and the entire world can be seriously harmed by such events. Although the coronavirus pandemic has come to an end, there remains a risk of comparable public health emergencies, although we consider this risk to be low at the present time. In the time since the outbreak of the war in Ukraine, businesses have largely been to overcome the problem of disrupted or completely jammed supply chains by diversifying their pool of global suppliers. If, however, the Russian Federation would take military action against other European countries and particularly NATO members, the economy generally and HanseYachts in particular would suffer serious consequences. We currently assess this risk to be medium.

Although supply chains have stabilized again after the end of the pandemic and in the course of the war in Europe, further political and military conflicts in other parts of the world such as East Asia, for example, could seriously disrupt supply chains again, especially electronics for key components used in the Group's products. The effects on the overall economy and on HanseYachts would be considerable. Given that the probability of such events is rising, we currently assess this risk as medium to high.

Even before the war, HanseYachts did not maintain extensive direct relationships with either customers or suppliers in the Russian Federation or Ukraine.

Operational business risks
Yachts are technically sophisticated luxury products for leisure-time enjoyment that require considerable knowledge on the part of both buyers and dealers. And for that reason, yacht sellers too must meet exacting demands as well if they are to be successful. The sales strategy and growth prospects of HanseYachts are closely tied to its network of independent authorized dealers, so that the number, effectiveness, and quality of these dealers are critical success factors. A loss of authorized dealers or a deterioration of their financial condition would create gaps in the Group's ability to market its products in the respective market territory. Based on the current network, however, this risk is deemed to be minor.

Yacht design and innovative features are key success factors for any boatyard. Changes in customer tastes or the development of new models that do not satisfy customer tastes could have a considerably adverse effect on the unit sales of the Group's yachts. On the other hand, the market success of a given design also harbors the risk of design copying and product piracy by competitors. The companies of the Group have already successfully taken legal action against such imitations.

Moreover, the chance of reaching new regional markets is accompanied by the general risk that newly developed products will not be accepted by the market, in which case the development costs could not be recouped. Although the extent of this risk is significant, the probability of occurrence is very low, according to experience.

The yachts manufactured by the Group must meet the highest quality and safety standards. Despite the care taken in this process and the quality assurance systems in place, quality defects cannot be completely ruled out. Product liability cases and accidents with yachts produced by HanseYachts, as well as recalls due to product risks, could result in substantial financial charges and reputation losses. Identified risks are accounted for by the formation of provisions.

Even internally, the Group could experience machinery damage, destroyed production molds, IT malfunctions, power outages, accidents, or other events such as natural disasters (floods, excessive heat, excessive cold) or fire, which could disrupt production and cause injury to human beings and damage to third-party property and the environment. Considering the periodic technical maintenance and the other measures implemented, the risk of failure of machines that cannot be quickly replaced is deemed to be low. The probability of production stoppages due to the other risks named above is deemed to be low to medium. The extent of damage of any production stoppage is deemed to be significant.

The Group's insurance can compensate for losses resulting from natural hazards, but can compensate for losses resulting from organizational deficiencies only to a limited degree.

Procurement and purchasing risks
The Group purchases the raw materials, inputs, and components required to manufacture its yachts from a large number of suppliers. Because the procurement volume (expenses for raw materials and supplies and for purchased merchandise) represents a high percentage in value terms of the Group's total operating performance, supplier relationships and the prevention of related risks are extremely important. Purchasing price risks are hedged as much as possible mainly by means of master agreements with suppliers that particularly specify fixed purchasing prices for each production year. Success-critical components are preferably purchased from larger, internationally active suppliers. In addition, HanseYachts pursues a diversification strategy with the aim of being as independent as possible from single suppliers, especially for key components such as electronics, motors, and sails.

An important element of the Group's strategy is the Polish Group company HanseYachts Sp. z o.o., which produces most of the fiberglass-reinforced plastic components needed for production in the Group. The on-time production and quality of the parts supplied by the Polish subsidiary and other suppliers are critically important for the Group's production flows. Continuous, reciprocal information exchanges and the quick implementation of improvement suggestions ensure the synchronous production of yachts. Ordering and delivery processes are optimized by the use of an interconnected, complete ERP solution from proALPHA. Both the timely delivery and the quality of delivered parts are subject to continuous monitoring.

There is a risk that the planned external and internal logistical processes in the production of the Group's yachts cannot be properly executed. Thus, unexpected supply shortfalls, logistical problems, or quality deviations could arise with suppliers of raw materials, individual parts, or components, which may not be quickly remediable and could delay the production process. In view of the normalization of supply chains, this risk is currently deemed to be medium (PY: high).

The Group counters purchasing risks that could arise, for example, from the loss of individual suppliers, delivery delays, or short-notice price increases by diversifying its supplier base to the greatest extent possible.

Fluctuations in the prices of raw materials and inflation generally could lead to changes in the prices of key purchased parts. Longer-term price agreements can mitigate this risk only in part and therefore the risk is deemed to be high.

General procurement and purchasing risks with respect to both the on-time delivery of key components and the possibility of rising procurement costs are deemed to be medium, and the probability of occurrence is deemed to be medium as well in view of the improving situation of supply chains, but with due regard to the risks arising from current conflicts.

Financial risks

The Group's products are built to order. With the exception of a few prototypes, yachts are built exclusively on the basis of orders placed by the Group's sales partners. These boats have either already been sold to end customers by the dealers or have been ordered by dealers in the expectation of matching demand. Buyers are required to make down payments, the amounts of which usually depend on the boat class, in the time from the order to final delivery. The down payments are sufficient to cover the marketing risk. Moreover, a yacht is delivered to a customer or its freight forwarder only after receipt of the full purchase price. Any exceptions to this policy require the Executive Board's approval. Consequently, the receivables default risk inherent in yacht sales is very low.

In case of default of a dealer participating in sales financing, the master agreement concluded with an institutional sales financing company specifies a marketing obligation for the Group and in the worst case, an obligation to repurchase the corresponding yacht. The Group collects down payments on account of these yachts and dealers are required to make ongoing principal repayments to the financing company, which taken together nearly eliminate the resale risk.

The Group is exposed to currency risks mainly with respect to receivables denominated in a foreign currency, especially the U.S. dollar in the case of receivables owed by the U.S. sales subsidiary. Potential exchange rate fluctuations present both risks and opportunities. The resulting risk is deemed to be rather low.

Based on its business model, the Group is exposed to inherent planning risks related to medium-term and long-term business planning, particularly with respect to unit sales quantities, prices of materials, wages, the product sales mix, and revenues. Therefore, any deviations from plan due to an uncertain outlook for orders could have either positive or negative effects on the Group's future financial position, cash flows, and financial performance. The actual course of business could differ from expectations as a result of unforeseeable developments.

Business planning forms the basis for fundamental accounting questions regarding recognition and measurement, as well as for the liquidity forecast derived from income statement and balance sheet planning. In addition to the inherent uncertainty of business planning and the use of discretionary assumptions, the Group is also dependent on the development of economic conditions in Europe and in the rest of the world. The Group's order intake and order backlog are currently to be seen as positive. The Group's yachts are nearly sold out for the current financial year 2023|2024. In fact, the production plans for some models extend into the year 2025. Therefore, the Group is exposed to only minor risks related to production capacity utilization in the current financial year.

A deterioration of profitability or business prospects within the Group could necessitate impairment losses or valuation adjustments for individual business divisions and the related assets.

In view of planning uncertainties, growth targets, and the related liquidity requirements for working capital, the Group's liquidity is constantly monitored and controlled by the Executive Board.

To meet these liquidity requirements, HanseYachts relies on available cash and cash equivalents and precise working capital management (e.g., use of payment terms and supplier credits), but also current account overdraft facilities with banks. Of the total €9.0 million in current account overdraft facilities available at the reporting date, an amount of €5.0 million was drawn down in financial year 2022|2023, leaving available funds of €13.1 million, including cash and cash equivalents, at the reporting date (PY: €5.8 million).

The loan granted by the principal shareholder, the nominal amount of which was €3.8 million at 30 June 2023 (PY: €1.5 million), was dependent on the fulfillment of a minimum EBITDA at the level of both the separate financial statements and the consolidated financial statements of HanseYachts AG. A breach of this financial covenant could entitle the lender to exercise a right of extraordinary termination. This financial covenant to be calculated annually and monthly was not fulfilled as of 30 June 2023. Due to the non-fulfillment of financial covenants at 30 June 2023, the principal shareholder was entitled to an extraordinary right of termination, but declared its intention to waive this right in connection with the refinancing agreement concluded during the time of preparation of the present financial statements.

Originally, the loans granted by three banks (€20.8 million; PY: €19.6 million) were dependent on the fulfillment of the following contractually defined financial covenants: EBITDA for the last 12 months, net gearing ratio, and minimum liquidity, all of which to be calculated on the basis of the consolidated financial statements. Any breach of these financial covenants could trigger an extraordinary right of termination for the lender. The annually or monthly calculated financial covenants were fulfilled at 30 June 2023. As of 30 September 2023, it was agreed with the financing banks to suspend review of the financial covenants, after which it was also agreed to update or review the business plan on which the covenants are based.

As part of the restructuring of financing arrangements that followed this review, a changed financial covenant structure was agreed for all loan agreements in January 2024. Among other changes, limit values were defined for the EBITDA of the last 12 months and for the net gearing ratio. In addition, both minimum values and maximum values were defined for capital expenditures. A breach of any one of these limit values would trigger a special termination right for the lenders. The restructuring is also meant to entail a considerable lengthening of loan maturities.

The updated business plan and an updated restructuring report prepared on this basis formed the starting point for a renewed restructuring of financing arrangements, one that takes account of the business risks and business performance in the past financial year.

Based on the new financing structure, the Executive Board considers the company's continuation as a going concern to be assured. However, this assessment is tied to the important assumption that the business plan of HanseYachts AG, including the resulting cash flows, is fulfilled and that the terms and conditions of the financing agreements concluded in January 2024 are completely fulfilled; otherwise, the financing banks would have an extraordinary right of termination.

The finally negotiated new loan agreements with the participating banks and the German state of Mecklenburg-Western Pomerania were not yet on hand at the time of when the consolidated financial statements were prepared. It was confirmed to HanseYachts AG that the new financing structure has since been agreed in terms of economic substance and approved by the governing bodies of all the entities involved, so that all that remains is to complete the legal documentation. When the agreements are finalized, the existing reservation of approval by all the syndicated lenders would also be eliminated. The amended agreements are expected to be signed by the end of January after Mecklenburg-Western Pomerania's guaranty instrument is formally delivered to the banks.

Compliance risks

Individual compliance risks are managed efficiently by the persons responsible for each risk in the various departments of the Group. Compliance is understood to mean compliance with laws and regulations and internal guidelines. The potential financial consequences of compliance violations include lawsuits, reputation losses, or monetary fines. The risk of compliance violations is deemed to be low. Additional information on this subject can be found in the non-financial report of HanseYachts AG. Please refer to the Chapter "Non-financial report".

Personnel risks
The future success of HanseYachts, like that of other medium-sized enterprises, is dependent in no small part on the availability of workers at economically viable compensation costs.

Whether the company will be able to implement its growth plans will also depend on whether and to what extent the Executive Board will be able to retain key personnel, as well as professionally experienced and well trained employees, while also attracting and permanently retaining new workers.

HanseYachts employs persons of different nationalities, some of whom work for different Group companies. In addition, a number of independent contractors work for us. Even within Europe, the complete freedom of movement is not yet given. Any violation of social insurance regulations or the regulations of the German Employee Secondment Act could lead to a classification that differs from the current status and result in additional social security charges.

Personnel risks, particularly including the recruitment of qualified workers in view of the shortage of skilled workers in Germany and the wider region, as well as potential employee turnover, are deemed to be medium.

Cyber-criminality
Internet criminality is a fast-growing global phenomenon. It occurs wherever people use computers, smartphones, and other IT devices. The most frequent threats include the use of malware, data theft, digital extortion (ransomware), and identity theft (phishing). In many cases, criminals attempt to infect as many computers as possible with malware in order to steal information such as account data and passwords. In other cases, however, criminals are increasingly launching better-orchestrated cyber-attacks that pose a considerable threat of damage to their targets, including attacks on commercial enterprises or critical infrastructure facilities with the goal of extorting ransom money to unlock the data and restore the IT systems. This threat is compounded by economic losses incurred during the down time before the IT systems and infrastructure are unlocked and restored. For example, a competing boat manufacturer has already sustained losses from a cyber-attack that forced the boatyard to shut down production for a short time.

Raising the awareness of the Group's employees and dealers of the potential dangers of working with the Internet and investing in the protection of computers and servers minimize the success of fraud attempts. This risk is deemed to be medium-high.

5 // EXECUTIVE BOARD'S OVERALL ASSESSMENT OF THE COMPANY'S SITUATION OF RISKS AND OPPORTUNITIES

Both HanseYachts AG and the majority of companies in the boat-building industry continue to enjoy full order books as a result of the demand backlog that accumulated during the pandemic years. Furthermore, the adverse effects of the pandemic on procurement and production have been overcome.

General procurement and purchasing risks with respect to both the on-time delivery of key components and the possibility of rising procurement costs are deemed to be medium in view of the improving situation of supply chains and the trend of falling prices for relevant materials and purchased components. The same can be said for liquidity risks.

Capacity utilization risk is deemed to be similarly low as in the previous year.

No other material changes in the company's situation of opportunities and risks compared to 2021|2022 have occurred in the 2022|2023 financial year.

It is possible that not all future risks have been considered in this report. However, the establishment of organizational structures and processes allows for the early identification and assessment of risks and thus the early implementation of appropriate counter-measures.

The assessment of overall risks and opportunities is based on the risk and opportunity management system in combination with the utilized planning, management and control systems. Risks are evaluated independently of opportunities that could arise for the company.

Based on the determined probability of occurrence and potential effects of all described risks at the time of preparation of the Group management report, the risks do not endanger the continuance of the HanseYachts Group as a going concern either individually or in their aggregated form in the next 12 months.

6 // CORPORATE GOVERNANCE DECLARATION

The corporate governance declaration according to Section 315d HGB in conjunction with 289f HGB has been published on our website at *https://www.hanseyachtsag.com/de/investor-relations/corporate-governance/*. The corporate governance declaration is not part of the audited Group management report.

7 // NON-FINANCIAL REPORT

The German Corporate Social Responsibility Directive Implementing Act establishes an obligation for the Group to publish a non-financial report. This report has been prepared as a combined separate non-financial report for HanseYachts AG and the Group (referred to hereinafter as the non-financial report). The non-financial report is published on the company's website at *https://www.hanseyachtsag.com/de/investor-relations/nichtfinanzielle-berichte/*. The non-financial report is not part of the audited Group management report.

8 // REPORT ON EQUALITY AND EQUAL PAY

We have issued a separate report to fulfill the legal requirements of the German Compensation Transparency Act. The report on equality and equal pay is not part of the audited Group management report.

9 // FORECAST REPORT

The repercussions of the war in Europe are causing less damage to the global economy. However, global growth has slowed considerably. The trend of rising interest rates brought about by central bank policies across the world has made capital costs more expensive while not yet bringing inflation under control. On the other hand, supply shortages and logistical problems continue to ease, which should cause the prices of raw materials, accessories, and transport services purchased by HanseYachts to rise at only a moderate pace and therefore much below the rate of the preceding years. In calendar year 2023, GDP growth is expected to be very weak in the Eurozone and moderate in the global economy as a whole. Even though fossil fuel prices have fallen further from their peak in 2022, energy markets are tense and volatile (IEA World Energy Outlook 2023), making it difficult to predict the medium-term trend of energy prices.

Employee absences are considerably less frequent now that the pandemic has ended. Therefore, nearly all of the Group's experienced and highly qualified regular employees are again available to work in production, so that the Group is increasingly less dependent on skilled temporary workers. In addition, the much improved availability of needed parts and the greater diversification of suppliers of critical components have markedly improved production efficiency and planning certainty.

We believe that HanseYachts is well positioned in the water sports market by virtue of its worldwide sales network, broad assortment of sailing yachts and motor yachts even after the consolidation of its product and brand portfolio, continual improvements of existing models, planned investments in new product developments, and the appreciably positive response of customers to our new models. For the third year in a row, the HanseYachts Group is beginning financial year 2023|2024 with such a high level of orders that its production capacity is almost booked in full, with the exception of a few production slots, for the entire financial year and even beyond that for some models, for which sales and production planning extend well into financial year 2024|2025.

The high level of interest rates, which makes financing more expensive, is not a meaningful obstacle for the usually very wealthy buyers of high-priced luxury goods, whereas in the lower price segments, the Group can offer discounts to counter any slowdown in demand for its products. Furthermore, newly introduced boats historically tend to generate significantly higher orders and therefore the new boats to be introduced according to plan should further strengthen the market position of HanseYachts.

Already now, the increased digitalization of sales initiated by HanseYachts is producing measurable results. Digital lead management allows for significant improvements in the Group's ability to accompany and assist prospective customers from the first expression of interest to the purchase of a yacht. This enables HanseYachts to provide even better support to our dealer partners in the acquisition of new business, while both prospective customers and buyers likewise receive much better support, paving the way for sales in the future both directly and indirectly.

The ongoing reduction of the order backlog allowed by the normalization of supply chains will shorten the lead times for delivery of newly ordered boats, making it more attractive again for prospective buyers to place orders and potentially increasing demand for the Group's products.

In consideration of the mainly positive outlook, but also the potential adverse effects of global economic developments and geopolitical turmoil on the business of HanseYachts, the Executive Board expects that the Group will generate modestly higher revenues in a range of between €180 million and €200 million in financial year 2023|2024. Based on the improvements made to our processes, the much improved ability to plan production, and the successfully implemented adjustments to the prices of our yachts, we expect to generate positive EBITDA of an amount in the middle to upper single-digit millions of euros and a positive consolidated profit/loss of an amount in the low single-digit millions of euros.

Nonetheless, the forecast is subject to considerable risks due to continuing inflation, the growth-inhibiting interest rate policy of central banks, the ongoing war in Europe, increasing military confrontations in other economically important regions of the world, and the difficulty of forecasting global economic growth as a result of all these factors.

Greifswald, 19 January 2024

The Executive Board

Hanjo Runde

Hanjo Runde Stefan Zimmermann

THE ORIGINAL POWER YACHT.

THE BEST OF THREE WORLDS

- Iconic design
- Stepless, comfortable walk-around deck
- Scandinavian purism, Mediterranean style of living, and German engineering
- Explosive performance, maximum safety, and impeccable workmanship

FJORD 39 XL | A WORLD OF LUXURY AND THRILL

Take the controls of this dynamic yacht and glide through the waves at speeds of up to 45 knots. After the day's adventures, relax on the comfortable sun loungers or retreat to your exclusive cabin. Refresh yourself with a cool drink from one of the four fridges and enjoy the peace and quiet after an eventful day. The FJORD 39 XL not only impresses with its iconic design, but also with a completely new selection of textiles. Each of these materials has been carefully selected to combine comfort, elegance and functionality. The FJORD 39 XL offers many possibilities for customisation, so that every detail reflects your own personal style.


FJORD
FJORD

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

€	Note	30/6/2023	30/6/2022*
ASSETS		**115,800,968.60**	**136,327,288.49**
Non-current assets		**43,936,152.54**	**39,632,724.17**
Intangible assets	6.1.	14,762,446.50	9,718,406.43
Property, plant and equipment	6.2.	28,162,801.33	29,061,194.54
Deferred tax assets	6.3.	1,010,904.71	853,123.20
Current assets		**71,864,816.06**	**67,598,381.82**
Inventories	6.4.	41,138,353.96	45,459,759.25
Trade receivables	6.5.	15,689,082.16	13,310,334.29
Other assets	6.6.	5,891,155.34	2,326,651.60
Cash and cash equivalents	6.7.	9,146,224.60	6,501,636.68
Assets held for sale	6.14	0.00	29,096,182.50
EQUITY AND LIABILITIES	**6.8.**	**115,800,968.60**	**136,327,288.49**
Equity		**(10,756,375.42)**	**(9,601,006.53)**
Equity of the shareholders of HanseYachts AG		**(10,756,375.42)**	**(9,522,088.54)**
Subscribed capital		19,056,538.00	15,691,695.00
Additional paid-in capital		8,039,031.13	1,569,170.00
Currency translation reserve		204,954.53	(28,743.10)
Accumulated loss		(38,056,899.08)	(26,754,210.44)
Non-controlling interests		**0.00**	**(78,917.99)**
Non-current liabilities		**18,373,314.62**	**7,753,226.58**
Non-current financial liabilities	6.10.	15,479,493.10	4,446,872.55
Non-current lease liabilities	6.11.	2,893,821.52	3,306,354.03
Current liabilities		**108,184,029.40**	**106,993,873.03**
Other provisions	6.9.	3,710,074.87	3,178,146.22
Other financial liabilities	6.10.	23,048,137.79	23,793,621.01
Current lease liabilities	6.11.	845,407.51	1,101,297.50
Contract liabilities	6.13.	42,851,161.26	48,703,540.61
Trade payables	6.13.	22,832,863.23	19,892,260.72
Income tax liabilities	6.3.	758,341.88	350,145.54
Liabilities to related entities and persons	6.13.	5,096,125.96	2,238,030.50
Other liabilities	6.13.	9,041,916.90	7,736,830.93
Liabilities related to assets held for sale	6.14	0.00	31,181,195.41

*Adjusted in accordance with IAS 8; see 4.23 of the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

€	Note	1/7/2022 to 30/6/2023	1/7/2021 to 30/6/2022
Revenues	5.1.	**173,659,190.54**	**132,379,913.40**
Change in inventories of finished and unfinished goods	5.1.	(2,397,191.56)	9,987,997.54
Other internal production capitalized	5.1.	2,949,272.23	2,516,017.90
Other operating income	5.2.	1,233,061.67	1,939,728.25
Purchased goods and services	5.3.	(105,237,769.63)	(84,341,459.34)
Personnel expenses	5.4.	(51,558,649.24)	(44,745,515.00)
Other operating expenses	5.5.	(23,794,113.93)	(23,888,882.62)
EBITDA		**(5,146,199.92)**	**(6,152,199.87)**
Depreciation, amortization and impairments	5.6.	(6,213,536.11)	(5,473,730.38)
EBIT		**(11,359,736.03)**	**(11,625,930.25)**
Financial result	5.7.	(745,980.20)	(874,293.45)
EBT		**(12,105,716.23)**	**(12,500,223.70)**
Income taxes	5.8.	(761,309.42)	(438,675.96)
Profit/loss after taxes from continued operations		**(12,867,025.65)**	**(12,938,899.66)**
thereof:			
Attributable to the shareholders of HanseYachts AG		(12,867,025.65)	(12,938,899.66)
Attributable to non-controlling interests		0.00	0.00
Profit/loss after taxes from discontinued operations	5.11.	**1,564,337.01**	**(7,781,810.66)**
thereof:			
Attributable to the shareholders of HanseYachts AG		1,564,337.01	(7,743,797.48)
Attributable to non-controlling interests		0.00	(38,013.18)
Consolidated profit/loss		**(11,302,688.64)**	**(20,720,710.32)**
thereof:			
Attributable to the shareholders of HanseYachts AG		(11,302,688.64)	(20,682,697.14)
Attributable to non-controlling interests		0.00	(38,013.18)
Earnings per share from continued operations		**(0.76)**	**(0.82)**
(undiluted/diluted)			
Earnings per share from discontinued operations		**0.09**	**(0.50)**
(undiluted/diluted)			
Earnings per share based on the consolidated profit/loss	**5.9.**	**(0.67)**	**(1.32)**
(undiluted/diluted)			
Other comprehensive income			
Items potentially to be reclassified to the income statement at a later time:			
Currency translation difference		233,697.63	(208,794.17)
Total comprehensive income		**(11,068,991.01)**	**(20,929,504.49)**
thereof:			
Attributable to the shareholders of HanseYachts AG		(11,068,991.01)	(20,891,491.31)
Attributable to non-controlling interests		0.00	(38,013.18)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

€	Number of shares	Subscribed capital	Additional paid-in capital
1 July 2021	**15,691,695**	**15,691,695.00**	**1,569,170.00**
Other changes		0.00	0.00
Consolidated profit/loss		0.00	0.00
Other comprehensive income		0.00	0.00
Total comprehensive income		0.00	0.00
30 June 2022	**15,691,695**	**15,691,695.00**	**1,569,170.00**
Cash capital increase	1,762,745	1,762,745.00	3,278,705.70
Non-cash capital increase	1,602,098	1,602,098.00	2,979,902.28
	3,364,843	3,364,843.00	6,258,607.98
Change in the basis of consolidation		0.00	0.00
Other changes		0.00	211,253.15
Consolidated profit/loss		0.00	0.00
Other comprehensive income		0.00	0.00
Total comprehensive income		0.00	0.00
30 June 2023	**19,056,538**	**19,056,538.00**	**8,039,031.13**

Accumulated loss	Currency translation reserve	Attributable to the shareholders of HanseYachts AG	Attributable to non-controlling interests	Group equity
(5,857,392.71)	**180,051.07**	**11,583,523.36**	**(255,025.41)**	**11,328,497.95**
(214,120.59)	0.00	(214,120.59)	214,120.60	0.01
(20,682,697.14)	0.00	(20,682,697.14)	(38,013.18)	(20,720,710.32)
0.00	(208,794.17)	(208,794.17)	0.00	(208,794.17)
(20,682,697.14)	(208,794.17)	(20,891,491.31)	(38,013.18)	(20,929,504.49)
(26,754,210.44)	**(28,743.10)**	**(9,522,088.54)**	**(78,917.99)**	**(9,601,006.53)**
0.00	0.00	5,041,450.70	0.00	5,041,450.70
0.00	0.00	4,582,000.28	0.00	4,582,000.28
0.00	0.00	9,623,450.98	0.00	9,623,450.98
0.00	0.00	0.00	78,917.99	78,917.99
0.00	0.00	211,253.15	0.00	211,253.15
(11,302,688.64)	0.00	(11,302,688.64)		(11,302,688.64)
0.00	233,697.63	233,697.63	0.00	233,697.63
(11,302,688.64)	233,697.63	(11,068,991.01)	0.00	(11,068,991.01)
(38,056,899.08)	**204,954.53**	**(10,756,375.42)**	**0.00**	**(10,756,375.42)**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

€	Note	1/7/2022 to 30/6/2023	1/7/2021 to 30/6/2022*
Earnings before interest and taxes		**(9,177,625.03)**	**(19,014,253.13)**
Depreciation, amortization and impairments	5.6.	6,213,536.11	6,708,963.73
Interest payments		(969,786.13)	(920,740.28)
Income taxes paid		(533,810.59)	(310,307.94)
Gains/losses on disposal of non-current assets		(15,359.98)	128,000.00
Other non-cash changes		(1,512,335.67)	(74,735.09)
Change in inventories, receivables and other assets, not attributable to investing or financing activities		(1,360,061.43)	(22,037,106.51)
Change in liabilities, not attributable to investing or financing activities		(3,885,295.78)	33,646,486.37
Cash flow from operating activities		**(11,240,738.50)**	**(1,873,692.85)**
Investments in			
intangible assets	6.1.	(1,940,279.80)	(1,433,940.69)
property, plant and equipment	6.2.	(3,540,295.06)	(6,262,887.43)
Cash inflows on disposal of non-current assets		22,361.34	0.00
Net cash flow from loss of control of subsidiaries		(1,485,989.80)	0.00
Net cash flow from attainment of control of subsidiaries		12,411.12	0.00
Interest received		46,836.54	0.00
Cash flow from investing activities		**(6,884,955.66)**	**(7,696,828.12)**
Cash inflows from cash capital increases	6.8.	5,041,168.84	0.00
Cash inflows from non-controlling interests		3,000,000.00	0.00
Repayment of lease liabilities	6.11.	(1,244,494.53)	(1,770,000.00)
Borrowing of other financial liabilities	6.10., 6.12.	21,803,451.31	6,829,419.59
Borrowing of liabilities to related entities	6.13.	2,340,000.00	1,460,000.00
Repayment of financial liabilities		(10,245,746.36)	(8,019,080.76)
Repayments/borrowing of current account liabilities		(685,825.55)	1,650,217.06
Cash flow from financing activities		**20,008,553.71**	**150,555.89**
Change in cash and cash equivalents		**1,882,859.55**	**(9,419,965.08)**
Exchange rate-caused change in cash and cash equivalents		(38,414.41)	0.00
Cash and cash equivalents at beginning of period		7,301,779.46	16,721,744.54
Cash and cash equivalents at end of period		**9,146,224.60**	**7,301,779.46**
Composition of cash and cash equivalents			
Cash in banks	6.7./ 7.	9,142,622.34	7,298,822.82
Cash on hand	6.7./ 7.	3,602.26	2,956.64
		9,146,224.60	**7,301,779.46**

*Adjusted in accordance with IAS 8; see 4.23 of the notes to the consolidated financial statements.

Hanse 510 – Every area is a real feel-good space.


SEALINE

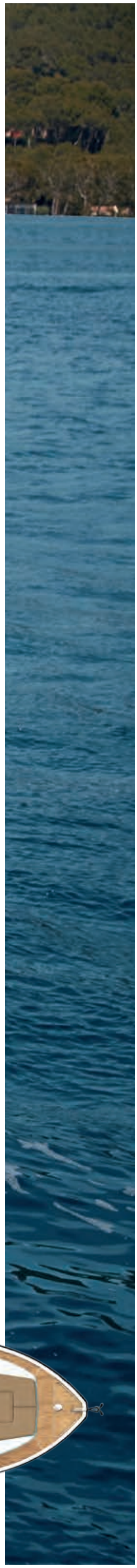
POWER MEETS LUXURY.

FLOATING DESIGNER SUITES

- Maximum performance, seaworthiness, and safety
- Optimized use of available space for maximum comfort
- Perfect balance of lighting, color composition, and material esthetics
- Monumental window design for panoramic views

SEALINE S335 | MAGNETIC. DYNAMIC. EPIC.

If the power of 400hp and the heat of the sun create a euphoric attitude to life, then you must be on board the SEALINE S335. Captivating driving experiences, sporty looks and an amazing amount of space sum up the concept of the S series. The entire crew can relax on the bow sun pad, and the cockpit accommodates even more guests in the greatest comfort. Below deck, luxurious on-board life continues regardless of the weather. The innovative interior concept gives you the choice of five attractive layouts. For example, the owner's cabin can be converted into a spacious living area with a U-shaped sofa and table. All variants give you the greatest possible space: headroom, window area and the size of the berths are unparalleled in this boat class.



NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1 // GENERAL INFORMATION

HanseYachts AG with its registered head office in Greifswald, Germany, is an exchange-listed stock corporation and the highest-level parent company of the HanseYachts Group. The company's shares are traded in the Regulated Market (General Standard) section of the Frankfurt Stock Exchange (ISIN: DE000A0KF6M8/WKN: A0KF6M).

The parent company of HanseYachts AG is AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, which is also the ultimate controlling company according to the definition of IAS 24.13.

The business activity of the companies of the HanseYachts Group mainly comprises the development, production and distribution of sailing yachts under the brand names HANSE, MOODY and DEHLER, motor yachts under the brand names FJORD, SEALINE, and RYCK, and sailing and motor catamarans under the PRIVILEGE brand name (until 17 October 2022). The Group conducts its business activities primarily at the production sites in Greifswald, Poland, and France (until 17 October 2022) and through two operating distribution companies in Greifswald and the United States.

The consolidated financial statements of HanseYachts AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and the additionally applicable regulations of German commercial law pursuant to Section 315e (1) German Commercial Code (Handelsgesetzbuch, HGB). All mandatorily applicable IFRSs and IFRICs adopted by the EU Commission as of 30 June 2023 were observed.

The consolidated financial statements have been prepared by application of the acquisition cost principle, as a general rule. The accounting treatment of derivative financial instruments represents an exception to this rule.

The Group has prepared its financial statements on the assumption that it will be able to continue operating as a going concern. The price increases implemented in the last 24 months and the initiated cost reduction measures have considerably strengthened the Group's profitability. The new principal repayment terms for the main loan agreements renegotiated in January 2024 will also conserve the Group's liquidity, making it possible to implement necessary, forward-looking investments.

The Group classifies the assets and liabilities presented in the statement of financial position as either current or non-current assets and liabilities. An asset is classified as current if recovery is expected in the normal course of the company's business cycle or if it is being held for sale or consumption within the same period of time, it is primarily held for trading purposes, recovery is expected within 12 months after the reporting date, or it is composed of cash or cash equivalents, unless the exchange or use of the asset to settle a liability is restricted for at least 12 months after the reporting date. A liability is classified as current if settlement is expected in the normal course of the company's business cycle, it is primarily held for trading purposes, settlement of the liability is expected within 12 months after the reporting date, or the company does not have an unrestricted right to defer fulfillment of the liability for at least 12 months after the reporting date. All other assets and liabilities are classified as non-current.

The consolidated financial statements of HanseYachts AG have been prepared in euros. Unless otherwise noted, all figures are rounded and stated in euro thousands. Differences of up to one unit (thousand euros, %) are technical rounding differences.

The Group's financial year differs from the calendar year in that it runs from 1 July to 30 June of the following year. This financial year reflects the seasonal cycle of the Group companies' business.

HanseYachts AG is registered in the Commercial Register of the Stralsund Local Court under record number HRB 7035. The address of the company is Ladebower Chaussee 11, 17493 Greifswald.

2 // BASIC ACCOUNTING POLICIES

New International Financial Reporting Standards and Interpretations and amendments to International Financial Reporting Standards

All International Financial Reporting Standards that must be applied in the European Union up to the reporting date of 30 June 2023 were applied in the 2022|2023 financial year. The Group has opted against early application of those Standards that are not required to be applied on or after 30 June 2023.

Beginning with the 2022|2023 financial year, the first-time application of the following Standards und Interpretations newly published or amended by the IASB and recognized by the EU was mandatory:

Standard/Interpretation	Content of new Standard/amendment	Mandatory application
Amendments of Standards		
IFRS 3	Reference to the Conceptual Framework	01/01/2022 (EU)
IAS 16	Property, Plant and Equipment – Proceeds Before Intended Use	01/01/2022 (EU)
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	01/01/2022 (EU)
Various	Annual Improvements to IFRS (2018–2020 Cycle)	01/01/2022 (EU)

The amendments of Standards had no or no material effects on the consolidated financial statements of HanseYachts AG.

Not applied, already published standards and interpretations

The IASB and the IFRIC have adopted additional standards, amendments and interpretations of possible relevance to the HanseYachts Group, the application of which was not yet mandatory in the 2022|2023 financial year:

Standard/ Interpretation	Content of new Standard/ amendment	Mandatory application	Adopted by the EU	Anticipated effects
New Standards				
IFRS 17	Insurance Contracts	01.01.23	19.11.21	None
Amendments of Standards				
IFRS 16	Lease Liability in a Sale and Leaseback Transaction	01.01.24	20.11.23	None
IFRS 17	Initial Application of IFRS 17 and IFRS 9	01.01.23	08.09.22	None
IAS 1	Disclosure of Accounting Policies	01.01.23	02.03.22	No material effects
IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent/Noncurrent Liabilities with Covenants	01.01.24	No	No material effects
IAS 7	Supplier Finance Arrangements	01.01.24	No	No material effects
IAS 8	Definition of Accounting Estimates	01.01.23	02.03.22	None
IAS 12	Deferred Taxes related to Assets and Liabilities arising from a Single Transaction	01.01.23	11.08.22	None
IAS 12	International Tax Reform — Pillar 2 Model Rules	01.01.23	08.11.23	None
IAS 21	Lack of Exchangeability	01.01.25	No	None

As a general rule, the HanseYachts Group will apply these Standards and Interpretations in the reporting period in which their application is mandatory.

European Single Electronic Format (ESEF)

The EU Commission has issued a technical regulatory standard, the European Single Electronic Format (ESEF), according to which all companies are required to report their consolidated financial statements in a uniform format, Extensible Hypertext Markup Language (xhtml), and to apply iXBRL tagging for certain disclosures in the consolidated financial statements. The standard must be applied in the European Union in financial years that begin on or after 1 January 2020. HanseYachts AG fulfills these requirements and has published the Annual Report at 30 June 2023 in accordance with the ESEF requirements.

3 // CONSOLIDATION POLICIES

3.1 — Change in the basis of consolidation

The highest-level Group company is HanseYachts AG. Besides HanseYachts AG, ten (PY: eight) companies with their registered head offices in Germany and four (PY: five) companies with their registered head offices in foreign countries are included in the consolidated financial statements.

Name			Share of equity held	
Directly:	**Abbrevi-ation**			
1. Dehler Yachts GmbH	DY	Greifswald	100 %	(PY: 100 %)
2. Hanse (Deutschland) Vertriebs GmbH & Co. KG	HVG	Greifswald	100 %	(PY: 100 %)
3. Verwaltung Hanse (Deutschland) Vertriebs GmbH	VHV	Greifswald	100 %	(PY: 100 %)
4. Yachtzentrum Greifswald Beteiligungs-GmbH	YZGB	Greifswald	100 %	(PY: 100 %)
5. HanseYachts US, LLC	HUS	Savannah/USA	100 %	(PY: 100 %)
6. HanseYachts Sp. z o.o.	HYSZ	Goleniów/Poland	100 %	(PY: 100 %)
7. Moody Yachts GmbH	MY	Greifswald	100 %	(PY: 100 %)
8. Sealine Yachts GmbH	SY	Greifswald	100 %	(PY: 100 %)
9. Privilège Marine Holding GmbH	PMH	Greifswald	100 %	(PY: 100 %)
10. HanseYachts Marken Portfolio AG & Co. KG	HYMP	Greifswald	100 %	(PY: 100 %)
11. AURELIUS Active Management Holding GmbH	AAMH	Grünwald	100 %	(PY: 0 %)
Indirectly:				
Through No. 4				
12. Mediterranean Yacht Service Center SARL	MYSC	Canet en Roussillon/ France	100 %	(PY: 100 %)
Through No. 6				
13. Balticdesign Institute Sp. z o.o.	BDI	Sczcecin/Poland	100 %	(PY: 100 %)
Through No. 11				
14. AURELIUS Active Management GmbH	AAMG	Grünwald	100 %	(PY: 0 %)

HanseYachts AG has been the general partner (i.e., partner with unlimited liability) of HanseYachts Marken Portfolio AG & Co. KG, Greifswald, since the latter company was formed on 31 January 2022.

In addition, Verwaltung Hanse (Deutschland) Vertriebs GmbH is the personally liable partner of Hanse (Deutschland) Vertriebs GmbH & Co. KG.

In the course of a non-cash capital increase, AURELIUS Equity Opportunities SE & Co. KgaA, Grünwald (principal shareholder of HanseYachts AG), contributed 100% of the shares in AURELIUS Active Management Holding GmbH to HanseYachts AG as of 12 December 2022. In exchange, AURELIUS Equity Opportunities SE & Co. KgaA received shares in HanseYachts AG in the total nominal amount of €1,602 thousand. For its part, AURELIUS Active Management Holding GmbH holds 100% of the shares in AURELIUS Active Management GmbH, whose primary business activity is based on the licensing of the “Sealine” brand held by it. Thus, both AURELIUS Active Management Holding GmbH and AURELIUS Active Management GmbH have been part of the basis of consolidation of HanseYachts AG since 12 December 2022. Because these two companies do not conduct active business operations of their own, there was no business combination within the meaning of IFRS 3. The assets and liabilities acquired by the Group from the non-cash capital increase were measured at fair value. Unlike the other Group companies, the financial year of both AURELIUS Active Management Holding GmbH and AURELIUS Active Management GmbH does not differ from the calendar year.

Moreover, 99.6% of the shares in Privilège Marine SAS, Les Sables d'Olonne/France, were included in the basis of consolidation of the HanseYachts Group until 17 October 2022. As a cash-generating unit, Privilège Marine SAS had met the definition of a "component of an entity" according to IFRS 5.31. Because Privilège Marine SAS represents the discontinued operations of the catamaran business of HanseYachts AG, it was a separate, major line of business that was sold in its entirety as part of a single coordinated plan. Due to the sale of the "Privilège" cash-generating unit, this line of business was presented as discontinued operations in accordance with IFRS 5 already in the consolidated financial statements at 30 June 2022. The sale of Privilège Marine SAS was finalized by date of 17 October 2022. The results of Privilège in the past financial year and in the previous year, together with the profit/loss effect of deconsolidation, are presented separately in a separate line of the consolidated statement of comprehensive income, as Profit/loss after taxes from discontinued operations. We refer to our comments in Chapter 6.14 for additional information on this subject.

Exemption rules for Group companies
As a result of being included in the consolidated financial statements of HanseYachts AG, Hanse (Deutschland) Vertriebs GmbH & Co. KG and HanseYachts Marken Portfolio AG & Co. KG have exercised the disclosure simplifications subject to the further requirements of Section 264 b HGB (German Commercial Code).

Inclusion in higher-level consolidated financial statements
HanseYachts AG and its direct and indirect subsidiaries are included in the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KgaA, Grünwald, which have been submitted to the operator of the German Federal Gazette (Bundesanzeiger) and published on the website of the Commercial Register.

3.2 — Consolidation methods

In addition to HanseYachts AG, all domestic and foreign companies that are controlled by the HanseYachts Group according to the criteria of IFRS 10 are included in the consolidated financial statements at 30 June 2023. According to these criteria, the HanseYachts Group controls Group companies if it has rights to variable returns from its involvement with the Group company and the HanseYachts Group additionally has the ability to use its power to affect the variable returns. The HanseYachts Group has power over a Group company if it has existing rights that give it the ability to direct the relevant activities of the Group company. This condition is usually met when HanseYachts AG directly or indirectly holds the majority of voting rights or similar rights in the company. In making this determination, potential voting rights that can currently be exercised or converted are also taken into consideration. The separate financial statements of the subsidiaries are included in the consolidated financial statements from the date of attainment of control to the date of loss of control.

All companies included in the consolidated financial statements prepare annual and/or interim financial statements as of the date of the separate financial statements of HanseYachts AG, which is the reporting date for the consolidated financial statements.

The consolidated financial statements have been prepared on the basis of uniform recognition and measurement methods according to IFRS. If necessary, the financial statements of the subsidiaries are adjusted to match the policies applied at the Group level.

Intercompany profits and losses, revenues, expenses and income, as well as receivables and liabilities or provisions between consolidated companies, are eliminated.

Interim results in non-current assets and inventories resulting from intercompany deliveries are eliminated.

Guarantees and warranties assumed by HanseYachts AG in favor of consolidated subsidiaries are eliminated because the underlying liabilities are recognized in the consolidated financial statements.

3.3 — Currency translation

The Group currency of HanseYachts AG is the euro (EUR).

The separate financial statements of consolidated Group companies prepared in a foreign currency are translated to the Group currency on the basis of the functional currency concept (IAS 21) by application of the modified reporting date method. The functional currency of subsidiaries is basically determined by the primary business environment in which they operate and thus the given national currency, with the exception of the Polish subsidiary. The expenses and income from the separate financial statements of subsidiaries prepared in a foreign currency and included in the consolidated financial statements by application of the modified reporting date method are translated to the functional currency at the average exchange rate for the year, assets and liabilities at the mean exchange rate on the reporting date. The currency translation difference resulting from the translation of equity at historical exchange rates and the currency translation differences arising from the income statement are recognized in accumulated other income within equity, with no effect on profit or loss.

Foreign currency receivables and liabilities in the separate financial statements of the companies included in the basis of consolidation are measured at the exchange rate at the date of recognition. Currency gains and losses arising at the reporting date are recognized in profit and loss.

The functional currency of the Polish subsidiary HYSZ is the euro because exchanges of goods and services primarily with HanseYachts AG are conducted in euros. Financing is also denominated in euros. In accordance with IAS 21, currency differences arising from the translation of foreign currency items to the functional currency are recognized in profit in loss in the consolidated financial statements by application of the temporal method. Because the primary investment and funding operations at HYSZ have been completed, non-monetary items in the financial statements of HYSZ are measured at historical exchange rates in accordance with the functional currency concept. The functional currency of the U.S. subsidiary HanseYachts US LLC is the U.S. dollar. The intragroup trade dealings of this company mainly consist of purchases of products from HanseYachts AG. It distributes these products in the U.S. market independently and at its own risk.

The U.S. dollar and the Polish zloty are significant foreign currencies for HanseYachts. The reference euro exchange rates of the European Central Bank are used for currency translation. The exchange rates exhibited the following development:

	ECB's Euro Reference Rate		Average Rate for	
1.00 €	30.06.2023	30.06.2022	Financial Year 2022|2023	Financial Year 2021|2022
USD	1.09	1.04	1.05	1.12
PLN	4.44	4.69	4.68	4.62

4 // RECOGNITION AND MEASUREMENT PRINCIPLES

4.1 — General principles

The income statement is formatted according to the cost summary method.

4.2 — Revenue recognition

Revenues are mostly generated on sales of sailing yachts and motor yachts. In accordance with IFRS 15, revenues are recognized when goods are delivered or services provided (transfer of control). Revenues on sales are recognized at a point in time. Revenue from construction orders is not recognized according to stage of completion because the requisite conditions for revenue recognition over time are not met.

Revenues represent the fees billed to the customer minus discounts, price concessions, customer bonuses, and rebates. In accordance with the contractual agreements in effect, customers regularly make down payments that are essentially based on the progress of construction of the sailing yachts and motor yachts; the payment terms usually specify payment within 10 days of invoice issuance. The final invoice is usually issued 10 days before delivery and is payable before delivery. These payments do not include a financing component.

No contract initiation costs are incurred in the HanseYachts Group.

4.3 — Expenses for research and development

Development expenses are capitalized in the statement of financial position when all the criteria for the recognition of internally generated intangible assets are met.

Production expenses for internally generated intangible assets comprise all directly allocable costs of development projects approved and budgeted by the management (sailing or motor yacht models).

If development expenses lead to capitalizable assets in property, plant and equipment, they are capitalized in property, plant and equipment and amortized on a straight-line basis over the expected useful life. Internally generated production molds in particular are capitalized at cost.

The development expenses of completed development projects and production molds are amortized on a straight-line basis over expected useful lives of four to five years.

Research expenses are recognized immediately in profit or loss in the period when they are incurred.

4.4 — Hedging transactions

In the past, derivative financial instruments have been used by the HanseYachts Group for hedging purposes to lower currency and interest rate risks in the Group's operating activities and reduce the resultant financing needs. No derivative financial instruments were employed in financial year 2022|2023.

In accordance with IFRS 9, all derivative financial instruments were measured at fair value in the previous year because the derivatives employed in the HanseYachts Group do not meet the strict criteria for hedge accounting under IFRS 9.

They are assigned to the category “at fair value through profit or loss” in the consolidated income statement at the time of recognition of the change in value and treated accordingly.

4.5 — Financial result

Interest income from financial investments and interest expenses for loans are presented in the financial result. They are recognized at the date of origination. Financing-related foreign currency gains and losses arising in connection with the capital investments made by HYSZ and the funding of these investments are also recognized in the financial result.

4.6 — Income taxes

In accordance with IAS 12 Income Taxes, income taxes include payment obligations arising from taxable results and deferred tax assets and liabilities in respect of all temporary differences between the Group’s balance sheet values and the tax balance sheet values. See also Chapters 4.17. and 4.18.

4.7 — Equity procurement costs

In accordance with IAS 32.37, costs directly related to the issuance of equity are not recognized as expenses, but are deducted directly from the equity raised with due regard to tax deductibility.

4.8 — Intangible assets

Individually purchased intangible assets are measured at cost upon initial recognition. The cost of an intangible asset acquired in a business combination is equal to its estimated fair value at the acquisition date.

Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and all accumulated impairment losses. Internally generated intangible assets are capitalized if the capitalization criteria are met. Other costs are recognized in profit or loss in the period in which they are incurred.

For intangible assets, it must first be determined whether they have a definite or an indefinite useful life. Intangible assets with a definite useful life are amortized pro rata temporis on a straight-line basis over the economic useful life and are tested for possible impairments whenever there are indications that the intangible asset could be impaired. The amortization period and amortization method selected for an intangible asset with a definite useful life are reviewed at least at the end of every financial year.

If the expected useful life of the asset or the expected pattern of consumption of the economic benefits of the asset has changed, another amortization period or another pattern of consumption is chosen. Such changes are treated as changes of an estimate.

Intangible assets with definite useful lives are amortized over the following useful lives:

	Years
Development expenses	4–5
Brands with definite useful lives	20–25
Other intangible assets	4–8

In the case of intangible assets with indefinite useful lives, an impairment test is conducted at least once a year at the level of the individual asset or the smallest cash-generating unit. These intangible assets are not amortized.

The useful life of an intangible asset with an indefinite useful life is reviewed once a year to determine whether the estimate of an indefinite useful life is still justified. If this is not the case, the change of estimate from an indefinite to a definite useful life is performed on a prospective basis.

Goodwill and the purchased “Moody” brand are intangible assets with indefinite useful lives. The “Moody” brand has an indefinite useful life because of its long-term legal and economic significance. Goodwill represents the positive difference between the consideration received and the fair value of assets and liabilities acquired in the course of acquisition of a company.

4.9 — Impairment of intangible assets, property, plant and equipment, and right-of-use assets

In accordance with IAS 36, the Group tests the carrying amounts of its property, plant and equipment, intangible assets, and rights of use at the reporting date to determine whether there are any indications of a possible impairment. When such indications are found, the recoverable amount of the asset is estimated for the purpose of determining the amount of any necessary impairment. If the recoverable amount of an individual asset cannot be estimated, the impairment test is conducted at the level of the cash-generating unit that is relevant for the test. Recoverability is determined by comparing the carrying amount of the cash-generating unit with the recoverable amount of the cash-generating unit.

The recoverable amount is the higher of fair value less costs to sell or the present value of future cash flows to result from the continued use of the asset. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized in the amount of the difference. If the reasons for impairment losses recognized in previous years no longer apply, the impairments are reversed accordingly.

An impairment of goodwill cannot be reversed in subsequent periods.

4.10 — Property, plant and equipment

In accordance with IAS 16, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairments. Repair and maintenance costs are recognized as expenses at the date of origination. Significant renewals and improvements are capitalized if the requisite conditions are met.

The useful lives of items of property, plant and equipment are defined on the basis of the expected usability for the company. Investment grants and allowances are deducted from the cost of relevant assets. As in previous periods, depreciation is charged pro rata temporis on a straight-line basis mainly on the basis of the following estimated economic useful lives:

	Years
Buildings and outdoor facilities	5 – 40
Technical equipment, plant and machinery	2 – 21
Operational and office equipment	1 – 20

4.11 — Leases

The HanseYachts Group acts as a lessee and to a minor extent also as a lessor.

Leases are recognized in accordance with IFRS 16. Right-of-use assets in respect of the leased property, plant and equipment are recognized in property, plant and equipment and a corresponding lease liability is recognized.

The lease liability is measured as the present value of future lease payments over the sufficiently certain period of use. Lease components are all fixed and quasi-fixed payments minus future incentive payments of the lessor. In addition, variable payments that depend on an index, expected payments under residual value guarantees, and payments for the exercise of sufficiently certain purchase and termination options are recognized. The payment series is discounted to present value by the interest rate implicit in the lease or, if this is not known, by the incremental borrowing rate that is appropriate for the lessee. All other variable payments are recognized as expenses. The lease liability is measured and updated in accordance with the effective interest method.

The cost of the right-of-use asset is basically determined by the amount of the lease liability at the time of initial recognition of the lease. This cost is increased by any initial direct costs incurred for the conclusion of the lease, the installation of the leased asset, and any future restoration obligations. The cost is reduced by any incentive payments of the lessor that have already been received. Subsequent to initial recognition, the right-of-use asset is depreciated on a straight-line basis over the term of the lease and adjusted for any impairments. If the leased asset becomes the property of the lessee at the end of the lease term or if a purchase option or preemptive tender right is deemed to be sufficiently certain, the right-of-use asset is depreciated over the economic useful life of the underlying asset.

The lease term is the sufficiently certain period of time during which an asset is leased. In addition to the non-terminable basic lease term, extension periods are included if the exercise of the corresponding option is sufficiently certain upon lease commencement and termination periods are included if the exercise of the corresponding option is not sufficiently certain. This estimate is reviewed if events that are not under the control of the lessee occur or if significant changes in circumstances occur that make it necessary to modify the term. The lease term is adjusted if an extension option is exercised or if a termination option is not exercised and if the exercise or non-exercise of the respective options was not considered in the original estimate. An adjustment of the lease term leads to a change in the future payment series and therefore a revaluation of the lease liability on the basis of the current interest rate. The resulting difference is recognized in the right-of-use asset with no effect on profit or loss. Charge-offs that exceed the carrying amount of the right-of-use assets are recognized as expenses in the income statement.

Leases with terms of up to one year and leases for low-value assets are recognized as expenses, as before.

4.12 — Inventories

Raw materials and supplies are generally measured at the average acquisition cost or the lower fair value.

Unfinished and finished goods are measured at production cost, but at no more than the net realizable value. Production-related direct costs form the basis for measurement. These direct costs relate to manufacturing wages and material costs. Borrowing costs (interest) are not capitalized because inventories do not meet the definition of qualifying assets due to their short production times.

Merchandise and used boats are measured at the lower of cost or net realizable value.

4.13 — Financial assets and financial liabilities

Non-derivative financial instruments

In the HanseYachts Group, non-derivative financial instruments comprise trade receivables and other receivables, cash and cash equivalents, financial liabilities, trade payables, lease liabilities, and certain other liabilities.

Upon initial recognition, non-derivative financial instruments are measured at fair value; this amount is increased by directly allocable transaction costs in the case of financial assets and decreased by directly allocable transaction costs in the case of financial liabilities.

All financial instruments presented at fair value in the financial statements are assigned to one of the following hierarchical levels according to IFRS 13:

Level 1: Fair values determined with the aid of quoted prices in active markets.

Level 2: Fair values determined with the aid of valuation methods for which the fair value-relevant inputs are based on directly or indirectly observable market data.

Level 3: Fair values determined with the aid of valuation methods for which the fair value-relevant inputs are not based on observable market data.

Subsequent to initial recognition, receivables are measured at amortized cost. Writedowns are charged to account for possible default risks. Non-current receivables for which no payment receipts are expected in the short term are discounted to present value.

Because the default and recoverability risk of existing trade receivables and cash and cash equivalents is very minor and of subordinate importance for the Group, the Group does not perform the analysis and make the additional disclosures according to IFRS 9. That is because sailing yachts and motor yachts are only delivered after receipt of payment in full. This means that the Group can otherwise make use of the sailing yacht or motor yacht in those rare cases when the corresponding receivable is not paid. The recoverability risk is further lessened to a considerable degree by the fact that down payments received until this time can be kept.

Subsequent to initial measurement, financial liabilities are measured at amortized cost according to the effective interest method and interest expenses are recognized on the basis of the effective interest rate. Amortized cost is cost after consideration of repayments and the amortization of transaction costs.

Current financial liabilities usually also include that portion of long-term loans for which the residual term is one year at the most. Financial liabilities are presented as non-current liabilities only if the Group has the unrestricted right to defer the settlement of the obligation by at least 12 months after the reporting date.

Derivative financial instruments

In previous years, derivative financial instruments such as forward exchange transactions were also used to hedge against risks from currency fluctuations. (No derivative financial instruments were employed in financial year 2022|2023). The hedging transactions cover currency risks from pending transactions for the supply of goods and services.

In accordance with IFRS 9, all derivative financial instruments are measured at fair value upon initial recognition. The fair values are also relevant for subsequent measurement. The forward exchange rate at the reporting date is applied for determining the fair value of forward exchange transactions. Because the criteria set out in IFRS 9 for the recognition of a hedging relationship (hedge accounting) are not met, forward exchange deals are measured at fair value at the reporting date and presented within the line items of Financial assets or Financial liabilities.

Compound financial instruments

The Group issued convertible bonds in financial year 2022|2023. Convertible bonds are compound financial instruments according to IAS 32, the components of which (loan and conversion right) must be accounted for separately. Whereas the conversion right is an equity component according to its substance, the loan part is a financial liability.

Because the conversion right is an equity derivative, it must be measured by application of the residual value method, under which the difference between the issue proceeds and the present value of the liability is calculated and attributed to the conversion right.

In subsequent periods, the loan component is measured at amortized cost by application of the effective interest method according to IFRS 9. By contrast, the equity component does not fall within the scope of IFRS 9 and is therefore not subject to amortization in subsequent periods. Consequently, any subsequent change in the probability that the conversion right will be exercised over the term of the convertible bond will have no effect on the classification as equity or debt at the time of issuance. The contractual obligation of HanseYachts AG as the issuer remains in effect until it is extinguished by conversion, repayment, or other circumstances.

Transferred receivables (factoring)

Companies of the HanseYachts AG Group sell their trade receivables to specialized financial services providers (factors) as a means of liquidating them quickly. Under these agreements, companies of the HanseYachts AG Group have transferred their receivables to the financial services provider in exchange for immediate payment. However, the Group continues to recognize the full amount of transferred receivables in its statement of financial position because the late payment risk and default risk remain with the respective companies. The repayable amount under the factoring agreement is presented as a secured loan.

The company's management holds the view that the factor essentially collects the receivables on behalf of the company and retains the cash received to settle the separate financing transaction. Accordingly, the Group presents the cash inflows received from the factor and the subsequent reduction of the liability owed to the factor as cash flows from financing activities. By contrast, the reduction of the corresponding trade receivables is presented as cash flows from operating activities.

In the annual report for the preceding financial year, the receivables were derecognized upon receipt of cash from the factor, contrary to the provisions of IFRS 9. Therefore, an error correction was made in financial year 2022|2023 (see the explanations in Chapter 4.23.).

4.14 — Government grants

Grants to which the reporting entity has a legal claim are capitalized when there is reasonable assurance at the reporting date that the entity will comply with or has already complied with the conditions attached to the grant and the grant has been requested of the granting institution in the time until the preparation of the financial statements or it is assured that the request will be made. Grants to which the reporting entity has no legal claim, meaning grants that depend on the exercise of discretion on the part of an authority, are recognized as receivables if the grant notice of the granting authority has been received and there is reasonable assurance at the reporting date that the conditions attached to the grant will be fulfilled.

Grants received on account of assets are deducted from the cost of the purchased assets if the subsidized assets are already in operational use at the reporting date.

Grants received on account of expenses are presented as Other operating income in the statement of comprehensive income if the conditions for receipt of the grant are met in full.

Grants received that are tied to compliance with certain conditions are recognized as provisions or liabilities if non-compliance with the subsidy terms is probable at the reporting date.

4.15 — Other non-financial liabilities

Other non-financial liabilities are measured at their settlement amount or present value.

4.16 — Provisions

Provisions are recognized to account for discernible risks and uncertain obligations in the probable settlement amounts and are not netted with recourse claims. The settlement amount also includes any cost increases to be considered at the reporting date. Provisions with a term of more than 12 months are discounted to present value by application of a risk-adjusted market interest rate.

Provisions for warranty obligations are recognized on the basis of the previous or estimated future incidence of claims. In individual cases, warranty provisions are recognized in the amount of the estimated costs at the date of sale of the product or when knowledge of a specific claim is obtained.

Provisions for onerous contracts are recognized when the unavoidable costs of performing a contractual obligation are higher than the benefits that are expected to flow from the contract.

If the possibility of a cash outflow is not mostly probable, but is also not improbable (contingent liabilities), a disclosure is made in the notes to the consolidated financial statements instead of recognizing a provision.

4.17 — Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts presented in the IFRS balance sheet and the tax bases on the basis of tax rates that are deemed to be probable at the time when these differences will reverse. The balance sheet liability method is applied for this purpose.

Deferred tax assets also include tax-reducing claims resulting from the expected use of tax loss carry-forwards and tax credits in subsequent years.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the individual countries in the period when the asset is recovered or the liability is settled, with a sufficient degree of probability based on current laws.

Deferred tax assets in respect of temporary differences and tax loss carry-forwards, as well as tax credits, are recognized only if it is considered sufficiently probable that the resulting tax reductions will in fact occur in the future.

The carrying amounts of deferred tax assets are reviewed at every reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future against which the deferred tax assets can be at least partially utilized. Unrecognized deferred tax assets are reviewed at every reporting date and recognized to the extent that it has become probable that sufficient taxable profit will be available in the future to allow for the recovery of the deferred tax asset.

Deferred tax assets in respect of tax losses incurred in the past are only recognized in the amount by which they exceed deferred tax liabilities.

At the Polish subsidiary HYSZ, the amount by which deferred tax assets exceed deferred tax liabilities was recognized in respect of the tax benefits granted to companies in a special economic zone for the first time because it is highly probable that these deferred tax assets can be utilized in future years.

4.18 — Current tax assets and tax liabilities

Current tax assets and tax liabilities for the current period and prior periods are measured at the amount expected to be refunded by or paid to the tax authorities. The amounts are calculated on the basis of the tax rates and tax laws in effect on the reporting date.

4.19 — Significant discretionary judgments, assumptions and estimates

Assumptions and estimates that affected the presentation and amount of recognized assets, liabilities, income and expenses, and contingent liabilities were applied in the preparation of the consolidated financial statements. In particular, assumptions and estimates are applied for the purpose of determining the fair value of the Sealine brand received as a non-cash capital contribution, as well as impairment tests for intangible assets, property, plant and equipment, deferred tax assets, the uniform Group definition of economic useful lives, the assessment of resale risks in inventories (particularly in the case of used boats), and the measurement of provisions. Discretionary judgments were mainly required in connection with the capitalization of development expenses, the determination of the discount factor, and the term of leases, as well as the presentation of factoring transactions in the statement of cash flows.

Although the aforementioned assumptions and estimates are made to the best knowledge of the management on the basis of current events and measures, actual developments may differ from these estimates.

Assumptions and discretionary decisions are also made with respect to recognized income tax liabilities. Recognized income tax liabilities reflect the amount that represents the best estimate with due regard to any tax uncertainties.

Details about the most important assumptions and the influence of changes in these assumptions are presented in the respective chapters on the affected assets and liabilities.

4.20 — Segment report

According to IFRS 8, the identification of reportable operating segments is based on the management approach. This means that external risk reporting is based on internal financial reporting to the chief operating decision maker. In the HanseYachts Group, the Executive Board of HanseYachts AG is responsible for the assessment and management of an operating segment's performance and is therefore deemed to be the chief operating decision maker within the meaning of IFRS 8.

In its internal reporting system, the HanseYachts Group only categorizes its revenues by product line. Further internal reporting is only performed on a consolidated basis for all product lines together. Thus, the other information required by IFRS 8 in relation to operating segments is not disclosed in the notes to the consolidated financial statements due to the lack of direct allocation and reliable key indicators. As an exception to this rule, the Privilège segment, which is reported separately as discontinued operations in the present financial statements, has been treated as a separate unit for internal reporting purposes since the 2021|2022 financial year.

The reason why continued operations were not segmented is that the profit, assets, liabilities, depreciation and amortization, and investments of the HanseYachts Group cannot be reliably allocated to the product lines of sailing yachts, motor yachts, the Other segment, or a different segment because sailing yachts and motor yachts are manufactured on a single production line. An allocation on the basis of revenues or the number of boats produced would be arbitrary and would not provide information that would be useful for making decisions. Direct allocation is also not possible. Also internally, the operating segments of sailing yachts, motor yachts and Other are not used as control parameters in reporting to the management.

Please refer to Chapter 8 for information on segmentation by geographical segments. Refer to Chapter 5.1 for information on the breakdown of revenues by sailing yachts and motor yachts. External revenues are allocated on the basis of the location of each customer.

Assets are allocated to regions on the basis of the location of each asset. The measurement principles applied in the segment report are based on the IFRS principles applied in the consolidated financial statements.

4.21 — Discontinued operations

Discontinued operations are presented separately as soon as a business division with business activities and cash flows that can be clearly distinguished from the other divisions both operationally and for purposes of financial reporting, or is classified as held-for-sale or has already been disposed of, and the business division either represents a separate business line or a separate geographical region, is part of a coordinated overall plan to sell a separate, significant business line or geographical region, or is a subsidiary acquired exclusively with the intention to resell it.

Assets held for sale are assets that can be sold in their current condition and when the sale is highly probable. It must be expected that the sale will be completed within one year from the reclassification date. Assets held for sale are no longer subjected to depreciation, but are presented at the lower of the carrying amount or fair value less costs to sell, which is determined on the basis of the purchase price negotiations with the buyers.

Assets held for sale and liabilities related to assets held for sale are reclassified to the line items of “Assets held for sale” and “Liabilities related to assets held for sale” in the respective financial year and the income and expenses presented in the consolidated statement of comprehensive income (including the previous-year comparison figures) are reclassified to “Profit/loss after taxes from discontinued operations” in order to present discontinued operations separately from continued operations.

To represent the financial effects of discontinued operations, intragroup revenues and expenses are eliminated. Therefore, no profits or losses are recognized in respect of intragroup transactions.

Adjustments to the consolidated statement of comprehensive income
Due to the planned sale of the cash-generating unit “Privilège” at the previous-year reporting date, this entity was presented as discontinued operations in accordance with IFRS 5 already in the previous year. The sale of Privilège Marine SAS was completed by date of 17 October 2022.

The results of Privilège generated in financial year 2021|2022 and in financial year 2022|2023, together with the profit/loss effect of deconsolidation, are presented separately in the line item of “Profit/loss after taxes from discontinued operations” in the consolidated statement of comprehensive income.

4.22 — Share-based payment

Share-based payment commitments at HanseYachts AG are designed to be cash-settled. The fair value is determined initially at the grant date and recognized as personnel expenses over the vesting period. In subsequent periods, the fair value is recalculated anew at every reporting date and the resulting adjustments are presented within the financial result. The fair value is determined on the basis of the contractual terms and conditions and the stock exchange price of the HanseYachts share.

4.23 — Error correction according to IAS 8

In the course of preparing the consolidated financial statements 2022|2023, it was found that the accounting treatment of the recourse factoring employed in the HanseYachts Group with an external financial services provider had not been consistent with the provisions of IFRS 9. Because the risk of non-payment of receivables remains with the HanseYachts Group after the sale of the receivables, so that the factoring transactions merely represent a form of credit, the previous practice of derecognizing the receivables was incorrect. Consequently, the presented amounts of trade receivables and financial liabilities had been too low. The incorrect presentation had no effect on the company's stated profit or loss.

It was also found that down payments requested, but not yet received when due had not been presented in the statement of financial position, contrary to the provisions of IFRS 15.

In this connection, the line item of Advance payments received on account of orders was renamed to Contract liabilities.

Both the presentation of factoring transactions and the presentation of requested down payments were corrected by adjusting the previous-year figures of the affected line items as follows:

Consolidated statement of financial position €'000	**Effects of error correction**			
30 June 2022	**As reported before**	**Adjustment factoring**	**Adjustment down payments requested**	**Adjusted**
Assets	**125,962**	**2,463**	**7,902**	**136,327**
Current assets	**57,233**	**2,463**	**7,902**	**67,598**
Trade receivables	2,945	2,463	7,902	13,310
Equity and liabilities	**125,962**	**2,463**	**7,902**	**136,327**
Current liabilities	**96,629**	**2,463**	**7,902**	**106,994**
Other financial liabilities	21,331	2,463	0	23,794
Down payments received on account of orders	40,802	0	(40,802)	0
Contract liabilities	0	0	48,704	48,704

In addition, the presentation of factoring transactions in the statement of cash flows was adjusted by presenting the cash inflows received from the factor and the subsequent reduction of the liability to the factor as cash flows from financing activities.

Statement of cash flows €'000	**Effects of error correction**		
2021|2022	**As reported before**	**Adjustment factoring**	**Adjusted**
Cash flow from operating activities	**(854)**	**(1,020)**	**(1,874)**
Change in inventories, receivables and other assets, not attributable to investing or financing activities	(21,017)	(1,020)	(22,037)
Cash flow from financing activities	**(869)**	**1,020**	**151**
Borrowing of other financial liabilities	487	6,342	6,829
Repayment of financial liabilities	(2,697)	(5,322)	(8,019)

5 // NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Due to the sale of the cash-generating unit “Privilège” in the past financial year, which had already been planned in the preceding financial year, this entity was presented as discontinued operations in accordance with IFRS 5. The following notes to the consolidated statement of comprehensive income are based on the correspondingly adjusted previous-year values.

5.1 — Revenues, change in inventories, and internal production capitalized

€'000	**2022|2023**	**2021|2022**
Revenues		
Sailing yachts	91,900	96,310
Motor yachts	78,019	31,550
Catamarans	0	0
Other	3,740	4,520
	173,659	**132,380**
Change in inventories		
Unfinished goods	(3,472)	8,025
Finished goods	1,075	1,963
	(2,397)	**9,988**
Other internal production capitalized	**2,949**	**2,516**
Total operating performance	**174,211**	**144,884**

Other internal production capitalized refers to the production molds for sailing yachts and motor yachts produced by the HanseYachts Group itself, as well as internally generated intangible assets (development expenses). The internal production capitalized in respect of the catamarans was presented in a separate line item in accordance with IFRS 5 in the previous year.

Other revenues mainly relate to sales of spare parts.

A geographic breakdown of revenues is provided in Chapter 8.

All revenues are recognized at a point in time.

5.2 — Other operating income

Other operating income breaks down as follows:

€'000	2022|2023	2021|2022
Income from the reversal of provisions and accrued liabilities and the reduction of individual writedowns on receivables	200	769
Income from non-repayable grant	0	578
Income from costs charged mainly to dealers (warranties, transport costs, marketing, trade show costs, etc.)	295	267
Currency translation gains	277	99
Income from insurance claims	0	88
Other income	461	139
	1,233	**1,940**

Other operating income included non-period income of €200 thousand (PY: €769 thousand), of which €174 thousand (PY: €711 thousand) resulted from the reversal of provisions and €26 thousand (PY: €40 thousand) consisted of income from the reduction of specific valuation adjustments on receivables.

The income from a non-repayable grant was paid by an external supplier for development expenses in the previous year.

Foreign exchange gains and losses result mainly from the currency translation of transactions billed in U.S. dollars or Polish zlotys. Including income and expenses from forward exchange transactions, the net amount of currency differences totaled €–114 thousand (PY: €–772 thousand). Please refer to Chapters 5.2, 5.5 and 5.7 for information on currency translation expenses.

5.3 — Purchased goods and services

€'000	2022|2023	2021|2022
Cost of raw materials and supplies	95,421	75,563
Cost of purchased services	9,817	8,778
	105,238	**84,341**

The expenses for purchased services mainly consisted of expenses for contract workers.

Please refer to Chapter 6.4 (Inventories) for information on writedowns of inventories in the item of purchased goods and services.

5.4 — Personnel expenses

€'000	2022|2023	2021|2022
Wages and salaries	42,913	37,278
Social security, pension expenses	8,646	7,468
	51,559	**44,746**

The item of social security and pension expenses includes contributions to pension insurance institutions (defined contribution pension plans) in the amount of €3,482 thousand (PY: €3,214 thousand).

The average annual number of employees (excluding vocational trainees) was as follows:

	2022|2023	2021|2022
Number of employees (average)	1,542	1,370
thereof:		
Salaried employees	286	273
Wage earners	1,256	1,097

5.5 — Other operating expenses

€'000	2022|2023	2021|2022
Expenses for:		
Legal advice, administration, IT, insurance	6,096	5,971
Sales, trade shows, licenses, advertising, and travel	4,768	5,858
Rents, energy, maintenance, and motor vehicles	5,662	4,696
Warranties, freight, and packaging	4,368	3,435
Miscellaneous expenses*	2,900	3,929
	23,794	**23,889**
** thereof:*		
Writedowns and losses on receivables	*54*	*32*
from exchange rate losses	*514*	*772*
from forward currency deals	*0*	*111*

Other operating expenses amounted to €23,794 thousand in the reporting period, little changed from the previous year (PY: €23,889 thousand). The €1,090 thousand decrease in expenses for sales, trade shows, licenses, advertising, and travel is mainly attributable to lower sales and marketing expenses due to lower expenses for website support (€414 thousand) and advertisements (€323 thousand). The modest, €125 thousand increase in expenses for legal advice, administration, IT, and insurance resulted primarily from the strong increase in IT expenses (including for the introduction of the new CATIA software program). The very high consulting expenses in the previous year, which had been caused by non-recurring effects such as the sale of Privilège Marine, the execution of strategy processes, and headhunter expenses, were considerably reduced by €560 thousand in the past financial year. In addition, expenses for low-value leases (rent and motor vehicles), energy, and maintenance increased by €966 thousand. This increase was mainly driven by higher energy costs. The currency translation expenses included in Other expenses amounted to €514 thousand (PY: €772 thousand). Other expenses also included writedowns of receivables in the amount of €54 thousand (PY: €32 thousand), and expenses for forward exchange transactions in the amount of €0 thousand (PY: €111 thousand).

Within the line item of Other expenses, which was lower than in the previous year, an amount of €1,600 thousand was attributable in the previous year to the recognition of provisions for onerous contracts, particularly in respect of boats for which construction had been delayed as a result of the coronavirus pandemic and therefore had still be built at the old prices and discounts. A large percentage of these boats were completed in the reporting period.

In total, the ratio of other operating expenses to the total operating performance declined by 2.8 percentage points to 13.7% (PY: 16.5%).

5.6 — Depreciation, amortization and impairments

The composition of depreciation and amortization is described in the notes on intangible assets (6.1.) and property, plant and equipment (6.2.). Impairments were not necessary in the 2022|2023 financial year.

The deduction of grants from the cost of property, plant and equipment in previous years led to a decrease of €282 thousand (PY: €282 thousand) in depreciation, amortization and impairments.

5.7 — Financial expenses and financial income

€'000	2022|2023	2021|2022
Interest income	52	0
Income equivalent to interest	251	0
Interest expenses	(1,399)	(890)
thereof interest expenses for leases	(159)	(204)
Exchange rate gain financing HYSZ	350	16
	(746)	**(874)**

Income equivalent to interest in the amount of €251 thousand (PY: €0 thousand) resulted from the remeasurement of share-based compensation granted to the Executive Board. This matter is explained in Chapter 9.8.

Interest expenses mainly derive from the interest servicing of bank loans and the sales financing program.

The currency differences from currency translation at HYSZ, which are recognized in profit or loss in the consolidated financial statements, resulted in a foreign exchange gain of €350 thousand (PY: €16 thousand) in the 2022|2023 financial year. This difference was presented in the financial result because it is mainly attributable to financing activities and not operating activities.

5.8 — Income taxes

Breakdown of income taxes:

€'000	2022|2023	2021|2022
Current tax expenses (–)	(912)	(331)
Deferred tax income/expenses (–)	151	(108)
	(761)	**(439)**

Deferred taxes result mainly from differences between the tax bases and the carrying amounts presented in the financial statements under commercial and tax law as well as from deferred taxes arising from consolidation measures. Expenses of €569 thousand (PY: income of €171 thousand) resulted from the measurement of deferred tax assets in respect of tax incentives at the Polish subsidiary in the 2022|2023 financial year. The Polish subsidiary operates in a special economic zone in which tax losses are not recognized. On the other hand, tax credits, which likewise lead to a reduction of the income taxes owed on taxable profit, can be claimed.

The total benefit of future tax credits in the special economic zone comes to around €1.4 million (PY: €1.3 million), of which roughly €0.7 million (PY: €0.6 million) has not yet been recognized. The tax incentives in Poland will only be granted in the time until 2026 (PY: until 2026). An application to extend the special economic zone to newly acquired land in Poland was filed and already approved in the previous year. The approval is contingent on new investments to be made on these properties. However, the approval resolution also specifies both qualitative and quantitative criteria which the Polish subsidiary must meet. No public support had yet been utilized as of 30 June 2023.

At 30 June 2023, corporate income tax loss carry-forwards amounted to roughly €62.4 million (PY: €45.6million) and trade tax loss carry-forwards amounted to roughly €64.2 million (PY: €43.1 million). At HanseYachts AG, only losses incurred after the change of shareholder in November 2011 are taken into account. Deferred tax assets on tax loss carry-forwards were not recognized in respect of corporate income tax loss carry-forwards amounting to roughly €62.4 million (PY: €44.1 million) and trade tax loss carryforwards amounting to roughly €64.2 million (PY: €41.3 million) because the requisite conditions have not yet been met.

As in the previous year, there were no temporary differences for which deferred tax assets were not recognized due to the non-fulfillment of the applicable conditions. Please refer to our remarks in Chapter 6.3 for additional information on deferred taxes.

The average tax rate assumed for the 2022|2023 financial year is 30.7% (PY: 30.0%). The tax expenses expected on the basis of the average tax rate are reconciled with the actual tax expenses in the table below:

€'000	2022|2023	2021|2022
EBT	**(12,106)**	**(12,500)**
Average overall tax rate	30.7 %	30.0 %
Expected tax income (–)/expenses (+)	(3,717)	(3,750)
Tax rate differences	(123)	(103)
Non-deductible expenses	110	0
Tax-exempt income	(37)	0
Measurement of deferred tax assets and impairment of deferred tax assets on tax loss carry-forwards	28	572
Income taxes for previous years	104	0
Non-recognition of deferred tax assets on temporary differences and losses	4,563	4,068
Reduction of tax expenses from the utilization of deferred tax assets/tax credits not recognized in earlier years	0	(348)
Other effects	(167)	0
Actual total tax income (–)/expense (+)	**761**	**439**
Group tax rate	**–6.3 %**	**–3.5 %**

The tax rate differences result from the differences in the average tax rates to be applied for the foreign subsidiaries.

Deferred tax assets were mainly recognized in respect of losses only up to the amount of nettable deferred tax liabilities at each company in the reporting period. In addition to deferred tax liabilities, deferred tax assets of €527 thousand (PY: €697 thousand) were recognized at the Polish subsidiary in respect of the tax incentives granted to companies in a special economic zone.

5.9 — Earnings per share

Earnings per share are calculated on the basis of the profit attributable to the shareholders of HanseYachts AG and the average number of shares outstanding. This calculation is presented in the table below:

€'000	2022|2023	2021|2022
Consolidated profit/loss = Group share of period result	(11,303)	(20,683)
Weighted average number of shares outstanding	16,979,330	15,691,695
Earnings per share in €	–0.67	–1.32

Due to the negative consolidated profit/loss, up to 1,674,064 potentially diluting shares under a convertible loan have no dilution effect, so that the basic earnings per share are identical to the diluted earnings per share. We refer to Chapter 6.10 for additional information about the convertible loan.

Earnings per share from continued and discontinued operations are presented directly in the income statement.

Information about changes in equity is presented in Chapter 6.8.

5.10 — Research and development

The research and development expenses recorded separately in the cost accounting system of the parent company amounted to €4.972 thousand in the reporting period (PY: €4,351 thousand). This figure mainly includes personnel expenses and purchased services. Insofar as the recognition criteria for intangible assets ("development expenses") and technical equipment, plant and machinery/assets under construction ("production molds") were met, these expenses were capitalized within the line item of internal production capitalized (€2,949 thousand, PY: €2,516 thousand). Therefore, a total amount of €2,023 thousand (PY: €1,981 thousand) was recognized as research and development expenses applied against the period result.

5.11 — Profit/loss after taxes from discontinued operations

The profit/loss after taxes from discontinued operations shows the result of the Privilège entity classified as discontinued operations. Please refer to Chapter 6.14 for additional information on this subject.

6 // NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 — Intangible assets

Intangible assets exhibited the following development:

2021|2022 €'000		**Internally generated intangible assets**	**Industrial property rights and similar rights**	**Goodwill**	**Down payments made**	**Total**
Acquisition/ production cost	1/7/2021	8,282	12,257	22,040	237	**42,816**
Currency differences		0	–8	0	0	**–8**
Acquisitions		903	117	0	170	**1,190**
Reclassifications		0	75	0	–77	**–2**
Reclassifications to assets held for sale		–532	–3,676	–17,422	–149	**–21,779**
Disposals		0	–3	0	–6	**–9**
Acquisition/ production cost	30/6/2022	8,653	8,762	4,618	175	**22,208**
Amortization and impairments	1/7/2021	4,776	4,374	14,260	0	**23,410**
Currency differences		0	–10	0	0	**–10**
Acquisitions		660	282	0	0	**942**
Reversals of impairments		0	0	0	0	**0**
Reclassification to assets held for sale		0	–200	–11,650	0	**–11,850**
Disposals		0	–3	0	0	**–3**
Amortization and impairments	30/6/2022	5,436	4,443	2,610	0	**12,489**
Net carrying amounts	**1/7/2021**	**3,506**	**7,883**	**7,780**	**237**	**19,406**
Net carrying amounts	**30/6/2022**	**3,217**	**4,319**	**2,008**	**175**	**9,719**

2022|2023 €'000		**Internally generated intangible assets**	**Industrial property rights and similar rights**	**Goodwill**	**Down payments made**	**Total**
Acquisition/ production cost	1/7/2022	8,653	8,762	4,618	175	**22,208**
Currency differences		0	1	0	0	**1**
Acquisitions		1,850	4,448	0	0	**6,298**
Reclassifications		0	83	0	0	**83**
Disposals		0	–7	0	0	**–7**
Acquisition/ production cost	30/6/2023	10,503	13,287	4,618	175	**28,583**
Amortization and impairments	1/7/2022	5,436	4,443	2,610	0	**12,489**
Currency differences		0	0	0	0	**0**
Acquisitions		772	560	0	0	**1,332**
Reversals of impairments		0	0	0	0	**0**
Disposals		0	0	0	0	**0**
Amortization and impairments	30/6/2023	6,208	5,003	2,610	0	**13,821**
Net carrying amounts	**1/7/2022**	**3,217**	**4,319**	**2,008**	**175**	**9,719**
Net carrying amounts	**30/6/2023**	**4,295**	**8,284**	**2,008**	**175**	**14,762**

Internally generated intangible assets
The production costs of development projects approved and budgeted by the management (sailing or motor yacht models) are presented in the line item of Internally generated intangible assets.

Industrial property rights and similar rights
The item of Industrial property rights and similar rights mainly includes brand values and licenses for the software used in the Group for production and administration.

The increase in the item of "Industrial property rights and similar rights" resulted mainly from the contribution of the "Sealine" brand as part of a non-cash capital increase involving the contribution of AURELIUS Active Management Holding GmbH to HanseYachts AG. For its part, AURELIUS Active Management Holding GmbH holds 100% of the shares in AURELIUS Active Management GmbH, whose principal asset is the "Sealine" brand. The measurement of the "Sealine" brand was based on an expert valuation report according to IDW S5. A fair value of €4,582 thousand was calculated for the right to the "Sealine" brand as of 28 November 2022. As of 30 June 2023, the carrying amount of this brand was €4,282 and the remaining useful life was 20 years.

The brand values recognized in the consolidated statement of financial position ("Fjord", "Moody", "Dehler", and "Sealine") were measured at their original or amortized cost totaling €7,922 thousand (PY: €3,906thousand). The "Privilège" brand value in the amount of €3,164 thousand was reclassified to the line item of "Assets held for sale" in the previous year and no longer appears in the statement of financial position at the reporting date due to the sale in financial year 2022|2023. A review of the useful lives of the Group's brands conducted in financial year 2022|2023 found that the "Fjord" and "Dehler" brands should be amortized over useful lives of 20 and 25 years, respectively, beginning in 2022|2023. In the previous years, it had been assumed that these brands have indefinite useful lives. The expenses for the amortization of these brands amounted to €265 thousand in financial year 2022|2023.

In addition to the aforementioned trademark rights, the HanseYachts Group also holds the rights to the brands “Hanse”, “Varianta” and “Ryck”. The brands “Hanse”, “Dehler”, “Moody”, “Varianta”, “Fjord”, and “Sealine” have been pledged as security for bank loans. The carrying amount of recognized brand rights serving as security was €7,922 thousand (PY: €3,906 thousand). The carrying amount of brand rights with indefinite useful lives was €492 thousand (PY: €3,906 thousand).

The item of “Industrial property rights and similar rights” also included other intangible assets, most of which consisting of IT software, in the amount of €361 thousand (PY: €413 thousand).

Goodwill
The goodwill attributed to HYSZ amounted to €2,008 thousand at the reporting date, unchanged from the previous year.

Impairment testing of intangible assets and goodwill
In case of an impairment, intangible assets (brands and goodwill) are attributed to the relevant cash-generating unit (CGU) and an impairment test is conducted at this level.

The HYSZ goodwill (€2,008 thousand) and those brands of the HanseYachts Group that are not subject to scheduled amortization (€492 thousand) were assigned to the “HanseYachts” CGU and subjected to an impairment test at the overall company level because smaller cash-generating units could not be identified in this case.

This impairment test was based on the current business plan of the HanseYachts Group approved by the Supervisory Board. It covered a planning period of three years and a perpetual annuity after that.

The recoverable amount of the “HanseYachts” CGU was determined on the basis of the calculated value in use.

The value in use was calculated on the basis of differentiated assumptions regarding revenue growth in the detailed planning period. Based on its knowledge at the present time, the Executive Board of HanseYachts AG expects that the HanseYachts Group will generate much higher revenues in the future than it did in the past reporting period. In addition to revenue growth, the value in use was calculated also on the basis of assumptions regarding the gross profit margin and development of costs, which together with other expectations support the assumption that EBITDA will be much higher than in the previous year. The business plan reflects the expectation of generally higher prices for materials and energy in the line item of Other operating income and the necessary employee hiring, including salary increases.

For the purpose of calculating the value in use, cash flows for the next three years were projected on the basis of past experience, current operating results, the management’s best estimate of future developments, and assumptions regarding the market. The parameters applied in the assessment may differ from the future development projected in the previous year due to different input factors resulting from reporting-date effects (e.g. interest rates, beta factors) and better knowledge.

For the extrapolation of cash flows, an average growth rate of 1.0% was applied for the period of the perpetual annuity, unchanged from the previous year. The weighted average cost of capital (WACC) applied for the purpose of discounting future cash flows to present value was determined on the basis of market data, in the same manner as in the previous year. On this basis, a WACC before taxes of 12.7(PY: 12.4%) and a WACC after taxes of 8.9% (PY: 8.7) were determined at 30 June 2023.

To validate the calculated recoverable amount, sensitivity analyses were performed of the three significant valuation parameters of weighted average cost of capital (WACC), revenue, and EBITDA margin, which is influenced by the purchased goods and services and personnel expenses ratio, for the “HanseYachts” cash-generating unit. The sensitivity analyses were performed individually for all significant factors so that a change in the recoverable amount could only result from a decrease or increase in the respective factor. Even if the EBITDA margin were 2 percentage points lower or if the weighted average cost of capital were 2 percentage points higher, the carrying amount of the GCU would still be covered by the recoverable amount. The same result holds if revenues were reduced by 5%.

The impairment test of the HYSZ goodwill and trademarks found that the recoverable amount of the “HanseYachts” CGU exceeds the carrying amount of this CGU considerably.

The valuation result was significantly influenced by the estimates and discretionary assumptions applied in the calculation of the recoverable amount.

6.2 — Property, plant and equipment

The development of the individual items of property, plant and equipment is presented in the following statement of changes in non-current assets.

2021|2022 €'000		Land and buildings, including buildings on non-owned land	Technical equipment, plant and machinery	Other equipment, operational and office equipment	Down payments made and assets under construction	Total
Acquisition/ production cost	1/7/2021	33,789	41,340	5,786	1,785	82,700
Currency differences		–251	–65	–15	–87	–418
Acquisitions		883	1,895	899	4,827	8,504
Reclassifications to assets held for sale		–287	–3,702	–301	–397	–4,687
Reclassifications		1,660	2,016	19	–3,692	3
Disposals		0	–189	–374	–10	–573
Acquisition/ production cost	30/6/2022	35,794	41,295	6,014	2,426	85,529
Depreciation and impairments	1/7/2021	16,875	33,521	4,200	0	54,596
Currency differences		–193	–100	–9	0	–302
Acquisitions		1,628	2,030	873	0	4,531
Reclassifications to assets held for sale		–129	–1,613	–164	0	–1,906
Disposals		0	–119	–332	0	–451
Depreciation and impairments	30/6/2022	18,181	33,719	4,568	0	56,468
Net carrying amounts	**1/7/2021**	**16,914**	**7,819**	**1,586**	**1,785**	**28,104**
Net carrying amounts	**30/6/2022**	**17,613**	**7,576**	**1,446**	**2,426**	**29,061**

2022|2023 €'000		Land and buildings, including buildings on non-owned land	Technical equipment, plant and machinery	Other equipment, operational and office equipment	Down payments made and assets under construction	Total
Acquisition/ production cost	1/7/2022	35,794	41,295	6,014	2,426	**85,529**
Currency differences		–45	–3	13	15	**–20**
Acquisitions		513	533	689	2,403	**4,138**
Reclassifications		208	2,420	70	–2,784	**–86**
Disposals		–111	–248	–393	–169	**–921**
Acquisition/ production cost	30/6/2023	36,359	43,997	6,393	1,891	**88,640**
Depreciation and impairments	1/7/2022	18,181	33,719	4,568	0	**56,468**
Currency differences		12	0	4	0	**16**
Acquisitions		1,951	2,213	718	0	**4,882**
Reversals of impairments		0	0	0	0	**0**
Disposals		–420	–185	–283	0	**–888**
Depreciation and impairments	30/6/2023	19,724	35,747	5,007	0	**60,478**
Net carrying amounts	**1/7/2022**	**17,613**	**7,576**	**1,446**	**2,426**	**29,061**
Net carrying amounts	**30/6/2023**	**16,635**	**8,250**	**1,386**	**1,891**	**28,162**

Right-of-use assets are recognized within Property, plant and equipment by application of IFRS 16.

Right-of-use assets
Right-of-use assets were recognized within Property, plant and equipment in the 2022|2023 financial year in accordance with IFRS 16. The development of these rights to use the leased assets and the allocation of these rights to the corresponding assets are presented in the table below:

€'000	Leasehold rights with buildings, including buildings on non-owned land	Technical equipment, plant and machinery	Other equipment, operational and office equipment	Total
Right-of-use assets at 30 June 2022	1,069	2,139	764	**3,972**
Acquisition	125	70	484	**679**
Depreciation	–452	–117	–394	**–963**
Currency	4	0	8	**12**
Disposal	–92	0	–153	**–245**
Right-of-use assets at 30 June 2023	**654**	**2,092**	**709**	**3,455**

Short-term leases and low-value leases are recognized directly in Other operating expenses.

Information about lease liabilities is presented in Chapter 6.11.

Land and buildings
The acquisitions in financial year 2022|2023 mostly pertained to new investments in buildings. The acquisitions amounting to €125 thousand relate to the extension of leases for office buildings. Because the Group received no government grants in the reporting period, no amounts were deducted from the cost of the assets acquired in the reporting period. Grants received in previous years reduced the residual carrying amounts of the buildings by a total of €998 thousand (PY: €1,281 thousand) at 30 June 2023.

The land and buildings are subject to customary security interests furnished for loans. The carrying amount of the assets serving as security amounted to €15,610 thousand (PY: €16,506 thousand) on loans drawn down in the amount of €25,878 thousand (PY: €19,890 thousand).

Technical equipment, plant and machinery
Investments in technical equipment, plant and machinery totaled €533 thousand (PY: €209 thousand). They relate mainly to hull and deck molds for new boat models.

Other equipment, operational and office equipment
For reasons of materiality, low-value assets with costs up to €250,00 are fully expensed in the year of acquisition.

Assets under construction
Assets under construction mainly consist of machinery and equipment not yet accepted or not yet in a state of operational readiness (primarily production molds). These assets are initially presented as additions to Assets under construction and are then reclassified to Technical equipment, plant and machinery when the Production Mold Department reports them as being completed. The carrying amount of assets under construction was €1,891 thousand at 30 June 2023 (PY: €2,426 thousand).

6.3 — Deferred taxes and income taxes

Deferred taxes were recognized in respect of the following balance sheet items:

	30/6/2023		30/6/2023	
€'000	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Intangible assets	26	1,110	0	1,136
Property, plant and equipment	427	1,077	144	1,453
Inventories	127	0	169	0
Receivables and other assets	9	3,792	0	3,182*
Liabilities	4,834	0	4,316*	4
Provisions	807	0	833	0
Tax loss carry-forwards	0	0	469	0
Tax incentives	760	0	697	0
	6,990	5,979	6,628	5,775
Netting	(5,979)	(5,979)	(5,775)	(5,775)
	1,011	**0**	**853**	**0**

* Adjusted per IAS 8, see 4.23 of the notes to the consolidated financial statements for financial year 2022|2023

Deferred taxes in respect of intangible assets resulted from asset differences in capitalized development expenses and from differences in the amortization of trademark rights.

Deferred tax liabilities in respect of property, plant and equipment relate to asset differences from currency translation at historical exchange rates of the assets of the Polish subsidiary, which is treated as an “integrated entity”, and deferred taxes recognized in respect of right-of-use assets attributed to property, plant and equipment as a result of the application of IFRS 16.

The deferred tax assets recognized in respect of property, plant and equipment, inventories, and provisions resulted mainly from the Polish subsidiary HYSZ. Moreover, the deferred tax assets recognized in respect of asset differences had to be reversed due to the elimination of intercompany profits in inventories. It was also necessary to reverse the deferred tax assets recognized in respect of provisions for onerous contracts.

In addition, deferred tax assets were recognized in respect of the lease liabilities accounted for in accordance with IFRS 16.

Deferred tax assets were recognized in respect of losses incurred in the 2022|2023 financial year in the maximum amount of the excess of deferred tax liabilities over deferred tax assets on a company-specific basis. Further deferred tax assets were recognized in respect of the tax benefits granted to the Polish subsidiary for its activity within a special economic zone.

Insofar as the deferred tax assets and liabilities of consolidated companies were owed by and to the same tax authority, they were netted.

The income tax liabilities presented within liabilities relate to the expected tax liability for financial years for which a tax assessment has not yet been performed. The expected maturity is less than one year.

Income tax liabilities break down as follows:

€'000	**30/6/2023**	**30/6/2022**
Domestic and foreign business taxes	559	110
Local trade tax	131	13
thereof foreign tax liabilities	**199**	**240**
Corporate income tax	187	240
thereof foreign tax liabilities	**758**	**350**

6.4 — Inventories

€'000	**30/6/2023**	**30/6/2022**
Unfinished goods	17,431	21,457
Raw materials and supplies	16,452	18,370
Finished goods and merchandise	7,186	5,559
Down payments made on inventories	69	74
	41,138	**45,460**

Boats under production and plastic and furniture parts already processed under specific orders are presented within unfinished goods. Finished goods and merchandise relate to boats that are still owned by the Group. All boats are built to order or as trade show and exhibition boats. Merchandise consists of used boats. It is assumed that inventories turn over within 12 months in the normal course of business.

The writedowns of individual items of inventories break down as follows:

	Raw materials and supplies		Unfinished goods		Finished goods and merchandise		Down payments made on inventories		Total	
€'000	2022|23	2021|22	2022|23	2021|22	2022|23	2021|22	2022|23	2021|22	2022|23	2021|22
Acquisition and production cost	17,817	19,742	17,578	21,657	7,186	5,559	69	74	**42,650**	**47,032**
Writedowns	–1,365	–1,372	–147	–200	0	0	0	0	**–1,512**	**–1,572**
Carrying amount at 30/06	16,452	18,370	17,431	21,457	7,186	5,559	69	74	**41,138**	**45,460**

Writedowns to net realizable values consist of usability writedowns on raw materials and supplies and impairments of finished goods and merchandise (used boats) to account for possible resale risks.

The change in writedowns of raw materials and supplies – as the net balance of additions, reversals, and utilizations – is presented within Purchased goods and services. This led to a decrease (= “income”) in Purchased goods and services in the amount of €7 thousand in the reporting period (PY: income of €371 thousand).

The change in writedowns of unfinished and finished goods in the amount of €53 thousand (PY: €318 thousand) is included in the consolidated statement of comprehensive income within the line item of Increase in inventories of finished and unfinished goods.

Customary security agreements (e.g. assignment of goods stored in specific places, assignment as security of boats, etc.) relating to raw materials and supplies, unfinished and finished goods, and used boats are in effect with the Group’s banks and a sales financing company. The carrying amounts of inventories serving as security amounted to €32,426 thousand (PY: €37,443 thousand).

6.5 — Trade receivables

The contractual balances of trade receivables and lease liabilities under contracts with customers according to IFRS 15 are presented in the table below:

€'000	30/6/2023	30/6/2022
Trade receivables	15,689	13,310
Contract liabilities	–42,851	–48,704

Trade receivables include requested and due down payments from the application of IFRS 15 in the amount of €8,621 thousand (PY: €7,902 thousand).

The reduction of contract liabilities in financial year 2022|2023 resulted primarily from the fluctuation of orders on hand and down payments due on account of orders from one reporting date to another.

€'000	30/6/2023	30/6/2022
Trade receivables	15,989	13,581*
thereof requested down payments	8,621	7,902
less writedowns	–300	–271
	15,689	**13,310**

* Adjusted per IAS 8, see 4.23 of the notes to the consolidated financial statements for financial year 2022|2023

As in the previous year, all trade receivables are due in less than one year and are mainly secured by boats, which are not delivered until the purchase prices are paid in full. For this reason, losses on receivables occur very rarely. The carrying amounts of receivables are equal to their fair values.

Expenses for writedowns of trade receivables and losses on receivables were incurred in the amount of €54 thousand in the reporting period (PY: €28 thousand).

Writedowns for default risks in trade receivables exhibited the following development:

€'000	2022/2023	2021/2022
Balance on 1 July	271	381
Additions	54	28
Utilization	0	0
Reclassifications per IFRS 5	0	–135
Reversals	–26	–3
Balance at 30 June	**299**	**271**

These writedowns were calculated on the basis of past experience with payment defaults and the age structure of receivables.

Bank loans and sales financing liabilities are secured by parts of total receivables. The carrying amounts of assets serving as security amounted to €6,589 thousand (PY: €5,295 thousand).

The carrying amount of the trade receivables that have been transferred in connection with sales financing, but are nonetheless completely recognized in the financial statements, and the carrying amount of the corresponding liabilities are €3,729 in both cases (PY: €2,462 thousand). These carrying amounts are nearly equivalent to the fair values of these items.

6.6 — Other assets

As in the previous year, other assets are expected to be due in less than one year.

€'000	30/6/2023	30/6/2022
Other assets		
Sales tax	4,009	1,368
Prepaid expenses	602	905
Vendors with debit balances	721	41
Miscellaneous	617	71
Individual writedowns	–58	–58
	5,891	**2,327**

Whereas the item of vendors with debit balances is composed of financial assets, the other items are composed of non-financial assets.

Prepaid expenses particularly include prepayments for participation in trade shows and insurance. As in the previous year, the full amount of the individual writedown at 30 June 2023 was charged against input tax assets in Poland.

6.7 — Cash and cash equivalents

€'000	30/6/2023	30/6/2022
Cash in banks	9,142	6,499
Cash on hand	4	3
	9,146	**6,502**

The carrying amount of cash and cash equivalents is equal to the fair value. Cash in banks consists of sight deposits and overnight deposits payable on demand. Cash and cash equivalents totaling €300 thousand (PY: €300 thousand) are subject to restrictions on disposal.

6.8 — Equity

The development of equity is presented in the statement of changes in equity (Appendix 4).

Subscribed capital
To strengthen its equity situation, the Executive Board resolved on 8 December 2022, with the consent of the Supervisory Board, to conduct both a cash capital increase and a non-cash capital increase by issuing new bearer shares in each case. The Executive Board also resolved, with the consent of the Supervisory Board, that only AURELIUS Equity Opportunities SE & Co. KGaA and HY Beteiligungs GmbH (AURELIUS Group) would be permitted to subscribe these new shares and that the preemptive subscription rights of the other shareholders would be excluded in accordance with Article 6 of the company's Articles of Association. As compensation, the Supervisory Board resolved on 1 February 2023, with the consent of the Supervisory Board, to conduct another cash capital increase which only the other shareholders would be entitled to subscribe, so as to give the other shareholders a chance to subscribe new shares in proportion to their former shareholding ratios.

The cash capital increase conducted by the AURELIUS Group was carried out by issuing 1,048,951 new shares for a subscription price of €2.86 per share and took effect upon being entered in the Commercial Register on 25 January 2023.

At the same time, AURELIUS Active Management Holding GmbH was contributed to the company under a non-cash capital increase in exchange for a total of 1,602,098 new shares in the AURELIUS Group. This capital transaction was entered in the Commercial Register on 9 February 2023.

The cash capital increase for the other shareholders, under which 713,794 new shares were issued for a subscription price of €2.86 per share, was entered in the Commercial Register on 14 March 2023.

Thus, the fully paid-in share capital of HanseYachts AG entered in the Commercial Register amounted to €19,056,538.00 at 30 June 2023 (PY: €15,691,695.00). It is divided into 19,056,538 (PY: 15,691,695) no-par shares with an imputed value of €1.00 per share. All shares are bearer shares.

Authorized Capital and Conditional Capital
By resolution of the annual general meeting of 5 December 2019, the Executive Board was authorized to increase the company's share capital on one or more occasions by a total amount of up to €6,012,296.00 by issuing new bearer shares in exchange for cash or non-cash capital contributions once or repeatedly in the time until 4 December 2024, with the consent of the Supervisory Board (Authorized Capital 2019). In addition, the Executive Board was authorized to exclude, with the consent of the Supervisory Board, the preemptive subscription right of the shareholders (i) in order to remove fractional shares from the shareholders' preemptive subscription right, (ii) if new shares are issued in exchange for a cash capital contribution and if certain other conditions specified in Article 6 of the Articles of Association are met, (iii) in the case of a capital increase in exchange for a non-cash capital contribution, or (iv) in order to service any potential warrant or conversion rights or obligations under warrant bonds and/or convertible bonds. The Authorized Capital 2019 was entered in the Commercial Register on 11 March 2020, followed by a supplemental entry on 21 October 2020. The Authorized Capital 2019 was completely used up in financial year 2022|2023 (balance at the previous-year reporting date: €2,475,528.00).

By resolution of the annual general meeting of 23 November 2021, the Executive Board was authorized, with the prior consent of the Supervisory Board, to purchase the company's own shares up to a total of 10% of the company's share capital at the time of adoption of the resolution by the annual general meeting or – if lower – at the time of exercising the authorization, either on the stock exchange or by means of an offer to all shareholders, in the time until 22 November 2026. The shares purchased on the basis of this authorization together with other shares of the company which the company has purchased and still holds or which are attributable to the company according to Sections 71a et seq. AktG may not at any time exceed 10% of the company's share capital. The authorization may not be exercised for the purpose of trading in the company's own shares. The Executive Board is authorized to utilize the treasury shares purchased on the basis of this authorization for all legally permissible purposes. It is further authorized in certain cases to exclude the shareholders' preemptive tender right with respect to purchases and the shareholders' preemptive subscription right with respect to utilization. Having been only partially utilized, the Authorized Capital 2021 amounted to €4,481,004.00 at the reporting date.

By resolution of the annual general meeting of 2 February 2023, the Executive Board was authorized, with the consent of the Supervisory Board, to increase the company's share capital on one or more occasions by a total amount of up to €3,976,574.00 by issuing new bearer shares once or repeatedly in exchange for cash or non-cash capital contributions (Authorized Capital 2023). The Executive Board was also authorized, with the consent of the Supervisory Board, to exclude the shareholders' preemptive subscription right (i) in order to exclude fractional shares from the shareholders' preemptive subscription right, (ii) if the new shares are issued in exchange for a cash capital contribution and if certain other conditions specified in Article 6 of the Articles of Association are met, (iii) in the case of a capital increase in exchange for a non-cash capital contribution, or (iv) in order to service any potential warrant or conversion rights or obligations under warrant bonds and/or convertible bonds. The Authorized Capital 2023 was entered in the Commercial Register on 3 July 2023. Having not yet been utilized, the Authorized Capital still amounted to €3,976,574.00 at the reporting date.

By resolution of the annual general meeting of 2 February 2023, moreover, the Executive Board was authorized to create warrant bonds and convertible bonds in the total nominal amount of up to €80 million. To back the authorization, a Conditional Capital 2023/I was established in the amount of €7,845,847.00, by which amount the Executive Board may increase the company's share capital by issuing new bearer bonds in exchange for cash or non-cash capital contributions.

Additional paid-in capital
The company's additional paid-in capital reserve increased by €6,470 thousand to €8,039 thousand in the past financial year.

€'000	2022|2023	2021|2022
Additional paid-in capital at the beginning of the financial year	1,569	1,569
Premium cash capital increase	3,279	0
Premium non-cash capital increase	2,980	0
Premium convertible bond	211	0
Additional paid-in capital at the end of the financial year	**8,039**	**1,569**

The additional paid-in capital reserve is subject to the restrictions of Section 150 AktG. The capital increases were conducted against the Authorized Capital.

Non-controlling interests
In the previous years, non-controlling interests comprised minority interests in the consolidated equity of the consolidated subsidiary Privilège Marine SAS in the amount of €–79 thousand (equal to 0.45% of the subsidiary's equity). These minority interests were deconsolidated when the subsidiary was sold.

6.9 — Other provisions

The other provisions exhibited the following development in the reporting period:

€'000	30/6/2023	06/30/2022
Warranties	1,901	1,578
Onerous contracts	1,809	1,600
	3,710	**3,178**

€'000	1/7/2022	Utilization	Reversal	Addition	30/6/2023
Warranties	1,578	295	0	618	1,901
Onerous contracts	1,600	852	0	1,061	1,809
	3,178	**1,147**	**0**	**1,679**	**3,710**

The provisions for warranties relate to possible warranty work on boats that were sold in the warranty period, as well as legal expenses related to warranty cases. Provisions are recognized both for specifically known individual cases and on the basis of past experience values.

The provisions for warranties for specifically known individual cases are measured on the basis of the expenses incurred in the past for comparable cases or on the basis of current cost estimates (e. g. cost estimates of appraisers). Upon being sufficiently concretized, the provisions for legal disputes are measured on the basis of alternative bids or court judgments or the judgment of the advising lawyers or employees of the company.

The provisions for onerous contracts mainly pertain to existing customer orders on which the HanseYachts Group expects to incur losses due to the unexpected cost increases that have occurred since the orders were booked. Thanks to the repeated, extensive sales price increases implemented in the 2021|2022 financial year, the Group expects to incur losses on only some customer orders placed under the old prices due to the cost increases that have occurred since then.

The provision for onerous contracts was calculated in part on the basis of assumptions derived from past experience regarding expected extra features that have not yet been contractually specified, and in part on the basis of assumptions regarding cost increases that are still to be expected in the next two financial years. In this regard, the legal representatives made assumptions regarding changes in both material costs and personnel expenses.

Even though the discretionary assumptions and estimates applied in the measurement of provisions were based on the current knowledge of the senior management, the actual development of material costs and wage costs may differ from these estimates.

Of the total warranty provision, an amount of € 1,416 thousand is due in less than one year and an amount of € 485 thousand is due in more than one year. Because they become due in the normal course of business, the full amount of this provision is presented within the line item of Current provisions.

Due to the primarily short-term nature of this provision, any cost increases or interest rate effects were minor and therefore of subordinate importance.

6.10 — Other financial liabilities

The other financial liabilities comprise interest-bearing liabilities to banks and other outside lenders.

The breakdown of total financial liabilities by maturity at the reporting date is presented in the table below:

€'00	**30/6/2023**	**30/6/2022**
Financial liabilities to banks and other lenders		
Up to 1 year	23,048	23,794*
1 to 5 years	15,479	4,447
	38,527	**28,241**

* Adjusted per IAS 8, see 4.23 of the notes to the consolidated financial statements for financial year 2022|2023

Bank liabilities and other financial liabilities amounted to €38,527 thousand at the reporting date (PY: €28,241 thousand). They resulted from loans at fixed interest rates (€25,878 thousand, PY: €19,890 thousand), drawdowns on the current account facilities and sales financing credits (€10,856 thousand, PY: €8,351 thousand), and liabilities from a convertible loan in the amount of €1,793 thousand (PY: €0 thousand). The convertible loan was agreed with the investor Vesting Holding AG, Schönefeld, in the total nominal amount of €3.0 million on 26 May. An amount of €2.0 million was disbursed from the loan as of the reporting date. The convertible loan has a term until 15 June 2025 and bears interest at the rate of 4% per annum. As of 15 June 2024, the convertible loan can be converted into equity for a conversion price of €2.86 per share. According to its terms and conditions, the convertible loan conveys the right to convert the loan into a total of up to 1,674,064 new bearer shares of HanseYachts AG. The shares to be delivered upon conversion are generally meant to be issued from the Conditional Capital 2023/I resolved by the annual general meeting on 2 February 2023. Because the convertible loan is a compound financial instrument, the components (loan and conversion right) must be accounted for separately according to IFRS. Whereas the conversion right is to be classified as an embedded equity derivative (see Chapter 6.8.), the loan is a financial liability.

The financial liabilities to related persons and entities are explained in Chapter 11.

Please refer to Chapter 9.2 for information on expected liquidity outflows, Chapter 9.3 for information on interest rate hedging, and Chapter 9.5 for information on fair values.

Please refer to our remarks in Chapters 6.1, 6.2, 6.4, 6.5, and 6.7 for information on the assets serving as security for financial liabilities.

6.11 — Lease liabilities

The future lease payments are derived from the carrying amount as follows:

€'000	30/6/2023	30/6/2022
Carrying amount of liability		
Up to 1 year	846	1,101
1 to 5 years	1,090	1,419
More than 5 years	1,803	1,888
	3,739	**4,408**
Interest portion		
Up to 1 year	156	115
1 to 5 years	447	290
More than 5 years	851	912
	1,454	**1,317**
Lease payments		
Up to 1 year	1,002	1,216
1 to 5 years	1,537	1,708
More than 5 years	2,654	2,800
	5,193	**5,724**

The compounding of lease liabilities gave rise to a lease expense of €159 thousand (PY: €204 thousand).

The lease liabilities recognized at 30 June 2023 are presented in the table below:

€'000	IFRS 16	Sale and leaseback	Total
Balance at 1 July 2022	4,122	286	4,408
Acquisitions	768	0	768
Payments	–766	–283	–1,049
Interest expenses	–159	–3	–162
Disposals	–226	0	–226
Balance at 30 June 2023	**3,739**	**0**	**3,739**

Lessor
For purposes of lease classification, the Group performs a comprehensive assessment to determine whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; otherwise, it is classified as an operating lease. In making this judgment, the Group considers certain indications such as, for example, whether the lease covers most of the economic useful life of the asset in question.

The leases currently in effect consist entirely of operating leases. They pertain to property, plant and equipment in the form of land and buildings. The Group recognizes lease payments under operating leases as income on a straight-line basis over the term of the lease and presents it separately within the line item of Other revenues.

The respective leases form the basis for managing the risk of retained rights to the leased assets. These leases regulate usage limits, maintenance, and site restoration obligations.

The future cash flows from operating leases are presented in the table below:

€'000	2023|2024	2024|2025	2025|2026	2026|2027	Remaining years
	8	**8**	**8**	**8**	**145**

6.12 — Changes in liabilities from financing activities

The cash and non-cash changes in liabilities resulting from financing activities are reconciled in the table below. The reconciliation basically covers the borrowings for which cash inflows are presented in the cash flow from financing activities in the statement of cash flows.

			Non-cash changes				
€'000	1/7/ 2022	Cash flows	Addition leases	Other changes	Reclassification maturity	Disposals	06/30/ 2023
Financial liabilities to banks							
Non-current	4,447	–38	0	0	11,071	0	15,480
Current	21,109	–914	0	44	–4,817	0	15,422
Liabilities under leases	4,408	–1,049	768	0	0	–388	3,739
Liabilities to related persons or entities	1,509	2,040	0	687	0	0	4,236
Other financial liabilities	2,684*	5,148	0	–207	0	0	7,625
	34,157	**5,187**	**768**	**524**	**6,254**	**–388**	**46,502**

* Adjusted per IAS 8, see 4.23 of the notes to the consolidated financial statements for financial year 2022|2023

The Other non-cash changes relate to inflows from interest liabilities and that part of the convertible loan granted in the past financial year that is to be recognized in equity.

6.13 — Other liabilities

As in the previous year, the liabilities presented below are due within one year, with the exception of contract liabilities:

€'000	30/6/2023	30/6/2022
Trade payables	22,833	19,892
Contract liabilities	42,851	48,703*
Liabilities to related persons and entities	5,096	2,238
Other liabilities		
Personnel-related liabilities	5,134	4,996
Other taxes	1,238	426
Customers with credit accounts	1,387	1,624
Miscellaneous	1,283	691
	9,042	**7,737**
	79,822	**78,570**

* Adjusted per IAS 8, see 4.23 of the notes to the consolidated financial statements for financial year 2022|2023

The Other liabilities of €9,042 thousand (PY: €7,737 thousand) consist of financial liabilities in the amount of €7,804 thousand (PY: €7,311 thousand) and non-financial liabilities in the amount of €1,238 thousand (PY: €426 thousand).

The contract liabilities consist of down payments received and requested when due from customers of HanseYachts on account of ordered sailing yachts and motor yachts. They are due in less than or more than one year, as indicated below.

Down payments received were completely presented within Current liabilities in the statement of financial position because they become due within the normal course of business.

€'000	30/6/2023	30/6/2022
Down payments received and requested		
Up to 1 year	42,851	42,270*
> 1 year	0	6,433
	42,851	**48,703**

* Adjusted per IAS 8, see 4.23 of the notes to the consolidated financial statements for financial year 2022|2023

Personnel-related liabilities mainly consist of other wage and salary liabilities in the amount of €1,980 thousand (PY: €1,535 thousand) and outstanding vacation claims and overtime hours in the amount of €2,081 thousand (PY: €1,892 thousand).

Please refer to our remarks in Chapter 11 for information on liabilities to related persons and entities.

6.14 — Discontinued operations

By date of 1 July 2022, the subsidiary of HanseYachts AG, Privilège Marine Holding GmbH, exercised its put option concluded on 16 June 2022 and entered into an agreement for the sale of equity interests in Privilège Marine SAS.

The buyer was a consortium headed by the longtime CEO and minority shareholder of Privilège Marine SAS, Gilles Wagner, and a group of the company's customers. Due to the economic relevance and autonomy of the French subsidiary, the transaction with the CEO was deemed to be a transaction with a related person. The purchase agreement entered into effect on 17 October 2022 after all agreed conditions precedent were fulfilled (closing date).

Until the closing date of 17 October 2022, Privilège Marine Holding GmbH together with its French subsidiary Privilège Marine SAS, Les Sables d'Olonne/France, was part of the basis of consolidation of HanseYachts AG. Whereas Privilège Marine Holding GmbH was still part of the basis of consolidation at 30 June 2023, the French subsidiary Privilège Marine SAS, Les Sables d'Olonne/France, was deconsolidated as of 17 October 2022.

Privilège Marine SAS represented a cash-generating unit in the past and therefore fulfills the definition of a "component of an entity" according to IFRS 5.31. Because Privilège Marine SAS represented the abandoned, discontinued catamaran business of HanseYachts AG, it was a separate major line of business that was disposed of in its entirety as part of a single coordinated plan.

Moreover, the entity could be sold immediately in its current condition and at customary terms and conditions and the sale was highly probable due to the fact that a put option for the sale of shares was already concluded before the reporting date and the purchase negotiations were already far advanced. The sale was completed at the closing date of 17 October 2022 and thus within 12 months of the date of classification as discontinued operations.

The cash-generating unit Privilège was classified as discontinued operations at 30 June 2022.

Because the decision to sell the entity was made in the middle of June 2022, 30 June 2022 was the date of initial classification as discontinued operations. Therefore, no further depreciation of the assets attributable to the Privilège CGU was to be charged since 1 July 2022.

In the statement of financial position, the assets and liabilities attributable to the entity classified as discontinued operations were presented separately within the line items of “Assets held for sale” and “Liabilities related to assets held for sale” in the previous financial year.

The assets and liabilities of the entity classified as discontinued operations at 30 June 2022 are presented in the table below:

€'000	**30/6/2022**
Goodwill	5,772
Intangible assets	4,157
Property, plant and equipment	2,798
Inventories	13,940
Trade receivables and other assets	1,629
Cash and cash equivalents	800
Assets held for sale	**29,096**
Non-current financial liabilities	2,197
Non-current lease liabilities	112
Provisions	1,196
Current lease liabilities	89
Other liabilities and accruals	27,587
Liabilities related to assets held for sale	**31,181**
Net liabilities	**(2,085)**

The entity classified as discontinued operations contributed to the Group’s results in the past financial year and the previous financial year as follows:

€'000	**2022|2023**	**2021|2022**
Revenues	5,464	9,181
Other operating income	154	2,068
Inventory changes	0	4,398
Expenses	(6,118)	(23,072)
Deconsolidation result	2,075	0
Profit/loss from discontinued operations	**1,575**	**(7,425)**
Income taxes	(11)	(357)
Profit/loss after taxes from discontinued operations	**1,564**	**(7,782)**
Earnings per share (€)	0.09	(0.50)

The tax expenses in the 2021|2022 financial year resulted from the deferred tax assets that were derecognized upon the discontinuation of the entity, which were deemed to be no longer recoverable due to the planned sale.

Of the total profit/loss after taxes from discontinued operations, an amount of €1,564 thousand (PY: €7,744 thousand) is attributable to the shareholders of HanseYachts AG.

The cash flows on a non-consolidated basis from discontinued operations are presented in the table below:

€'000	2022|2023	2021|2022
Cash flow from operating activities	(3,381)	(2,262)
Cash flow from investing activities	(163)	(454)
Cash flow from financing activities	4,230	3,306
Net cash flow for the year	**686**	**590**

The shares in Privilège Marine SAS were sold at a purchase price of €1. As part of the closing conditions, moreover, a preceding contribution of assets and a cash contribution to be made indirectly by HanseYachts AG to Privilège Marine SAS were agreed, as explained in the following.

Among other conditions, it was agreed as a condition precedent in the purchase agreement that certain clearly defined assets that were still legally owned by HanseYachts AG at 30 June 2022 were to be contributed by Privilège Marine Holding GmbH, Greifswald, to Privilège Marine SAS as part of a non-cash capital increase. For this purpose, HanseYachts AG first transferred these assets to Privilège Marine Holding GmbH, Greifswald, in the form of a non-cash capital contribution on the basis of a legally independent shareholder resolution dated 16 August 2022. These assets consisted mainly of the “Privilège” trademark rights, other property, plant and equipment related to the production of catamarans, and all loans to and receivables from Privilège Marine SAS, which were, however, eliminated in the consolidated financial statements as part of the debt consolidation process. As in the past, the trademark rights and the other non-current assets were attributed to the “Privilege” cash-generating unit.

Another condition precedent of the purchase agreement was a cash capital increase to be conducted for Privilège Marine SAS by Privilège Marine Holding GmbH in the amount of €1,000 thousand. Moreover, HanseYachts AG was required to provide the necessary liquidity for this purpose to Privilège Marine Holding GmbH, likewise in the form of a cash contribution. The required shareholder resolution for this purpose was adopted on 6 September 2022. Already prior to 30 June 2022, an amount of €160 thousand had been paid by HanseYachts AG to Privilège Marine SAS in the form of loans. This amount had already been credited to the agreed cash capital increase so that HanseYachts AG was still required to provide liquidity of €840 thousand to Privilège Marine Holding GmbH after 30 June 2022. The payment made already in the 2021|2022 financial year was eliminated as part of the debt consolidation process in financial year 2021|2022.

As compensation for this liquidity outflow, the shareholder of HanseYachts AG, AURELIUS Equity Opportunities SE & Co. KGaA, granted HanseYachts AG a loan for €840 thousand, which bears interest at the rate of 12%, in 2022|2023 financial year.

According to IFRS 5, the entity classified as discontinued operations was to be measured at the reclassification date (June 2022) at the lower of fair value less costs to sell or the carrying amount. At the reclassification date of 30 June 2022, therefore, HanseYachts AG conducted an impairment test as of 30 June 2022. The impairment test yielded a negative fair value of €–840 thousand for the Privilège CGU, equal to the cash contribution made by HanseYachts AG in financial year 2022|2023. The non-cash contribution made by HanseYachts AG in financial year 2022|2023 was not applied against the fair value because this contribution had already increased the carrying amount of the CGU and would therefore have been counted twice. Given that the net liabilities of the CGU amounted to €–2,085 thousand at 30 June 2022, it was not necessary to recognize an impairment at the reclassification date. Because the fair value could be derived from a purchase agreement concluded in the market, it corresponded to Level 1 according to IFRS 13.

Based on the measurement at fair value less costs to sell, therefore, it was not necessary to recognize an impairment in the consolidated statement of comprehensive income at 30 June 2022.

Thus, the profit/loss after taxes from discontinued operations is attributable to the normal business activity of the entity classified as discontinued operations in the amount of €–511 thousand (PY: €–7,782 thousand) and to the gain on deconsolidation at 17 October 2022 in the amount of €2,075 thousand.

7 // NOTES TO THE STATEMENT OF CASH FLOWS

In the statement of cash flows, cash flows are divided into cash flow from operating activities, cash flow from investing activities, and cash flow from financing activities. The effects of a change in the basis of consolidation in the individual line items are eliminated.

In the cash flow from operating activities, non-cash operating expenses and income and the result from equipment sales are eliminated. Interest income, interest expenses, and income taxes paid are assigned to this category. The cash flow from operating activities is calculated by the indirect method.

The cash flow from investing activities includes cash investments in intangible assets and property, plant and equipment. The cash outflows for investments in non-current investments may differ from the acquisitions presented in the statement of changes in non-current assets if the items were financed or if government grants were deducted from the cost of purchased assets, provided that the subsidized assets are already in operational use at the time of origination of the claim to the grants.

The cash flow from investing activities also includes the net cash flows from the attainment or loss of control of subsidiaries.

The subsidiaries over which control was attained in the past financial year were acquired by way of a non-cash capital contribution without payment of a purchase price. We refer to Chapters 6.8 and 11 for additional information on this subject. The cash and cash equivalents of the subsidiaries over which control was attained in the past financial year amounted to €12 thousand.

The main categories of assets and liabilities acquired in this connection (excluding cash and cash equivalents) are presented in the table below:

€'000	
Assets	
Intangible assets	4,392
Property, plant and equipment	24
Trade receivables	211
Liabilities	
Other provisions	4
Liabilities for income taxes	23
Trade payables	1
Other liabilities	30

The sale price of the subsidiary Privilège Marine SAS, the control over which was lost in the past financial year, amounted to € 1.00. The cash and cash equivalents transferred upon deconsolidation of the company amounted to € 1,486 thousand.

The main categories of assets and liabilities transferred in this connection (excluding cash and cash equivalents) are presented in the table below:

€'000	
Assets	
Intangible assets	9,930
Property, plant and equipment	2,757
Inventories	14,636
Trade receivables	547
Other assets	556
Liabilities	
Financial liabilities	2,621
Lease liabilities	168
Other provisions	1,315
Contract liabilities	20,536
Trade payables	873
Other liabilities	4,136

The cash flow from financing activities comprises the amounts borrowed and repaid on account of financial liabilities, the amount of lease liabilities repaid, and the proceeds from the cash capital increase. In addition, the cash inflows received from the factor in connection with factoring and the subsequent reduction of the liability to the factor are presented in the cash flow from financing activities.

The composition of cash and cash equivalents is presented beneath the statement of cash flows. Please refer to our remarks in Chapter 6.7 for information on bank balances subject to restrictions on disposal.

Only the current account facilities that are repayable on demand and are an integral component of cash management, as evidenced by the regularly fluctuating balance of debit and credit balances, are included in cash and cash equivalents. Because the current account liabilities do not usually fluctuate, they serve the purpose of financing the company and are therefore not included in the cash and cash equivalents presented in the statement of cash flows, in accordance with IAS 7.8.

Therefore, the cash and cash equivalents only comprise the cash in banks and cash on hand presented in the statement of financial position.

The intragroup cash flows, including those between continued and discontinued operations, appearing in the statement of cash flows were eliminated in accordance with IFRS 10.B86 (c).

The cash and cash equivalents reconciled in the statement of cash flows are attributable to both continued and discontinued operations and break down as follows:

€'000	2022|2023	2021|2022
Cash in banks	9,142	6,499
Cash on hand	4	3
Continued operations	**9,146**	**6,502**
Cash in banks	0	800
Discontinued operations	**0**	**800**
Cash and cash equivalents per statement of cash flows	**9,146**	**7,302**

8 // SEGMENT REPORT

Sales of sailing yachts represented about half of the total revenues generated in 2022|2023, at around 53% (PY: 73%). Please refer to our remarks in Chapter 5.1 for information on the segmentation of revenues by product groups. For the reasons stated in Chapter 4.20, revenues are not further segmented by operating segments.

The segmentation by geographical regions is presented in the table below.

Revenues are allocated to regions on the basis of the customer's registered head office and the other key figures are allocated on the basis of the registered head office of the Group company.

Revenues	2022|2023 €'000	2021|2022 €'000	Change €'000	Change %
Germany	46,472	34,263	12,209	35.6 %
United States	19,971	11,492	8,479	73.8 %
France	15,262	10,703	4,559	42.6 %
Netherlands	6,812	6,148	664	10.8 %
United Kingdom	13,467	11,003	2,464	22.4 %
Other Europe	61,133	51,141	9,992	19.5 %
Rest of world (excluding Europe)	10,542	7,630	2,912	38.2 %
Total	**173,659**	**132,380**	**41,279**	**31.2 %**

Non-current assets	2022|2023 €'000	2021|2022 €'000	Change €'000	Change %
Germany	32,332	26,133	6,199	23.7 %
Poland	11,602	13,470	–1,868	–13.9 %
France	0	0	0	0.0 %
United States	2	30	–28	–93.3 %
Total	**43,936**	**39,633**	**4,303**	**10.9 %**

9 // MANAGEMENT OF FINANCIAL RISKS

9.1 — Default and credit risks

Default and credit risk refers to the risk of insolvency of a contractual partner, as well as credit risks from financial investments or derivative financial instruments. The HanseYachts Group is generally only exposed to the risk of insolvency of dealers and their end customers.

To minimize this default risk, the Group charges down payments to the dealers or their end customers until an ordered sailing yacht or motor yacht is completely built, as a general rule. These down payments are credited to the agreed purchase price. The yacht is physically delivered only after the purchase price has been received in full, as a general rule, regardless of whether the revenue is recognized at the same time or earlier. Exceptions to this rule require the approval of the Executive Board.

Most other financial assets are owed by government authorities. The Group holds its money in banks with high credit ratings.

As in the previous year, the maximum default risk at the reporting date was equal to the sum of the carrying amounts of the trade receivables, receivables from related entities, other assets, and cash and cash equivalents presented in the statement of financial position.

9.2 — Liquidity risk

Liquidity risk is the risk that the Group may not be able to fulfill its financial obligations when due. The HanseYachts Group conducts short-term to medium-term financial planning to manage and control its liquidity. With the support of this instrument, short-term liquidity was assured at all times on the basis of operating cash flow, the current account facilities provided by the banks, and the Group's cash and cash equivalents.

In view of the successfully conducted financing and capital measures described in Chapter 2.5.2 of the Group management report, the legal representatives prepared the consolidated financial statements on the assumption of a going concern. On this basis, the Executive Board believes that the company's continuance as a going concern is assured. This assessment is mainly based on the assumption that the business plan of HanseYachts AG, including the cash flows to be generated on that basis, will be fulfilled and that the financial covenants included in the financing agreements concluded in January 2024, which would grant the financing banks a right of extraordinary termination if they are not met, will be met in full. For additional details, please refer to Chapter 4.4 Risk areas: Financial risks in the Report on opportunities and risks, Chapter 2.5 Cash flows in the Group management report, and Chapter 9.6. in the Notes to the consolidated financial statements.

The Group conducts short-term financial planning to ensure that sufficient resources are available at call to cover the expected payments, including the amounts required to service financial liabilities.

The undiscounted gross payment outflows (interest and principal payments) for financial liabilities break down as follows:

€'000			Thereof Up to 1 year	 1 to 5 years	 > 5 years
Financial liabilities		40,325	24,272	16,053	0
	(PY)	(26,630)	(21,810)	(4,820)	(0)
Lease liabilities		5,190	1,046	1,490	2,654
	(PY)	(5,724)	(1,216)	(1,708)	(2,800)
Trade payables		22,833	22,833	0	0
	(PY)	(19,892)	(19,892)	(0)	(0)
Liabilities to related entities		6,516	0	6,516	0
	(PY)	(2,953)	(2,413)	(540)	(0)
Other liabilities		1,387	1,387	0	0
	(PY)	(1,624)	(1,624)	(0)	(0)
		76,251	**49,538**	**24,059**	**2,654**
	(PY)	**(56,823)**	**(46,955)**	**(7,068)**	**(2,800)**

The cash outflows for lease liabilities, liabilities to related entities, and drawdowns on current account facilities (€4,942 thousand, PY: €5,628 thousand), which are presented within financial liabilities, include the interest components allocable to them. When interest payments are based on variable parameters, the undiscounted amount was calculated on the basis of the yield curve at the end of the reporting period.

We refer to our comments in Chapter 9.6 Capital/liquidity management for information about the change-of-control clauses and financial covenants contained in the loan agreements.

The gross cash outflows for interest will amount to €749 thousand in the subsequent year and another €2,879 thousand in the time until the final maturity of the loans.

Moreover, unused credit account facilities amounted to €4,051 thousand at the reporting date (PY: €3,372 thousand).

9.3 — Interest rate risk

The debt financing of the HanseYachts Group mainly consisted of bank loans at fixed interest rates in the reporting period. The loans granted by the majority shareholder also feature fixed interest rates. There is no interest rate risk in these loans.

The interest expenses incurred on financial instruments in the categories of "Loans and receivables," "Financial liabilities measured at amortized cost," and "Financial liabilities/assets measured at fair value through profit and loss" in the reporting period totaled €1,241 thousand (PY: €803 thousand).

Interest rate sensitivity analysis
Financial instruments at fixed interest rates are measured at amortized cost and are therefore not subject to interest rate sensitivity within the meaning of IFRS 7.

An interest rate analysis was not conducted because there are no liabilities in the HanseYachts Group that bear interest at variable interest rates.

9.4 — Currency risk

Currency risk refers to the risk of changes in value of balance sheet items caused by changes in exchange rates. For the HanseYachts Group, this risk is particularly present in exchanges of goods and services with dealers outside of the Eurozone for which payments are received in U.S. dollars.

Based on a plan of expected U.S. dollar inflows, HanseYachts had in previous years purposefully sold U.S. dollars forward at the expected date of receipt of payment, as needed to hedge against any negative exchange rate effects. No futures contracts were in effect at the reporting date of 30 June 2023 (PY: three pending USD futures contracts with a negative market value of €68 thousand).

Trade receivables denominated in a foreign currency amounted to €692 thousand at the reporting date (PY: €63 thousand). This amount corresponds to 4.4% of total trade receivables (PY: 0.5%). The Group had receivables in the following currencies:

€'000	**30/6/2023**	**30/6/2022**
USD – Trade receivables	670	68
PLN – Trade receivables	22	–5
	692	**63**

A 10% appreciation or depreciation of foreign currency receivables against the euro at the reporting date would have an effect of €–63 thousand (PY: €–6 thousand) or €69 thousand (PY: €8 thousand), respectively, on the consolidated profit/loss and equity. In addition, the Polish subsidiary is exposed to a currency risk due to the fact that exchanges of goods and services with HanseYachts AG are billed in euros.

At the reporting date, the Group had foreign currency liabilities in the following currencies:

€'000	**30/6/2023**	**30/6/2022**
PLN – Liabilities	2,770	2,436
USD – Liabilities	998	227
	3,768	**2,663**

At the reporting date, a 10% appreciation or depreciation of foreign currency liabilities against the euro would have an effect of €343 thousand (PY: €–242 thousand) or €377 thousand (PY: €296 thousand), respectively, on consolidated profit/loss and equity.

9.5 — Fair values

The fair values of the financial assets and liabilities recognized in the consolidated statement of financial position are measured on the basis of available market information, as a general rule. The fair values of the interest rate swap contracts and forward exchange transactions held in the previous year were measured by application of recognized mathematical methods on the basis of market information available at the calculation date. Stock exchange price information is available for the bond liabilities.

€'000	Category per IFRS 9[1]	Fair value hierarchy level[2]	30/6/2023 Carrying amount	30/6/2023 Fair value	30/6/2022 Carrying amount	30/6/2022 Fair value
Financial assets						
Current financial assets			**16,410**	**16,410**	**13,351**	**13,351**
Trade receivables	aac	–	15,689	15,689	13,310*	13,310*
Other receivables	aac	–	721	721	41	41
Total financial assets			**16,410**	**16,410**	**13,351**	**13,351**
Financial liabilities						
Non-current financial liabilities			**18,373**	**14,268**	**7,753**	**4,447**
Bank loans and other loans	flac	3	15,479	14,268	4,447	4,447
Leases	–	–	2,894	–	3,306	–
Current financial liabilities			**53,209**	**52,364**	**48,649**	**47,548**
Trade payables	flac	–	22,833	22,833	19,892	19,892
Bond	flac		1,793	1,793	0	0
Bank loans, current account facilities and other loans	flac	–	21,255	21,255	23,794	23,794*
Leasing	–	–	845	–	1,101	–
Liabilities to related entities	flac	–	5,096	5,096	2,238	2,238
Derivatives with negative market value, excluding hedges held for trading	lafv	2	0	0	68	68
Other current liabilities	flac	–	1,387	1,387	1,556	1,556
Total financial liabilities			**71,582**	**66,632**	**56,402**	**51,995**

*Adjusted per IAS 8, see 4.23 of the notes to the consolidated financial statements for financial year 2022|2023

[1] aac = Financial assets measured at amortized cost
flac = Financial liabilities measured at amortized cost
lafv = Financial liabilities at fair value through profit or loss

[2] Level 1 is based on quoted prices in active markets for identical assets and liabilities.
Level 2 is based on inputs that are not quoted prices per Level 1, but which can be observed directly as prices or indirectly as being derived from prices for the financial asset in question.
Level 3 is based on valuations conducted with the aid of factors that are not supported by observable market data.

The aggregated presentation by valuation categories is presented in the table below:

€'000	Category per IFRS 9	30/6/2023 Carrying amount	30/6/2023 Fair value	30/6/2022 Carrying amount	30/6/2022 Fair value
Aggregated presentation by valuation categories					
Financial assets measured at amortized cost	aac	16,410	16,410	13,351	13,351
Financial liabilities measured at fair value through profit or loss	lafv	0	0	68	68
Financial liabilities measured at amortized cost	flac	67,843	66,632	51,927	51,927

Due to the short terms, the carrying amounts of current financial assets and liabilities are largely identical to their fair values.

Because the interest rates of non-current financial assets and liabilities are market interest rates and the volumes are relatively manageable, with the exception of liabilities to banks in financial year 2022|2023, the fair values are approximately equal to the carrying amounts in this case as well.

If they are significantly different from the stated carrying amounts, the fair values of liabilities to banks are calculated as the present values of the payments to be made on account of the corresponding liabilities, with due regard to current interest rate parameters. The fair values calculated as comparison values are assigned to Level 3 of the fair value hierarchy. Barring changes in the corresponding credit ratings, no market value comparison is performed for variable-interest loans due to the fact that they are regularly adjusted to reflect market interest rates.

The net results of financial assets and liabilities recognized in the income statement break down as follows:

2022|2023 €'000	Valuation Category			
	aac	flac	lafv	Total
Reversal of individual writedowns	26	0	0	**26**
Writedowns and losses on receivables	–54	0	0	**–54**
Derecognition of liabilities	0	174	0	**174**
	–28	**174**	**0**	**146**

2021|2022 €'000	Valuation Category			
	aac	flac	lafv	Total
Exchange rate gains	0	0	–111	**–111**
Writedowns and losses on receivables	–32	0	0	**–32**
Derecognition of liabilities	0	711	0	**711**
Measurement of forward currency deals	0	0	–68	**–68**
	–32	**711**	**–179**	**500**

aac = financial assets measured at amortised costs
flac = financial liability at cost
lafv = financial liabilities at fair value through profit and loss

9.6 — Capital/liquidity management

The Executive Board follows the basic principle of maintaining a stable capital base and ensuring adequate liquidity at all times. As in the previous year, a strong emphasis was placed on additional measures to improve liquidity management and optimize the financing structure in the reporting period and during the time of preparation of the present consolidated financial statements.

The HanseYachts Group relies on an internal monthly reporting system to manage capital and liquidity. The reports intended for the Executive Board include a short-term consolidated income statement, consolidated statement of financial position, and consolidated statement of cash flows, on the basis of which the key indicators applied for the purpose of capital and liquidity management (e. g. equity ratio, working capital, cash and cash equivalents) are monitored. In addition, a short-term to medium-term cash flow plan is derived from the integrated business plan. By means of this cash flow plan, the Group ensures that sufficient liquidity is available at all times to cover expected payments when due.

As part of the liquidity management system, the Finance Department also monitors daily cash receipts and payments, prepares weekly liquidity forecasts, analyzes the available financing resources (cash and cash equivalents plus available financing facilities), and monitors receivables from customers and payables to suppliers. Please also refer to our remarks in Chapter 1.4 of the Group management report for additional information on the organization of the internal management system.

The Group's financing is mainly provided by the financing agreements in effect with a total of four banks, the loans granted by the principal shareholder of HanseYachts AG, the loans granted by the German state of Mecklenburg-Western Pomerania, down payments received, and a convertible loan. Some of these loan agreements contain change-of-control clauses, financial covenants, and conversion rights.

Credit agreements with change-of-control clauses
A current account overdraft facility with one bank (drawn down at the reporting date: €2.1 million; PY: €2.6 million) and the loans in effect with this bank (drawn down at the reporting date: €5.8 million; PY: €5.3 million) could be terminated on an extraordinary basis if AURELIUS Equity Opportunities SE & Co. KGaA or a company affiliated with Aurelius SE no longer controls HanseYachts AG directly or indirectly and insofar as no agreement can be reached with the bank on the continuation of the lending arrangements.

Another current account overdraft facility in effect with one bank (drawn down at the reporting date: €0.1 million; PY: €0.2 million) and the loans in effect with this bank (drawn down at the reporting date: €10.2 million; PY: €10.1 million) also contain change-of-control clauses. These clauses take effect if control over the borrower, Hanse Yachts AG, is assumed by another person, another person attains control, or it is determined that another person exerts control. A change of control would entitle the bank to demand the provision of additional bank collateral or the reinforcement of existing bank collateral to secure the bank's claims under the credit facility agreement. If this additional collateral obligation is not fulfilled within a reasonable time limit set by the bank, the bank would be entitled to terminate the credit facility agreement without notice. The banks reserve the right to continue the loan agreements under amended terms and conditions.

Furthermore, the loan agreements in effect with a third bank (drawn down at the reporting date: €4.8 million; PY: €4.2 million) contain an extraordinary right of termination by the lender if a change of control occurs and the parties cannot reach an agreement in due time on the continuation of the loan agreements, possibly under changed terms and conditions concerning, for example, interest, collateral, or other arrangements.

Financial covenants
Originally, the credit facilities with three banks (€20.8 million; PY: €19.6 million) were contingent upon fulfillment of the contractually defined financial ratios EBITDA for the last 12 months, net gearing ratio, and minimum liquidity, all of which are to be calculated on the basis of the consolidated financial statements. A breach of this financial covenant could entitle the lenders to exercise a right of extraordinary termination. This financial covenant to be calculated annually and monthly was fulfilled as of 30 June 2023. As of 30 September 2023, it was agreed with the financing banks to suspend review of the financial covenants, after which it was also agreed to update or review the business plan on which the covenants are based.

As part of the restructuring of financing arrangements that followed this review, a changed financial covenant structure was agreed for all loan agreements in January 2024. Among other changes, limit values were defined for the EBITDA of the last 12 months and for the net gearing ratio. In addition, both minimum values and maximum values were defined for capital expenditures. A breach of any one of these limit values would trigger a special termination right for the lenders. The restructuring is also meant to entail a considerable lengthening of loan maturities. We refer to our comments in Chapter 4.4 Risk areas: Financial risks in the Report on opportunities and risks and Chapter 2.5 Cash flows in the Group management report for more information about the financial covenants and an assessment of the Group's overall liquidity situation.

The loan from the principal shareholder, which had a nominal value of €3.8 million at 30 June 2023 (PY: €1.5 million), was dependent on the fulfillment of a minimum EBITDA at the level of both the separate financial statements and the consolidated financial statements of HanseYachts AG. Any breach of this financial covenant could entitle the lender to exercise a right of extraordinary termination. This financial covenant to be calculated annually and monthly was not fulfilled as of 30 June 2023. Due to the non-fulfillment of financial covenants at 30 June 2023, the principal shareholder was entitled to an extraordinary right of termination, but declared its intention to waive this right in connection with the refinancing agreement concluded during the time of preparation of the present financial statements.

Conversion rights
The convertible loan agreement for a total nominal amount of €3.0 million, which the Supervisory Board and the annual general meeting of 2 February 2023 authorized the Executive Board to conclude with Vesting Holding AG in connection with the issuance of warrant bonds and convertible bonds in the reporting period, contains a clause under which the loan can be terminated within 10 days and the lender can exercise the conversion right immediately. Of the total nominal amount, a partial amount of €2.0 million was disbursed to HanseYachts AG in the time until 30 June 2023.

For information on the subject or risk management, please refer to our remarks in Chapter 4.1.8 of the Group management report.

9.7 — Writedowns of financial assets

Writedowns of current financial assets are only charged in the case of trade receivables. In particular, these writedowns are individual value adjustments. Please refer to our remarks in Chapter 6.5.

9.8 — Disclosures concerning the stock option program and share-based payment transactions according to IFRS 2

Share-based payment agreements were in effect in the form of Share Appreciation Rights (SARs) in the HanseYachts Group at 30 June 2023. Under these agreements, a right defined as the difference between the respective exercise price and the relevant share price of HanseYachts AG is granted to the beneficiaries without their having to make a cash payment in return. A liability equal to the portion of employment service received is recognized in respect of such payments and measured at the current fair value at each reporting date. The plans defined as cash-settled are remeasured at each reporting date. Changes in fair value are recognized in profit or loss.

The Group granted 350,000 SARs in total (PY: 450,000 SARs) to the members of the Executive Board on 1 December 2021 and on 10 January 2022 and by way of supplements to the original agreements on 13 January 2023. The decrease in the total number resulted from the departure of one beneficiary in the past financial year. These grants entitle the Executive Board members to receive the corresponding cash payment upon the expiration of each remaining term (average remaining term: 29 months), provided that certain conditions are met. The SARs have a term of four years from the grant date. The amount of the payment depends on the performance of the HanseYachts AG share price in the time between the grant date and the exercise date.

Because no SARs were exercised in the past 2022|2023 financial year (PY: 0 SARs), the remaining SARs outstanding after the departure of an Executive Board member in the past financial year still numbered 350,000 at 30 June 2023 (PY: 450,000 SARs).

At 30 June 2023, the liability recognized in this respect amounted to €24 thousand (PY: €7 thousand) and is presented within Other non-current liabilities. The portion of the corresponding liability earned, as measured by the obligatory service period, is recognized within Personnel expenses. The income generated from the remeasurement of the liability at the reporting date in the amount of €251 thousand (PY: €28 thousand) is presented within the Financial result.

The fair value of the SARs was determined in accordance with the Black-Scholes formula. The employment-independent and market-independent performance conditions attached to the transactions were not taken into consideration in the determination of fair value. The following parameters were applied in determining the fair values at the grant date and at the measurement date of the SARs:

Parameters	**Grant Date 1/12/2021**	**Measurement Date 30/6/2022**	**Measurement Date 30/6/2023**
Fair value of SARs (weighted average, in €)	0.71	0.14	0.16
Share price (in €)	5.05	3.59	2.42
Exercise price (in €)	5.00	5.23	3.00
Expected volatility (weighted average, in %)	19.08 %	19.67 %	27.34 %
Expected term (weighted average in years)	4.00	3.47	2.45
Expected dividends (in %)	0.00 %	0.00 %	0.00 %
Risk-free interest rate (based on government bonds, in %)	–0.84 %	–0.42 %	3.03 %

The exercise prices are €3.00 in each case (PY: between €5.00 and €5.30).

The expected volatility is based on an assessment of the historical volatility of the company's share price, particularly during the period corresponding to the expected term. The expected term of the instruments is based on historical experience values and the general behavior of option holders.

10 // GUARANTEES, CONTINGENT LIABILITIES, OTHER FINANCIAL COMMITMENTS, AND LEGAL DISPUTES

10.1 — Guarantees and contingent liabilities

There were no guarantees or other contingent liabilities to third parties at the reporting date.

10.2 — Other financial commitments

The Group has purchase commitments totaling €18,958 thousand (PY: €28,073 thousand). The decrease from the previous year is particularly attributable to a change in ordering behavior, which resulted from the easing of supply chain problems. Yacht orders do not have to be placed as early as in the previous year to ensure the timely scheduling of production. As in the previous year, purchase commitments were mainly for the procurement of raw materials and supplies.

10.3 — Legal disputes

HanseYachts AG or one of its Group companies are involved in legal disputes with both suppliers and customers in the course of their current business activities.

Legal disputes with customers usually have to do with claims for compensation for defects and loss of use or claims for the rescission of purchase agreements. The amounts in dispute in litigation with customers depend inter alia on the purchase prices for the boats in question, which range from approx. €0.1 million to approx. €3.0 million for sailing and motor yachts. The provisions recognized for legal disputes are usually considerably lower than the amounts in dispute.

Based on past experience, the Group believes that the risk of possible damages under legal disputes is completely covered by the provisions that have been recognized for this purpose.

From the Group's perspective, the sale of the entity classified as discontinued operations ensured the French company's continuance as a going concern. Therefore, the potential future legal risks arising from the company's status as former shareholder are deemed to be very low.

Please refer to our remarks in Chapter 6.9 for information on the measurement of provisions.

11 // DEALINGS WITH RELATED ENTITIES AND INDIVIDUALS

According to IAS 24, persons or companies that are significantly influenced by the reporting entity or that can exert significant influence over the reporting entity must be disclosed if they are not already included in the consolidated financial statements as consolidated companies.

Members of the Executive Board and Supervisory Board can generally be considered as related persons of the HanseYachts Group. In addition, members of the Executive Board and Supervisory Board of AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, in whose consolidated financial statements HanseYachts AG is included, can be considered as related persons. Therefore, related entities are particularly the companies included in the basis of consolidation of AURELIUS Equity Opportunities SE & Co. KGaA.

Transfer prices for intercompany exchanges of goods and services are set on a fair market basis. Under the circumstances known at the time of conducting transactions, HanseYachts AG received appropriate consideration.

As in the previous year, no receivables from related persons or entities were doubtful or uncollectable in the reporting period.

Executive Board
The following persons were members of the **Executive Board** of HanseYachts AG in the 2022|2023 financial year:

- Hanjo Runde, Hamburg, Executive Board Chairman
- Stefan Zimmermann, Hamburg, Executive Board member in charge of Production, Development, Procurement, and Quality
- Sven Göbel, Naumburg, Executive Board member in charge of Finance, Procurement, and Personnel (until July 2022)
- Jan Brockmöller, Hamburg, Executive Board member in charge of Finance, IT, and Personnel (from May 2022 to September 2022)

The total compensation granted to the Executive Board for the 2022|2023 financial year amounted to €952 thousand (PY: €1,189 thousand). This figure includes variable compensation components of €144 thousand (PY: €175 thousand), which were not yet disbursed in the past financial year. The company recognized no income from the reversal of provisions for compensation granted in previous years that will no longer be disbursed in financial year 2022|2023.

Share-based payment agreements were in effect in the form of Share Appreciation Rights (SARs) in the HanseYachts Group at 30 June 2023. Under these agreements, a right defined as the difference between the respective exercise price and the relevant share price of HanseYachts AG is granted to the beneficiaries without their having to make a cash payment in return. A liability equal to the portion of employment service received is recognized in respect of such payments and measured at the current fair value at each reporting date. The plans defined as cash-settled are remeasured at each reporting date. Changes in fair value are recognized in profit or loss. These options for virtual shares are not the same as shares granted or committed or stock options within the meaning of Section 162 (1) sentence 2 no. 3 AktG and no compensation under this compensation element is currently granted or owed. Additional information on this subject is provided in the Compensation Report pursuant to Section 162 AktG.

The Group had granted a total of 350,000 SARs to the members of the Executive Board in previous years (PY: 450,000 SARs). The decrease in the total number resulted from the departure of a beneficiary in the past financial year. The liability recognized in respect of these SARs amounted to €24 thousand at 30 June 2023 (PY: €7 thousand).

In the course of the cash capital increase conducted in the reporting period, the two Executive Board members each subscribed 122,377 shares at the regular subscription price of €2.86 per share.

A consulting agreement was concluded with Dr. Jens Gerhardt by date of 26 January 2022. Under this agreement, Dr. Gerhardt has supported the operational management of HanseYachts AG since 1 February 2022, immediately following his activity as an Executive Board member of HanseYachts AG. His consulting activity involved the following tasks in particular:

— Development of new products, road map
— Costing of new products, target costing
— After-sales cases

HanseYachts AG incurred expenses of €109 thousand (PY: €116 thousand) on the basis of this consulting agreement in the 2022|2023 financial year.

The following persons were members of the **Supervisory Board** in the 2022|2023 financial year:

— Gert Purkert, Milan/Italy, member of the Board of Directors of AURELIUS Management SE, Supervisory Board Chairman
  Other mandates:
  — AUREPA Advisors AG, Munich (Chairman)

— Dr. Frank Forster, Munich, Staff Lawyer of AURELIUS Equity Opportunities SE & Co. KGaA, Supervisory Board Vice Chairman
  Other mandates:
  — AURELIUS Portfolio Management AG, Munich,

— Fritz Seemann, Düsseldorf, Managing Director of AURELIUS Management SE
  Other mandates:
  — AURELIUS Portfolio Management AG, Munich (Vice Chairman),
  — AURELIUS Beteiligungsberatungs AG, Munich
  — AURELIUS Transaktionsberatungs AG, Munich

— Dr. Martin Schoefer, Munich, consultant to AURELIUS Beteiligungsberatungs AG
— Alexander Herbst, Trassenheide, employee representative on the Supervisory Board
— Rene Oestreich, Mölschow, employee representative on the Supervisory Board.

The Supervisory Board received compensation of €83 thousand in the reporting period (PY: €54 thousand). Of the total compensation paid in financial year 2022|2023, an amount of €30 thousand was paid in respect of the previous year. The employees elected to the Supervisory Board of HanseYachts AG continue to be entitled to a regular salary under their employment contracts. The salary amount represents appropriate compensation for the employee's function or activity within the company.

Business dealings with companies of (former) Executive Board members

On 19 October 2021, GreenTeam GbR entered into a lease with HanseYachts AG for the use of two solar power systems installed by GbR on the production halls of HanseYachts AG at the sites on Ladebower Chaussee and Jungfernwiese in Greifswald in the spring of 2022. The shareholders of GreenTeam GbR include the now former Executive Board members Dr. Jens Gerhardt and Sven Göbel (resigned from the Executive Board in January and July 2022, respectively), as well as customers of HanseYachts AG who ordered two yachts in the 2021|2022 financial year. The yachts were sold at special terms and conditions, which have also been granted to outside third parties in exceptional cases.

GreenTeam GbR earned lease income of €150 thousand in the 2022|2023 financial year. However, HanseYachts AG also charges GreenTeam GbR an annual usage fee of €8 thousand for the use of the roofs at the production sites in Greifswald. In order to use the solar power system, HanseYachts AG had to make a one-time investment of €292 thousand in its own electricity infrastructure in the preceding financial year. After the end of the financial year, HanseYachts AG entered into negotiations with GbR on the subject of having GbR share a portion of the costs of the electric infrastructure, as well as a rent adjustment, due to a differing understanding of the relevant contracts. These negotiations were completed by the time of final preparation of the present financial statements. In particular, GbR will pay a one-time sum of €60 thousand as a share of the necessary investments in the electric infrastructure.

Contrary to the original assumption of three build-out phases for the solar power system, it is now assumed that no further build-out will be carried out at this time due to building limitations. Under the current build-out phase, HanseYachts AG expects to reap annual savings of an amount in the low six digits, based on the trend of electricity prices. The expected return over the full term of 20 years ranges from a middle six-digit amount to a seven-digit amount, depending on the trend of electricity prices. The construction of the solar power system was another important step to improve the CO_2 footprint of HanseYachts AG after the already completed conversion to green electricity.

Sale of shares in Privilège Marine SAS
By date of 16 June 2022, Privilège Marine Holding GmbH, a 100% subsidiary of HanseYachts AG, concluded a put option agreement for the sale of shares in Privilège Marine SAS with a consortium headed by the longtime CEO and minority shareholder of Privilège Marine SAS, Gilles Wagner, and a group of the company's customers. One of these customers is the co-shareholder of the yacht chartering company in which a former member of the Executive Board of HanseYachts AG holds an atypical silent partnership interest of 10%. Due to the economic relevance and autonomy of the former French subsidiary, the transaction with the CEO of Privilège Marine SAS is deemed to be a transaction with a related person.

On the basis of this put option agreement, which granted Privilège Marine Holding GmbH the right, but not the obligation to sell shares in Privilège Marine SAS, a purchase agreement was concluded on 1 July 2022 and entered into effect on 17 October 2022 after all conditions precedent were fulfilled. Since that time, Privilège Marine SAS is no longer part of the basis of consolidation of HanseYachts AG.

Business dealings with companies of the Aurelius Group
In addition to the aforementioned compensation of the members of the Executive Board and Supervisory Board, the following business dealings were conducted with companies of the Aurelius Group:

Financial year 2022|2023 €'000	**Income**	**Expense**	**Rcvb**	**Pybl**
Consulting (including travel expenses)	0	649	0	860
License fees	0	285	0	0
Loans	0	387	0	4,236
Other goods and services	17	6	0	6

Financial year 2021|2022 €'000	**Income**	**Expense**	**Rcvb**	**Pybl**
Consulting (including travel expenses)	0	639	0	570
License fees	0	361	0	159
Loans	0	49	0	1,509
Other goods and services	0	2	0	0

Consulting services (including travel expenses)
The consulting expenses of €649 thousand were incurred entirely for consulting services provided by AURELIUS Beteiligungsberatungs AG to HanseYachts AG in the past financial year. In addition, the Aurelius Group provided extensive consulting services in relation to the sale of shares in Privilège Marine Holding GmbH, Greifswald, which were not charged to HanseYachts AG.

License fees and other services
AURELIUS Active Management GmbH provides molds for the production of the specialized boats of the “Sealine” brand and the “Sealine” brand name and production know-how to HanseYachts AG. This is done under a license agreement that leads to the abovementioned expenses and the corresponding liabilities for license fees. Since 9 December 2022, HanseYachts AG indirectly holds 100% of the shares in ARELIUS Active Management GmbH, which means that transactions between the two companies will no longer need to be reported as transactions with related entities.

Furthermore, costs of €5 thousand were charged to the company in the reporting period for the support given to HanseYachts AG in the placement of job advertisements.

All the liabilities incurred for consulting services, other services, and license fees are current.

Loans
In the presentation mentioned above (see Liabilities), the liabilities from loans also include accrued interest in addition to the nominal amounts.

AURELIUS Equity Opportunities SE & Co. KGaA granted additional loans to HanseYachts AG in the past financial year. These loans include a loan of €840 thousand for the cash capital increase conducted by HanseYachts AG to Privilège Marine Holding GmbH in connection with the sale of that company. Moreover, additional credit facilities totaling €1,500 thousand were granted to HanseYachts AG under a supplement to the loan agreement of 30 September 2022. These credit facilities were completely drawn down in September and December.

In the case of loan liabilities not backed by collateral and for which an interest and loan maintenance declaration has been issued, the loans bore interest at terms comparable to new borrowings. The existing loan liabilities bore interest at the rate of 12.0% in the past financial year.

Cash capital increase and non-cash capital increase
The Executive Board of HanseYachts AG resolved on 8 December 2022, with the consent of the Supervisory Board, to conduct both a cash capital increase and a non-cash capital increase. The shareholders‘ statutory preemptive subscription right was excluded. Only companies of the AURELIUS Group were permitted to subscribe the newly issued shares.

The cash capital increase was carried out by issuing 1,048,951 new shares for a subscription price of €2.86 per share. It took effect upon being entered in the Commercial Register on 25 January 2023. The capital increase of €3.0 million, which was fully paid-in already on 15 December 2022, was presented as Liabilities to related persons at the reporting date.

At the same time, the company AURELIUS Active Management Holding GmbH was contributed to HanseYachts AG as part of a non-cash capital increase in exchange for a total of 1,602,098 new shares. The legal validity of the non-cash capital increase occurred at the reporting date. It was entered in the Commercial Register on 9 February 2023.

We refer to Chapter 6.1 of the present notes for a detailed explanation of this matter.

Reproduction of the notifications pursuant to Section 160 (1) no. 8 AktG
As of the reporting date, the following equity interests held in the parent company were notified pursuant to Section 33 (1) WpHG and published in the following wording pursuant to Section 40 (1) WpHG:

— AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald, Germany, notified HanseYachts AG on 18 January 2021 that the voting rights share held by it in HanseYachts AG, Ladebower Chaussee 11, 17493 Greifswald, was 79.53% (that being 12,479,627 voting rights) on this date. Of this total, 38.13% of voting rights (that being 5,984,011 voting rights) are directly attributable to it. The voting rights attributed to it are held by the following company controlled by it, which holds 3% or more of the voting rights: HY Beteiligungs GmbH.

The abovementioned voting rights shares may have changed after the indicated dates if the changes were not subject to the notification requirement. Because the company's shares are bearer shares, such changes are generally known to HanseYachts AG only when the changes are subject to the notification requirement.

12 // DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Declaration of Conformity with the German Corporate Governance Code prescribed by Section 161 AktG was issued most recently in December 2022 and made permanently available on our website (*https://www.hanseyachtsag.com/de/investor-relations/corporate-governance/*) as part of the Corporate Governance Statement pursuant to Section 315d HGB.

13 // FEE FOR THE INDEPENDENT AUDITOR

The fee for the independent auditor breaks down as follows:

€'000	2022|2023	2021|2022
Auditing services	408	418
	408	**418**

The auditing services pertained to the audit of the separate and consolidated financial statements of HanseYachts AG (including expenses). The auditing services do not include expenses for previous years.

No services not mentioned in the consolidated financial statements or in the Group management report of the audited company were provided aside from the financial statements audit of the audited company or of companies controlled by the audited company.

14 // EVENTS AFTER THE REPORTING DATE

14.1 — Cancellation of debt by AURELIUS Equity Opportunities SE & Co. KGaA

On 13 October 2023, Aurelius Equity Opportunities SE & Co. KGaA declared a cancellation of debt subject to restoration for an amount of €1.4 million vis-à-vis HanseYachts AG. The resulting derecognition of the underlying liabilities by HanseYachts AG generated income of the same amount in financial year 2023|2024.

14.2 — Restructuring of loan agreements

As of 30 September 2023, it was agreed with three financing banks to suspend review of the financial covenants, after which it was also agreed to update or review the business plan.

The updated business plan formed the starting point for renewed restructuring of the financing arrangements, one that takes account of the business risks and business performance in the past financial year.

At the time of preparation of the present financial statements, the negotiations with the financing banks and the German state of Mecklenburg-Western Pomerania had been completed and finally confirmed by all parties involved with respect to the financial covenants, the terms of the loans, and the interest rates of the loans. The amended agreements are expected to be signed by the end of January after Mecklenburg-Western Pomerania's guaranty instrument is formally delivered to the banks (see Chapter 9.6).

Aside from the foregoing, no further transactions occurred that would have had a material effect on the Group's financial position, cash flows, and financial performance.

15 // RELEASE FOR PUBLICATION

The consolidated financial statements and the Group management report at 30 June 2023 of HanseYachts AG were released for publication by the Executive Board on 19 January 2024 and presented to the company's Supervisory Board for approval on the same date. The consolidated financial statements and the Group management report will be published in the electronic Federal Gazette (Bundesanzeiger).

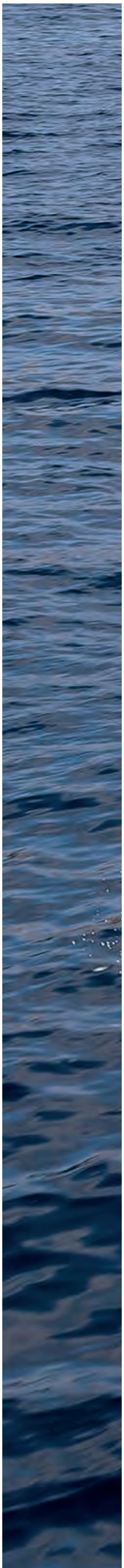
Greifswald, 19 January 2024

The Executive Board

Hanjo Runde Stefan Zimmermann

Hanjo Runde Stefan Zimmermann

Sealine S390 – Natural light from all sides



SMART. CHIC. BOLD.

FOR EVERY LIFESTYLE

- Stylish and sporty day cruiser
- Comfortable cabin with separate wet cell
- Configurable for any type of use
- Diverse customization options

RYCK 280 | A TRUE ALL-ROUNDER

First impressions matter. Not just on a first date, but also when it comes to buying a boat. The design has to be right. That's why we engaged the renowned yacht designer Bill Dixon to develop the open RYCK 280, alongside Hanse's own in-house development team. The result is styling that will touch everyone. The reverse bow alone signals dynamism and sportiness, supported by the windscreen and the black T-top, which shades the stylish helm station. From here, the RYCK 280 is operated via touchscreen controls. Aft, in the large step less cockpit, the open boat offers enough space for anglers, divers, and water skiers to store and deploy their gear or — in a different layout — for families and friends to relax and sunbathe. Below deck is a luxurious, light-flooded cabin with a veritable wet room, wardrobe and a double bed. Here, the raised foredeck creates a sense of space and volume. It makes the RYCK 280 a fully-fledged weekender, ready for wonderful two- or three-day trips. By the way, you can visit any cruising ground you like, because the RYCK 280 is trailerable and can follow you wherever you want to enjoy your next break.


RYCK

RESPONSIBILITY STATEMENT

We hereby affirm to the best of our knowledge that, in accordance with the applicable financial reporting principles, the consolidated financial statements of HanseYachts AG for the 2022|2023 financial year provide a true and fair view of the Group's financial position, cash flows and financial performance, and that the Group management report provides a true and fair view of the Group's business performance, including its results, and of the Group's situation, and describes the principal risks and opportunities of the Group's anticipated development.

Greifswald, 19 January 2023

The Executive Board

Hanjo Runde

Hanjo Runde Stefan Zimmermann

AUDIT REPORT OF THE INDEPENDENT AUDITOR

To HanseYachts AG, Greifswald

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Audit opinions
We audited the consolidated financial statements of HanseYachts AG and its subsidiaries (the Group) – consisting of the consolidated statement of financial position at 30 June 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from 1 July 2022 to 30 June 2023, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We also audited the Group management report of HanseYachts AG for the financial year from 1 July 2022 to 30 June 2023. In accordance with the German legal regulations, we did not audit the content of those parts of the Group management report mentioned in the "Other information" section of our audit report.

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

- The accompanying consolidated financial statements comply with IFRSs as they are to be applied in the European Union and additionally with the German legal requirements pursuant to Section 315e (1) HGB in all material respects, and give a true and fair view of the financial position and cash flows of the Group at 30 June 2023 and its financial performance in the financial year from 1 July 2022 to 30 June 2023 in accordance with these legal requirements; and

- The accompanying Group management report as a whole provides an appropriate view of the Group's situation. This Group management report is consistent with the consolidated financial statements in all material respects, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development. Our audit opinion of the Group management report does not extend to the content of those parts of the Group management report mentioned in the "Other information" section of our audit report.

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

Basis for the audit opinions
We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 HGB and the EU Financial Statements Audit Regulation (EU-APrVO – No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the section of our audit report entitled "Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report." We are independent of the Group in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare pursuant to Art. 10 (2) lit. f) of the EU Audit Regulation that we have not provided any prohibited non-auditing services according to Art. 5 (1) EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate for providing a basis for our opinions on the consolidated financial statements and the Group management report.

Key audit matters in the audit of the consolidated financial statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 July 2022 to 30 June 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Revenue recognition

Relevant information in the consolidated financial statements and the Group management report
Statements are made on the subject of revenue recognition and period accrual in the consolidated financial statements in Section 4.2. “Revenue recognition” and 5.1. “Revenues, change in inventories, and internal production capitalized” of the notes to the consolidated financial statements. Further explanations are provided in Chapter 2.3 “Financial performance” of the economic report in the Group management report.

Key audit matter and risk for the audit
Revenues of € 173.7 million were generated in the HanseYachts Group in the financial year from 1 July 2022 to 30 June 2023. Most of these revenues were generated on sales of sailing yachts and motor yachts. As a general rule, revenues are recognized in the consolidated financial statements of HanseYachts when the performance obligation is satisfied by transferring the promised product to the customer. An asset is deemed to have been transferred when the customer attains control of this asset. The assessment as to whether this condition has been fulfilled must be performed separately for each sale. To this end, the Executive Board has implemented processes to ensure that revenue recognition can be assessed individually and correctly for each sale. We have defined revenue recognition and period accrual as a key audit matter by reason of the significance of revenues and the necessary assessment of the correct timing of revenue recognition for each order.

Audit procedure and findings
We assessed the appropriateness of the processes and controls implemented to ensure correct revenue recognition on the basis of a system analysis (structural audit). On this basis, we then tested the controls we deemed to be significant on a sample basis to assess their effectiveness as part of our audit (functional test).

In this part of the audit, we determined firstly whether the implemented processes ensure correct revenue recognition on the basis of the applicable criteria and secondly whether the processes implemented by the Executive Board can reliably ensure the correct timing of revenue recognition.

For this purpose, we tested each individual sample element to determine whether the processes can ensure the attainment of the objectives stated above on the basis of the underlying contracts, the production plan, rendered down payments and purchase price payments, quality assurance reports, the handover reports signed by the buyers, and the final invoice.

Our structural audit and functional test showed that the implemented processes ensure correct revenue recognition on the basis of the applicable criteria and that the controls we tested were effective.

We found no significant errors in revenue recognition and period accrual in the course of our audit.

In the course of our audit, we assured ourselves that the implemented systems and processes, as well as the accounting policies applied, are appropriate and that the estimates and assumptions made by the legal representatives are sufficiently justified to ensure the correct accounting treatment of revenues.

Measurement of unfinished and finished goods

Relevant information in the consolidated financial statements

For information about the accounting policies applied with respect to unfinished and finished goods, we refer to the statements made in Section 4.12. “Accounting policies – Inventories” and Section 6.4. “Notes to the consolidated statement of financial position – Inventories” of the notes to the consolidated financial statements.

Key audit matter and risk for the audit

The company recognized unfinished and finished goods totaling € 24.6 million at 30 June 2023. The unfinished and finished goods are sailing yachts and motor yachts still under construction and already completed, respectively.

Unfinished and finished goods make up a major part of the assets of the HanseYachts Group. The measurement of unfinished and finished goods is complicated due to the necessity of determining the stage of completion of each boat. Moreover, price risks may arise in the procurement and selling markets due to the strained condition of supply chains in some areas and general economic uncertainties. Production costs are measured on a flatrate basis for each model type. In measuring production costs, direct material costs are generally applied on the basis of the measured parts list of a standard boat without special features and the estimated material costs for special features. Discretionary judgments are required in the course of measurement routines, particularly with respect to the estimated stage of completion and the determination of production costs to be included in the measurement. Given this background and due to the complexity of measurement, we consider the measurement of unfinished and finished goods to be a key audit matter for our audit.

Audit procedure and findings

In the course of our audit, we analyzed the processes implemented by the legal representatives and the accounting policies applied in the measurement of unfinished and finished goods to detect any potential risk of errors and obtain an understanding of the process steps involved. In addition, we evaluated the fundamental appropriateness of the design of the controls implemented by the legal representatives to measure unfinished and finished goods. To assess the stage of completion, we participated in an inventory as observers and verified correct measurement at the reporting date on the basis of cost unit reports, among other measures. In this connection, we analyzed the direct and overhead costs incurred for each yacht and boat type and checked to see if the measurement of the unfinished and finished goods recognized at 30 June 2023 was plausibly derived from these costs by comparing the estimated stage of completion with the actual costs incurred. We also asked questions of the legal representatives of HanseYachts AG to determine the discretionary judgments applied in the determination of the stage of completion.

We assured ourselves that the accounting policies applied are appropriate and that the estimates and assumptions made by the legal representatives are sufficiently justified and reasonable to ensure the correct measurement of unfinished and finished goods.

Other information

The legal representatives and the Supervisory Board are responsible for the other information. The other information comprises the following parts of the Group management report that were not audited on the basis of content:

— The Corporate Governance Declaration pursuant to Section 289f and Section 315d HGB, to which reference is made in the Group management report;

— The separate non-financial report pursuant to Section 315b (3) HGB, to which reference is made in the Group management report;

— The report on equality and equal pay pursuant to Section 22 (1) of the German Transparency in Wage Structures Act (Entgelttransparenzgesetz, EntgTranspG), to which reference is made in the Group management report.

The other information also includes:

- The assurances on the subject of the consolidated financial statements and the Group management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB,
- The Report of the Supervisory Board, and
- The other parts of the annual report – excluding further cross-references to external information – with the exception of the audited consolidated financial statements and the Group management report, and our audit report.

The Supervisory Board is responsible for the Report of the Supervisory Board. Otherwise, the legal representatives are responsible for the other information.

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

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

- is materially inconsistent with the consolidated financial statements, the information provided in the Group management report, or our knowledge obtained in the audit; or
- otherwise appears to be materially misstated.

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

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS as they are to be applied in the EU and additionally the applicable German legal requirements pursuant to Section 315e (1) HGB, and that the consolidated financial statements give a true and fair view of the financial position, cash flows, and financial performance of the Group in compliance with these requirements. In addition, the legal representatives are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatements due to fraudulent acts (i. e., manipulation of accounts and accounting fraud) or errors.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to a going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or discontinue business operations or if there is no realistic alternative to that.

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

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

Responsibility of the auditor for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements due to fraudulent acts or errors, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an audit report that includes our opinions on the consolidated financial statements and the Group management report.

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

We exercise professional judgement and maintain professional skepticism throughout the audit. We also

— Identify and assess the risks of material misstatements in the consolidated financial statements and Group management report due to fraudulent acts or errors, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraudulent acts is higher than the risk of not detecting material misstatements resulting from errors because fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.

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

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

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

— Evaluate the presentation, structure, and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the financial position, cash flows, and financial performance of the Group in compliance with IFRS and additionally the applicable German legal requirements pursuant to Section 315e (1) HGB.

- Obtain sufficient, suitable audit evidence for the accounting information of the companies or business activities within the Group in order to form audit opinions on the consolidated financial statements and Group management report. We are responsible for directing, supervising, and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

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

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

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

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the actions undertaken or safeguards implemented to eliminate any threats to our independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the electronic reproductions of the consolidated financial statements and the Group management report prepared for purposes of publication pursuant to Section 317 (3a) HGB

Audit opinion

Pursuant to Section 317 (3a) HGB, we conducted an audit with reasonable assurance to determine whether the reproductions of the consolidated financial statements and the Group management report contained in the file "529900D476JST576RT25-2023-06-30-de.zip (MD5 Hash Value: faa8c6c18bec4ba5e51a78adf1c17a38)" and prepared for purposes of publication (also referred to hereinafter as the "ESEF Documents") fulfill the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF Format") in all material respects. In accordance with the German legal provisions, this audit only covers the transfer of the information of the consolidated financial statements and the Group management report to the ESEF Format and therefore does not cover the information contained in these reproductions, nor the information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the Group management report contained in the above-mentioned file and prepared for purposes of publication fulfill the requirements of Section 328 (1) HGB for the electronic reporting format in all material respects. Apart from this audit opinion and our audit opinions on the attached consolidated financial statements and the attached Group management report for the financial year from 1 July 2022 to 30 June 2023 included in our foregoing "Report on the audit of the consolidated financial statements and the Group management report," we express no audit opinion on the information contained in these reproductions or the other information contained in the above-mentioned file.

Basis for the audit opinion
We conducted our audit of the reproductions of the consolidated financial statements and the Group management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and in compliance with the IDW Auditing Standard: Audit of the electronic reproductions of financial statements and management reports prepared for purposes of publication pursuant to Section 317 (3a) HGB (IDW PS 410 (06/2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility for this audit is described in more detail in the section entitled “Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF Documents.” Our auditing firm applied the requirements of the International Standard on Quality Management (ISQM 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF Documents
The legal representatives of the company are responsible for the preparation of the ESEF Documents containing the electronic reproductions of the consolidated financial statements and the Group management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB. In addition, the legal representatives of the company are responsible for such internal controls as they have determined necessary to enable the preparation of ESEF Documents that are free from material violations of the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to intent or error.

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

Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF Documents
Our objectives are to obtain reasonable assurance about whether the ESEF Documents are free from material violations of the requirements of Section 328 (1) HGB, whether due to intent or error. We exercise professional judgement and maintain professional skepticism throughout the audit. We also

— Identify and assess the risks of material violations of the requirements of Section 328 (1) HGB, whether due to intent or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

— Assess the technical validity of the ESEF Documents, i.e. whether the file containing the ESEF Documents fulfills the requirements for the technical specifications for this file according to the Delegated Regulation (EU) 2019/815 in the version in effect at the reporting date.

— Assess whether the ESEF Documents allow for an identical-content XHTML reproduction of the audited consolidated financial statements and the audited Group management report.

— Assess whether the tagging of the ESEF Documents with Inline XBRL technology (iXBRL) allows for an appropriate and complete machine-readable XBRL copy of the XHTML r eproduction in accordance with Articles 4 and 6 Commission Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date.

Further information pursuant to Article 10 EU Audit Regulation
We were elected as the auditor of the consolidated financial statements by the annual general meeting on 2 February 2022. We were engaged by the Supervisory Board on 8 September 2023. We have been the auditor of the consolidated financial statements of HanseYachts AG since financial year 2022|2023.

We declare that the opinions expressed in this audit report are consistent with the additional report to the Audit Committee pursuant to Article 11 EU Audit Regulation (long-form audit report).

OTHER MATTER: USE OF THE AUDIT REPORT

Our Audit Report must always be read in conjunction with the audited consolidated financial statements and the audited Group management report and the audited ESEF Documents. The consolidated financial statements and the Group management report converted to ESEF format – including the versions to be filed with the Register of Companies – are merely electronic reproductions of the audited consolidated financial statements and the audited Group management report and do not take their place. In particular, the ESEF Report and our audit opinion expressed therein may only be used in conjunction with the ESEF Documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE AUDIT

The German Public Auditor responsible for the audit is Frank Pannewitz.

Berlin, 19 January 2024

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Udo Heckeler
Wirtschaftsprüfer
(German Public Auditor)

Frank Pannewitz
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