

2022

AURELIUS Equity Opportunities AB (Org. nr. 559209-9567)
Annual Report





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AURELIUS EQUITY OPPORTUNITIES AB (Org. nr. 559209-9567) **Annual report 2022**

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AURELIUS EQUITY OPPORTUNITIES AB

Org. nr. 559209-9567

Annual Report for the period January 1 until December 31, 2022

The year in brief

Significant events in 2022

- Leif Lupp, who was Managing Director, resigned on January 21, 2022, which became effective with registration on February 18, 2022.
- Richard Schulze-Muth was appointed as new Managing Director on January 21, 2022, which became effective with registration on February 18, 2022.
- All own bonds which were accounted at December 31, 2021 amounting to EUR 7.0 million were sold in January 2022.
- The company bought back bonds in 2022 totaling to a nominal amount of EUR 2.0 million.

Significant events after year-end

- On January 16, 2023 the Board of Directors of AURELIUS SE announced that a capital market segment change is intended. AURELIUS SE assumes that its shares will be traded in the general Open Market at a stock exchange after a transition period. The current inclusion in the qualified Open Market (m:access segment of the Munich Stock Exchange) will end.
- The company bought back bonds in January and February 2023 totaling to a nominal amount of EUR 5.6 million.
- No other significant events have taken place in 2023.



The company in brief

AURELIUS Equity Opportunities AB (“the company” or “AURELIUS AB”) is a Swedish public limited company based in Stockholm (Registration number 559209-9567). The company was incorporated in June 2019 and became a 100% subsidiary of AURELIUS Equity Opportunities SE & Co. KGaA (ISIN DE000A0JK2A8; “Holding”, “AURELIUS SE”) in October 2019.

On April 29, 2020, AURELIUS Equity Opportunities AB submitted an application to NASDAQ OMX Helsinki Ltd. to apply for the listing of the Bonds on the regulated market. The Bonds were admitted to public trading on May 4, 2021 with WKN: A2SAP3 and ISIN: NO0010861487.

The object of the company is to issue, own, hold and transfer securities and activities compatible therewith. In this context the company placed senior unsecured 5-year floating rate bonds with a volume of EUR 75 million in December 2019. The bonds shall carry interest at EURIBOR (three months), EURIBOR floor at zero percent, plus a margin of 425 basis points and can be increased to up to EUR 200.0 million. In October 2021, the company successfully concluded the placing of a new tranche in an amount of EUR 45.0 million. With the latest tranche, the aggregate nominal amount of the bonds outstanding is EUR 120.0 million. The bonds are guaranteed by the German Holding, AURELIUS Equity Opportunities SE & Co. KGaA. The bonds will mature on December 5, 2024.

The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least pari passu with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.

In December 2019, the company signed an intercompany loan agreement with AURELIUS SE and transferred an amount of EUR 71.5 million to the Holding. In October 2021, an additional facility in an amount of EUR 37.5 million was made available and transferred to the Holding.

The process to change the company’s accounting currency from Swedish Krona (SEK) to Euro (EUR) was registered in 2020 and was adapted beginning from January 1, 2021.



Directors' Report

The Board of Directors and the Managing Director of AURELIUS Equity Opportunities AB, corporate registration number 559209-9567, hereby submit their annual report for the financial year January 1, 2022 to December 31, 2022.

Information about the operations

AURELIUS Equity Opportunities AB is a Swedish public company based in Stockholm (Registration number 559209-9567). The company was incorporated in June 2019 and its object is to issue, own, hold and transfer securities and activities compatible therewith. In this regard the company placed senior unsecured 5-year floating rate bonds with a volume of EUR 75.0 million in December 2019. The bonds shall carry interest at EURIBOR (three months), EURIBOR floor at zero percent, plus a margin of 425 basis points and can be increased to up to EUR 200.0 million. The company has on October 1, 2021, successfully concluded the placing of a new tranche in an amount of EUR 45.0 million. The bonds are guaranteed by its German parent company AURELIUS Equity Opportunities SE & Co. KGaA.

In December 2021 the company signed an intercompany loan agreement with the AURELIUS Equity Opportunities SE & Co. KGaA and transferred an amount of EUR 71.5 million to the Holding. In October 2021, an additional facility in an amount of EUR 37.5 million was made available and transferred to AURELIUS Equity Opportunities SE & Co. KGaA.

AURELIUS Equity Opportunities SE & Co. KGaA, Grünwald (Germany), is a German partnership limited by shares. The company's registered head office is located on Ludwig-Ganghofer-Strasse 6 in 82031 Grünwald. AURELIUS SE is registered with the Munich Registry Court (record HRB221100). AURELIUS SE today is a holding company with a long-term investment horizon, which specializes in acquiring companies with development potential. By providing operational and financial support, AURELIUS SE offers its subsidiaries a "good home" for innovation, long-term growth and a secure future. Sustainable business concepts and responsible actions provide a stable environment for the subsidiaries, in the interest of all stakeholders. When selecting target objects, AURELIUS SE does not pursue a certain industry focus, but has its main focal points of activity in the following areas: business services, industrial enterprises and lifestyle & consumer goods.

AURELIUS AB does not have any employees.

Ownership structure

AURELIUS Equity Opportunities AB became a 100% subsidiary of AURELIUS Equity Opportunities SE & Co. KGaA (ISIN: DE000A0JK2A8) in October 2019.

Corporate Governance

AURELIUS Equity Opportunities AB is a Swedish public limited company based in Stockholm (Registration number 559209-9567). The company is a 100% subsidiary of AURELIUS Equity Opportunities SE & Co. KGaA (ISIN: DE000A0JK2A8).



In November 2019, AURELIUS Equity Opportunities AB (AURELIUS AB) announced that the company successfully placed senior unsecured 5-year floating rate bonds with a volume of EUR 75.0 million. The bonds shall carry interest at EURIBOR (three months), EURIBOR floor at zero percent, plus a margin of 425 basis points and can be increased up to EUR 200.0 million. The company has on October 1, 2021, successfully concluded the placing of a new tranche in an amount of EUR 45.0 million. The bonds were listed on the Open Market in Germany with WKN: A2SAP3 and ISIN: NO0010861487 since December 5, 2019. Since May 2020, the bonds are listed on the regulated market in Finland (NASDAQ Helsinki Ltd).

Due to the listing on a regulated market the company must prepare a corporate governance report in accordance with the Annual Accounts Act.

The consolidated financial statements of the parent company, AURELIUS Equity Opportunities SE & Co. KGaA, are prepared in accordance with the International Financial Reporting Standards as applicable in the European Union and the German commercial regulations to be applied additionally in accordance with Section 315e (3) of the German Commercial Code (HGB) in conjunction with Section 315e (1) HGB. The consolidated financial statements cover the German parent company and its subsidiaries including AURELIUS Equity Opportunities AB. AURELIUS Equity Opportunities SE & Co. KGaA is a holding company with a long-term investment horizon, which specializes in acquiring companies with development potential. By providing operational and financial support, the Company offers its subsidiaries a “good home” for innovation, long-term growth and a secure future. Sustainable business concepts and responsible actions provide a stable environment for the subsidiaries, in the interest of all stakeholders. When selecting target objects, AURELIUS Equity Opportunities SE & Co. KGaA does not pursue a certain industry focus, but has its main focal points of activity in the following areas: business services, industrial enterprises and lifestyle & consumer goods.

In the period from June 26, 2006, to April 9, 2012, the shares of AURELIUS Equity Opportunities SE & Co. KGaA were traded in the Open Market section of the Frankfurt Stock Exchange. Effective April 10, 2012, the shares have been listed in the small and medium-sized enterprises segment m:access (open market) of the Munich Stock Exchange, which is not an organized market within the meaning of Section 2(11) WpHG. Thus, the German Company is not a capital markets-oriented company within the meaning of this legal requirement. As a consequence, AURELIUS Equity Opportunities SE & Co. KGaA is not engaged to prepare a corporate governance report. Please refer to the events after year-end for information on the intended segment change.

The risk management at AURELIUS SE has a systematic, multi-level risk management system in place to avoid, mitigate and manage significant risks arising from the business activities of the corporate group to best effect. It is used to identify, track and subsequently evaluate existing and potential risks. The risk management system is designed to provide a comprehensive overview of the risk position of the corporate group. Events with significant negative financial effects on the corporate group must be identified promptly so that measures can be defined and taken to mitigate, avoid and manage such risks.

Potential risks are classified by different risk fields like (1) financial risks, (2) sales risks, (3) production risks, (4) procurement risks, (5) IT risks, (6) personnel risks and (7) external risks. AURELIUS SE has set up an internal control system which defines rules and regulations for managing the company activities (internal control system) and for monitoring compliance with these rules and regulations (internal monitoring system). The parts of the internal control system geared to the company’s business activities are designed to ensure their effectiveness and efficiency and to protect the company’s assets. It is also the task of the internal control system to ensure the



orderliness and reliability of the internal and external reporting and ensure compliance with the regulations and laws applicable to the portfolio company. We refer to note 2 (Risk Management) for further information.

There is a continuous process for identifying, evaluating and managing the significant risks faced by the company.

This process has been in place throughout the year and up to date of approval of the Annual Report and Financial Statements. The process includes, among other things, the review on the company's overall framework for internal control over financial reporting, the company's overall framework for risk management with particular emphasis on financial risks, the accounting policies and practices of the company, the annual and quarterly financial reporting carried out by the company. The board of directors of AURELIUS AB shall perform the duties of an audit committee. They shall monitor the company's financial reporting and make recommendations and proposals to ensure the reliability of the reporting. The board of directors shall in relation to the financial reporting, monitor the efficiency of the company's internal controls, internal audits and risk management. Additionally they shall keep itself informed about the audit of the annual report and group accounts and about the conclusions of the quality controls performed by the Swedish Supervisory Authority of Public Accountants. The board of directors shall be informed about the result of the audit and the way the audit contributed to the reliability of the financial reporting, and also about the function of the audit committee. They shall review and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides the company with services other than auditing services and assist in preparing draft resolutions for election of auditors to be passed at a general meeting.

There are no restrictions at a general meeting on votes of shareholders.

The Annual General Meeting elects and, if necessary, dismisses the Board of Directors and the Chairman of the Board, adopts the company's balance sheet and profit and loss account, decides on the distribution of profits and decides on the discharge from liability of the Board members and the CEO. The Annual General Meeting also elects the company's auditors and decides on the remuneration of the Board of Directors and the auditors' fees. The Annual General Meeting also decides on any changes to the Articles of Association.



Board of Directors

Leif Lupp, Managing Director (until registration at February 18, 2022)

Leif Lupp, former Head of AURELIUS Nordics, joined AURELIUS in 2017. He studied business administration at Johann-Wolfgang-Goethe University in Frankfurt am Main and started his business career at Barclays Capital in Frankfurt and London. Afterwards he became Head of Corporate Finance at Vestas Wind Systems. Before he started at AURELIUS he was Partner at Swiss IMCap Partner AG.

Richard Schulze-Muth, Managing Director (beginning with registration at February 18, 2022)

Richard Schulze-Muth studied law at the „Freie Universität Berlin“ and the Catholic University in Leuven, Belgium. He then worked for several years for the international law firm Ashurst in the area of finance and finally moved to Bayerische Landesbank in Munich as a department director. Since 2015 he has been responsible for Corporate Finance at AURELIUS SE and was finally appointed Chief Financial Officer on October 1, 2021. In this role, he heads the Group's finance organisation and is responsible for the areas of accounting, auditing, controlling, corporate finance, tax, and special financing of portfolio companies. In 2022, Richard Schulze-Muth was also appointed as Managing Director of AURELIUS SE.

Florian Winkel, Chair of the board

Florian Winkel, Vice President Finance of AURELIUS SE, joined AURELIUS in 2008 and studied business administration at University of Osnabrück. In 2005 he started his business career at PricewaterhouseCoopers Germany and was in charge of the audit of a DAX-listed financial investor. During this time he accompanies two IPOs. In 2019 he passed his exam as Certified Valuation Analyst. Florian Winkel is chair of the Board and at AURELIUS SE responsible for Accounting, Valuation, Controlling and Treasury.

Nils Haase

Nils Haase, Vice President Operations, joined AURELIUS SE in 2008. He holds a degree in Engineering and Business Administration from the University of Hamburg. During his time at AURELIUS Nils Haase was responsible for the successful turn around, development and exits of several portfolio companies. Today he is also responsible for Conaxess Trade-Group. Prior to joining AURELIUS SE he was leading the Corporate Development Department of Computer Sciences Corporation in Germany and was executing venture capital investment for a well known German Entrepreneur.



Financial overview

Economical development of the company's business, results and position	in kEUR	in kEUR
Economical overview	2022	2021
Earnings before taxes (EBT)	-212	-235
Total assets	119,506	112,330
Equity ratio	0.1%	0.6%

Financial development

Interest income for the fiscal year amounted to kEUR 6,124 (PY: kEUR 4,011) and mainly consists of the Intercompany loan agreement with the German parent company AURELIUS Equity Opportunities SE & Co. KGaA.

Interest and similar expenses are related to the accrued interest expenses regarding the bonds placed by the company in December 2019 and October 2021.

FX gains amounted to a loss of kEUR 1 net (PY: kEUR 0 net).

Net loss for the year amounted to kEUR -1,712 (PY: net loss of kEUR 599).

The cash and cash equivalents as of December 31 2022 amounted to kEUR 3,160 (PY: kEUR 2,645).

As of December 31, 2022, the equity ratio was 0.1 per cent (PY: 0.6 %) and total equity amounted to kEUR 113 (PY: kEUR 625).

Total assets at year end 2022 amounted to kEUR 119,506 (PY: kEUR 112,330).

The cash flows are as follows:

- Cash flow from operating activities is kEUR 562 (PY: kEUR 40).
- Cash flow from investing activities is kEUR -5,099 (PY: kEUR -37,183).
- Cash flow from financing activities is kEUR 5,052 (PY: kEUR 38,896).
- Cash flow for the financial year 2022 is kEUR 515 (PY: kEUR 1,753).

Unconditional Shareholders Contribution

In November 2019 an unconditional shareholder's contribution in the aggregated amount of kSEK 11,614 (equivalent to kEUR 1,100) was received. This contribution provided cash to run operations in 2020.

In November 2022 an unconditional shareholder's contribution in the aggregated amount of kEUR 1,200 was received.

Significant events during the year

All own bonds which were accounted at December 31, 2021 amounting to EUR 7.0 million were sold in January 2022.



Leif Lupp, who was Managing Director, resigned on January 21, 2022, which became effective with registration on February 18, 2022.

Richard Schulze-Muth was appointed as new Managing Director on January 21, 2022, which became effective with registration on February 18, 2022.

The company bought back bonds at the beginning of November 2022 totaling to a nominal amount of EUR 2.0 million.

Significant events following year-end

On January 1, 2023 the Board of Directors of AURELIUS SE announced that a capital market segment change is intended. AURELIUS SE assumes that its shares will be traded in the general Open Market at a stock exchange after a transition period. The current inclusion in the qualified Open Market (m:access segment of the Munich Stock Exchange) will end.

The company bought back bonds in January and February 2023 totaling to a nominal amount of EUR 5.6 million.

No other significant events have taken place in 2023.

Organisation

The number of employees as of December 31, 2022 was zero (PY: 0).

Board of Directors

The Board of Directors overall mission is to be responsible for the company's organisation and the administration of the company's affairs. When conducting its mission, the Board has to satisfy the interests of all shareholders. The Board comprised Florian Winkel (chairman), Richard Schulze-Muth (managing director) and Nils Haase.

Leif Lupp stepped down as a board member in 2022.

Proposed allocation of profit

The Board of Directors propose that no dividend be paid for the fiscal year 2022.

Proposed allocation of profit

Funds available for distribution by the AGM	in EUR
Profit carried-forward	1,775,726
Loss of the FY 2022	-1,712,644
Total	63,082

The Board of Directors proposes that the whole amount shall be carried forward.

Regarding the company's earnings and position in other respects, reference is made to the following income statements and balance sheets, the statement of changes in equity, the cash-flow statement and the accompanying notes and comments to the accounts.



FINANCIAL STATEMENTS

INCOME STATEMENT

of AURELIUS Equity Opportunities AB
for the period from January 1 to December 31, 2022

in kEUR	Note	1/1 - 12/31/2022	1/1 - 12/31/2021
Other income	6.1	179	-/-
Other expenses		-243	-125
Earnings before interest, taxes, depreciation and amortization (EBITDA)		-64	-125
Other interest from securities	6.2	6,124	4,173
Interest expenses and similar expenses	6.3	-6,386	-4,283
Other financial income		115	-/-
Net result from foreign exchange differences		-1	-/-
Net financial income/expenses		-148	-110
Earnings before taxes (EBT)		-212	-235
Deferred tax income/expense	6.4	-1,500	-364
Profit/loss for the period and comprehensive income		-1,712	-599



STATEMENT OF FINANCIAL POSITION

of AURELIUS Equity Opportunities AB at December 31, 2022

ASSETS			
in kEUR	Note	12/31/2022	12/31/2021
Non-current assets			
Financial assets	6.5	114,290	109,037
Total non-current assets		114,290	109,037
Current assets			
Financial assets		557	386
Other current assets		1,499	262
Cash and cash equivalents		3,160	2,645
Total current assets		5,216	3,293
Total assets		119,506	112,330
EQUITY AND LIABILITIES			
Equity	6.6		
Restricted Equity			
Share capital		50	50
Total restricted equity		50	50
Non-restricted Equity			
Profit brought forward		1,775	1,174
Profit/loss for the current year		-1,712	-599
Total non-restricted equity		63	575
Total equity		113	625
Non-current liabilities			
Financial liabilities	6.7	116,696	110,909
Deferred tax liabilities	6.8	1,864	364
Total non-current liabilities		118,560	111,273
Current liabilities			
Other current liabilities		4	36
Accrued expenses and deferred income	6.9	829	396
Total current liabilities		833	432
Total equity and liabilities		119,506	112,330



STATEMENT OF CHANGES IN EQUITY

of AURELIUS Equity Opportunities AB at December 31, 2022

in kEUR	Share capital	Profit brought forward	Total equity
January 1, 2021	50	1,174	1,224
Profit / loss for the period	- / -	-599	-599
December 31, 2021	50	575	625
Profit / loss for the period	- / -	-1,712	-1,712
Shareholder contribution	- / -	1,200	1,200
December 31, 2022	50	63	113

STATEMENT OF CASH FLOWS

of AURELIUS Equity Opportunities AB
for the period from January 1 to December 31, 2022

in kEUR	1/1 - 12/31/2022	1/1 - 12/31/2021
Earnings before taxes (EBT)	-212	-235
Unpaid interest income	-329	139
Unpaid interest expenses	1,013	176
Other non-cash income (-) / expenses (+)	91	-53
Increase (+) / decrease (-) in other items of the statement of financial position	67	16
Tax payments (-)	-69	- / -
Foreign exchange differences	1	-3
Cash flow from operating activities	562	40
Cash-outflows from lending to parent company	-5,099	-37,183
Cash flow from investing activities	-5,099	-37,183
Free cash flow	-4,537	-37,143
Bond payment, net after taxes	5,052	38,896
Cash flow from financing activities	5,052	38,896
Cash and cash equivalents, beginning of period	2,645	892
Change in cash and cash equivalents	515	1,753
Cash and cash equivalents, end of period	3,160	2,645



NOTES WITH ACCOUNTING POLICIES AND VALUATION PRINCIPLES AND COMMENTS ON THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

AURELIUS Equity Opportunities AB is a limited liability company registered and headquartered in Sweden and with its registered head office in Stockholm. The company is a Swedish public company.

The object of the company is to issue, own, hold and transfer securities and activities compatible therewith. In this context the company placed senior unsecured 5-year floating rate bonds with a volume of EUR 75.0 million in December 2019. The company has on October 1, 2021, successfully concluded the placing of a new tranche in an amount of EUR 45.0 million.

On April 29, 2020, AURELIUS Equity Opportunities AB submitted an application to NASDAQ OMX Helsinki Ltd. to apply for the listing of the Bonds on the regulated market. The Bonds were admitted to public trading on May 4, 2021 with WKN: A2SAP3 and ISIN: NO0010861487.

The period for the annual financial statement for financial year 2022 equals calendar year.

NOTE 2 RISK MANAGEMENT

In December 2019 the company placed senior unsecured 5-year floating rate bonds with a volume of EUR 75.0 million. Also in December 2019, the company signed an intercompany loan agreement with the parent company AURELIUS Equity Opportunities SE & Co. KGaA and transferred an amount of EUR 71.5 million to the Holding. The company has on October 1, 2021, successfully concluded the placing of a new tranche in an amount of EUR 45.0 million. Also in October 2021, an additional facility in an amount of EUR 37.5 million was made available and transferred to AURELIUS Equity Opportunities SE & Co. KGaA. The currency risk on AURELIUS Equity Opportunities AB level is very limited, as all major transactions are executed in EUR, which is the reporting currency of AURELIUS Equity Opportunities AB since January 1, 2021.

The bonds are guaranteed by the German parent company. As the risks for AURELIUS Equity Opportunities AB in the course of business are very limited and the German parent company guarantees for the repayment of the bonds, the main and following risks are related to the business model of the parent company.

Risk management plays a key role in the AURELIUS Equity Opportunities SE & Co. KGaA (following: "AURELIUS SE"/ "parent company") business model, helping to identify deviations from the defined targets at an early stage and enable appropriate counter-measures to be taken promptly. These deviations may be both positive (opportunities) and negative (risks).

The specific investment focus of AURELIUS SE of acquiring companies in situations of transition or distress, without a secure succession plan, with poor profitability or a need for restructuring, contains a large amount of potential for increasing value. If AURELIUS SE proves successful in developing the acquired companies, the value of these portfolio companies may increase greatly. To this end, the portfolio companies' strengths and weaknesses are



analysed in their market environment as part of the strategy for each company. The opportunities and potential for optimization which this process reveals are made available for the portfolio company to exploit.

The acquisition of companies in situations of transition or distress regularly includes a not inconsiderable business risk. Consequently, AURELIUS SE has experienced experts from the Finance, Legal Affairs, Mergers & Acquisitions and Taxes departments perform detailed due diligence checks on potential subsidiaries. In some cases, they are supported by external advisors. Nevertheless, it is conceivable in this context that risks in the target companies will not be recognized or be wrongly assessed. Risk notably consists of an incorrect evaluation of a given company's future prospects or ability to be restructured, or in failing to ascertain or identify the subsidiary's liabilities, obligations and other commitments at the time of acquisition despite careful checks. If the achievable market position, earnings potential, profitability, growth options or other key success factors are wrongly assessed, this has consequences for the operational development of the company and hence for the return on investment. At the same time, the profitability of the corporate group could be depressed by impairment losses in subsequent financial years.

The fundamental goal of AURELIUS SE is the restructuring of a portfolio company for profitability as fast as possible in order to keep the liquidity requirements and operating losses to a minimum after the acquisition and to increase the value of the acquired company in the medium term and realize earnings on dividends and gains on disposal. It is possible, however, that the measures initiated will not prove successful and the breakeven point will not be reached for any number of reasons. This could result in subsidiaries having to be sold again for less than their acquisition price or, in the worst case, being forced to file for bankruptcy as a last resort. In this instance, AURELIUS SE would suffer the complete loss of the capital employed, meaning that all funds that the corporate group had employed to acquire, support and possibly also finance the subsidiary. At the present time, this scenario has a low probability with regard to all the corporate groups of AURELIUS SE. AURELIUS SE generally does not enter into profit-and-loss-transfer agreements or cash-pooling agreements with its subsidiaries. This policy serves to limit the effects should the restructuring of a given subsidiary fail.

AURELIUS SE can generate earnings by selling portfolio companies to private, institutional or strategic investors, or arranging an IPO. AURELIUS SE can, however, not give any guarantees regarding the timing of a possible sale or that the disposal of a portfolio company will be possible at all or with a given return. Notably the economic and industry-specific environment, the condition of the capital markets and also other unforeseeable factors have a decisive influence on the amount of possible proceeds upon disposal. In the event of a negative economic and/or industry environment and/or weak financial markets, disposals may not be possible or may only be possible with high price discounts. Even if the portfolio companies perform well, there is the risk that it will not be possible to realize a suitable price upon disposal due to a negative economic, industry and/or capital market environment. At the same time, a strong economic performance can have a positive impact on the earnings of the portfolio companies and hence on the purchase price that can be realized in the future.

The risk management at AURELIUS SE has a systematic, multi-level risk management system in place to avoid, mitigate and manage significant risks arising from the business activities of the corporate group to best effect. It is used to identify, track and subsequently evaluate existing and potential risks. The risk management system is designed to provide a comprehensive overview of the risk position of the corporate group. Events with significant negative financial effects on the corporate group must be identified promptly so that measures can be defined and taken to mitigate, avoid and manage such risks. Revenue and EBITDA are the central planning and control metric in the AURELIUS Group in this context.



Potential risks are classified by different risk fields like (1) financial risks, (2) sales risks, (3) production risks, (4) procurement risks, (5) IT risks, (6) personnel risks and (7) external risks. AURELIUS SE has set up an internal control system which defines rules and regulations for managing the company activities (internal control system) and for monitoring compliance with these rules and regulations (internal monitoring system). The parts of the internal control system geared to the company's business activities are designed to ensure their effectiveness and efficiency and to protect the company's assets. It is also the task of the internal control system to ensure the orderliness and reliability of the internal and external reporting and ensure compliance with the regulations and laws applicable to the portfolio company.

1) Financial risks

Loss of receivables

It has been observed in the past that commercial credit insurers may be inclined to withdraw from current commitments in full or in part, or subject them to intensive audits or adjust the insurance terms to the detriment of the insured. Depending on the circumstances, such behaviour could potentially lead to heightened liquidity needs on the part of individual portfolio companies. It would also increase the risk of heightened losses on receivables if commercial credits would prove to be uninsurable. AURELIUS SE attempts to counter these risks by conducting receivables management in a manner appropriate for the given market situation. In addition, most portfolio companies work with commercial credit insurers that cover most of the potential loss on receivables. If it would not be possible to obtain adequate insurance for the given business partner, AURELIUS SE would have the option of demanding payment in advance.

Changes in market interest rates

In the ordinary course of business, AURELIUS SE invests surplus funds in the capital markets. Changes in the level of interest rates could impair the value of the Group's financial investments, which would have a negative effect on its financial performance. Furthermore, the level and development of interest rates could also influence AURELIUS SE's funding costs. The extent of this risk depends on the general funding need that must be covered with borrowed funds, on the current level of interest rates, and on the fixed interest periods of borrowed loans or credits. Moreover, rising interest rates increase the funding costs of the portfolio companies, which could have a lasting negative effect on the restructuring, dividend-paying capacity and even the sale prospects of the portfolio companies.

Change in exchange rates

Currency and exchange rate risk can arise when, for instance, subsidiaries are acquired from foreign companies and paid for in foreign currency, or when the portfolio companies conduct business with international ramifications, or when the portfolio companies have foreign subsidiaries. The Corporate Finance department identifies and analyses financial risks in cooperation with the Group's operating units. A large part of the revenues, earnings and expenses of AURELIUS SE are still generated and incurred in the Eurozone. Consequently, the Group is relatively independent of changes in exchange rates with respect to these amounts. Where appropriate, derivative financial instruments are used to hedge exchange rate risk arising on transactions that are denominated in foreign currency.

Tax risks

AURELIUS is currently not aware of any tax risks in the AURELIUS Group that would have a significant influence on the financial position, cash flows and financial performance of the Group.



Liabilities on the level of the portfolio companies

Because the portfolio companies of AURELIUS SE are usually in a state of transition, the financial position ratios agreed with the banks (covenants) could be missed, which would entitle the respective lenders to terminate the loan. If the portfolio company would fail to attain its budget targets, moreover, it could be impossible to repay liabilities, or such repayment could be delayed. To minimize this risk and promptly counter it where necessary, AURELIUS SE continually reviews the business plans of each portfolio company, in close consultation with the respective management team, and regularly analyses budget variances.

2) Sales risks

The introduction of new brands or product innovations is an important aspect of the restructuring of the individual portfolio companies of AURELIUS SE. Such product launches harbour the risk that the funds invested in product launches are not recouped by the planned cash flows and budgeted profit contributions are not attained. To reduce this risk, products are developed with due care and various tests are conducted. The loss of key customers or the postponement of primarily larger orders could lead to negative effects on the financial performance, cash flows and financial position of individual AURELIUS SE portfolio companies. The company counters this risk by actively cultivating customer relationships and conducting systematic sales and marketing work. AURELIUS SE strives to enter into long-term agreements particularly with customers that make up a large percentage of the revenues of the respective AURELIUS SE portfolio company, as a means of enhancing planning security. In addition, periodic analyses are conducted, particularly in those companies that operate in the consumer goods and services segment, for the purpose of enhancing the effectiveness of marketing and customer retention programs.

3) Production risks

The individual portfolio companies of AURELIUS SE are exposed to various production risks, including the risk that the production optimization and production cost reduction measures conducted after the acquisition by AURELIUS SE do not yield the intended effects, or only after a delay, and cost savings in production cannot be realized, or only after a delay. Quality problems and delays in the introduction of new products and developments could lead to a loss of orders and customers for the respective company. This could adversely affect the financial performance, cash flows and financial position of the respective company. AURELIUS SE counters these risks by deploying its own, experienced functional specialists and by closely monitoring production processes.

4) Procurement risks

Regarding procurement, the AURELIUS SE portfolio companies are exposed to risks such as the loss of suppliers, late deliveries or quality-deficient deliveries, and price fluctuations particularly of raw materials. AURELIUS SE counters these risks by engaging in professional procurement management and by closely monitoring the respective suppliers. Price fluctuations are neutralized by hedging transactions whenever possible.

5) IT risks

The business and production processes, as well as the internal and external communications of AURELIUS SE and its portfolio companies, are increasingly based on information technologies. A serious disturbance or even failure of these systems could result in data losses and impair the portfolio company's business and production processes. IT documentation and continuous monitoring are integral aspects of the internal control and risk



management system of AURELIUS SE. Other measures include compliance with security guidelines, access control and data back-up concepts, and documentation of licenses and internally developed software.

6) Personnel risks

The extensive experience of the management is crucial to the future success of AURELIUS SE. However, the planned growth of AURELIUS SE is also dependent on having a sufficiently large number of staff available to handle the acquisition, restructuring and operational management of the portfolio companies in the future. Particularly the restructuring of companies in challenging situations places the highest demands on the management. The availability of qualified personnel, whether internal or external, with industry-relevant practical experience and considerable managerial talent is critical to the success of the AURELIUS SE's business model. On the other hand, AURELIUS SE's good reputation, experience and convincing business concept increases the chances of being able to attract and retain the best workers available in the market.

7) External risks

Economic changes

The commercial success of the portfolio companies is influenced by the general economic situation and the cyclical development of the markets in which the subsidiary in question operates. A positive economic environment has a positive effect on the financial position, cash flows and financial performance, and hence on the company value, of the portfolio companies, which in the final analysis also has a positive impact on the financial position, cash flows and financial performance of AURELIUS SE. Economic downturns, on the other hand, generally also have a negative impact on the operational development and restructuring of the individual portfolio companies. Related to the acquisition activities of AURELIUS SE, it should be noted that more companies or divisions are put for sale during periods of weak economic growth. Given fewer potential buyers at the same time, this can sometimes result in lower purchase prices. However, recessionary tendencies are also reflected in significant discounts on the selling prices that can be realized on account of lower valuation levels.

Industry-specific changes

AURELIUS SE does not focus on any specific industries when identifying suitable acquisition targets. Instead, the ability to be restructured and the future prospects are the main criteria when selecting companies. Despite a careful selection process, there is a risk for every subsidiary that the restructuring efforts will fail, which could result in the bankruptcy of the subsidiary in extreme cases. AURELIUS SE does, however, make every effort to minimize the risk arising from the economic development of individual companies, industries or regions within the portfolio of subsidiaries by means of diversification.

Changes in the competitive situation

Building on its long-standing network of contacts with M&A consultants, corporate groups and other potential sellers, AURELIUS SE is regularly involved in disposal processes and on occasion even benefits in the form of lower purchase prices. Greater interest in companies in situations of transition or distress could lead to stronger competition for the companies that are for sale and an increase in the average purchase prices to be paid. This would reduce the return prospects on the investment in question and increase the financial risk for AURELIUS SE. However, the positive development that AURELIUS SE has demonstrated in the past from the restructuring of companies, coupled with the many years of experience boasted by management with companies in situations of transition or distress, give AURELIUS SE a decisive competitive advantage.



Overall assessment of the opportunity and risk situation

The AURELIUS SE business model continues to stand to benefit from the trend for corporate groups to concentrate on their core business and dispose of non-core operations as a result. As these peripheral activities were often neglected in the past, this yields above-average potential for AURELIUS SE to boost profitability and hence also the value of these companies. In addition, there will be a considerable number of company disposals going forward on account of unclear succession arrangements. During their restructuring, the portfolio companies benefit from the operational deployment of AURELIUS SE functional specialists. Active operational and financial support help to secure the future and jobs at the portfolio companies, improve their market position and hence boost the profitability and company value in the long run. Given the present circumstances, the overall risk situation of AURELIUS SE is limited in scope and manageable. Based on the information that is currently available, no risks can be identified which, individually or in combination, could endanger the continued existence of AURELIUS SE as a going concern. However, it is possible that, as a result of the still uncertain outlook for the global economy in particular, future results could deviate from the current expectations of the AURELIUS SE Executive Board. There is no single risk that could threaten the survival of AURELIUS SE as a whole.

NOTE 3 ACCOUNTING POLICIES AND VALUATION PRINCIPLES

The most important accounting policies and valuation principles applied in the preparation of this annual report are described below and are unchanged compared to the prior year period.

None of new and amended IFRS standards effective from January 1, 2022 or later are expected to affect the company.

NOTE 3.1 BASIS FOR PREPARING THE FINANCIAL STATEMENTS

The annual accounts are prepared according to the Swedish Annual Accounts Act (ÅRL) and RFR 2 (Swedish Financial Reporting Board) Accounting for Legal Entities. According to RFR 2 a company must apply IFRS as adopted by the EU as far as this is possible within the framework of ÅRL and the Swedish Pension Obligations Vesting Act, and with consideration for the connection between accounting and taxation. The recommendation sets out the exceptions and additions to IFRS that may be applied.

These annual accounts are prepared in accordance with RFR 2. The company has only one reportable segment.

The financial statements of the company are established with the adoption of the principle of going concern.

NOTE 3.2 FOREIGN CURRENCIES

The items presented in the income statement and balance sheet that have a different functional currency than EUR are translated to EUR as follows:

- Monetary assets and liabilities are translated at the exchange rate on the respective reporting date.
- Currency translation differences are recognized as a financial item.

Foreign currency transactions are translated at the exchange rate on the transaction date. Profits and losses that arise from such transactions are recognized in the income statement.



NOTE 3.3 OTHER INCOME

Income is recognized when it is probable that the economic benefits will flow to the entity and the amount of income can be reliably measured. The timing of recognition depends on the nature of the income.

NOTE 3.4 INTEREST INCOME AND EXPENSES

Interest income and expenses are in accordance with the effective interest method. The interest rate to be applied upon initial recognition is the rate that discounts the estimated future cash payments and receipts through the life of the financial asset to the net carrying amount of the asset.

NOTE 3.5 INCOME TAXES

Total income tax expenses are calculated as the sum of current tax and deferred taxes. Both types of tax expenses are recognized as expenses in the income statement, unless they refer to items that are recognized in equity, in which case the corresponding taxes are also recognized directly in equity.

Deferred taxes represent the tax liabilities or assets expected to result from differences between the carrying and taxable amounts of assets and liabilities. The balance sheet method is applied for that purpose. Deferred tax liabilities are recognized in respect of all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available in the future for which the deductible temporary differences can be utilized. Such deferred tax assets and deferred tax liabilities are not recognized if the temporary differences from goodwill or from the initial recognition of other assets and liabilities arise as a result of events that affect neither taxable income nor the annual financial statements.

NOTE 3.6 FINANCIAL ASSETS AND LIABILITIES

The company applies IFRS 9 for financial assets and liabilities. Financial assets and liabilities are to be recognized initially on the transaction date when the company becomes a party to the contractual provisions of the financial instrument. Receivables and issued bonds are recognized at the time when they are issued. A financial asset is measured at fair value upon initial recognition. Trade receivables without a significant financing component are measured at the transaction price upon initial recognition. Transactions costs that are directly allocable to the acquisition or issuance of a financial instrument are added to financial instruments that are not measured at fair value. The carrying amounts of financial assets and liabilities are a reasonable approximation of fair value.

Other financial liabilities, loans, trade payables, and other liabilities, are measured at amortized costs. Trade payables are amounts owed as consideration for goods or services provided to the company in the normal course of business. In the normal business cycle, all liabilities are due in one year or less and are therefore classified as current; otherwise, they are presented as non-current liabilities. For current liabilities, that means they are measured at their repayment or settlement amount, while non-current liabilities and long-term debts are measured at amortized cost in accordance with the effective interest method. The effective interest method is used to calculate the amortized cost of a financial liability and to allocate interest expenses to the respective periods. The effective interest rate is the interest rate that is necessary to discount the estimated future cash outflows, including all fees and remuneration paid and received that are an integral component of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the financial instrument, or a shorter period to equal the net carrying amount upon initial recognition. In subsequent periods, other financial liabilities are measured at amortized cost by application of the effective interest method. Interest expenses and currency translation gains or losses are recognized in profit or loss. The company derecognizes a financial liability when the related obligation has been paid, cancelled, or has expired. The difference between the carrying amount of the derecognized financial liability and the consideration received or to be received is recognized in the statement of comprehensive income.



For subsequent measurement, financial assets are assigned to different categories. The company's financial assets are measured at amortized cost.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or been transferred and the company has transferred substantially all the risks and rewards of ownership.

NOTE 3.6.1 CLASSIFICATION

The company measures its financial assets at amortised cost.

Contractual cash flows consist solely of payments of principal and interest, for which reason the assets are measured at amortised cost. Interest is defined as the compensation for the time value of money and the default risk associated with an outstanding principal amount over a certain period of time, and for other fundamental credit risks, costs, and a profit margin.

In performing this analysis, the company considers the contractual provisions of the instrument. It also considers contractual provisions that could modify the timing or amounts of contractual cash flows in such a way that they would no longer meet the requirements. The following additional factors are considered in the analysis:

- Certain events that could modify the amount or timing of cash flows,
- Conditions that would adjust the fixed or variable interest rate,
- Early repayment and extension options, and
- Conditions that could limit the right of AURELIUS AB to cash flows from a certain asset.

In performing this analysis, contractually fixed early repayment options meet the criterion when the repayment amount mainly consists of payments of principal and interest on the outstanding principal.

NOTE 3.6.2 SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

The company assigns its debt instruments to:

- Amortised costs (AC): Debt instruments that are held for the purpose of collecting the contractual cash flows and are solely payments of principal and interest are measured at amortized cost. Interest income on these financial assets are presented in net financial income/expenses by application of the effective interest method. Gains or losses on derecognition are recognized directly in profit or loss and presented within other income or other expenses after consideration of currency translation gains or losses.

NOTE 3.6.3 IMPAIRMENT OF FINANCIAL ASSETS

The company assesses the expected credit losses associated with its debt instruments measured at amortized cost according to the model for expected credit losses.

In determining whether the default risk of a financial asset has increased significantly since initial recognition and in estimating the expected credit losses, AURELIUS AB evaluates all appropriate and reliable information that is relevant and available at a reasonable cost of time and money. This includes both quantitative and qualitative information and analyses that are based on past experience and reasoned judgments, including forward-looking information.



Expected lifetime credit losses are expected credit losses that will result from all default events over the expected life of the financial instrument. Twelve-month expected credit losses are the credit losses that will result from default events in the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months). The maximum period to be considered in estimating expected credit losses is the maximum contractual term during which AURELIUS AB is exposed to credit risk.

Loss allowances are measured on the basis of probability-weighted estimates of credit losses. This is done on the basis of historical data or forward-looking data. The amount of the credit loss is determined as the difference between the payments owed to the company under the corresponding contractual provisions and the payments that are actually collected. The resulting amount is discounted to present value by application of the effective interest rate for the financial asset in question.

As of every balance sheet date, AURELIUS AB determines whether financial assets measured at amortized cost are credit-impaired. This is the case when one or more events occur that have detrimental effects on the future cash flows from the financial asset. The following indications may be considered in making this determination:

- Significant financial difficulties of the issuer or borrower,
- A breach of contract, such as a default or past-due event,
- Restructuring of a loan or credit facility,
- Probable assumption of imminent insolvency or other financial reorganization proceedings of the borrower, or
- The disappearance of an active market for the financial asset because of financial difficulties.

A financial asset is classified as in default when it is improbable that the debtor can completely satisfy its credit obligation without AURELIUS AB having to resort to the execution of collateral.

Impairments of financial assets measured at amortized cost are deducted from the gross carrying amount.

Assumptions that the default risk of a financial asset has increased significantly or that defaults of financial assets will occur are made by reference to average, probability-oriented weighting factors and are based on estimates of the company. A financial asset is completely derecognized when AURELIUS AB cannot reasonably expect that the gross carrying amount of the asset is recoverable in full or in part.

NOTE 3.7 LIQUID FUNDS

Liquid funds comprise cash, demand deposits and other current, highly liquid financial assets with an original maturity of no more than three months. Such assets are measured at fair value.

NOTE 3.8 EQUITY

The shares of the company are classified as equity. An equity instrument is a contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments are measured at the amount of issue proceeds collected, minus directly allocable issuance costs.

NOTE 3.9 CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. The recognised cash flow only includes transactions resulting in cash inflows and cash outflows.



NOTE 4 ESTIMATES AND ASSESSMENTS

Preparing the financial statements in accordance with RFR 2 requires that company management make judgments, estimates and assumptions that affect the carrying amounts of assets and liabilities, other information provided in the annual report and the income and expenses recognised during the period. Estimates assessments and assumptions are reviewed regularly. The actual outcome may differ from these assessments, estimates and assumptions. At the moment there are no estimates or assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities shown in the annual report.

NOTE 5 FINANCIAL RISK MANAGEMENT

The company is exposed to very limited types of financial risks that could give rise to variations in profit/loss for the year, cash flow and shareholders' equity. In addition, the company is exposed to financing and liquidity risk. The financial risks can primarily be divided into the following categories: market risk (including currency risk, interest-rate risk and price risk), credit risk as well as financing and liquidity risk.

Currency risk

Future transactions may be denominated in both Swedish Krona and Euro (or another foreign currency). At present, the company is not exposed to any significant currency risk and has no activities designed to delay the effects of currency fluctuations. The bonds paid in Euro results in a currency risk that seems to be very manageable, as the intercompany loan agreement with the parent company is also in Euro.

Interest-rate risk

The bonds issued by AURELIUS Equity Opportunities AB in December 2019 and October 2021 are interest bearing. The bonds shall carry interest at EURIBOR (three months), EURIBOR floor at zero percent, plus a margin of 425 basis points. An increase in interest rates could result in financial income on the cash. As of December 31, 2022 the EURIBOR (3 month) was 2.13 percent. The interest rate in the loan agreement with the parent company contains a margin with respect to the bond interest rate.

Price risk

The company has no investments that could give rise to price risk.

Credit risk

The company has one receivable against the German Parent company. The company considers that the credit risk for this loan is slight. The loan is categorised in step 1 (twelve months) and the assessment is that there is no anticipated loss.

Financing and liquidity risk

Financing risk is defined as the risk that costs will increase and financing opportunities will be limited, and that payment obligations cannot be met due to insufficient liquidity or difficulties in obtaining funding. The company works continuously to address liquidity and supply of capital. The bonds are guaranteed by the parent company AURELIUS Equity Opportunities SE & Co. KGaA. The interest payment from the parent company regarding the intercompany loan is made at the same time as the interest payment to the bond issuers, which are paid on a quarterly basis. Both have the same interest payment schedule and maturity.



NOTE 6 DESCRIPTION OF MAIN BALANCE SHEET AND PROFIT AND LOSS ITEMS

NOTE 6.1 OTHER INCOME

Other income amounts to kEUR 179 (PY: kEUR 0) and relates to the re-invoicing of insurance costs to the parent company.

NOTE 6.2 INTEREST INCOME FROM SECURITIES

in kEUR	1/1 - 12/31/2022	1/1 - 12/31/2021
Interest income	6,124	4,011
Foreign exchange differences	- / -	162
Total interest income from securities	6,124	4,173

NOTE 6.3 INTEREST EXPENSES AND SIMILAR ITEMS

in kEUR	1/1 - 12/31/2022	1/1 - 12/31/2021
Interest expenses	-6,376	-4,114
Foreign exchange differences from bonds	- / -	-161
Bank expenses	-9	-8
Foreign exchange differences from bank	-1	- / -
Total interest expenses and similar items	-6,386	-4,283

NOTE 6.4 DEFERRED TAX INCOME/EXPENSE

For 2022 deferred tax expense amounts to kEUR 1,500 (PY: kEUR 364). Deferred tax expense arose from changes in EUR/SEK exchange rates for long-term receivables.

NOTE 6.5 FINANCIAL ASSETS

The financial assets are related to the loan agreement with the German parent company and are due on December 5, 2024.

NOTE 6.6 EQUITY

The share capital remains unchanged to kEUR 50 (PY: kEUR 50). The company's share capital is divided into 500,000 shares, each representing a proportional share of capital equal to 1 SEK. As the issued bonds are guaranteed by the German parent company and the sole asset besides cash and cash equivalents is a financial receivable from this parent company, AURELIUS AB's capital management can rely on this guarantee. In 2022 the shareholder contribution amounted to kEUR 1,200.

NOTE 6.7 NON-CURRENT FINANCIAL LIABILITIES

The financial liabilities are related to the senior unsecured 5-year floating rate bonds with a volume of EUR 75.0 million placed in December 2019 and a volume of EUR 45.0 million placed in October 2021. The bonds are due on December 5, 2024.

Interest on the Bonds are payable quarterly in arrears on March 5, June 5, September 5, and December 5 of each year. The Bonds will mature on December 5, 2024.



AURELIUS Equity Opportunities AB will be entitled at its option to redeem the Bonds, in whole but not in part, (a) at any time prior to the date falling 48 months after the First Issue Date (the “First Call Date”) at a price equivalent to the sum of (i) 100 percent plus 10 percent of the Floating Rate Margin percent of the Nominal Amount; and (ii) the remaining interest payments up to but not including the First Call Date; (b) at any time from the date falling 48 months after the First Issue Date at a price as set out in the term sheet relating to the Bonds (the “Term Sheet”), in each case plus accrued and unpaid interest. Subject to the terms and conditions of the Bonds to be entered into prior to the Issue Date between the Issuer and Nordic Trustee & Agency AB (publ) as Agent on behalf of the Bondholders (the “Terms and Conditions”), upon the occurrence of certain events constituting a Change of Control or De-Listing Event (as defined in the Terms and Conditions), the Issuer will be required to offer to re-purchase the Bonds at 101 per cent of the principal amount thereof, plus accrued and unpaid interest.

The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least pari passu with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.

NOTE 6.8 DEFERRED TAX LIABILITIES

Deferred tax liabilities amount to kEUR 1,864 (PY: kEUR 364) as of December 31, 2022 and refers to changes in EUR/SEK exchange rate for long-term receivables..

NOTE 6.9 ACCRUED EXPENSES AND DEFERRED INCOME

in kEUR	1/1 - 12/31/2022	1/1 - 12/31/2021
Accrued interest expenses	577	396
Deferred income	252	- / -
Total accrued expenses and deferred income	829	396

NOTE 7 PARENT COMPANY

The company is a wholly owned subsidiary of AURELIUS Opportunities SE & Co KGaA, which also prepares consolidated accounts where the company is included.

NOTE 8 FEE OF THE INDEPENDENT AUDITOR

Fee of independent auditor	in kEUR	in kEUR
	2022	2021
Auditing services	37	26
Total	37	26



NOTE 9 EVENTS AFTER BALANCE SHEET DATE

On January 16, 2023 the Board of Directors of AURELIUS SE announced that a capital market segment change is intended. AURELIUS SE assumes that its shares will be traded in the general Open Market at a stock exchange after a transition period. The current inclusion in the qualified Open Market (m:access segment of the Munich Stock Exchange) will end.

The company bought back bonds in January and February 2023 in the nominal amount of to EUR 5.6 million.

No other significant events have taken place in 2023.

The annual report will be presented for adoption by the Annual General Meeting on March 24, 2023.

The Board of Directors affirm that the annual accounts have been prepared in accordance with the provisions of the Swedish Annual Accounts Act and RFR 2 (Swedish Financial Reporting Board) and provide a true and fair view of the company's earnings and financial position.

The Directors' Report for the company provides a fair review of the development of the company's operations, earnings and financial position, and describes material risks and uncertainties facing the company.

Stockholm, March 24, 2023

Florian Winkel
Chairman of the Board

Richard Schulze-Muth
Managing Director

Nils Haase
Board member

Our Auditors' Report was submitted on March 24, 2023.
Grant Thornton Sweden AB

Nilla Rocknö
Authorized Public Accountant



LEGAL NOTICE/CONTACT

AURELIUS Equity Opportunities SE & Co. KGaA
Ludwig-Ganghofer-Straße 6
82031 Grünwald
Phone: +49 (89) 45 20 527-0
Fax: +49 (89) 45 20 527-10
E-Mail: info@aureliusinvest.de
www.aureliusinvest.de

Editorial staff of
AURELIUS Equity Opportunities SE & Co. KGaA
Investor Relations
Phone: +49 89 544799-0
Fax: +49 89 544799-55
E-Mail: investor@aureliusinvest.de

Registered office of the company: Grünwald
Munich Registry Court
Reg. Nr. 221100, Department B
VAT ID: DE 248377455

MUNICH OFFICE
Unterer Anger 3
80331 München
Phone: +49 (89) 544 799-0
Fax: +49 (89) 544 799-55

DUSSELDORF OFFICE
Kaistraße 5
40221 Düsseldorf
Phone: +49 (211) 339 374 01

LONDON OFFICE
AURELIUS UK
6th Floor, 33 Glasshouse Street
London W1B 5DG, United Kingdom
www.aureliusinvest.co.uk

STOCKHOLM OFFICE
AURELIUS NORDICS
Sturegatan 34
114 36 Stockholm, Sweden
www.aureliusinvest.se

MADRID OFFICE
AURELIUS IBERIA
Velázquez 53, 2º Izqda
28001 Madrid, Spain
www.aureliusinvest.es

AMSTERDAM OFFICE
AURELIUS BENELUX
UN Studio, Parnassusweg 819
1082 LZ, Amsterdam, Netherlands
www.aureliusinvest.nl

MILAN OFFICE
AURELIUS ITALY
Via Dante 9
20121 Milan, Italy
www.aureliusinvest.it

AUDITOR'S REPORT

To the general meeting of the shareholders of AURELIUS Equity Opportunities AB (publ.)

Corporate identity number 559209-9567

Report on the annual accounts

Opinions

We have audited the annual accounts of AURELIUS Equity Opportunities AB (publ.) for the year 2022 with the exception of the Corporate Governance Report on pages 5-8. The annual accounts of the company are included on pages 1, 9-26 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of AURELIUS Equity Opportunities AB (publ.) as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our statements do not include the corporate governance report on pages 5-8.

The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Our statements in this report on the annual report are consistent with the content of the supplementary report that has been submitted to the company's board of directors in accordance with Article 11 Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, to the best of our knowledge, no prohibited services listed in article 5.1 of Regulation (EU) No. 537/2014 on the Statutory Audit of Public-Interest Entities have been provided to the audited company, or where appropriate, to its parent company or controlled company within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

We have assessed that there are no key audit matters in the audit that need to be communicated in the audit report.

Information other than the annual accounts

This document also contains other information than the annual accounts and is found on pages 2-4 and 27. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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 the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board with a statement that we have complied with relevant professional ethics requirements regarding independence and address all relationships and other

circumstances that may reasonably affect our independence, and, where applicable, associated countermeasures.

Of the areas communicated to the Board, we determine which of these areas have been the most significant for the audit of the annual report, including the most important assessed risks of material misstatement, and which therefore constitute the areas that are particularly important for the audit. We describe these areas in the auditor's report unless laws or other regulations prevent information on the matter.

Report on other legal and regulatory requirements

The auditor's audit of the administration of the Board of Directors and the Managing Director and the proposed appropriation of the company's profit or loss

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of AURELIUS Equity Opportunities AB for the financial year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's

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accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for AURELIUS Equity Opportunities AB (publ) for the financial year 2022. Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our

responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of AURELIUS Equity Opportunities AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report. The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

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The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts.

Auditor's review of the Corporate Governance Report

The Board is responsible for the Corporate Governance Report on pages 5-8 and for ensuring it is prepared in accordance with the Swedish Annual Accounts Act.

Our review was conducted in accordance with FAR's statement RevU 16 Auditor's Review of the Corporate Governance Statement. This means that our review of the Corporate Governance Report has another focus and is substantially less in scope than the focus and scope of an audit according to the International Standards on

Auditing and good generally accepted auditing practices in Sweden. We believe that this review gives us a sufficient ground for our statements.

A corporate governance report has been prepared. Disclosures required under Chapter 6, Section 6 (2-6) of the Annual Accounts Act and Chapter 7, Section 31 (2) of the same Act are consistent with other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Grant Thornton Sweden AB, Kungsgatan 57, Stockholm, was appointed the auditor for AURELIUS Equity Opportunities AB at the Annual General Meeting on 14 March 2022 and has been the company's auditor since 21 October 2019.

STOCKHOLM 24 March 2023

Grant Thornton Sweden AB

Nilla Rocknö

Authorized Public Accountant